

ABUSE COUNSELING AND TREATMENT, INC.

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION TOGETHER WITH
REPORTS OF INDEPENDENT AUDITOR**

**YEARS ENDED
JUNE 30, 2021 AND 2020**

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Abuse Counseling and Treatment, Inc.
P.O. Box 60401
Fort Myers, Florida 33906

Report on the Financial Statements

We have audited the accompanying financial statements of Abuse Counseling and Treatment, Inc. (a Florida nonprofit organization) ("ACT") which comprise the statements of financial position as of June 30, 2021 and 2020 and the related statements of activities, functional expenses, and cash flows for the years then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States of America. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion.

INTEGRITY SERVICE EXPERIENCE

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, based on our audits, the financial statements referred to above present fairly, in all material respects, the financial position of Abuse Counseling and Treatment, Inc. as of June 30, 2021 and 2020 and the changes in their net assets and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards (the "Schedule") for the year ended June 30, 2021 and the notes thereto are presented for purposes of additional analysis as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, "Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards" (Uniform Guidance), and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule and the related notes thereto are fairly stated in all material respects in relation to the financial statements taken as a whole.

Other Information

The Exhibit - Management's Response to Independent Auditor's Report to Management, is not a required part of the financial statements but is required by Government Auditing Standards. Such information has not been subjected to the auditing procedures applied in the audits of the financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Board of Directors
Abuse Counseling and Treatment, Inc.
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Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated November 8, 2021, on our consideration of Abuse Counseling and Treatment, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Abuse Counseling and Treatment, Inc.'s internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Tuscan & Company, P.A." in a cursive script.

TUSCAN & COMPANY, P.A.
Fort Myers, Florida
November 8, 2021

ABUSE COUNSELING AND TREATMENT, INC.
STATEMENTS OF FINANCIAL POSITION
June 30, 2021 and 2020

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	<u>2021</u>	<u>2020</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents including restricted cash	\$ 1,303,725	\$ 1,263,202
Grants receivable	564,932	412,666
Accounts receivable	73,332	68,728
Prepaid expenses	77,270	54,867
Other assets	<u>3,531</u>	<u>3,733</u>
TOTAL CURRENT ASSETS	2,022,790	1,803,196
PROPERTY AND EQUIPMENT, NET	4,401,305	4,527,281
DEPOSITS	<u>6,610</u>	<u>3,610</u>
TOTAL ASSETS	<u><u>\$ 6,430,705</u></u>	<u><u>\$ 6,334,087</u></u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 31,280	\$ 36,261
Other liabilities - payroll and other	68,718	49,717
Unearned (deferred) revenue	-	-
Compensated absences	114,788	93,030
Line of credit	-	-
Mortgages and note payable - current portion	<u>89,374</u>	<u>66,001</u>
TOTAL CURRENT LIABILITIES	304,160	245,009
LONG-TERM LIABILITIES		
Mortgages and note payable - net of current portion	<u>3,090,158</u>	<u>3,179,438</u>
TOTAL LIABILITIES	<u><u>3,394,318</u></u>	<u><u>3,424,447</u></u>
NET ASSETS		
Without donor restrictions	<u>3,036,387</u>	<u>2,909,640</u>
TOTAL NET ASSETS	<u><u>3,036,387</u></u>	<u><u>2,909,640</u></u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 6,430,705</u></u>	<u><u>\$ 6,334,087</u></u>

The accompanying notes are an integral part of this statement.

ABUSE COUNSELING AND TREATMENT, INC.
STATEMENTS OF ACTIVITIES
Years ended June 30, 2021 and 2020

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	2021	2020
	Without donor restrictions	Without donor restrictions
CHANGES IN NET ASSETS		
REVENUES AND SUPPORT		
Gross proceeds from special events and fundraising:		
Arts for ACT fundraiser	\$ 90,226	\$ 279,408
Miscellaneous	1,000	7,891
Less direct costs	<u>(23,998)</u>	<u>(116,581)</u>
Net proceeds from special events and fundraising	67,228	170,718
Federal grants	1,578,338	1,382,619
State grants	612,840	677,583
Lee County grants	332,519	327,619
United Way	352,926	345,450
Other local grants	211,048	65,849
Contributions	725,984	829,618
Intervention program	116,799	161,738
Contracts	56,000	299,990
Second ACT thrift store	733,068	723,049
Arts for ACT Gallery	168,752	150,161
In-kind	10,063	52,544
Other	<u>39,686</u>	<u>39,025</u>
TOTAL REVENUES AND SUPPORT	<u>5,005,251</u>	<u>5,225,963</u>
EXPENSES		
Program services	4,720,259	4,718,949
Supporting services		
General and administrative	121,668	127,420
Fundraising	<u>36,577</u>	<u>34,720</u>
TOTAL EXPENSES	<u>4,878,504</u>	<u>4,881,089</u>
INCREASE (DECREASE) IN NET ASSETS	126,747	344,874
NET ASSETS - BEGINNING OF YEAR	<u>2,909,640</u>	<u>2,564,766</u>
NET ASSETS - END OF YEAR	<u><u>\$ 3,036,387</u></u>	<u><u>\$ 2,909,640</u></u>

The accompanying notes are an integral part of this statement.

ABUSE COUNSELING AND TREATMENT, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year ended June 30, 2021

	Program Services					
	Lee County			Hendry/Glades County		
	Domestic Violence Services		Sexual Assault Services	Domestic Violence Services		Sexual Assault Services
	Shelter	Outreach		Shelter	Outreach	
Personnel expenses						
Salaries	\$ 1,120,253	\$ 739,445	\$ 246,178	\$ 334,650	\$ 119,712	\$ 69,937
Payroll taxes	83,265	55,107	17,966	24,630	8,940	5,145
Employee benefits	83,332	55,067	23,437	28,325	10,653	6,394
Total personnel	<u>1,286,850</u>	<u>849,619</u>	<u>287,581</u>	<u>387,605</u>	<u>139,305</u>	<u>81,476</u>
Operating expenses						
Cost of sales	-	-	-	-	-	-
Insurance	26,603	24,381	4,314	5,752	2,876	2,876
Other expenses	39,975	19,752	14,726	16,292	1,751	484
Printing and public relations	934	1,072	6,918	19	205	190
Professional fees	7,530	14,738	53,012	1,628	814	814
Rent	-	-	-	-	-	-
Repairs and maintenance	59,887	15,492	9,460	13,302	2,296	2,146
Supplies	45,225	8,289	5,720	7,586	2,159	1,662
Training and travel	4,859	1,521	2,658	3,648	628	536
Utilities	<u>51,907</u>	<u>7,895</u>	<u>3,551</u>	<u>16,605</u>	<u>2,029</u>	<u>852</u>
Total operating	<u>236,920</u>	<u>93,140</u>	<u>100,359</u>	<u>64,832</u>	<u>12,758</u>	<u>9,560</u>
Total expenses before depreciation	1,523,770	942,759	387,940	452,437	152,063	91,036
Depreciation	<u>53,137</u>	<u>31,882</u>	<u>5,314</u>	<u>23,026</u>	<u>-</u>	<u>-</u>
Total expenses	<u>\$ 1,576,907</u>	<u>\$ 974,641</u>	<u>\$ 393,254</u>	<u>\$ 475,463</u>	<u>\$ 152,063</u>	<u>\$ 91,036</u>

The accompanying notes are an integral part of this statement.

Agency-Wide				Supporting Services			
Intervention Services	Second ACT	Gallery	Total Program	General and Admin.	Fundraising	Total Supporting	2021 Total
\$ 97,601	\$ 109,524	\$ 38,679	\$ 2,875,979	\$ 36,992	\$ 30,982	\$ 67,974	\$ 2,943,953
7,179	8,269	2,935	213,436	2,756	2,080	4,836	218,272
10,582	5,851	2,145	225,786	26,312	1,422	27,734	253,520
<u>115,362</u>	<u>123,644</u>	<u>43,759</u>	<u>3,315,201</u>	<u>66,060</u>	<u>34,484</u>	<u>100,544</u>	<u>3,415,745</u>
-	361,417	91,409	452,826	-	-	-	452,826
2,157	3,595	359	72,913	7,190	359	7,549	80,462
5,779	114,814	1,166	214,739	14,363	189	14,552	229,291
7	2,599	12,790	24,734	123	1	124	24,858
26,530	1,018	102	106,186	2,114	102	2,216	108,402
5,700	-	41,273	46,973	-	-	-	46,973
1,850	13,229	276	117,938	6,680	309	6,989	124,927
520	3,599	330	75,090	9,104	87	9,191	84,281
100	37	480	14,467	235	-	235	14,702
<u>2,273</u>	<u>25,277</u>	<u>4,078</u>	<u>114,467</u>	<u>4,286</u>	<u>160</u>	<u>4,446</u>	<u>118,913</u>
<u>44,916</u>	<u>525,585</u>	<u>152,263</u>	<u>1,240,333</u>	<u>44,095</u>	<u>1,207</u>	<u>45,302</u>	<u>1,285,635</u>
160,278	649,229	196,022	4,555,534	110,155	35,691	145,846	4,701,380
<u>-</u>	<u>51,366</u>	<u>-</u>	<u>164,725</u>	<u>11,513</u>	<u>886</u>	<u>12,399</u>	<u>177,124</u>
<u>\$ 160,278</u>	<u>\$ 700,595</u>	<u>\$ 196,022</u>	<u>\$ 4,720,259</u>	<u>\$ 121,668</u>	<u>\$ 36,577</u>	<u>\$ 158,245</u>	<u>\$ 4,878,504</u>

The accompanying notes are an integral part of this statement.

ABUSE COUNSELING AND TREATMENT, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year ended June 30, 2020

	Program Services					
	Lee County			Hendry/Glades County		
	Domestic Violence Services		Sexual Assault Services	Domestic Violence Services		Sexual Assault Services
	Shelter	Outreach		Shelter	Outreach	
Personnel expenses						
Salaries	\$ 1,145,370	\$ 697,238	\$ 226,423	\$ 315,927	\$ 135,220	\$ 111,969
Payroll taxes	84,627	51,122	16,876	23,569	9,998	8,268
Employee benefits	82,240	53,941	20,759	19,702	14,687	12,578
Total personnel	<u>1,312,237</u>	<u>802,301</u>	<u>264,058</u>	<u>359,198</u>	<u>159,905</u>	<u>132,815</u>
Operating expenses						
Cost of sales	-	-	-	-	-	-
Insurance	23,940	21,814	3,716	5,607	2,513	2,558
Other expenses	37,189	19,105	7,109	11,641	3,301	160
Printing and public relations	1,735	1,188	1,500	20	-	9
Professional fees	7,345	53,180	34,672	1,587	794	794
Rent	1,863	1,863	-	-	-	-
Repairs and maintenance	47,439	12,936	4,153	14,089	2,086	1,320
Supplies	53,872	8,415	2,338	7,334	1,539	978
Training and travel	15,020	7,496	4,246	8,090	2,755	5,174
Utilities	<u>56,666</u>	<u>9,631</u>	<u>4,624</u>	<u>17,261</u>	<u>1,704</u>	<u>1,185</u>
Total operating	<u>245,069</u>	<u>135,628</u>	<u>62,358</u>	<u>65,629</u>	<u>14,692</u>	<u>12,178</u>
Total expenses before depreciation	1,557,306	937,929	326,416	424,827	174,597	144,993
Depreciation	<u>49,707</u>	<u>29,824</u>	<u>4,971</u>	<u>21,540</u>	<u>-</u>	<u>-</u>
Total expenses	<u>\$ 1,607,013</u>	<u>\$ 967,753</u>	<u>\$ 331,387</u>	<u>\$ 446,367</u>	<u>\$ 174,597</u>	<u>\$ 144,993</u>

The accompanying notes are an integral part of this statement.

Agency-Wide				Supporting Services			
Intervention Services	Second ACT	Gallery	Total Program	General and Admin.	Fundraising	Total Supporting	2020 Total
\$ 97,181	\$ 107,744	\$ 36,999	\$ 2,874,071	\$ 34,618	\$ 30,015	\$ 64,633	\$ 2,938,704
7,080	7,976	2,777	212,293	2,685	1,037	3,722	216,015
10,914	9,716	2,418	226,955	14,063	1,375	15,438	242,393
<u>115,175</u>	<u>125,436</u>	<u>42,194</u>	<u>3,313,319</u>	<u>51,366</u>	<u>32,427</u>	<u>83,793</u>	<u>3,397,112</u>
-	353,953	77,667	431,620	-	-	-	431,620
1,850	2,420	321	64,739	6,328	298	6,626	71,365
4,509	91,004	1,501	175,519	42,526	177	42,703	218,222
170	1,916	7,947	14,485	148	101	249	14,734
30,516	14,788	99	143,775	1,985	99	2,084	145,859
5,550	28,173	40,071	77,520	259	-	259	77,779
1,276	15,835	264	99,398	4,489	237	4,726	104,124
611	4,363	188	79,638	4,314	136	4,450	84,088
6	8	480	43,275	144	-	144	43,419
<u>2,469</u>	<u>24,863</u>	<u>3,166</u>	<u>121,569</u>	<u>5,091</u>	<u>420</u>	<u>5,511</u>	<u>127,080</u>
<u>46,957</u>	<u>537,323</u>	<u>131,704</u>	<u>1,251,538</u>	<u>65,284</u>	<u>1,468</u>	<u>66,752</u>	<u>1,318,290</u>
162,132	662,759	173,898	4,564,857	116,650	33,895	150,545	4,715,402
<u>-</u>	<u>48,050</u>	<u>-</u>	<u>154,092</u>	<u>10,770</u>	<u>825</u>	<u>11,595</u>	<u>165,687</u>
<u>\$ 162,132</u>	<u>\$ 710,809</u>	<u>\$ 173,898</u>	<u>\$ 4,718,949</u>	<u>\$ 127,420</u>	<u>\$ 34,720</u>	<u>\$ 162,140</u>	<u>\$ 4,881,089</u>

The accompanying notes are an integral part of this statement.

ABUSE COUNSELING AND TREATMENT, INC.
STATEMENTS OF CASH FLOWS
Years ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from contracts and grants	\$ 3,108,204	\$ 3,282,366
Cash received from donations	862,355	1,166,665
Cash received from clients	901,517	872,733
Cash payments to suppliers and personnel	(4,595,931)	(4,697,192)
Interest received	303	477
Interest paid	<u>(118,870)</u>	<u>(86,469)</u>
NET CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES	<u>157,578</u>	<u>538,580</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash payments for purchases of property and equipment	<u>(51,148)</u>	<u>(2,692,981)</u>
NET CASH PROVIDED BY (USED IN)		
INVESTING ACTIVITIES	<u>(51,148)</u>	<u>(2,692,981)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Line of credit repayments	-	-
Proceeds from mortgages and note payable	-	3,041,631
Principal payments on mortgages payable	<u>(65,907)</u>	<u>(18,973)</u>
NET CASH PROVIDED BY (USED IN)		
FINANCING ACTIVITIES	<u>(65,907)</u>	<u>3,022,658</u>
Net increase (decrease) in cash and cash equivalents	40,523	868,257
CASH AND CASH EQUIVALENTS - BEGINNING	<u>1,263,202</u>	<u>394,945</u>
CASH AND CASH EQUIVALENTS - ENDING	<u><u>\$ 1,303,725</u></u>	<u><u>\$ 1,263,202</u></u>

The accompanying notes are an integral part of this statement.

**RECONCILIATION OF INCREASE (DECREASE) IN NET ASSETS
TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES**

	2021	2020
Increase (Decrease) in Net Assets	\$ 126,747	\$ 344,874
Adjustments to Reconcile Increase (Decrease) in Net Assets to Net Cash Provided by (Used In) Operating Activities		
Depreciation expense	177,124	165,687
Loss on disposition of property and equipment	-	1,779
Unrealized gain on investments	-	-
(Increase) decrease in grants receivable	(152,266)	21,518
(Increase) decrease in accounts receivable	(4,604)	(24,521)
(Increase) decrease in prepaid expenses	(22,403)	(8,712)
(Increase) decrease in other assets	202	1,288
(Increase) decrease in deposits	(3,000)	12,000
Increase (decrease) in accounts payable and accrued expenses	(4,981)	8,631
Increase (decrease) in other liabilities	19,001	21,773
Increase (decrease) in compensated absences	21,758	11,563
Increase (decrease) in unearned (deferred) revenue	-	(17,300)
TOTAL ADJUSTMENTS	<u>30,831</u>	<u>193,706</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>\$ 157,578</u>	<u>\$ 538,580</u>

NON-CASH TRANSACTIONS

During the years ended June 30, 2021 and 2020, Abuse Counseling and Treatment, Inc. recognized in-kind contributions of \$10,063 and \$52,544, respectively.

During the year ended June 30, 2021, Abuse Counseling and Treatment, Inc. recognized non-cash revenue and expenses in the Gallery in the amounts of \$57,574 and \$57,574, respectively, and in Second ACT of \$361,417 and \$361,417, respectively, for the year ended June 30, 2021.

During the year ended June 30, 2020, Abuse Counseling and Treatment, Inc. recognized non-cash revenue and expenses in the Gallery in the amounts of \$55,277 and \$55,277, respectively, and in Second ACT of \$353,953 and \$353,953, respectively, for the year ended June 30, 2020.

ABUSE COUNSELING AND TREATMENT, INC.
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021 and 2020

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NOTE 1 - THE ORGANIZATION

Abuse Counseling and Treatment, Inc. (“ACT”) was incorporated on September 12, 1978, under the laws of Florida as a nonprofit organization to eliminate domestic and sexual violence through the provisions of safe shelter, counseling, crisis intervention, education, advocacy and empowerment in Lee, Hendry, and Glades Counties, Florida. ACT also provides services for victims of human trafficking.

During July 2020, ACT merged with Human Trafficking Awareness Partnerships, Inc. (HTAP) a Florida not-for-profit corporation. The essence of the merger was that ACT absorbed the programs of HTAP. ACT is the surviving entity.

In support of its mission, ACT operates a thrift store (“Second ACT” Thrift Store) and art gallery (Arts for ACT “Gallery”), which receive merchandise donations from the community and are staffed by paid managers, part-time staff and volunteers. Donated items are available to all ACT clients, as needed, and balance of the donations are available for sale to the general public. All proceeds from the thrift store and art gallery are used to support ACT’s services. Additionally, the thrift store provides opportunities for job skills training and education to the clients of ACT.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of the significant accounting policies used in the preparation of these financial statements.

Reporting Framework

ACT’s financial statements have been prepared using the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. Under this method of accounting, revenues are recognized when earned and expenses are recognized when incurred.

Financial Statement Presentation

The accounting and reporting policies of ACT are in accordance with the auditing and accounting standards issued by the American Institute of Certified Public Accountants in its audit guide, “Not-for Profit Organizations,” and the accounting standards issued by the Financial Accounting Standards Board (FASB) in the Accounting Standards Codification (ASC).

Revenue and Support

Support from Federal and State grants is recorded based upon the terms of the grantor allotments, which generally provide that revenues are earned when the allowable costs of the specific grant provisions have been incurred. Contributions and grants received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor restrictions.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue and Support, (continued)

Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or a purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Fair Value Measurements

ACT follows Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 820 "Fair Value Measurements and Disclosures". This Standard prioritized the use of market-based information and established a three-level hierarchy based on transparency of information, such as the pricing source, used in the valuation of the asset or liability. As required by the Standard, assets and liabilities carried at fair value on a recurring basis are classified in one of the following three-level hierarchy categories:

Level 1: Quoted market prices (unadjusted) in active markets for identical assets or liabilities that the entity has the ability to access at the measurement date.

Level 2: Observable inputs or unobservable inputs that are corroborated by market data.

Level 3: Unobservable inputs that are not corroborated by market data.

In-Kind Contributions

In-kind contributions, except items donated for resale in the Arts for ACT Gallery and the Second ACT Thrift Store, are recorded as contributions in the accompanying financial statements at their estimated current value on the date of receipt. The value of items donated for resale in the Arts for ACT Gallery and the Second ACT Thrift Store is not readily determinable until such merchandise is sold. Therefore, retail inventory from donated items has not been recorded in these financial statements. Retail sales on these donated items are recorded at the point of sale. The donations are recorded gross at the sale value, and a corresponding cost of sale is also recorded.

Contributions of services are recognized only if the services (a) create or enhance non-financial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically be purchased if not provided by donation.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment

Property and equipment are recorded at cost. Donated assets, if any, are recorded at their fair market value at the time of donation. Additions and major renewals in excess of \$1,000 are capitalized. Depreciation is recognized using the straight-line method over the estimated useful lives of the assets, which range from 3 to 50 years. The cost of maintenance and repairs is charged to operations, as incurred.

The State of Florida has rights and/or security interests over certain property and equipment acquired with grant funds, as well as the proceeds from the disposition of such assets.

Impairment of Fixed Assets

ACT adheres to the FASB ASC 360-10-50-2 (formerly Financial Accounting Standards Board (FASB) Statement of Financial Accounting Standards (SFAS) No. 144), "Accounting for the Impairment or Disposal of Long-Lived Assets"). FASB ASC 360-10-50-2 requires, among other things, that entities identify events or changes in circumstances which indicate that the carrying amount of an asset may not be recoverable.

There was no effect on ACT's financial statements resulting from FASB ASC 360-10-50-2 for the years ended June 30, 2021 or 2020.

Advertising

ACT expenses advertising costs when incurred. During the years ended June 30, 2021 and 2020, advertising costs were \$24,858 and \$14,734, respectively, and are included in printing and public relations on the statements of functional expenses.

Income Taxes

ACT has been granted a ruling that it is exempt from Federal income tax under Section 501(c) (3) of the Internal Revenue Code (the "Code"). No tax liability was incurred for the years ended June 30, 2021 or 2020. ACT is a non-profit Florida corporation and, therefore, is not subject to State income taxes. Accordingly, no provision for income taxes has been made. ACT is not considered a private foundation within the meaning of Section 509(a) of the Code.

The Internal Revenue Code provides for taxation of unrelated business income under certain circumstances. Management believes that ACT met the requirements to maintain its tax-exempt status and has no income subject to unrelated business income tax. ACT's income tax returns for the past three years are open and subject to examination by tax authorities, and may change upon examination. ACT reports no unrelated business taxable income; however, such status is subject

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes, continued

to final determination upon examination of the related tax returns by the appropriate taxing authorities.

Accounting for Uncertain Income Tax Items

The Financial Accounting Standards Board has issued guidance, Accounting Standards Code Section 740, on accounting for uncertainty in income taxes and ACT has adopted this guidance. ACT has evaluated its tax provision and any estimates utilized in its tax returns, and concluded that it has taken no uncertain tax position that requires adjustment to the financial statements to comply with the provisions of this guidance. Interest and penalties associated with uncertain tax position will be recognized in income tax expenses, if required.

Cash Flows

For purposes of the statements of cash flows, ACT considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents. Cash and cash equivalents are recorded at cost.

Functional Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities and in the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses that can be identified with a specific cost center or program service are allocated according to their natural expense classification. Indirect costs are allocated to the programs based on various allocation methods including estimated usage, square footage, and employee time.

Reclassification

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financial statements. Such reclassification had no effect on previously reported net assets.

Compensated Absences

ACT accrues and records for vacation benefits earned by employees, but not yet taken at year end.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounts Receivable

Accounts receivable are recorded at the lower of cost or net realizable value. ACT accounts for potential losses in accounts receivable, if any, utilizing the allowance method. All accounts or portions thereof deemed to be uncollectible are written off to an allowance for bad debt.

Management Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Events

Subsequent events have been considered through November 8, 2021, the date of the audit report, which is the date the financial statements were available to be issued.

NOTE 3 - CONCENTRATION OF CREDIT RISK

ACT maintains its cash and cash equivalent accounts at various commercial banking institutions located in Fort Myers, Florida. Accounts at the commercial banking institutions are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000 per institution. Cash bank balances may at times exceed FDIC coverage. As of June 30, 2021 and 2020, there were \$686,879 and \$248,878 uninsured balances, respectively. Management does not believe credit risk exposure to be significant. ACT has incurred no losses due to credit risk.

NOTE 4 – CASH AND CASH EQUIVALENTS

Cash and cash equivalents consisted of the following at June 30:

	2021	2020
Cash on hand	\$ 1,635	\$ 1,635
Depository, savings and money market accounts	1,302,090	1,261,567
	<u>\$ 1,303,725</u>	<u>\$ 1,263,202</u>

Restricted cash totaling \$89,478 and \$28,233 related to a mortgage payable for maintenance reserve at June 30, 2021 and 2020, respectively.

ABUSE COUNSELING AND TREATMENT, INC.
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021 and 2020

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NOTE 5 - GRANTS RECEIVABLE

Grants receivable consisted of the following as of June 30:

	2021	2020
Florida Coalition Against Domestic Violence/DCF	\$ 92,865	\$ 296,892
Office of the Attorney General - VOCA	379,844	39,375
Florida Coalition Against Sexual Violence (CFDA #16.575)	59,571	43,636
Lee County	27,312	27,312
City of Cape Coral - CDBG (CFDA #14.218)	5,340	5,451
	<u>\$ 564,932</u>	<u>\$ 412,666</u>

Management believes all accounts receivable are fully collectible; therefore, no allowance for bad debt has been recorded.

NOTE 6 - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of June 30:

	Estimated Useful Lives	2021	2020
Land and land improvements	N/A	\$ 977,366	\$ 977,366
Buildings and improvements	5-50 years	4,683,240	4,657,118
Furniture and equipment	3-10 years	815,480	805,221
Vehicles	5 years	37,579	36,683
		6,513,665	6,476,388
Less: Accumulated depreciation		<u>(2,112,360)</u>	<u>(1,949,107)</u>
		<u>\$ 4,401,305</u>	<u>\$ 4,527,281</u>

Depreciation expense for the years ended June 30, 2021 and 2020, was \$177,124 and \$165,687, respectively, and is allocated among program and supporting services.

Land related to the Hendry/Glades County shelter in the amount of \$41,890 is subject to a lien by The Florida Department of Children and Family Services. The lien expires on May 31, 2035.

ACT completed and recorded the purchase of land and building that houses the Second ACT thrift store during the year ended June 30, 2020.

ABUSE COUNSELING AND TREATMENT, INC.
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021 and 2020

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NOTE 7 – LINE OF CREDIT

ACT has a \$50,000 uncollateralized revolving line of credit (LOC) payable to a financial institution, with interest payable monthly at 1.00% over the index rate used (Prime Rate) with a 3.00% floor. The LOC was renewed on June 3, 2021 and matures on May 14, 2023. At June 30, 2021, the interest rate was 4.25% and interest payable monthly. The outstanding balance on the LOC at June 30, 2021 and 2020 was \$0 and \$0, respectively. Interest expense incurred related to the LOC for the years ended June 30, 2021 and 2020 was \$0 and \$0, respectively. No amounts were borrowed or repaid relative to the LOC for the years ended June 30, 2021 and 2020.

ABUSE COUNSELING AND TREATMENT, INC.
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021 and 2020

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NOTE 8 - MORTGAGES AND NOTE PAYABLE

Mortgages and note payable consisted of the following at June 30:

	<u>2021</u>	<u>2020</u>
Mortgage payable to a commercial bank in the amount of \$224,381; monthly installments of \$1,843 including fixed interest at 5.50%; balloon payment of \$143,635 due May 14, 2026; collateralized by real property (main campus) in Lee County. This mortgage dated May 14, 2019 increased the outstanding balance and paid off the prior \$112,500 mortgage payable.	\$ 203,264	\$ 213,730
Mortgage payable to a commercial bank in the amount of \$480,000; dated October 4, 2019; monthly installments of \$3,054 including fixed interest at 4.50%; matures on October 4, 2026; collateralized by main campus real property in Lee County. This mortgage is cross collateralized with the \$1,920,000 mortgage payable.	454,558	470,078
Note payable - on April 16, 2020 ACT received a Small Business Administration (SBA) Paycheck Protection Program (PPP) loan in the amount of \$641,631 through a commercial bank. The loan has a maturity date of April 1 2025 with an annual interest rate of 1.00%. ACT did apply for partial forgiveness of the loan in accordance with the requirements of the PPP and provisions of Section 1106 of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). ACT recorded the entire PPP loan balance of \$641,631 as non-current. The loan was partially forgiven on October 22, 2021 (FY 22).	641,631	641,631
Mortgage payable to a commercial bank in the amount of \$1,920,000; twelve (12) monthly interest only payments from November 2019 to October 2020. Seventy-one (71) monthly installments of \$12,214 including fixed interest at 4.50%; matures on October 4, 2026 with a balloon payment of \$1,526,377; collateralized by Second Act thrift store real property in Lee County. This mortgage is cross collateralized with the \$480,000 mortgage payable.	<u>1,880,079</u>	<u>1,920,000</u>
	3,179,532	3,245,439
Less: Current Portion	<u>(89,374)</u>	<u>(66,001)</u>
Total, Net	<u>\$ 3,090,158</u>	<u>\$ 3,179,438</u>

The \$1,920,000 mortgage includes certain restrictive covenants and requires a certain bank account be maintained. Such bank account is required to maintain a balance of \$56,400 after the first 12 months of deposits of \$4,700 each month after the effective date of the mortgage. The account is maintained to be used for building maintenance.

ABUSE COUNSELING AND TREATMENT, INC.
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021 and 2020

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NOTE 8 - MORTGAGES AND NOTE PAYABLE, (Continued)

Interest expense on the mortgages and note payable during the years ended June 30, 2021 and 2020, was \$118,870 and \$86,469, respectively, and is included in other miscellaneous expenses and bank charges on the statement of functional expenses.

Future maturities of the mortgages and note payable are as following:

Years Ended June 30	Amount
2022	\$ 732,715
2023	95,387
2024	99,893
2025	104,614
2026	249,907
Thereafter	1,897,016
	<u>\$ 3,179,532</u>

The amount due reflected for the year ended June 30, 2022 includes the PPP loan of \$641,631 which was partially forgiven on October 22, 2021.

NOTE 9 – UNEARNED (DEFERRED) REVENUE

Unearned (deferred) revenue as of June 30, 2021 and 2020, of \$0 and \$0, respectively, consisted of sponsorships for the annual Arts for ACT fundraising event.

NOTE 10 - NET ASSETS WITHOUT DONOR RESTRICTIONS

Net assets without donor restrictions (unrestricted) consisted of the following at June 30:

	2021	2020
Unrestricted, undesignated	\$ 1,117,983	\$ 931,167
Board designated for emergency reserves	55,000	55,000
Net invested in property and equipment	1,863,404	1,923,473
	<u>\$ 3,036,387</u>	<u>\$ 2,909,640</u>

ABUSE COUNSELING AND TREATMENT, INC.
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021 and 2020

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NOTE 11 - LEE COUNTY INCOME

Grants from Lee County consisted of the following for the years ended June 30:

	2021	2020
Grants		
Lee County 8361	\$ -	\$ 81,812
Lee County 8652	81,712	245,807
Lee County 8902	245,807	-
CARES Act	5,000	-
	<u>\$ 332,519</u>	<u>\$ 327,619</u>

NOTE 12 - IN-KIND CONTRIBUTIONS

In-kind contributions were as follows for the years ended June 30:

During the years ended June 30, 2021 and 2020, Abuse Counseling and Treatment, Inc. recognized in-kind contributions of \$10,063 and \$52,544, respectively. These amounts included contributed legal services.

Contributed legal services were used to complete injunctions for protection from domestic violence for ACT clients.

Contributions of items for resale in the thrift store and the gallery are included as revenue in the Arts for ACT Gallery and Second ACT Thrift Store programs. Contributions are recognized at the amount for which the items are sold and a corresponding cost of sale is recorded. During the year ended June 30, 2021, ACT recognized \$418,991 in donations and cost of sales expense for these programs. During the year ended June 30, 2020, ACT recognized \$409,230 in donations and cost of sales expense for these programs.

In addition to the amounts above, numerous volunteer hours were contributed which did not meet the requirements for recognition under generally accepted accounting principles.

NOTE 13 - OPERATING LEASE

The lease for the Arts for ACT Gallery was a three (3) year lease beginning October 14, 2016 with an option to renew for an additional three (3) year period. The lease required monthly rent of \$3,079 for the first year. ACT renewed this lease effective on October 1, 2019 for a period of three (3) years until September 30, 2022. This lease now requires monthly rent of \$3,465 for the year ended June 30, 2021. This lease has an annual escalator.

NOTE 13 - OPERATING LEASES (Continued)

Future minimum payments under the lease were as follows:

Years Ending June 30	Amount
2022	\$ 42,507
	\$ 42,507

Total rent expense under the leases for the years ended June 30, 2021 and 2020, was \$46,973 and \$77,779, respectively, and is included in rent expense on the statements of functional expenses.

NOTE 14 - MATCHING REQUIREMENTS

ACT received a portion of its support from funds passed through the State of Florida Attorney General's Office and the Florida Coalition Against Domestic Violence which had matching requirements for the years ended June 30, 2021 and 2020. Such matching requirements for the years ended June 30, 2021 and 2020 were met. The Organization was granted a match waiver for the years ending June 30, 2021 and 2022.

NOTE 15 - ECONOMIC DEPENDENCY

ACT's operations are substantially dependent on the receipt of support and revenue from grantor agencies. Loss of these funds and/or large decreases in this type of funding would have a material effect on ACT, a negative impact on overall operations, and potentially cause going concern issues. For the years ended June 30, 2021 and 2020, approximately 62% and 54%, respectively, of total support and revenue is attributable to funds received from federal, state and local grantor agencies. Such funding is subject to budgetary constraints of the respective grantor agencies.

NOTE 16 - FAIR VALUE MEASUREMENTS

The FASB has established a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy consists of three broad levels. Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority. Level 2 inputs consist of observable inputs other than quoted prices for identical assets. Level 3 inputs have the lowest priority.

During the years ended June 30, 2021 and 2020, no specific inputs were used. ACT held no investments at June 30, 2021 or 2020.

NOTE 16 - FAIR VALUE MEASUREMENTS (Continued)

Financial Instruments not Measured at Fair Value

Financial instruments not measured at fair value include cash and cash equivalents, investments, receivable, accounts payable and accrued expenses. The carrying amounts of these items approximates fair value due to the short-term nature of the financial instruments.

NOTE 17 – LITIGATION

ACT is involved from time to time in routine litigation, the substance of which would not materially affect its financial position, due to third-party insurance coverage and/or federal tort limits. ACT is not in a position at either June 30, 2021 or 2020 to predict a final outcome of such lawsuits or claims, or the related costs involved. ACT intends to vigorously contest all claims unless first settled.

NOTE 18- LIQUIDITY

Financial Assets available within one year of June 30, 2021 consisted of the following:

	<u>Amount</u>
Cash and cash equivalents	\$ 1,303,725
Grants receivable	564,932
Accounts receivable	<u>73,332</u>
	1,941,989
Less amounts due within one year:	
Current liabilities	(304,160)
Retricted cash - maintenance reserve	<u>(89,478)</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 1,548,351</u>

The Organization also has a \$50,000 revolving line of credit available to meet cash flow needs. The Board has designated \$55,000 of the financial assets available for emergency reserves.

NOTE 19 – RETIREMENT PLAN

401(k) Profit Sharing Plan

In January 2005, ACT adopted a self-directed defined contribution plan which is available to all its employees except for non-resident aliens and members of a bargaining unit, provided they are at least 21 years of age. The Plan provides for elective contributions of the participant's (employee's) qualified compensation. To be eligible for the discretionary employer match the participant must also have completed one year of service. Entry dates are monthly. Participants vest over a five (5) year period of qualified service. The Plan is administered by a third party. All assets of the Plan are held by a third-party trustee. The Plan accepts rollover contributions. Loans not in excess of 50% of the participants vested balance are permitted.

For the years ended June 30, 2021 and 2020, ACT made no employer contributions.

NOTE 20 – RELATED PARTY TRANSACTIONS

As of June 30, 2021 and 2020, ACT held cash of \$554,276 and \$663,746, respectively, in a financial institution in which a member of the Board held a management position. ACT obtained all of its long term debt (including PPP loan) through this financial institution, as well, totaling \$3,179,532.

NOTE 21- SUBSEQUENT EVENT

The Organization applied for partial loan forgiveness for the Paycheck Protection Program (PPP) loan and it was approved and partially forgiven on October 22, 2021. The forgiven loan proceeds will be recorded as revenue during the year ended June 30, 2022. The loan was forgiven in the amount of \$312,932 on October 22, 2021 which reflected the amount of qualified expenses incurred by ACT. ACT repaid \$328,699 on November 2, 2021, including interest of \$5,074.

NOTE 22 - COVID 19

In early March 2020, the World Health Organization classified the coronavirus outbreak "COVID-19" as a global pandemic, and it, unfortunately, continues to spread. Business continuity, including supply chains and consumer demand across a broad range of industries and countries, have been severely impacted, as governments and their citizens take significant and unprecedented measures to mitigate the consequences of the pandemic. On April 1, 2020, Florida Governor, Ron DeSantis ordered all Floridians to stay home, to lock down the State against the Coronavirus. Fundraising events were halted throughout the community. The Organization has adapted its fundraising and development efforts as well as its operations to accommodate the current environment. However, the full impact of the COVID-19 outbreak continues to evolve as of the date of this report. This pandemic has adversely affected global economic activity and greatly contributed to instability in

ABUSE COUNSELING AND TREATMENT, INC.
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021 and 2020

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NOTE 22 - COVID 19 (Continued)

financial markets. Management is actively monitoring the local situation on its financial condition, liquidity, operations, donors, industry, and workforce. Given the daily evolution of COVID-19 and the global and local responses to curb its spread, the Organization is not able to estimate the future effects of COVID-19 on its results of operation, financial condition, or liquidity for fiscal year 2021-22.

NOTE 23 – COMMITMENT

In June 2021, ACT approved a contract of \$131,958 to replace the roof on the Lee County main campus location. The payment on the contract was made in July 2021. The Board approved moving \$80,000 from the restricted cash account to pay toward the roof project.

SUPPLEMENTARY INFORMATION

ABUSE COUNSELING AND TREATMENT, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2021

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Federal or State Agency & Office/Pass through Grantor/ Program Title	CFDA# / CSFA#	Pass-Through or Grant Contract Number	Expenditures	Pass-Through to Subrecipients
FEDERAL AWARDS				
<u>U.S. Department of Justice:</u>				
MAJOR (Type A)				
Passed through the State of Florida Office of the Attorney General:				
Crime Victim Assistance (VOCA)	16.575	VOCA-2019-00019	\$ 136,405	\$ -
Crime Victim Assistance (VOCA)	16.575	VOCA-2020-00537	701,064	-
Passed through the Florida Department of Children and Families:				
Crime Victim Assistance - Economic Justice Project	16.575	20-2202-EJ-VOCA	11,982	-
Legal Project	16.575	20-2202-VOCA-LEGAL	68,236	-
			<u>917,687</u>	<u>-</u>
<u>U.S. Department of Health and Human Services:</u>				
NON-MAJOR (Type B)				
Passed through the Florida Department of Children and Families:				
Temporary Assistance for Needy Families	93.558 (1)	LN035	247,222	-
			<u>247,222</u>	<u>-</u>
NON-MAJOR (Type B)				
Passed through the Florida Department of Children and Families:				
Grants to States and Indian Tribes	93.671	LN035	273,102	-
Family Violence Prevention and Services/ Grants for Battered Women's Shelters - Grants to States and Indian Tribes	93.671	COVID FUNDS	31,715	-
			<u>304,817</u>	<u>-</u>
			<u>552,039</u>	<u>-</u>
<u>U.S. Department of Housing and Urban Development:</u>				
NON-MAJOR (Type B)				
Passed through the City of Cape Coral:				
Community Development Block Grants/ Entitlement Grants	14.218 (2)	28201213.634115.277102	7,809	-
Community Development Block Grants/ Entitlement Grants	14.218 (2)	G23200.2021.534115.227102	25,008	-
			<u>32,817</u>	<u>-</u>
(1) included in TANF 477 cluster				
(2) included in CDBG - Entitlement Grants cluster				

ABUSE COUNSELING AND TREATMENT, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, CONTINUED
Year Ended June 30, 2021

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<u>Federal or State Agency & Office/Pass through Grantor/ Program Title</u>	<u>CFDA# / CSFA#</u>	<u>Pass-Through or Grant Contract Number</u>	<u>Expenditures</u>	<u>Pass-Through to Subrecipients</u>
<u>U.S. Department of Justice:</u>				
NON-MAJOR (Type B)				
Passed through the Florida Coalition Against Sexual Violence:				
Violence Against Women				
Formula Grant Program	16.589	18RUR30	<u>68,268</u>	<u>-</u>
			<u>68,268</u>	<u>-</u>
<u>U.S. Department of Homeland Security:</u>				
NON-MAJOR (Type B)				
Passed through United Way of America:				
FEMA Emergency Food and Shelter National				
Board Program	97.024	Phase 36	<u>7,527</u>	<u>-</u>
			<u>7,527</u>	<u>-</u>
Total expenditures of Federal awards			<u>\$ 1,578,338</u>	<u>\$ -</u>

Note: See Note 5 for related receivables

ABUSE COUNSELING AND TREATMENT, INC.
NOTES TO THE SCHEDULE OF EXPENDITURES OF
FEDERAL AWARDS
Year Ended June 30, 2021

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NOTE A - BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Abuse Counseling and Treatment, Inc. under the programs of the federal government for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the requirements of 2 CFR Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Because the Schedule presents only a selected portion of the operations of Abuse Counseling and Treatment, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of Abuse Counseling and Treatment, Inc.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Schedule of Expenditures of Federal Awards has been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America and is in accordance with the Uniform Guidance.

Expenditures reported on the Schedule of Expenditures of Federal Awards include cash disbursements, whether capitalized or expensed, during the fiscal year, as well as grant related amounts recorded as payable at year end. Revenues reported on the Schedule of Expenditures of Federal Awards include cash receipts, whether recognized or deferred, as well as grant receivables recorded at year end.

Basis of Accounting

Expenditures reported on the Schedule are recognized following the cost principles contained in the Uniform Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule, if any, represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

ABUSE COUNSELING AND TREATMENT, INC.
NOTES TO THE SCHEDULE OF EXPENDITURES OF
FEDERAL AWARDS
Year Ended June 30, 2021

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NOTE C - INDIRECT COSTS

Abuse Counseling and Treatment, Inc. did not routinely allocate costs to Federal Award programs. Costs charged to such programs were direct costs unless specifically incurred for the program and allowed and indicated as such.

Abuse Counseling and Treatment, Inc. has not elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE D - SUBRECIPIENTS

During the year ended June 30, 2021, there were no funds passed through to subrecipients.

NOTE E - COVID RELATED GRANT

Abuse Counseling and Treatment, Inc. received the Payroll Protection Program (PPP) Loan CFDA 59.073 during the year ended June 30, 2020. This grant is not listed on the Schedule of Expenditures of Federal Awards (SEFA) as it is not subject to Uniform Guidance. The PPP was partially forgiven on October 22, 2021.

**ADDITIONAL REPORTS OF
INDEPENDENT AUDITOR**

**Independent Auditor's Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial
Statements Performed in Accordance with Government Auditing Standards**

Board of Directors
Abuse Counseling and Treatment, Inc.
P.O. Box 60401
Fort Myers, Florida 33906

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States of America, the financial statements of Abuse Counseling and Treatment, Inc., which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 8, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Abuse Counseling and Treatment, Inc.'s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Abuse Counseling and Treatment, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Abuse Counseling and Treatment, Inc.'s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Abuse Counseling and Treatment, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Abuse Counseling and Treatment, Inc.'s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Tuscan & Company, P.A." in a cursive, flowing script.

TUSCAN & COMPANY, P.A.

Fort Myers, Florida

November 8, 2021

**Independent Auditor's Report on Compliance With Requirements That Could
Have a Direct and Material Effect on Each Major Program
and on Internal Control Over Compliance in Accordance
With the Uniform Guidance**

Board of Directors
Abuse Counseling and Treatment, Inc.
P.O. Box 60401
Fort Myers, Florida 33906

Report on Compliance for Each Major Federal Program

We have audited Abuse Counseling and Treatment, Inc.'s compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of Abuse Counseling and Treatment, Inc.'s major federal programs for the year ended June 30, 2021. Abuse Counseling and Treatment, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Abuse Counseling and Treatment, Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, "Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards" (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about

INTEGRITY SERVICE EXPERIENCE

Abuse Counseling and Treatment, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Abuse Counseling and Treatment, Inc.'s compliance.

Opinion on Each Major Federal Program

In our opinion, Abuse Counseling and Treatment, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control Over Compliance

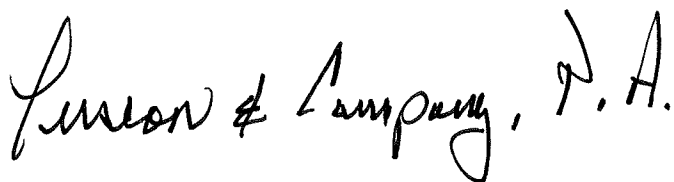
Management of Abuse Counseling and Treatment, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Abuse Counseling and Treatment, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Abuse Counseling and Treatment, Inc.'s internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Purpose of the Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "Tuscan & Company, P.A." in a cursive, flowing script.

TUSCAN & COMPANY, P.A.

Fort Myers, Florida

November 8, 2021

ABUSE COUNSELING AND TREATMENT, INC.
SCHEDULE OF FINDINGS AND QUESTIONED
COSTS - FEDERAL AWARDS
Year Ended June 30, 2021

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Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor's report issued	Unmodified		
Internal control over financial reporting:			
Control deficiency(ies) identified?	_____ Yes	_____ X	_____ No
Significant deficiency(ies) identified?	_____ Yes	_____ X	_____ No
Material weakness(es) identified?	_____ Yes	_____ X	_____ None reported
Noncompliance material to financial statements noted?	_____ Yes	_____ X	_____ No

Federal Awards

Internal control over major programs:			
Control deficiency(ies) identified?	_____ Yes	_____ X	_____ No
Significant deficiency(ies) identified?	_____ Yes	_____ X	_____ No
Material weakness(es) identified?	_____ Yes	_____ X	_____ None reported
Type of auditors report issued on compliance for major programs	Unmodified		
Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)?	_____ Yes	_____ X	_____ No
Identification of major programs:			

CFDA	
<u>Number(s)</u>	<u>Name of Federal Program or Cluster</u>
16.575	Victims of Crime Act - Victim Assistance Grant

Dollar threshold used to distinguish between Type A and Type B programs?	Threshold used was \$750,000
Auditee qualified as low-risk auditee?	_____ X _____ Yes _____ No
Listing of Subrecipients and amounts passed-through:	None - There were no subgrantees

Section II - Financial Statement Findings

There were no reportable conditions, material weaknesses, or instances of noncompliance related to the financial statements.

Section III - Federal Award Findings and Questioned Costs

There were no current year audit findings related to federal awards required to be reported by 2 CFR Section 200.516(a).

Status of Federal Prior Year Findings

There were no prior year federal findings.

INDEPENDENT AUDITOR'S REPORT TO MANAGEMENT

Board of Directors
Abuse Counseling and Treatment, Inc.
P.O. Box 60401
Fort Myers, Florida 33906

In planning and performing our audit of the financial statements of Abuse Counseling and Treatment, Inc. (a not-for-profit Florida Corporation) as of and for the year ended June 30, 2021, we considered internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements but not for the purpose of expressing an opinion of the effectiveness of the Abuse Counseling and Treatment, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Abuse Counseling and Treatment, Inc.'s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

In connection with our audit, we are submitting the following comments and recommendations in accordance with Government Auditing Standards, Title 2 U.S. Code of Federal Regulations Part 200, "Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards" (Uniform Guidance).

INTEGRITY SERVICE EXPERIENCE

We are, therefore, submitting for your review and consideration, items noted during the audit and recommendations are designed to help Abuse Counseling and Treatment, Inc. make improvements and achieve operational efficiencies. Our comments reflect our desire to be of continuing assistance to Abuse Counseling and Treatment, Inc.

PRIOR YEAR COMMENTS THAT CONTINUE TO APPLY:

None - No financially significant comments noted.

CURRENT YEAR COMMENTS:

None - No financially significant comments noted.

This report is intended solely for the information and use of the Board of Directors, finance committee, management, Federal and State awarding agencies, pass-through entities, the Auditor General for the State of Florida and other Federal and State audit agencies. This report is not intended to be, and should not be, used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Tuscan & Company, P.A." in a cursive, flowing script.

TUSCAN & COMPANY, P.A.

Fort Myers, Florida

November 8, 2021

EXHIBIT



239-939-3112 24-Hour Hotline
800-500-1119 Toll-Free Hotline
239-939-2553 Administrative Office
239-939-4741 Fax
Website: actabuse.com

P.O. Box 60401 | Fort Myers, FL 33906

December 8, 2021

Tuscan & Company, P.A.
12621 World Plaza Lane, Building 55
Fort Myers, FL 33907

We are writing in response to your management letter included with our audited financial statements for the year ended June 30, 2021.

We have received the Auditor's Management letter as defined in the Auditor General rule 10.554(1)(i). We acknowledge that the auditor found there were no current year comments or recommendations.

Sincerely,

Jennifer L. Benton, Chief Executive Officer
Abuse Counseling and Treatment, Inc.



ACT is funded in part by: Florida Coalition Against Domestic Violence, Florida Council Against Sexual Violence, Florida Department of Health, Lee County, United Way, City of Cape Coral, City of Fort Myers and The Office of the Attorney General.

The balance of our funding comes from our fundraising events and community donations.