

FLORIDA'S CHILDREN FIRST, INC.

FINANCIAL STATEMENTS WITH
INDEPENDENT AUDITOR'S REPORT

Years Ended December 31, 2014 and 2013

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 2014	6
Statement of Functional Expenses 2013	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 financial statements of Florida's Children First, Inc. (Organization), (a nonprofit organization), which comprise the statements of financial position as of December 31, 2014 and 2013, 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 risk 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, 2014 and 2013, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Sullivan & Fengler
Fort Lauderdale, Florida
May ? 2015

FINANCIAL STATEMENTS

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

ASSETS

	<u>2014</u>	<u>2013</u>
Cash and cash equivalents (Note A)	\$ 56,546	\$ 59,186
Investments (Note F)	434,113	424,378
Unconditional promises to give - less than One year (Note A)	5,000	10,000
Prepaid insurance	3,959	126
Prepaid expenses	1,900	1,000
Property and equipment (less accumulated Depreciation of \$28,331 and \$27,434 in 2014 and 2013 respectively)(Note H)	<u>2,353</u>	<u>566</u>
TOTAL ASSETS	<u>\$503,871</u>	<u>\$495,256</u>

LIABILITIES AND NET ASSETS

Accounts payable and accrued expenses	\$ 17,482	\$ 16,142
Deferred revenue	-	-
TOTAL LIABILITIES	<u>17,482</u>	<u>16,142</u>
 Commitments and contingencies	 -	 -
 Net Assets		
Unrestricted net assets	273,441	327,442
Temporarily restricted net assets (Note E)	212,948	151,672
Permanently restricted net assets	-	-
TOTAL NET ASSETS	<u>486,389</u>	<u>479,114</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$503,871</u>	 <u>\$495,256</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		
	2014	2013
Contributions	\$ 331,681	\$ 352,444
Grants and awards (Note E)	62,447	60,000
In-kind contributions (Note A,D)	320,715	369,408
Total support	<u>714,843</u>	<u>781,852</u>
Revenue		
Return on investments (Note F)	<u>10,170</u>	<u>6,623</u>
Net assets released from restrictions grants	<u>186,434</u>	<u>180,531</u>
Total unrestricted support and revenue	<u>911,447</u>	<u>969,006</u>
Expenses		
Program services:		
Improving child welfare	493,620	361,252
Improving services/outcomes for older youths	355,114	524,502
Total program expenses	<u>848,734</u>	<u>885,754</u>
Supporting services:		
Administrative and general	43,120	38,417
Fund raising	73,594	61,079
Total supporting services	<u>116,714</u>	<u>99,496</u>
Total functional expenses	<u>965,448</u>	<u>985,250</u>
Change in unrestricted net assets	<u><54,001></u>	<u><16,244></u>
TEMPORARILY RESTRICTED NET ASSETS		
Grants and awards (Note E)	247,710	174,210
Net assets released from restriction	<u><186,434></u>	<u><180,531></u>
Change in temporarily restricted net assets	<u>61,276</u>	<u><6,321></u>
Change in permanently restricted net assets	<u>-</u>	<u>-</u>
CHANGE IN NET ASSETS	7,275	<22,565>
NET ASSETS AT BEGINNING OF YEAR	<u>479,114</u>	<u>501,679</u>
NET ASSETS AT END OF YEAR	<u>\$ 486,389</u>	<u>\$ 479,114</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>2014</u>	<u>2013</u>
Change in net assets	\$ 7,275	\$ <22,565>
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	897	795
Unrealized change in investments	<1,733>	545
<Increase> decrease in operating assets:		
Promise to give	5,000	12,500
Prepaid insurance	<3,833>	<126>
Prepaid expenses	<900>	-
Increase <decrease> in operating liabilities:		
Deferred revenue	-	<2,300>
Accounts payable and accrued expenses	<u>1,340</u>	<u><6,607></u>
Net assets <used> by operating activities	<u>8,046</u>	<u><17,758></u>
Cash flows from <to> investing activities		
Sale of Investments	29,252	36,806
Investments purchased	<37,254>	-
Purchase of furniture and equipment	<u><2,684></u>	<u>-</u>
Net asset provided <used> by investing activities	<u><10,686></u>	<u>36,806</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	<u><2,640></u>	<u>19,048</u>
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>59,186</u>	<u>40,138</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 56,546</u>	<u>\$ 59,186</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, 2014 and 2013

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

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

Basis of Presentation

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

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) in its FASB Accounting Codification No. 958 regarding *Financial Statements of Not-for-profit Organizations*. Under Accounting Standards Codification No. 958, the Organization is required to report information regarding its financial position and activities according to three 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 contributions 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, 2014 and 2013

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, 2014 or 2013.

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 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, 2014 or 2013; therefore, no adjustment was made to the Association's financial statements at December 31, 2014 or 2013.

FLORIDA'S CHILDREN FIRST, INC.

Notes to Financial Statements

December 31, 2014 and 2013

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 \$320,715 and \$369,408 in donated services for program related matters during the year ended December 31, 2014 and 2013 respectively.

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

	<u>2014</u>	<u>2013</u>
Professional fees/legal	\$233,925	\$323,968
Professional fees/accounting	6,600	6,400
Professional fees/other	2,190	9,040
Public awareness/education	78,000	30,000
	<u>\$320,715</u>	<u>\$369,408</u>

NOTE E – TEMPORARILY RESTRICTED NET ASSETS/UNRESTRICTED NET ASSETS

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

	<u>12/31/2013</u>	<u>Contribution</u>	<u>Expended</u>	<u>12/31/2014</u>
Litigation of children's rights	\$105,000	\$ -	\$ -	\$105,000
Arthur Foundation	8,710	-	8,710	-
Palank Foundation	-	25,000	4,167	20,833
State Farm		87,750	29,250	58,500
Florida Bar Foundation:				
Equal Justice Works	6,833	20,500	27,337	-
Legal Assistance Children	31,129	114,460	116,970	28,615
	<u>\$151,672</u>	<u>\$247,710</u>	<u>\$186,434</u>	<u>\$212,948</u>

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

Bastien Memorial Foundation	\$ 10,000
Children Services Council	4,887
Wells Fargo	15,000
McGee Foundation	20,000
Reynolds Foundation	5,000
Other	7,560
	<u>\$ 62,447</u>

FLORIDA'S CHILDREN FIRST, INC.

Notes to Financial Statements

December 31, 2014 and 2013

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, 2014 or 2013.

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 2014 and 2013.

The Organization investments are summarized below:

<u>2014</u>	<u>Fair Market Value</u>	<u>Return on Investments</u>	
Mutual Funds	<u>\$434,113</u>	Interest/dividends	\$12,544
		Unrealized losses	1,734
		Fees on investments	<4,108>
			<u>\$10,170</u>
<u>2013</u>	<u>Fair Market Value</u>	<u>Return on Investments</u>	
Mutual Funds	<u>\$424,378</u>	Interest/dividends	\$11,728
		Unrealized losses	<545>
		Fees on investments	<4,560>
			<u>\$ 6,623</u>

FLORIDA'S CHILDREN FIRST, INC.

Notes to Financial Statements

December 31, 2014 and 2013

NOTE G – 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 H – PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31:

	<u>2014</u>	<u>2013</u>
Furniture and equipment	\$30,684	\$28,000
Accumulated depreciation	<28,331>	<27,434>
	<u>\$ 2,353</u>	<u>\$ 566</u>

The aggregate depreciation charged to operations was \$897 and \$795 in 2014 and 2013 respectively.

NOTE I – EMPLOYEE RETIREMENT PLAN

The Organization has a matching retirement plan covering all employees meeting age and service requirements. Participants may contribute a percentage of their salary on a pre-tax basis subject to limitations determined by the Internal Revenue Code. The Organization contribution was \$7,763 and \$8,282 for December 31, 2014 and 2013 respectively. Amounts are remitted at the same frequency as payroll is paid.

NOTE J – EVALUATION OF SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through May ?, 2015, the date which the financial statements were available to be issued.