

FLORIDA'S CHILDREN FIRST, INC.

FINANCIAL STATEMENTS WITH
INDEPENDENT AUDITOR'S REPORT

Years Ended December 31, 2011 and 2010

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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, 2011 and 2010, 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, 2011 and 2010, 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

Sullivan & Fengler
Fort Lauderdale, Florida
May 19, 2012

FINANCIAL STATEMENTS

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

ASSETS

	<u>2011</u>	<u>2010</u>
Cash and cash equivalents (Note D)	\$ 67,418	\$596,422
Investments (Note F)	494,808	55,966
Unconditional promises to give - less than One year	3,010	-
Prepaid insurance	3,537	3,930
Prepaid expenses	7,696	4,584
Property and equipment (less accumulated Depreciation of \$25,960 and \$24,757 in 2011 and 2010 respectively) (Note H)	<u>1,340</u>	<u>1,894</u>
	<u>\$577,809</u>	<u>\$662,796</u>

LIABILITIES AND NET ASSETS

Accounts payable and accrued expenses	\$ 11,775	\$ <u>26,167</u>
Commitments and contingencies	-	-
Net Assets		
Unrestricted net assets	404,004	460,341
Temporarily restricted net assets (Note E)	162,030	176,288
Permanently restricted net assets	<u>-</u>	<u>-</u>
TOTAL NET ASSETS	<u>566,034</u>	<u>636,629</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$577,809</u>	<u>\$662,796</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

	<u>2011</u>	<u>2010</u>
Support		
Contributions	\$ 277,605	\$ 187,867
Grants and awards	53,927	7,700
In-kind contributions (Note A)	411,019	391,020
Total support	<u>742,551</u>	<u>586,587</u>
Revenue		
Return on investments (Note F)	<5,665>	12,728
Other	277	-
Total revenue	<u><5,388></u>	<u>12,728</u>
	737,163	599,315
Net assets released from restrictions grants	<u>242,378</u>	<u>343,396</u>
Total unrestricted support and revenue	<u>979,541</u>	<u>942,711</u>
Expenses		
Program services:		
Improving child welfare	531,808	506,798
Improving services/outcomes for older youths	422,415	394,222
Total program expenses	<u>954,223</u>	<u>901,020</u>
Supporting services:		
Administrative and general	33,148	23,874
Fund raising	48,507	38,212
Total supporting services	<u>81,655</u>	<u>62,086</u>
Total functional expenses	<u>1,035,878</u>	<u>963,106</u>
Change in unrestricted net assets	<u><56,337></u>	<u><20,395></u>
TEMPORARILY RESTRICTED NET ASSETS		
Grants and awards	228,120	285,150
Restrictions satisfied	<u><242,378></u>	<u><343,396></u>
Change in temporarily restricted net assets	<u><14,258></u>	<u><58,246></u>
CHANGE IN NET ASSETS	<u><70,595></u>	<u><78,641></u>
NET ASSETS AT BEGINNING OF YEAR	<u>636,629</u>	<u>715,270</u>
NET ASSETS AT END OF YEAR	<u>\$ 566,034</u>	<u>\$ 636,629</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>2011</u>	<u>2010</u>
Change in net assets	\$<70,595>	\$<78,641>
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	1,203	5,127
Unrealized loss on investments	12,819	-
<Increase> decrease in operating assets:		
Promise to give	<3,010>	10,000
Prepaid insurance	393	<1,339>
Prepaid expenses	<3,112>	<2,684>
Increase <decrease> in operating liabilities:		
Accounts payable and accrued expenses	<14,392>	<u>7,272</u>
Net assets provided by operating activities	<u><76,694></u>	<u><60,265></u>
Cash flows from <to> investing activities		
Sale of Investments	58,185	208,708
Investments purchased	<509,846>	<52,124>
Purchase of furniture and equipment	<649>	-
Net asset used by investing activities	<u><452,310></u>	<u>156,584</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	<529,004>	96,319
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>596,422</u>	<u>500,103</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 67,418</u>	<u>\$596,422</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, 2011 and 2010

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.

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

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.

FLORIDA'S CHILDREN FIRST, INC.

Notes to Financial Statements

December 31, 2011 and 2010

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Donated Assets/ Services

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. These in-kind services are recorded in the statement of functional expenses as professional fees.

Florida's Children First, Inc. received \$346,919 and \$347,740 in donated services for program related legal matters during the year ended December 31, 2011 and 2010 respectively.

Florida's Children First, Inc. received \$64,100 and \$ 43,280 in program related services from other professionals during the year ended December 31, 2011 and 2010 respectively.

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 2011 or 2010 for advertising.

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.

FLORIDA'S CHILDREN FIRST, INC.

Notes to Financial Statements

December 31, 2011 and 2010

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Concentration of Credit Risk

Financial instruments that potentially subject the Organization to concentrations of credit risk are cash. The Organization maintains cash with financial institutions that, from time to time, may include balances with exceed federally insured limits. These balances are maintained with high quality institutions, which management feels limits those risks. As of December 31, 2011, there were no balances that exceeded the federally insured limits.

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, 2011 or 2010.

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, 2011 and 2010

NOTE E – TEMPORARILY RESTRICTED NET ASSETS

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

	<u>12/31/2010</u>	<u>Contribution</u>	<u>Expended</u>	<u>12/31/2011</u>
Litigation of children's rights	\$105,000	\$ -	\$ -	\$105,000
Florida Bar Foundation Legal Assistance Children 2011-2012	<u>71,288</u>	<u>228,120</u>	<u>242,378</u>	<u>57,030</u>
	<u>\$176,288</u>	<u>\$228,120</u>	<u>\$242,378</u>	<u>\$162,030</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. The Organization investments are summarized below:

2011

	<u>Cost</u>	<u>Fair Market Value</u>
Fixed Income	\$329,886	\$326,902
International debt	76,807	74,714
Equity	75,837	69,596
Hedge funds	12,582	11,850
REIT's/MLP's	<u>12,510</u>	<u>11,746</u>
	<u>\$507,622</u>	<u>\$494,808</u>

Interest earnings for 2011 were \$9,374, fees \$2,220 and unrealized losses were \$12,819.

2010

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

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

FLORIDA'S CHILDREN FIRST, INC.

Notes to Financial Statements

December 31, 2011 and 2010

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 2011 and 2010.

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>2011</u>	<u>2010</u>
Furniture and equipment	\$27,300	\$26,651
Accumulated depreciation	<25,960>	<24,757>
	<u>\$ 1,340</u>	<u>\$ 1,894</u>

The aggregate depreciation charged to operations was \$1,203 and \$5,127 in 2011 and 2010 respectively.

NOTE I – EVALUATION OF SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through May 19, 2012, the date which the financial statements were available to be issued.