

**FLORIDA'S CHILDREN FIRST, INC.**

**FINANCIAL STATEMENTS WITH  
INDEPENDENT AUDITOR'S REPORT**

Years Ended December 31, 2013 and 2012

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## Independent Auditor's Report

Board of Directors of  
Florida's Children First, Inc.

We have audited the accompanying financial statements of Florida's Children First, Inc. (Organization), (a nonprofit organization), which comprise the statements of financial position as of December 31, 2013 and 2012, 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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. 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, the financial statements referred to above present fairly, in all material respects, the financial position of Florida's Children First, Inc., as of December 31, 2013 and 2012, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Sullivan & Fengler  
Fort Lauderdale, Florida  
May 7 2014

## FINANCIAL STATEMENTS

**FLORIDA'S CHILDREN FIRST, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
December 31,

ASSETS

	<u>2013</u>	<u>2012</u>
Cash and cash equivalents (Note A)	\$ 59,186	\$ 40,138
Investments (Note F)	424,378	461,729
Unconditional promises to give - Less than One year (Note A)	10,000	22,500
Prepaid insurance	126	-
Prepaid expenses	1,000	1,000
Property and equipment (less accumulated Depreciation of \$27,434 and \$26,639 in 2013 and 2012 respectively)(Note H)	<u>566</u>	<u>1,361</u>
TOTAL ASSETS	<u>\$495,256</u>	<u>\$526,728</u>

LIABILITIES AND NET ASSETS

Accounts payable and accrued expenses	\$ 16,142	\$ 22,749
Deferred revenue	-	2,300
TOTAL LIABILITIES	<u>16,142</u>	<u>25,049</u>
Commitments and contingencies	-	-
Net Assets		
Unrestricted net assets	327,442	343,686
Temporarily restricted net assets (Note E)	151,672	157,993
Permanently restricted net assets	-	-
TOTAL NET ASSETS	<u>479,114</u>	<u>501,679</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$495,256</u>	<u>\$526,728</u>

The accompanying notes are an integral part of this statement.

**FLORIDA'S CHILDREN FIRST, INC.**  
**STATEMENTS OF ACTIVITIES**  
Years Ended December 31,

UNRESTRICTED NET ASSETS		
Support		
Contributions	2013	2012
Grants and awards (Note E)	\$ 352,444	\$ 243,261
In-kind contributions (Note A,D)	60,000	8,500
Total support	<u>369,408</u>	<u>303,194</u>
Revenue		
Return on investments (Note F)	6,623	32,049
Total revenue	<u>6,623</u>	<u>32,049</u>
	788,475	587,004
Net assets released from restrictions grants	<u>180,531</u>	<u>209,177</u>
Total unrestricted support and revenue	<u>969,006</u>	<u>796,181</u>
Expenses		
Program services:		
Improving child welfare	361,252	434,024
Improving services/outcomes for older youths	524,502	322,931
Total program expenses	<u>885,754</u>	<u>756,955</u>
Supporting services:		
Administrative and general	38,417	37,763
Fund raising	61,079	61,781
Total supporting services	<u>99,496</u>	<u>99,544</u>
Total functional expenses	<u>985,250</u>	<u>856,499</u>
Change in unrestricted net assets	<u>&lt;16,244&gt;</u>	<u>&lt;60,318&gt;</u>
TEMPORARILY RESTRICTED NET ASSETS		
Grants and awards (Note E)	174,210	205,140
Net assets released from restriction	<u>&lt;180,531&gt;</u>	<u>&lt;209,177&gt;</u>
Change in temporarily restricted net assets	<u>&lt;6,321&gt;</u>	<u>&lt;4,037&gt;</u>
Change in permanently restricted net assets	<u>-</u>	<u>-</u>
CHANGE IN NET ASSETS	<u>&lt;22,565&gt;</u>	<u>&lt;64,355&gt;</u>
NET ASSETS AT BEGINNING OF YEAR	<u>501,679</u>	<u>566,034</u>
NET ASSETS AT END OF YEAR	<u>\$ 479,114</u>	<u>\$ 501,679</u>

The accompanying notes are an integral part of this statement.

**FLORIDA'S CHILDREN FIRST, INC.**  
**STATEMENTS OF CASH FLOWS**  
Year Ended December 31,

CASH FLOWS FROM OPERATING ACTIVITIES	<u>2013</u>	<u>2012</u>
Change in net assets	\$<22,565>	\$<64,355>
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	795	678
Unrealized change in investments	545	<18,136>
<Increase> decrease in operating assets:		
Promise to give	12,500	<19,490>
Prepaid insurance	<126>	3,537
Prepaid expenses	-	6,696
Increase <decrease> in operating liabilities:		
Deferred revenue	<2,300>	2,300
Accounts payable and accrued expenses	<u>&lt;6,607&gt;</u>	<u>10,974</u>
Net assets <used> by operating activities	<u>&lt;17,758&gt;</u>	<u>&lt;77,796&gt;</u>
Cash flows from <to> investing activities		
Sale of Investments	36,806	69,804
Investments purchased	-	<18,589>
Purchase of furniture and equipment	<u>-</u>	<u>&lt;699&gt;</u>
Net asset provided by investing activities	<u>36,806</u>	<u>50,516</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	19,048	<27,280>
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>40,138</u>	<u>67,418</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 59,186</u>	<u>\$ 40,138</u>
SUPPLEMENTAL DATA		
Interest/taxes paid	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of these statements.

Florida's Children First, Inc.

Statement of Functional Expenses

Year Ended December 31, 2013

	PROGRAM SERVICES			SUPPORTING SERVICES			Total
	Improving Child Welfare	Improving Services/Outcomes Older Youth	Total	Management & General	Fund Raising	Total	
Contracted services/ payroll	\$ 153,064	\$ 209,769	\$ 362,833	\$ 26,423	\$ 42,854	\$ 69,277	432,110
Professional fees/legal	96,643	227,914	324,557				324,557
Professional fees/accounting	3,800	3,800	7,600	3,800	3,800	7,600	15,200
Professional fees/other	19,701	13,134	32,835				32,835
Supplies/miscellaneous	5,687	1,592	7,279	4,094		4,094	11,373
Telephone	4,301	1,230	5,531	309	308	617	6,148
Website	270	77	347	19	19	38	385
Postage and delivery	1,925	550	2,475	137	138	275	2,750
Occupancy	13,701	3,915	17,616	979	978	1,957	19,573
Printing/publications	2,302	2,302	4,604	987	987	1,974	6,578
Travel/meetings	8,107	30,065	38,172	1,181	1,181	2,362	40,534
Special events	13,972	6,075	20,047		10,327	10,327	30,374
Public awareness/education	34,781	23,188	57,969				57,969
Dues/fees/license	2,441	732	3,173	448	448	896	4,069
<b>Total Expense Before Depreciation</b>	<b>360,695</b>	<b>524,343</b>	<b>885,038</b>	<b>38,377</b>	<b>61,040</b>	<b>99,417</b>	<b>984,455</b>
Depreciation	557	159	716	40	39	79	795
<b>Total Expenses</b>	<b>\$ 361,252</b>	<b>\$ 524,502</b>	<b>\$ 885,754</b>	<b>\$ 38,417</b>	<b>\$ 61,079</b>	<b>\$ 99,496</b>	<b>\$ 985,250</b>
The accompanying notes are an integral part of this statement.							
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Florida's Children First, Inc.  
Statement of Functional Expenses  
Year Ended December 31, 2012

	PROGRAM SERVICES				SUPPORTING SERVICES			Total
	Improving Child Welfare	Improving Services/Outcomes Older Youth	Total		Management & General	Fund Raising	Total	
Contracted services/ payroll	\$ 153,096	\$ 178,198	\$ 331,294		\$ 25,974	\$ 44,172	\$ 70,146	401,440
Professional fees/legal	193,432	73,753	267,185					267,185
Professional fees/accounting	3,750	3,750	7,500		3,750	3,750	7,500	15,000
Professional fees/other	15,030	10,020	25,050					25,050
Supplies/miscellaneous	5,052	1,415	6,467		3,637		3,637	10,104
Telephone	4,830	1,380	6,210		345	345	690	6,900
Website	270	77	347		19	19	38	385
Postage and delivery	1,496	427	1,923		107	107	214	2,137
Occupancy	13,459	3,845	17,304		962	961	1,923	19,227
Printing/publications	3,262	3,283	6,545		1,433	1,434	2,867	9,412
Travel/meetings	7,917	28,800	36,717		1,325	1,326	2,651	39,368
Special events	13,031	5,585	18,616					28,073
Public awareness/education	18,000	12,000	30,000					30,000
Dues/fees/license	924	262	1,186		177	177	354	1,540
Total Expense Before Depreciation	433,549	322,795	756,344		37,729	61,748	99,477	855,821
Depreciation	475	136	611		34	33	67	678
Total Expenses	\$ 434,024	\$ 322,931	\$ 756,955		\$ 37,763	\$ 61,781	\$ 99,544	\$ 856,499

The accompanying notes are an integral part of this statement.

## NOTES TO FINANCIAL STATEMENTS

# FLORIDA'S CHILDREN FIRST, INC.

## Notes to Financial Statements

December 31, 2013 and 2012

### NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Nature of Activities

Florida's Children First, Inc. is a non-profit corporation established to represent and protect the legal rights of Florida's abused and neglected children, especially those in foster care, and to advance children's legal rights consistent with their medical, social, and educational needs, through awareness and advocacy projects. The corporation began operations in 2002. Florida's Children First, Inc.'s primary support comes from grants, fundraising, and contributions.

#### Basis of Presentation

The accompanying financial statements are presented on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) in its FASB Accounting Codification No. 958 regarding *Financial Statements of Not-for-profit Organizations*. Under Accounting Standards Codification No. 958, the Organization is required to report information regarding its financial position and activities according to the classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

#### Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

#### Contributions

The Organization accounts for contributions in accordance with FASB Accounting Standards Codification No. 958 regarding *Accounting for Contribution Received and Contributions Made*. Contributions, including unconditional promises to give, are recognized as revenues in the period when the conditions on which they depend are substantially met. Conditional promises to give are not recognized until they become unconditional; that is, when the conditions on which they depend are substantially met. Unconditional promises to give were all payable in less than one year. Based on history and managements analysis no allowance was deemed necessary.

Contributions, which are restricted by the donor, are reported as increases in unrestricted net assets if the restriction expires in the same year in which the contributions are recognized. All other donor-restricted contribution are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

#### Donated Services

Donated services (in-kind donations) are recognized as contributions in accordance with FASB Accounting Standards No. 958 regarding *Accounting for Contributions Received and Contributions Made*, if the services create or enhance non-financial assets, or require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization.

# FLORIDA'S CHILDREN FIRST, INC.

## Notes to Financial Statements

December 31, 2013 and 2012

### NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

#### Fixed Assets

Acquisitions of property and equipment or repairs, maintenance, or betterments that materially prolong the useful lives of assets in excess of \$500 are capitalized. Property and equipment are stated at cost. Depreciation is charged to operations over the estimated useful lives of the respective assets using the straight line method. Property and equipment have an estimated useful live from three to seven years.

#### Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect amounts reported in the financial statements and accompanying notes. Although these estimates are based on management's knowledge of current events and actions it may undertake in the future, they may ultimately differ from actual results.

#### Cash and Cash Equivalents

Cash and cash equivalents include interest bearing checking, savings, money markets, and certificates of deposit with an original maturity of three months or less.

#### Income Taxes

The Organization qualified as a tax-exempt organization under section 501 (c)(3) of the Internal Revenue Code and, therefore has no provision for federal income tax. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private organization under Section 509(a)(2). Income from certain Organization activities not directly related to its tax-exempt purpose may be subject to income tax. The current and previous three years remain subject to examination by the IRS. There was no unrelated business income or deferred taxes for the year ended December 31, 2013 or 2012.

#### Fair Value Measurements

Under FASB ASC 820, *Fair Value Measurements and Disclosures*, fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between participants on the measurement date.

The Association has determined that there was no material difference between the carrying value and fair value of its financial assets and liabilities at December 31, 2013 or 2012; therefore, no adjustment for the effect of FASB ASC 820 was made to the Association's financial statements at December 31, 2013 or 2012.

**FLORIDA'S CHILDREN FIRST, INC.**

Notes to Financial Statements

December 31, 2013 and 2012

**NOTE B – CONTINGENCY**

The Organization receives a substantial amount of support through a grant from the Florida Bar Foundation. A significant decrease in this grant, if it were to occur, would have an impact on the programs as they currently exist.

**NOTE C – COMMITMENTS**

Effective August 1, 2012, Florida's Children First, Inc. entered into a three year employment contract with the Executive Director. This contract can be terminated prior to expiration with two months severance pay, except if terminated for cause.

**NOTE D - DONATED SERVICES AND USE OF FACILITIES (IN-KIND DONATIONS)**

Florida's Children First, Inc. received \$369,408 and \$303,194 in donated services for program related matters during the year ended December 31, 2013 and 2012 respectively.

This in-kind is recorded in the statement of functional expenses as listed.

	<u>2013</u>	<u>2012</u>
Professional fees/legal	\$323,968	\$266,794
Professional fees/accounting	6,400	6,400
Professional fees/other	9,040	-
Public awareness/education	<u>30,000</u>	<u>30,000</u>
	<u>\$369,408</u>	<u>\$303,194</u>

**NOTE E – TEMPORARILY RESTRICTED NET ASSETS/UNRESTRICTED NET ASSETS**

Florida's Children First, Inc. has received contributions temporarily restricted in use as follows:

	<u>12/31/2012</u>	<u>Contribution</u>	<u>Expended</u>	<u>12/31/2013</u>
Litigation of children's rights	\$105,000	\$ -	\$ -	\$105,000
Arthur Foundation	-	8,710	-	8,710
Florida Bar Foundation:				
Equal Justice Works	6,833	41,000	41,000	6,833
Legal Assistance Children	46,160	124,500	139,531	31,129
	<u>\$157,993</u>	<u>\$174,210</u>	<u>\$180,531</u>	<u>\$151,672</u>

Florida's Children First, Inc. has received contributions unrestricted in use as follows:

Palank Memorial Foundation	\$ 15,000
McGee Foundation	35,000
Wells Fargo Grant	10,000
	<u>\$ 60,000</u>

# FLORIDA'S CHILDREN FIRST, INC.

## Notes to Financial Statements

December 31, 2013 and 2012

### NOTE F - INVESTMENTS

#### Fair Value Measurements

The FASB issued guidance under ASC 820 that establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy give the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of fair value hierarchy are described as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the plan has the ability to access.

Level 2: Inputs to the valuation methodology include 1) quoted prices for similar assets or liabilities in active markets, 2) quoted prices for identical assets or liabilities in active markets, 3) inputs other than quoted prices that are observable for the asset or liability, and 4) inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3: Inputs in the valuation methodology are unobservable and significant to the fair value measurement.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2013 or 2012.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other markets, the use of different methodologies to determine fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. The Organization's assets were short term Level 1 assets as of December 2013 and 2012.

The Organization investments are summarized below:

<u>2013</u>	<u>Fair Market Value</u>	<u>Return on Investments</u>	
Mutual Funds	<u>\$424,378</u>	Interest/dividends	\$11,728
		Unrealized losses	<545>
		Fees on investments	<4,560>
			<u>\$ 6,623</u>
<u>2012</u>	<u>Fair Market Value</u>	<u>Return on Investments</u>	
Mutual Funds	<u>\$461,729</u>	Interest/dividends	\$18,660
		Unrealized gain	18,136
		Fees on investments	<4,747>
			<u>\$32,049</u>

**FLORIDA'S CHILDREN FIRST, INC.**  
Notes to Financial Statements  
December 31, 2013 and 2012

**NOTE G – RELATED PARTY**

Florida's Children First, Inc. hired a current board member as a consultant for \$1,000 per month. This consultant was paid \$1,000 during 2012.

Some of the donated services for program related matters were from Board members. These services were not related to their Board member duties.

**NOTE H – PROPERTY AND EQUIPMENT**

Property and equipment consist of the following at December 31:

	<u>2013</u>	<u>2012</u>
Furniture and equipment	\$28,000	\$28,000
Accumulated depreciation	<u>&lt;27,434&gt;</u>	<u>&lt;26,639&gt;</u>
	<u>\$ 566</u>	<u>\$ 1,361</u>

The aggregate depreciation charged to operations was \$795 and \$678 in 2013 and 2012 respectively.

**NOTE I – EMPLOYEE RETIREMENT PLAN**

The Organization has a matching retirement plan covering all employees meeting age and service requirements. Participants may contribute a percentage of their salary on a pre-tax basis subject to limitations determined by the Internal Revenue Code. The Organization contribution was \$8,282 and \$9,243 for December 31, 2013 and 2012 respectively. Amounts are remitted at the same frequency as payroll is paid.

**NOTE J – EVALUATION OF SUBSEQUENT EVENTS**

The Organization has evaluated subsequent events through May ??, 2014, the date which the financial statements were available to be issued.