

FLORIDA'S CHILDREN FIRST, INC.

FINANCIAL STATEMENTS WITH
INDEPENDENT AUDITORS' REPORT

Years Ended December 31, 2022 and 2021

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INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying financial statements of Florida's Children First, Inc. (the "Organization") (a nonprofit organization), which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2022 and 2021, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Organization 's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Sullivan & Fengler

Sullivan Fengler
Fort Lauderdale, Florida
September 18, 2023

FINANCIAL STATEMENTS

FLORIDA'S CHILDREN FIRST, INC.
STATEMENTS OF FINANCIAL POSITION
December 31, 2022 and 2021

ASSETS

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents (Note B)	\$ 187,305	\$ 177,740
Investments (Note B, H)	443,752	523,635
Accounts receivable (Note B)	1,625	600
Promise to give, less than one year (Note B)	10,000	11,500
Prepaid expenses	3,202	8,066
Security deposits	1,821	1,821
Operating lease right of use asset	22,916	-
Finance lease property and equipment (less accumulated depreciation of \$4,771 and \$0 in 2022 and 2021, respectively) (Note J)	11,040	-
Property and equipment (less accumulated depreciation of \$15,277 and \$14,592 in 2022 and 2021, respectively) (Note G)	<u>1,674</u>	<u>1,248</u>
 TOTAL ASSETS	 <u>\$ 683,335</u>	 <u>\$ 724,610</u>

LIABILITIES AND NET ASSETS

Accounts payable and accrued expenses	\$ 20,911	\$ 19,800
Deferred revenue	-	11,680
Operating lease liability (Note J)	22,916	-
Finance lease property and equipment liability (Note J)	<u>11,040</u>	<u>-</u>
	54,867	31,480
 TOTAL LIABILITIES		
 Net Assets		
Without donor restriction	<u>458,268</u>	<u>515,680</u>
 With donor restriction (Note F)		
Purpose restrictions	107,950	109,950
Time restricted for future periods	<u>62,250</u>	<u>67,500</u>
	<u>170,200</u>	<u>177,450</u>
 TOTAL NET ASSETS	 <u>628,468</u>	 <u>693,130</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 683,335</u>	 <u>\$ 724,610</u>

The accompanying notes are an integral part of these financial statements.

FLORIDA'S CHILDREN FIRST, INC.

STATEMENT OF ACTIVITIES

Year Ended December 31, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUE AND OTHER SUPPORT			
Grants and awards	\$ 157,726	\$ 250,000	\$ 407,726
Contributions and events	460,339	-	460,339
Contributions in-kind (Note E)	298,665	-	298,665
Net assets released from restrictions satisfaction of restriction	<u>257,250</u>	<u>(257,250)</u>	<u>-</u>
Total revenue and other support	<u>1,173,980</u>	<u>(7,250)</u>	<u>1,166,730</u>
EXPENSES			
Program expenses:			
Improving child welfare	671,749	-	671,749
Improving services/outcomes older youth	<u>326,164</u>	<u>-</u>	<u>326,164</u>
Total program expenses	<u>997,913</u>	<u>-</u>	<u>997,913</u>
Supporting expenses:			
Management and general	76,968	-	76,968
Fundraising and development	<u>73,309</u>	<u>-</u>	<u>73,309</u>
Total supporting expenses	<u>150,277</u>	<u>-</u>	<u>150,277</u>
Total expenses	<u>1,148,190</u>	<u>-</u>	<u>1,148,190</u>
Change in net assets from operations	25,790	(7,250)	18,540
Investment return, net	<u>(83,202)</u>	<u>-</u>	<u>(83,202)</u>
CHANGE IN NET ASSETS	(57,412)	(7,250)	(64,662)
Net assets, beginning of the year	<u>515,680</u>	<u>177,450</u>	<u>693,130</u>
Net assets, end of the year	<u>\$ 458,268</u>	<u>\$ 170,200</u>	<u>\$ 628,468</u>

The accompanying notes are an integral part of these financial statements.

FLORIDA'S CHILDREN FIRST, INC.

STATEMENT OF ACTIVITIES

Year Ended December 31, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUE AND OTHER SUPPORT			
Grants and awards	\$ 97,800	\$ 247,600	\$ 345,400
Contributions and events	661,082	-	661,082
Contributions in-kind (Note E)	290,085	-	290,085
COVID PPP (Note K)	655	-	655
Net assets released from restrictions satisfaction of restriction	<u>237,650</u>	<u>(237,650)</u>	<u>-</u>
Total revenue and other support	<u>1,287,272</u>	<u>9,950</u>	<u>1,297,222</u>
EXPENSES			
Program expenses:			
Improving child welfare	500,460	-	500,460
Improving services/outcomes older youth	<u>341,802</u>	<u>-</u>	<u>341,802</u>
Total program expenses	<u>842,262</u>	<u>-</u>	<u>842,262</u>
Supporting expenses:			
Management and general	88,693	-	88,693
Fundraising and development	<u>75,575</u>	<u>-</u>	<u>75,575</u>
Total supporting expenses	<u>164,268</u>	<u>-</u>	<u>164,268</u>
Total expenses	<u>1,006,530</u>	<u>-</u>	<u>1,006,530</u>
Change in net assets from operations	280,742	9,950	290,692
Investment return, net	<u>2,140</u>	<u>-</u>	<u>2,140</u>
CHANGE IN NET ASSETS	282,882	9,950	292,832
Net assets, beginning of the year	<u>232,798</u>	<u>167,500</u>	<u>400,298</u>
Net assets, end of the year	<u>\$ 515,680</u>	<u>\$ 177,450</u>	<u>\$ 693,130</u>

The accompanying notes are an integral part of these financial statements.

FLORIDA'S CHILDREN FIRST
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2022

	PROGRAM SERVICES			SUPPORTING SERVICES			Total
	Improving Child Welfare	Improving Services/ Outcomes Older Youth	Total Program Services	Management and General	Fundraising and Development	Total Supporting Services	
Payroll and related expenses	\$ 152,525	\$ 201,759	\$ 354,284	\$ 54,953	\$ 57,967	\$ 112,920	\$ 467,204
Professional fees - legal	192,719	58,946	251,665	-	-	-	251,665
Professional fees - accounting	1,973	1,973	3,946	14,907	1,025	15,932	19,878
Professional fees - other	17,500	17,500	35,000	-	-	-	35,000
Supplies and miscellaneous	9,737	2,207	11,944	915	2,028	2,943	14,887
Telephone	6,242	1,784	8,026	446	446	892	8,918
Website, communication, software, & technology	8,344	2,386	10,730	594	595	1,189	11,919
Postage & delivery	1,763	504	2,267	127	126	253	2,520
Occupancy	16,951	4,845	21,796	1,210	1,210	2,420	24,216
Printing & publications	3,531	-	3,531	-	-	-	3,531
Training & education	223,464	-	223,464	-	-	-	223,464
Travel, meetings, & events	-	-	-	-	3,767	3,767	3,767
Public awareness & education	33,178	33,178	66,356	1,166	5,869	7,035	73,391
Dues, fees, & licenses	-	-	-	2,374	-	2,374	2,374
Total Expenses Before Depreciation	667,927	325,082	993,009	76,692	73,033	149,725	1,142,734
Depreciation	3,822	1,082	4,904	276	276	552	5,456
Total Expenses	<u>\$ 671,749</u>	<u>\$ 326,164</u>	<u>\$ 997,913</u>	<u>\$ 76,968</u>	<u>\$ 73,309</u>	<u>\$ 150,277</u>	<u>\$ 1,148,190</u>

The accompanying notes are an integral part of these financial statements.

FLORIDA'S CHILDREN FIRST
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2021

	PROGRAM SERVICES			SUPPORTING SERVICES			Total
	Improving Child Welfare	Improving Services/ Outcomes Older Youth	Total Program Services	Management and General	Fundraising and Development	Total Supporting Services	
Payroll and related expenses	\$ 175,013	\$ 231,505	\$ 406,518	\$ 63,055	\$ 66,513	\$ 129,568	\$ 536,086
Professional fees - legal	184,809	56,526	241,335	-	-	-	241,335
Professional fees - accounting	1,925	1,925	3,850	14,545	1,000	15,545	19,395
Professional fees - other	20,000	20,000	40,000	-	-	-	40,000
Supplies and miscellaneous	9,701	2,199	11,900	5,630	2,021	7,651	19,551
Telephone	5,759	1,646	7,405	411	411	822	8,227
Website, communication, software, & technology	6,280	1,796	8,076	447	448	895	8,971
Postage & delivery	2,843	813	3,656	205	204	409	4,065
Occupancy	16,608	4,747	21,355	1,185	1,185	2,370	23,725
Printing & publications	679	-	679	-	-	-	679
Training & education	55,722	-	55,722	-	-	-	55,722
Travel, meetings, & events	-	-	-	-	127	127	127
Public awareness & education	20,457	20,457	40,914	719	3,618	4,337	45,251
Dues, fees, & licenses	-	-	-	2,448	-	2,448	2,448
Total Expenses Before Depreciation	499,796	341,614	841,410	88,645	75,527	164,172	1,005,582
Depreciation	664	188	852	48	48	96	948
Total Expenses	<u>\$ 500,460</u>	<u>\$ 341,802</u>	<u>\$ 842,262</u>	<u>\$ 88,693</u>	<u>\$ 75,575</u>	<u>\$ 164,268</u>	<u>\$ 1,006,530</u>

The accompanying notes are an integral part of these financial statements.

FLORIDA'S CHILDREN FIRST, INC.
STATEMENTS OF CASH FLOWS
Years Ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Cash Flows From (To) Operating Activities		
Change in net assets	\$ (64,662)	\$ 292,832
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	5,456	948
Unrealized (gain)/loss on investments	91,983	9,853
(Increase)/decrease in operating assets:		
Accounts receivable	(1,025)	400
Promise to give	1,500	(6,500)
Prepaid expenses	4,864	(5,117)
Operating lease right of use asset	(22,916)	-
Increase/(decrease) in operating liabilities:		
Accounts payable and accrued expenses	1,111	11,680
Deferred revenue	(11,680)	3,746
Operating lease liability	22,916	-
	<u>27,547</u>	<u>307,842</u>
Net Assets (Used)/Provided by Operating Activities		
Cash Flows From (To) Investing Activities		
Sale of investments	1,316	3,857
Purchase of investments	(13,416)	(265,847)
Purchase of furniture and equipment	(1,111)	(1,497)
Investment in finance lease property and equipment	(15,811)	-
	<u>(29,022)</u>	<u>(263,487)</u>
Net Assets (Used)/Provided by Investing Activities		
Cash Flows From (To) Financing Activities		
Forgiveness of PPP loan	-	(655)
Financing of lease payable	15,811	-
Payments on lease	(4,771)	-
	<u>11,040</u>	<u>(655)</u>
Net Assets (Used)/Provided by Financing Activities		
Net Change in Cash and Cash Equivalents	9,565	43,700
Cash and Cash Equivalents, Beginning of Year	<u>177,740</u>	<u>134,040</u>
Cash and Cash Equivalents, End of Year	<u>\$ 187,305</u>	<u>\$ 177,740</u>

The accompanying notes are an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS

FLORIDA'S CHILDREN FIRST, INC.

Notes to Financial Statements

December 31, 2022 and 2021

NOTE A – NATURE OF ACTIVITIES

Florida's Children First, Inc. (the "Organization" "FCF") 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. The corporation began operations in 2002. Florida's Children First, Inc.'s primary support comes from grants, fundraising, and contributions.

Organization's Mission

Florida's Children First is a non-profit, nonpartisan, independent advocacy organization committed to protecting and advancing the rights of children and youth impacted by the child welfare, juvenile justice, and disability systems through systemic reform, education, youth voice, and promoting high quality legal representation.

Our vision is that Florida's laws, policies and practices respect, prioritize, and protect children and youth impacted by the child welfare, juvenile justice, and disability systems.

We are change-agents. We are Florida's child-caring systems' watchdogs. We fill a critical needs gap in the statewide child serving system. Florida's Children First is an advocacy organization dedicated to advancing the rights and improving the lives of children and youth by making systemic changes that positively impact children in foster care, or with disabilities, those who are homeless, are immigrants or have juvenile justice involvement.

FCF improves justice for children by aligning directly with those most affected by Florida's Dependency Court System, the clients (youth) themselves. Using a range of best practices and advocacy strategies and incorporating the youth voice and expertise into the process, we achieve long-term systemic improvement to state systems that impact children in the state's care. Through system and practice change, our work improves child-serving systems, improves lives, and has a multiplier effect.

We are the only child welfare advocacy organization in Florida that works with youth themselves to identify the most pressing problems that need to be addressed and promote solutions.

FCF empowers individual children and youth to learn leadership, advocacy, and life skills and to become the voice for children in care through Florida Youth SHINE (FYS), it's youth advocacy organization. Now 14 statewide chapters strong, Florida Youth SHINE is comprised of approximately 350 current and former youth ages 13-26 who share their lived-experiences in care and use their platform to help improve the child welfare for hundreds of youth today, and thousands in the future.

Our method for engaging youth in systemic change is a nationally recognized best practice. Casey Family Programs did a national study and selected Florida Youth SHINE as a premier organization to showcase best practices for authentic youth engagement.

Activities:

FCF is Florida's premiere, statewide child advocacy organization that makes substantial improvements in the lives of these children by using many means to change the systems of care. Many of these activities positively impact the General Child Welfare System and Improve Outcomes for Older Youth.

FLORIDA'S CHILDREN FIRST, INC.

Notes to Financial Statements
December 31, 2022 and 2021

NOTE A – NATURE OF ACTIVITIES - continued

Improving the General Child Welfare System and Impacting Outcomes for Older Youth through Executive Branch Advocacy:

There is no single, correct way, to change the system. Sometimes, all it takes is to sit at the table with the heads of the state agencies who deal in children's issues to share concerns and offer viable solutions. Recently we met with DCF leadership more than 20 times. FYS met with the DCF Secretary and her staff several times for: FYS to present its policy briefs and priorities; to discuss FYS' recommendations on Independent Living funds and services; to implement provision of American Rescue Act funds to foster youth; and to improve DCF's youth rights document. Many of these topics included improving outcomes for older youth.

Florida's Children's First works with agencies when they write their policies, procedures, or rules. Known for our expertise, Florida's Children's First plays an active role in this arena. Recently we worked on 33 Rules and 2 Operating Procedures. DCF adopted many of our suggestions as it finalized its rules for: Family First implementation, Comprehensive Placement Assessments, Sibling Placement & Separation and Master Trust policy. These rules will affect the general child welfare system.

Improving General Child Welfare through Education:

Changing the system of care for Florida's children requires that we educate a variety of stakeholders. We make the general public aware of a problem concerning children, in order to mobilize their help and support in making improvements. Often, we achieve change by training professionals across the state on new procedures or law – or educating them on critical issues so they are aware of the need for change. Over the years we have provided more than 80,700 hours of free training to keep industry professionals informed on issues, rule changes and new best practices that impact vulnerable youth.

Recent trainings include:

- Attorney Ethics: Tackling Tough Problems in Child Representation,
- Attorney Roles in Implementing the Family First Prevention and Services Act
- [Foster Care Adoption. Session 1](#) - ethical obligations of the attorney to the adoptive parent and review of all pertinent subject areas
- [Foster Care Adoption. Session 2](#) – adoption subsidies, health insurance, SSI, and advanced planning
- [Master Trust, ABLE Accounts and Pool Trusts](#)
- Master Trust Training for Disability Rights Florida staff who audit Master Trust accounts for foster children.
- Senate Bill 80
- [2021 Legislative Update.](#)
- Foster & Adoptive Parent Association trainings
- [Digital Stories](#) – Youth Voices Amplified
- All Rise! We are Why Court's in Session; We Need to Be there! (Youth SHINE Urges – Judges Agree)

FLORIDA'S CHILDREN FIRST, INC.

Notes to Financial Statements

December 31, 2022 and 2021

NOTE A – NATURE OF ACTIVITIES - continued

We also educate by writing materials, brochures, and pamphlets that provide information on various topics in child welfare, delinquency, and disabilities. We now have more than 3 dozen publications to our credit.

Improving Outcomes for Older Youth through Education:

FCF also takes on the equally important role of educating children and youth and young adults about their rights, the processes that they are facing, and their support network. We work hard to help them understand the impact they can have over their own destiny when they learn to effectively advocate on behalf of themselves.

Through creating youth friendly publications and trainings we equip them with the knowledge to self-advocate to improve their lives. Recent publications we created for older youth and other individuals to be better informed about the system, their rights, the law, and practices that affect them. Topics include: [legislative synopsis](#), [Covid Tip Sheets](#), [Economic Stimulus Payments](#), [Income Tax tips](#), [Reemployment Assistance](#), [Tuition Exemption Fact Sheet](#), and an [Independent Living Benefit Table](#).

Improving Outcomes for Older Youth by Empowering Youth:

Florida Youth SHINE (FYS), is a youth run, peer driven youth advocacy organization working hard to change child welfare system. FYS's mission is to empower, improve, educate and support the growth of tomorrow's leaders through the lived-experience of today's youth. FYS is supported by Florida's Children First and has 14 chapters across the state with over 350 members ages 13-26. Through FYS, we provide invaluable leadership and career skills and a support network for youth to thrive. FYS also provides a safe and nurturing space for emotional healing and utilizes a groundbreaking peer-to-peer model. Members are educated about the system and their rights, and trained on how to amplify their voice to self-advocate for themselves. This innovative youth-led model has resulted in improved outcomes for youth as they transition into adulthood.

Improving the General Child Welfare and Outcomes for Older Youth through Legislative Advocacy:

FCF achieves success in securing major systemic changes by educating the state legislature on the challenges these children face on a daily basis, helping them understand the systems of care and the difficulty maneuvering through those systems – especially for children.

Our legislative success was magnified with the creation of the FYS **Youth Policy and Initiative Team (PI Team)**.

FLORIDA'S CHILDREN FIRST, INC.

Notes to Financial Statements
December 31, 2022 and 2021

NOTE A – NATURE OF ACTIVITIES - continued

The PI team of 20 youth from around the state enables youth to play a more active role in advocacy and the legislative process. The PI team researches issues identified by youth, helps set priorities, then implements youth-led and created projects. All the while, PI team members develop leadership and youth organizing skills and empower their peers to ensure that youth voices guide decision-making in the child welfare system and address topics that will have universal, long-lasting impact on the lives of all youth in care.

The PI team also enables FYS to be responsive to requests for youth input from DCF, legislators, policy and decision makers which often come with a very short turnaround. Many sections of final legislation reflect the priorities the PI team shared prior to the legislative session. The PI team's quick response on issues as they arose during legislative sessions has shaped policy to benefit youth.

FCF Impacts and Achievements:

All of our work has made positive changes in the lives of thousands of children in Florida. More importantly, these changes continue to have a ripple effect that impacts more and more youth each year and educates thousands of additional professionals and countless citizens about issues and solutions for children in care.

Examples of our most recent accomplishments include:

- **Support for Homeless Youth:** Our work has recently expanded to include more support for homeless youth. Recent bills extended the Keys to Independence (assistance in obtaining driver's licenses and car insurance) to Homeless Youth and expanded college campus supports for homeless youth. This builds on our previous work in the creation of the [Homeless Youth Handbook](#), and its translation into Spanish to be accessible to more youth in need.
- **Tuition and Fee Exemption:** FCF has continuously fought to expand legislation that provides free tuition and fees at in-state colleges and university for youth with child welfare involvement. Thanks in part to our work, Florida has the most comprehensive tuition assistance in the country. Most recently, the exemption was expanded to include youth who were reunified with their parents after age 14. We also advocated for – and obtained - the elimination of distinctions based on the type of placement the youth was in. Now all eligible students can attend undergraduate, graduate and professional school free of charge until age 28. Though less than 5% of all adults from care nationally earn a college diploma, this legislation has allowed many more youth from care in Florida to obtain a higher education, with many pursuing graduate level degrees.
- **Keeping Siblings Together & Promoting Relationships When Apart.** We have worked for years to promote sibling relationships in statute and practice. In 2021 our advocacy was evident in Senate Bill 80 which creates the rights for children to stay in touch with siblings, be notified of their locations, and sets parameters around sibling placement. This continued a progression of statutes that improve the likelihood of siblings remaining together and improving communication if they are separated.

FLORIDA'S CHILDREN FIRST, INC.

Notes to Financial Statements

December 31, 2022 and 2021

NOTE A – NATURE OF ACTIVITIES - continued

- **Involving Children & their Families in Important Decision-Making & Respecting Children's Rights.** FCF was integral to the passage of legislation that requires the state to continually look for and involve family members. It requires the state to include children and those they chose to support them be involved in making critical decisions about where they will live and go to school. A long-standing problem of children being moved without time to gather their belongings and say good-bye to folks was addressed with a law requiring notice of placement changes and a thoughtful transition plan.

The recent legislative achievements combined with successful prior efforts that now allow youth to remain foster care to age 21, maintain educational stability when moved to a new living placement, or receive fewer psychotropic drugs among others, all collectively contribute to the betterment of youth who must experience the child welfare system. Some of these efforts, such as the "normalcy" bill that now allows youth in care to participate in normal activities like band practice, sports or class trips without a court order being required, have since become national legislation.

By filling a critical void in the child welfare system, our work each year benefits children, families and the community in ways that are substantial and life-changing for thousands. Our efforts benefitted:

- The 30,000 children in the foster care system each year who now have the right to be included, and have all of their needs considered, in decisions about where they will live and go to school.
- Over 60,000 parents and relatives of children in out of home care who will now have a greater role in decision-making and communication with children.
- 5000 Youth who aged out of state care in the last 5 years who will have more access to support as young adults.

Additionally, Florida's Children First:

- Created 11 new publications on timely topics to better inform youth and individuals who interact with them.
- Expanded events for youth by 250%
- Trained 3,800 individuals trained in 16 workshops, many in partnership with the youth to obtain their first-hand expertise
- Provided input into dozens of rules and conducted numerous meetings with DCF leadership to advocate for children's rights.

Most important is the ability of FCF to be extremely flexible – ready and able to tackle an immediate problem or issue by accessing its vast network of resources, people and materials. When the lives of children are at stake, a quick response and immediate action are necessary. Florida's Children First is the one and only organization in Florida that can motivate and mobilize many youth as well as knowledgeable professionals at a moment's notice, and has the ability to work within and outside the system to get the desired results, often in a very quick time with extensive, positive outcomes.

Through education, advocacy and empowerment and a commitment to being informed and inspired by the voice of the youth we serve, Florida's Children First continues to be a force for positive improvements in Florida's foster care system, a trusted source and partner, and true change agents.

FLORIDA'S CHILDREN FIRST, INC.

Notes to Financial Statements

December 31, 2022 and 2021

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

Investments

Investment purchases are recorded at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at fair values in the statement of financial position. Net investment return/loss is reported in the statements of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

Accounts Receivable and Promises to Give

Accounts receivable are carried at face amounts less an allowance for doubtful accounts. On a periodic basis, they are evaluated and an allowance for doubtful accounts is established based on a combination of specific circumstances, credit conditions and our history of write-offs and collections. No allowance for the accounts receivable was deemed necessary. Unconditional promises to give were all payable in less than one year. Based on history and managements analysis no allowance was deemed necessary.

Donated Services

Donated services (in-kind donations) are recognized as contributions 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.

Revenue and Revenue Recognition

Revenue is recognized when earned. Payments under cost-reimbursable contracts received in advance are deferred to the applicable period in which the related services are performed, or expenditures incurred, respectively. 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.

Net Assets

Net assets, revenues, gains and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions

Net assets without donor restrictions are available for use in general operating operations and are not subject to donor or grantor restrictions. There were no designations, by the board or management, of net assets without donor restrictions at December 31, 2022 or 2021.

Net Assets With Donor Restrictions

Net assets with donor restrictions consist of assets whose use is limited by donor/grantor imposed, time and/or purpose restrictions.

FLORIDA'S CHILDREN FIRST, INC.

Notes to Financial Statements

December 31, 2022 and 2021

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

The Organization reports gifts of cash, grants, and other assets as revenue with donor restrictions if they are received with stipulations that limit the use of the donated asset. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, the net assets are reclassified as net asset without donor restriction and reported in the statement of activities as net assets released from restrictions.

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. Expenses that are allocated include occupancy, depreciation, allocated on square footage of use, payroll and related expenses, professional, office expenses which are allocated on a basis of estimates of time and effort.

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 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 years ended December 31, 2022, or 2021.

Evaluation of Subsequent Events

The Organization has evaluated subsequent events through September 18, 2023, the date which the financial statements were available to be issued.

Adoption of New Accounting Principle

In 2022, the Organization adopted Accounting Standards Update 2016-02, Leases, which requires lessees to recognize leases on the statement of financial position and disclose key information about leasing arrangements. As a result, adopting ASU 2016-02 had no impact on beginning net assets. See Note J.

FLORIDA'S CHILDREN FIRST, INC.

Notes to Financial Statements

December 31, 2022 and 2021

NOTE C - 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 D - RELATED PARTY

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

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

Florida's Children First, Inc. received \$295,415 and \$290,085 in donated services for program related matters during the years ended December 31, 2022, and 2021, respectively.

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

	<u>2022</u>	<u>2021</u>
Professional fees - legal	\$ 251,665	\$ 241,335
Professional fees - accounting	8,750	8,750
Professional fees - other	35,000	40,000
	<u>\$ 295,415</u>	<u>\$ 290,085</u>

NOTE F – DONOR RESTRICTED NET ASSETS

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

	<u>12/31/2021</u>	<u>Contributions</u>	<u>Released</u>	<u>12/31/2022</u>
Litigation of children's rights	\$ 105,000	\$ -	\$ -	\$ 105,000
Time restricted 2022	10,000	-	10,000	-
Publication and printing	4,950	-	2,000	2,950
Florida Bar Foundation:				
Legal assistance children	57,500	250,000	245,250	62,250
	<u>\$ 177,450</u>	<u>\$ 250,000</u>	<u>\$ 257,250</u>	<u>\$ 170,200</u>

FLORIDA'S CHILDREN FIRST, INC.

Notes to Financial Statements

December 31, 2022 and 2021

NOTE G – PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31:

	<u>2022</u>	<u>2021</u>
Furniture and equipment	\$ 16,951	\$ 15,840
Accumulated depreciation	<u>(15,277)</u>	<u>(14,592)</u>
	<u>\$ 1,674</u>	<u>\$ 1,248</u>

The aggregate property and equipment depreciation charged to operations was \$685 and \$948 in 2022 and 2021, respectively.

NOTE H – INVESTMENTS

Fair Value Measurements

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 FASB issued guidance 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, 2022 or 2021.

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 2022 and 2021.

FLORIDA'S CHILDREN FIRST, INC.

Notes to Financial Statements

December 31, 2022 and 2021

NOTE H – INVESTMENTS - continued

The Organization investments are summarized below:

<u>2022</u>	<u>Level 1</u>	<u>Investment Return, net</u>	
Mutual Funds	<u>\$ 443,752</u>	Interest/dividends	\$ 13,516
		Gains/(losses) market	(91,983)
		Fees on investments	<u>(4,735)</u>
			<u>\$ (83,202)</u>
<u>2021</u>	<u>Level 1</u>	<u>Investment Return, net</u>	
Mutual Funds	<u>\$ 523,635</u>	Interest/dividends	\$ 15,848
		Gains/(losses) market	(9,853)
		Fees on investments	<u>(3,855)</u>
			<u>\$ 2,140</u>

NOTE I – COMMITMENTS

In April 2022, the Organization entered into a three-year employment contract with the Executive Director. This contract can be terminated prior to expiration with a 90-day notice.

In August 2022, the Organization entered into a 1-year agreement with a lobbyist. The contract automatically renews, unless canceled by either party 30 days prior to the expiration date.

NOTE J – LEASES

In 2022, the Organization adopted Accounting Standards Update 2016-02, Leases, which requires lessees to recognize leases on the statement of financial position and disclose key information about leasing arrangements. As a result, adopting ASU 2016-02 had no impact on beginning net assets. The adoption of this standard resulted in the recording of an operating lease asset and liability of \$46,403, and a finance lease asset and liability of \$15,811, at January 1, 2022. The adoption did not result in a significant effect on amounts reported in the statement of activities for the year ended December 31, 2022.

The Organization entered into an operating lease for office space in Coral Springs, Florida effective November 2, 2015, for a twenty-six month period, with the option to renew through November 30, 2023. Monthly rent is \$2,125.

The Organization entered into a finance lease for a copier under an agreement effective February 25, 2025, for a sixty-three month period. Monthly rent is \$398 plus additional usage and maintenance fees. The aggregate finance lease depreciation charged to operations was \$4,771 in 2022.

FLORIDA'S CHILDREN FIRST, INC.

Notes to Financial Statements
December 31, 2022 and 2021

NOTE J – LEASES - continued

The following summarizes the line items in the statement of financial position which include amounts for operating and finance leases as of December 31, 2022:

<u>Operating Leases</u>	
Operating lease right of use asset	<u>\$ 22,916</u>
Operating lease right of use liability	<u>\$ 22,916</u>
<u>Finance Leases</u>	
Finance lease property and equipment net of accumulated depreciation	<u>\$ 11,040</u>
Finance lease liability	<u>\$ 11,040</u>
Total leases	<u>\$ 33,956</u>

Future minimum commitments for the above leases are as follows as of December 31:

2023	\$ 27,685
2024	4,771
2025	<u>1,988</u>
Total lease payments	34,444
Less interest	<u>488</u>
Present value of lease liabilities	<u>\$ 33,956</u>

The following summarizes the weighted average remaining lease term and discount rate as of December 31, 2022:

Weighted Average Remaining Lease Term	
Operating leases	3 Years
Finance leases	5 Years
Weighted Average Discount Rate	
Operating leases	1.04%
Finance leases	1.55%

NOTE K – LIQUIDITY AND AVAILABILITY OF RESOURCES

The Organization maintains a policy of operating within a prudent range of financial soundness and stability, structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due and operating within the annual approved budget. The Organization also received significant contributions restricted by donors, and considers contribution restricted for programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures.

FLORIDA'S CHILDREN FIRST, INC.

Notes to Financial Statements
December 31, 2022 and 2021

NOTE K – LIQUIDITY AND AVAILABILITY OF RESOURCES - continued

The financial assets available within one year of the statement of financial position date for general expenditure are as follows:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 187,305	\$ 177,740
Investments	443,752	523,635
Other receivables/pledges	<u>11,625</u>	<u>12,100</u>
Total financial assets available within one year	642,682	713,475
Less:		
Amounts unavailable for general expenditures within one year:		
Restricted by donors with purpose restrictions	<u>170,200</u>	<u>177,450</u>
Total financial assets available to management within one year	<u>\$ 472,482</u>	<u>\$ 536,025</u>

NOTE L – PAYROLL PROTECTION PROGRAM

Through a local financial institution, the Organization received \$73,800 from the U.S. Small Business Administration (“SBA”) as part of the Paycheck Protection Program (“PPP”), which is designed to provide a direct incentive for small businesses to keep their workers on the payroll. The Organization has elected to account for the PPP funds in accordance with FASB’s ASC 958-605, *Not-for-Profit Entities - Revenue Recognition*. Under this method the PPP funds were recorded as a refundable advance in the statement of financial position when it was received in April 2020. The Organization recognized \$655 in revenue as the related conditions were deemed substantially met by management during the year ended December 31, 2021.

NOTE M – 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’s contribution was \$8,063 and \$10,202 for December 31, 2022, and 2021, respectively. Amounts are remitted at the same frequency as payroll is paid.

NOTE N – JOINT COST THAT INCLUDE FUNDRAISING APPEAL

The Organization holds regional events in Florida to promote awareness, education, and a call to action by those in attendance to address the problems faced by these dependent children. Attendance is broad and includes the legal community, children in the system and others. The events call for recruits, training, and support of lawyers for dependent children, and public education and advocacy. Children and youth share their stories and give a voice and put a face on their issues.

FLORIDA'S CHILDREN FIRST, INC.

Notes to Financial Statements

December 31, 2022 and 2021

NOTE N – JOINT COST THAT INCLUDE FUNDRAISING APPEAL - continued

For the years ended December 31, 2022, and 2021 the cost of these events was allocated among the following functional expense categories.

	<u>2022</u>	<u>2021</u>
Improving child welfare	\$ 33,178	\$ 20,457
Improving services outcomes older youth	33,178	20,457
Management and general	1,166	719
Fundraising	5,869	3,618
	<u>\$ 73,391</u>	<u>\$ 45,251</u>

NOTE O – UNCERTAINTIES

The coronavirus (COVID-19) outbreak has caused disruption in international and U.S. economies and markets. The coronavirus and fear of further spread has caused quarantines, cancellation of events, and overall reduction in business and economic activity. On March 11, 2020, the World Health Organization designated the coronavirus outbreak as a pandemic. Management and the Board of Directors continue to evaluate and monitor the potential adverse effect that this event may have on the Organization's financial position, operations, and cash flows.