

FLORIDA'S CHILDREN FIRST, INC.

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

Years Ended December 31, 2012 and 2011

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 2012	6
Statement of Functional Expenses 2011	7
Statements of Cash Flows	8
Notes to Financial Statements	9-13



CERTIFIED PUBLIC ACCOUNTANTS

3031 North East 22nd Street Fort Lauderdale, Florida 33305-1825

MEMBER AMERICAN INSTITUTE
OF CERTIFIED PUBLIC ACCOUNTANTS
FLORIDA INSTITUTE
OF CERTIFIED PUBLIC ACCOUNTANTS

(954) 561-2826 Phone
(954) 561-2881 Fax
msfengler@aol.com

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, 2012 and 2011, 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, 2012 and 2011, 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

Sullivan & Fengler
Fort Lauderdale, Florida
May 14, 2013

FINANCIAL STATEMENTS

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

ASSETS

	<u>2012</u>	<u>2011</u>
Cash and cash equivalents (Note A)	\$ 40,138	\$ 67,418
Investments (Note F)	461,729	494,808
Unconditional promises to give - less than One year (Note A)	22,500	3,010
Prepaid insurance	-	3,537
Prepaid expenses	1,000	7,696
Property and equipment (less accumulated depreciation of \$26,639 and \$25,960 in 2012 and 2011 respectively)(Note H)	<u>1,361</u>	<u>1,340</u>
TOTAL ASSETS	<u>\$526,728</u>	<u>\$577,809</u>

LIABILITIES AND NET ASSETS

Accounts payable and accrued expenses	\$ 22,749	\$ 11,775
Deferred revenue	<u>2,300</u>	<u>-</u>
TOTAL LIABILITIES	<u>25,049</u>	<u>11,775</u>
Commitments and contingencies	-	-
Net Assets		
Unrestricted net assets	343,686	404,004
Temporarily restricted net assets (Note E)	157,993	162,030
Permanently restricted net assets	-	-
TOTAL NET ASSETS	<u>501,679</u>	<u>566,034</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$526,728</u>	<u>\$577,809</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	2012	2011
Contributions	\$ 243,261	\$ 277,605
Grants and awards	8,500	53,927
In-kind contributions (Note A,D)	303,194	411,019
Total support	<u>554,955</u>	<u>742,551</u>
Revenue		
Return on investments (Note F)	32,049	<5,665>
Other	-	277
Total revenue	<u>32,049</u>	<u><5,388></u>
	587,004	737,163
Net assets released from restrictions grants	<u>209,177</u>	<u>242,378</u>
Total unrestricted support and revenue	<u>796,181</u>	<u>979,541</u>
Expenses		
Program services:		
Improving child welfare	434,024	531,808
Improving services/outcomes for older youths	322,931	422,415
Total program expenses	<u>756,955</u>	<u>954,223</u>
Supporting services:		
Administrative and general	37,763	33,148
Fund raising	61,781	48,507
Total supporting services	<u>99,544</u>	<u>81,655</u>
Total functional expenses	<u>856,499</u>	<u>1,035,878</u>
Change in unrestricted net assets	<u><60,318></u>	<u><56,337></u>
TEMPORARILY RESTRICTED NET ASSETS		
Grants and awards (Note E)	205,140	228,120
Net assets released from restriction	<u><209,177></u>	<u><242,378></u>
Change in temporarily restricted net assets	<u><4,037></u>	<u><14,258></u>
Change in permanently restricted net assets	-	-
CHANGE IN NET ASSETS	<64,355>	<70,595>
NET ASSETS AT BEGINNING OF YEAR	<u>566,034</u>	<u>636,629</u>
NET ASSETS AT END OF YEAR	<u>\$ 501,679</u>	<u>\$ 566,034</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>2012</u>	<u>2011</u>
Change in net assets	\$<64,355>	\$<70,595>
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	678	1,203
Unrealized change in investments	<18,136>	12,819
<Increase> decrease in operating assets:		
Promise to give	<19,490>	<3,010>
Prepaid insurance	3,537	393
Prepaid expenses	6,696	<3,112>
Increase <decrease> in operating liabilities:		
Deferred revenue	2,300	-
Accounts payable and accrued expenses	<u>10,974</u>	<u><14,392></u>
Net assets provided by operating activities	<u><77,796></u>	<u><76,694></u>
Cash flows from <to> investing activities		
Sale of Investments	69,804	58,185
Investments purchased	<18,589>	<509,846>
Purchase of furniture and equipment	<u><699></u>	<u><649></u>
Net asset used by investing activities	<u>50,516</u>	<u><452,310></u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	<u><27,280></u>	<u><529,004></u>
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>67,418</u>	<u>596,422</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 40,138</u>	<u>\$ 67,418</u>
SUPPLEMENTAL DATA		
Interest/taxes paid	\$ _____	\$ _____

The accompanying notes are an integral part of these statements.

Florida's Children First, Inc.

Statement of Functional Expenses

Year Ended December 31, 2012

			PROGRAM SERVICES		SUPPORTING SERVICES			
	Improving Child Welfare	Improving Services/Outcomes Older Youth	Total	Management & General	Fund Raising	Total	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		9,457	9,457	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.

Florida's Children First, Inc.

Statement of Functional Expenses

Year Ended December 31, 2011

	PROGRAM SERVICES			SUPPORTING SERVICES			Total
	Improving Child Welfare	Improving Services/ Outcomes Older Youth	Total	Management & General	Fund Raising	Total	
Payroll and related expenses	\$ 161,171	\$ 182,429	\$ 343,600	\$ 21,486	\$ 23,059	\$ 44,545	388,145
Professional fees/legal	205,954	137,302	343,256				343,256
Professional fees/accounting	2,400	2,400	4,800	2,400	2,400	4,800	9,600
Professional fees/other	33,504	22,336	55,840				55,840
Supplies/miscellaneous	7,202	2,058	9,260	5,443		5,443	14,703
Telephone	6,744	1,927	8,671	482	482	964	9,635
Website	14,632	4,177	18,809	1,046	1,046	2,092	20,901
Postage and delivery	1,427	475	1,902	238	1,824	2,062	3,964
Occupancy	13,267	3,791	17,058	948	948	1,896	18,954
Printing/publications	1,638	4,833	6,471		2,157	2,157	8,628
Training	3,663		3,663				3,663
Travel/meetings	4,461	24,566	29,027	763	763	1,526	30,553
Special events	34,320	9,158	43,478		15,705	15,705	59,183
Public awareness/education	39,709	26,472	66,181				66,181
Dues/fees/license	874	250	1,124	282	63	345	1,469
Total Expense Before Depreciation	530,966	422,174	953,140	33,088	48,447	81,535	1,034,675
Depreciation	842	241	1,083	60	60	120	1,203
Total Expenses	\$ 531,808	\$ 422,415	\$ 954,223	\$ 33,148	\$ 48,507	\$ 81,655	\$ 1,035,878
The accompanying notes are an integral part of this statement.							
							8

NOTES TO FINANCIAL STATEMENTS

FLORIDA'S CHILDREN FIRST, INC.
Notes to Financial Statements
December 31, 2012 and 2011

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 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, 2012 and 2011

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, 2012 or 2011.

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, 2012 or 2011; therefore, no adjustment for the effect of FASB ASC 820 was made to the Association's financial statements at December 31, 2012 or 2011.

FLORIDA'S CHILDREN FIRST, INC.
Notes to Financial Statements
December 31, 2012 and 2011

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 \$303,194 and \$411,019 in donated services for program related matters during the year ended December 31, 2012 and 2011 respectively.

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

	<u>2012</u>	<u>2011</u>
Professional fees/legal	\$266,794	\$346,919
Professional fees/accounting	6,400	-
Professional fees/other	-	34,100
Public awareness/education	<u>30,000</u>	<u>30,000</u>
	<u>\$303,194</u>	<u>\$411,019</u>

NOTE E – TEMPORARILY RESTRICTED NET ASSETS

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

	<u>12/31/2011 Contribution</u>		<u>Expended 12/31/2012</u>	
Litigation of children's rights	\$105,000	\$ -	\$ -	\$105,000
Equal Justice Works	-	20,500	13,667	6,833
Florida Bar Foundation	-	184,640	195,510	46,160
Legal Assistance Children	<u>57,030</u>	<u>184,640</u>	<u>195,510</u>	<u>46,160</u>
	<u>\$162,030</u>	<u>\$205,140</u>	<u>\$209,177</u>	<u>\$157,993</u>

FLORIDA'S CHILDREN FIRST, INC.

Notes to Financial Statements

December 31, 2012 and 2011

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, 2012 or 2011.

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 2012 and 2011.

The Organization investments are summarized below:

<u>2012</u>	<u>Fair Market Value</u>	<u>Return on Investments</u>	
Fixed Income	\$299,999	Interest/dividends	\$18,660
International debt	69,768	Unrealized gain	18,136
Equity	68,725	Fees on investments	<4,747>
Hedge funds	11,320		<u>\$32,049</u>
REIT's/MLP's	<u>11,917</u>		
	<u>\$461,729</u>		
<u>2011</u>	<u>Fair Market Value</u>	<u>Return on Investments</u>	
Fixed Income	\$326,902	Interest/dividends	\$ 9,374
International debt	74,714	Unrealized loss	<12,819>
Equity	69,596	Fees on investments	<2,220>
Hedge funds	11,850		<u>\$<5,665></u>
REIT's/MLP's	<u>11,746</u>		
	<u>\$494,808</u>		