

FLORIDA'S CHILDREN FIRST, INC.

FINANCIAL STATEMENTS WITH
INDEPENDENT AUDITOR'S REPORT

Years Ended December 31, 2010 and 2009

Table of Contents

	<u>Page</u>
Independent Auditor's Report	3
Financial Statements	
Statements of Financial Position	4
Statements of Activities	5
Statement of Functional Expenses 2010	6
Statement of Functional Expenses 2009	7
Statements of Cash Flows	8
Notes to Financial Statements	9-13

Independent Auditor's Report

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

We have audited the accompanying statements of financial position of Florida's Children First, Inc. (Organization), (a nonprofit organization) as of December 31, 2010 and 2009, and the related statements of activities, cash flows, and functional expenses for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We have 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our 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, 2010 and 2009, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Sullivan & Fengler
Fort Lauderdale, Florida
April ??, 2011

FINANCIAL STATEMENTS

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

ASSETS

	<u>2010</u>	<u>2009</u>
Cash and cash equivalents	\$596,422	\$500,103
Investments	55,966	212,550
Unconditional promises to give	-	10,000
Prepaid insurance	3,930	2,592
Prepaid expenses	4,584	1,900
Property and equipment (less accumulated Depreciation of \$24,757 and \$19,631 in 2010 and 2009 respectively)	<u>1,894</u>	<u>7,020</u>
	<u>\$662,796</u>	<u>\$734,165</u>

LIABILITIES AND NET ASSETS

Accounts payable and accrued expenses	\$ 26,167	\$ 18,895
Commitments and contingencies	-	-
Net Assets		
Unrestricted net assets	460,341	480,736
Temporarily restricted net assets	176,288	234,534
Permanently restricted net assets	-	-
TOTAL NET ASSETS	<u>636,629</u>	<u>715,270</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$662,796</u>	<u>\$734,165</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		
	2010	2009
Contributions	\$ 187,867	\$ 246,147
Grants and awards	7,700	7,630
In-kind contributions	391,020	553,073
Total support	<u>586,587</u>	<u>806,850</u>
Revenue		
Investment and interest earnings	12,728	6,224
Other	-	7,723
Total revenue	<u>12,728</u>	<u>13,947</u>
	599,315	820,797
Net assets released from restrictions grants	<u>343,396</u>	<u>278,616</u>
Total unrestricted support and revenue	<u>942,711</u>	<u>1,099,413</u>
Expenses		
Program services:		
Improving child welfare	506,798	626,881
Improving services/outcomes for older youths	394,222	378,563
Total program expenses	<u>901,020</u>	<u>1,005,444</u>
Supporting services:		
Administrative and general	23,874	36,111
Fund raising	38,212	47,755
Total supporting services	<u>62,086</u>	<u>83,866</u>
Total functional expenses	<u>963,106</u>	<u>1,089,310</u>
Change in unrestricted net assets	<u><20,395></u>	<u>10,103</u>
TEMPORARILY RESTRICTED NET ASSETS		
Grants and awards	285,150	345,150
Restrictions satisfied	<u>343,396</u>	<u>278,616</u>
Change in temporarily restricted net assets	<u><58,246></u>	<u>66,534</u>
CHANGE IN NET ASSETS	<78,641>	76,637
NET ASSETS AT BEGINNING OF YEAR	<u>715,270</u>	<u>638,633</u>
NET ASSETS AT END OF YEAR	<u>\$ 636,629</u>	<u>\$ 715,270</u>

The accompanying notes are an integral part of this statement.

Florida's Children First, Inc.
Statement of Functional Expenses
Year Ended December 31, 2009

PROGRAM SERVICES

SUPPORTING SERVICES

	Improving Child Welfare	Improving Services/Outcomes Older Youth	Total	Management & General	Fund Raising	Total	Total
Contracted services/ payroll	\$ 153,950	\$ 157,130	\$ 311,080	\$ 17,059	\$ 30,110	\$ 47,169	\$ 358,249
Professional fees/legal	348,584	82,829	431,413				431,413
Professional fees/accounting	34,402	99,946	134,348	9,518		9,518	9,518
Professional fees/other	9,349	2,636	11,985	665	666	1,331	13,316
Supplies/miscellaneous	8,454	2,384	10,838	603	602	1,205	12,043
Telephone	3,572	1,531	5,103	637	637	1,274	6,377
Website	1,874	625	2,499	324	2,382	2,706	5,205
Postage and delivery	19,172	5,408	24,580	1,365	1,366	2,731	27,311
Occupancy							
Printing/publications							
Travel/meetings				1,638		1,638	1,638
Special events	25,226	17,538	42,764				42,764
Public awareness/education	19,843	6,614	26,457		8,820	8,820	35,277
Other	1,815		1,815				1,815
Total Expense Before Depreciation	626,241	376,641	1,002,882	31,809	46,081	77,890	1,080,772
Depreciation	640	1,922	2,562	4,302	1,674	5,976	8,538
Total Expenses	\$ 626,881	\$ 378,563	\$ 1,005,444	\$ 36,111	\$ 47,755	\$ 83,866	\$ 1,089,310

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>2010</u>	<u>2009</u>
Change in net assets	\$<78,641>	\$ 76,637
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	5,127	8,538
<Increase> decrease in operating assets:		
Promise to give	10,000	<10,000>
Prepaid insurance	<1,339>	-
Prepaid expenses	<2,684>	<1,900>
Increase <decrease> in operating liabilities:		
Accounts payable and accrued expenses	<u>7,272</u>	<u>3,560</u>
Net assets provided by operating activities	<u><60,265></u>	<u>76,835</u>
Cash flows from <to> investing activities		
Sale of Investments	208,708	343,550
Investments purchased	<52,124>	<212,550>
Purchase of furniture and equipment	-	<1,036>
Net asset used by investing activities	<u>156,584</u>	<u>129,964</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	96,319	206,799
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>500,103</u>	<u>293,304</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$596,422</u>	<u>\$500,103</u>
SUPPLEMENTAL DATA		
Interest/taxes paid	\$ <u> </u> -	\$ <u> </u> -

The accompanying notes are an integral part of these statements.

NOTES TO FINANCIAL STATEMENTS

FLORIDA'S CHILDREN FIRST, INC.

Notes to Financial Statements

December 31, 2010 and 2009

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.

Promises to Give

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance unconditional. Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Unconditional promises to give were all payable in less than one year.

Financial Statement Presentation

The Organization reports information regarding its financial position and activities according to three classes of net assets; unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Permanently restricted net assets contain donor-imposed restrictions that stipulate the resources be maintained permanently, but permit the Organization to use, or expend part or all of the income derived from the donated assets for either specified or unspecified purposes.

Temporarily restricted net assets contain donor-imposed restrictions that permit the Organization to use or expend the assets as specified. The restrictions are satisfied either by the passage of time or by action of the Organization.

Unrestricted net assets are not restricted by donors, or the donor-imposed restrictions have expired.

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.

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.

FLORIDA'S CHILDREN FIRST, INC.

Notes to Financial Statements

December 31, 2010 and 2009

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Contributions

Contributions are recognized as income when they become unconditional promises to contribute, at their fair values.

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods and restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support and increase those net asset classes. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Restrictions that expire in the same reporting period are classified as unrestricted support.

Donated Assets/ Services

Donated marketable securities and other non-cash donations are recorded as contributions at their estimated fair values at the date of donation.

Donated Services are recognized as contributions if the services create or enhance nonfinancial 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. received \$347,740 and \$431,413 in donated services for program related legal matters during the year ended December 31, 2010 and 2009 respectively.

Florida's Children First, Inc. received \$43,280 and \$134,348 in program related services from other professionals during the year ended December 31, 2010 and 2009 respectively.

The Organization had various other smaller donated services for facilities and other program expenses during 2010 and 2009.

The Organization has volunteers who have donated significant amounts of their time to Florida's Children First, Inc.'s fundraising campaigns. Such contributed services do not meet the criteria for recognition under accounting principles generally accepted in the United States of America.

Advertising

The Organizations policy is to expense costs as incurred. There were no expenditures in 2010 or 2009 for advertising.

FLORIDA'S CHILDREN FIRST, INC.

Notes to Financial Statements

December 31, 2010 and 2009

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 life from three to seven years.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Income Taxes

The Organization is exempt from federal income tax under section 501 (c)(3) of the Internal Revenue Code and therefore has made no provision for federal income tax in the accompanying financial statements. There was no unrelated business income or deferred taxes for 2010 or 2009.

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

During August 2009 Florida's Children First, Inc. entered into a three year employment contract which commenced July 20, 2009. This contract can be terminated prior to expiration with two months severance pay, except if terminated for cause.

NOTE D– STATEMENT OF CASH FLOWS

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

FLORIDA'S CHILDREN FIRST, INC.

Notes to Financial Statements

December 31, 2010 and 2009

NOTE E – TEMPORARILY RESTRICTED NET ASSETS

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

	<u>12/31/2009</u>	<u>Contribution</u>	<u>Expended</u>	<u>12/31/2010</u>
Litigation of children's rights	\$105,000	\$ -	\$ -	\$105,000
Florida Bar Foundation Legal Assistance Children 2010-2011	71,288	285,150	285,150	71,288
Florida Bar Foundation Pilot Pro Bono Grant	58,246	-	58,246	-
	<u>\$234,534</u>	<u>\$285,150</u>	<u>\$343,396</u>	<u>\$176,288</u>

NOTE F - INVESTMENTS

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. Interest is recognized when the certificate matures. The Organization investments are summarized below:

<u>2010</u>	<u>Cost</u>	<u>Fair Market Value</u>
Equities	\$ 1,010	\$ 1,010
Pro Bank certificate of deposit	54,956	54,956
	<u>\$ 55,966</u>	<u>\$ 55,966</u>

Interest earning for 2010 were \$12,727. Unrealized gains and losses were \$0.

2009

Certificates of Deposit:	
Farmers & Merchants	\$ 97,362
Sun Trust	63,064
Pro Bank	52,124
	<u>\$212,550</u>

Interest earning for 2009 were \$6,224.

FLORIDA'S CHILDREN FIRST, INC.

Notes to Financial Statements

December 31, 2010 and 2009

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 \$12,000 during 2010 and 2009.

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>2010</u>	<u>2009</u>
Furniture and equipment	\$26,651	\$26,651
Accumulated depreciation	<24,757>	<19,631>
	\$ 1,894	\$ 7,020

The aggregate depreciation charged to operations was \$5,127 and \$8,538 in 2010 and 2009 respectively.

NOTE I – EVALUATION OF SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through April ??, 2011, the date which the financial statements were available to be issued.

Board of Director and Management of
Florida's Children First, Inc.

In planning and performing our audit of the financial statements of Florida's Children First, Inc. as of and for the year ended December 31, 2010, in accordance with auditing standards generally accepted in the United States of America, we considered Florida's Children First, Inc.'s 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 on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all such deficiencies have been identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

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 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. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

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. We consider the following deficiencies in Florida's Children First, Inc.'s internal control to be significant deficiencies:

Checks

Checks written by the Organization are not returned as part of the bank statement. We recommend the checks or copies of the checks be returned each month.

Travel Expenses

Reimbursement made for travel expenses should include the beginning and ending location and odometer reading, as well as the business purpose.

This communication is intended solely for the information and use of management, and the Board of Directors, and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

Sullivan & Fengler
Fort Lauderdale, FL
April ??, 2011