

FLORIDA'S CHILDREN FIRST, INC.

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

Years Ended December 31, 2018 and 2017

Table of Contents

	<u>Page</u>
Independent Auditor's Report	3
Financial Statements	
Statements of Financial Position	4
Statements of Activities 2018	5
Statements of Activities 2017	6
Statement of Functional Expenses 2018	7
Statement of Functional Expenses 2017	8
Statements of Cash Flows	9
Notes to Financial Statements	10-20



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, 2018 and 2017, 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, 2018 and 2017, 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
July 9, 2019

FINANCIAL STATEMENTS

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

ASSETS

	<u>2018</u>	<u>2017</u>
Cash and cash equivalents (Note B)	\$ 81,459	\$ 44,062
Investments (Note B,H)	233,507	348,729
Accounts receivable (Note B)	8,853	-
Promise to give, less than one year (Note B)	400	2,500
Prepaid insurance	3,131	2,748
Prepaid expenses	3,428	27,182
Security deposits	1,821	1,821
Property and equipment (less accumulated depreciation of \$9,375 and \$6,947 in 2018 and 2017 respectively)(Note G)	<u>4,968</u>	<u>5,920</u>
TOTAL ASSETS	<u>\$337,567</u>	<u>\$432,962</u>

LIABILITIES AND NET ASSETS

Accounts payable and accrued expenses	\$ 32,358	\$ 31,376
Deferred revenue	13,486	24,630
Capital lease payable (Note J)	<u>4,576</u>	<u>5,962</u>
TOTAL LIABILITIES	<u>50,420</u>	<u>61,968</u>
 Commitments and contingencies	 -	 -
 Net Assets		
Without donor restriction	<u>95,919</u>	<u>177,578</u>
With donor restriction (Note F)		
Purpose restrictions	130,000	123,000
Time restricted for future periods	<u>61,228</u>	<u>70,416</u>
	<u>191,228</u>	<u>193,416</u>
TOTAL NET ASSETS	<u>287,147</u>	<u>370,994</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$337,567</u>	 <u>\$432,962</u>

The accompanying notes are an integral part of this statement.

FLORIDA'S CHILDREN FIRST, INC.
STATEMENT OF ACTIVITIES
Year Ended December 31, 2018

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenue and Support			
Grants and awards	\$ 147,323	\$175,000	\$ 322,323
Contributions/events	271,615	45,000	316,615
Contributions in kind	332,912	-	332,912
Net assets released from restrictions			
satisfaction of restriction	<u>222,188</u>	<u><222,188></u>	<u>-</u>
Total revenue and support	<u>974,038</u>	<u><2,188></u>	<u>971,850</u>
Expenses and losses:			
Program expenses:			
Improving Child Welfare	448,650	-	448,650
Improving services/outcomes older youths	<u>449,672</u>	<u>-</u>	<u>449,672</u>
Total program expense	<u>898,322</u>	<u>-</u>	<u>898,322</u>
Supporting expenses:			
Management and general	87,002	-	87,002
Fund raising and development	<u>59,829</u>	<u>-</u>	<u>59,829</u>
Total supporting services	<u>146,831</u>	<u>-</u>	<u>146,831</u>
Total program and support expenses	1,045,153	-	1,045,153
Net investment return - loss	<u>10,544</u>	<u>-</u>	<u>10,544</u>
Total expenses and losses	<u>1,055,697</u>	<u>-</u>	<u>1,055,697</u>
CHANGE IN NET ASSETS	<u><81,659></u>	<u><2,188></u>	<u><83,847></u>
Net assets January 1, 2018	<u>177,578</u>	<u>193,416</u>	<u>370,994</u>
Net assets December 31, 2018	<u>\$ 95,919</u>	<u>\$191,228</u>	<u>\$ 287,147</u>

The accompanying notes are an integral part of this statement.

FLORIDA'S CHILDREN FIRST, INC.
STATEMENT OF ACTIVITIES
Years Ended December 31, 2017

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenue and support			
Grants and awards	\$ 83,148	\$228,000	\$ 311,148
Contributions/events	278,438	-	278,438
Contributions in kind	443,446	-	443,446
Net investment return	22,696	-	22,696
Net assets released from restrictions satisfaction of restriction	<u>195,833</u>	<u><195,833></u>	<u>-</u>
Total revenue and support	<u>1,023,561</u>	<u>32,167</u>	<u>1,055,728</u>
 Expenses:			
Program expenses			
Improving Child welfare	578,952	-	578,952
Improving services/outcomes older youths	<u>391,226</u>	<u>-</u>	<u>391,226</u>
	<u>970,178</u>	<u>-</u>	<u>970,178</u>
Supporting expenses			
Management and general	79,458	-	79,458
Fund raising and development	<u>53,585</u>	<u>-</u>	<u>53,585</u>
Total supporting services	<u>133,043</u>	<u>-</u>	<u>133,043</u>
Total expenses	<u>1,103,221</u>	<u>-</u>	<u>1,103,221</u>
 CHANGE IN NET ASSETS	 <79,660>	 32,167	 <47,493>
Net assets January 1, 2017	<u>257,238</u>	<u>161,249</u>	<u>418,487</u>
Net assets December 31, 2017	<u>\$ 177,578</u>	<u>\$193,416</u>	<u>\$ 370,994</u>

The accompanying notes are an integral part of this statement.

Florida's Children First, Inc.
Statement of Functional Expenses
Year Ended December 31, 2018

	PROGRAM SERVICES			SUPPORTING SERVICES		
	Improving Child Welfare	Improving Services/Outcomes Older Youth	Total	Management & General	Fund Raising	Total
Payroll and related expenses	\$ 153,315	\$ 186,724	\$ 340,039	\$ 50,924	\$ 40,423	\$ 91,347
Professional fees/legal	81,350	188,552	269,902	5,000	-	5,000
Professional fees/accounting	1,835	1,835	3,670	13,680	1,000	14,680
Professional fees/other	38,066	38,066	76,132	-	7,000	7,000
Supplies/miscellaneous	3,505	2,336	5,841	7,200	5,200	12,400
Telephone	5,353	1,552	6,905	380	381	761
Website/comm/software/tech	2,656	1,250	3,906	216	216	432
Postage/delivery	1,745	492	2,237	124	124	248
Occupancy	16,407	4,687	21,094	1,172	1,172	2,344
Printing/publications	22,842	-	22,842	-	-	-
Training/education	96,185	-	96,185	-	-	-
Interest expense	-	-	-	855	-	855
Travel/meetings/events	-	-	-	4,145	-	4,145
Public awareness/education	23,691	23,691	47,382	831	4,192	5,023
Dues/fees/license	-	-	-	2,354	-	2,354
Total Expense Before Depreciation	446,950	449,185	896,135	86,881	59,708	146,589
Depreciation	1,700	487	2,187	121	121	242
Total Expenses	\$ 448,650	\$ 449,672	\$ 898,322	\$ 87,002	\$ 59,829	\$ 146,831
						\$ 1,045,153

The accompanying notes are an integral part of this statement.

Florida's Children First, Inc.
Statement of Functional Expenses
Year Ended December 31, 2017

	PROGRAM SERVICES			SUPPORTING SERVICES		
	Improving Child Welfare	Improving Services/Outcomes Older Youth	Total	Management & General	Fund Raising	Total
Payroll and related expenses	\$ 152,549	\$ 168,063	\$ 320,612	\$ 48,155	\$ 43,585	\$ 91,740
Professional fees/legal	271,584	165,861	437,445	-	-	-
Professional fees/accounting	1,000	1,000	2,000	11,600	2,000	13,600
Professional fees/other	15,800	15,800	31,600	-	-	-
Supplies/miscellaneous	5,847	3,900	9,747	6,350	425	6,775
Telephone	5,322	1,520	6,842	380	381	761
Website/comm/software/tech	6,011	1,717	7,728	430	429	859
Postage/delivery	1,547	443	1,990	110	110	220
Occupancy	15,758	4,502	20,260	1,126	1,126	2,252
Printing/publications	1,363	1,363	2,726	703	703	1,406
Training/education	73,670	-	73,670	-	-	-
Interest expense	-	-	-	1,059	-	1,059
Travel/meetings/events	-	-	-	6,020	-	6,020
Public awareness/education	26,479	26,479	52,958	874	4,682	5,556
Dues/fees/license	-	-	-	2,507	-	2,507
Total Expense Before Depreciation	576,930	390,648	967,578	79,314	53,441	132,755
Depreciation	2,022	578	2,600	144	144	288
Total Expenses	\$ 578,952	\$ 391,226	\$ 970,178	\$ 79,458	\$ 53,585	\$ 133,043
						\$ 1,103,221

The accompanying notes are an integral part of this statement.

FLORIDA'S CHILDREN FIRST, INC.
STATEMENTS OF CASH FLOWS
Year Ended December 31,

	<u>2018</u>	<u>2017</u>
Cash Flows from Operating Activities		
Change in net assets	\$<83,847>	\$<47,493>
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	2,429	2,888
Unrealized <gain> loss investments	19,995	<9,995>
<Increase> decrease in operating assets:		
Accounts receivable	<8,853>	-
Promise to give	2,100	16,250
Prepaid insurance	<383>	<24,933>
Prepaid expenses	23,754	1,677
Increase <decrease> in operating liabilities:		
Deferred revenue	<11,144>	24,630
Accounts payable and accrued expenses	<u>982</u>	<u>1,173</u>
Net Assets <Used> Provided by Operating Activities	<u><54,967></u>	<u><35,803></u>
Cash flows from <to> financing transactions:		
Payments on lease	<u><1,386></u>	<u><1,182></u>
Net Cash Provided to Financing Activities	<u><1,386></u>	<u><1,182></u>
Cash Flows from <to> Investing Activities		
Sale of Investments	128,137	68,524
Investments purchased	<32,910>	<16,220>
Purchase of furniture and equipment	<u><1,477></u>	<u>-</u>
Net Asset Provided by Investing Activities	<u>93,750</u>	<u>52,304</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	37,397	15,319
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>44,062</u>	<u>28,743</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 81,459</u>	<u>\$ 44,062</u>
SUPPLEMENTAL DATA		
Interest/taxes paid	<u>\$ 855</u>	<u>\$ 1,059</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, 2018 and 2017

NOTE A – NATURE OF ACTIVITIES

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.

Organization's Mission or Most Significant Activities

We are change-agents. We are Florida's child-caring systems' watchdogs.

Florida's Children First, Inc. (FCF) is the only organization in Florida that works to give the most vulnerable children a voice and a presence in determining their destiny, as well as to insure that each child in Florida's systems of care have adequate representation to make their lives enriched and full, like any other child. These vulnerable children are those who have been abused or neglected, have mental health problems, are disabled, or have a troubled life and problems with the law. 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. FCF also empowers individual children and youth to organize, learn leadership and advocacy skills and to become the voice for all children in care by its support and promotion of Florida Youth SHINE, its youth advocacy organization comprised of 14 statewide Chapters of approximately 350 children and youth, ages 13-24.

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 issues to share concerns and offer viable solutions. Or it can mean to work with agencies when they write their policies, procedures or rules.

Changing the system of care for Florida's children requires that we educate a variety of stakeholders. Sometimes we make the general public aware of a problem concerning our children, in order to motivate their help and support in making improvements. Often we achieve change by training professionals across the state on the new procedures or law – or educating them on the issues so that they are aware of the need for change. We also make systemic changes by educating the state legislature on the issues that these children face on a daily basis and helping them understand the systems of care and the difficulties surrounding maneuvering in those systems – especially for children. We educate by writing materials, brochures, pamphlets that give information on various topics in child welfare, delinquency and disabilities.

FCF also takes on the equally important role of educating children and youth about their rights, the processes that they are facing, and their supports. We work hard to help them understand the power they can have over their own destiny when they learn to effectively advocate on behalf of themselves – and we empower them to advocate for themselves and on behalf of all other children in care.

We engage in public education via media advocacy, when necessary. We give interviews on TV, Radio, Newspapers, live presentations in other forums – all effective tools when used in the right way to effectively get the message out quickly and to the largest audience.

FLORIDA'S CHILDREN FIRST, INC.
Notes to Financial Statements
December 31, 2018 and 2017

NOTE A – NATURE OF ACTIVITIES - continued

Sometimes making the system better for our children requires us to argue in the appellate courts in “Amicus Briefs” designed to support or oppose a position taken in a case that affects the lives of children in care. Or, when all else fails, sometimes the only way to try to change the system means filing a law suit. Thankfully, Florida’s Children First has never had to resort to filing a suit, although it does have sufficient ability to do so if the need arose.

Florida’s Children First does all of these things and much more, to make positive changes in the system to help our children. FCF is operated, amazingly, by a small but mighty staff of 5, who, with the help of hundreds of volunteer attorneys and other professionals across the state, work tirelessly to make substantial, positive changes to better the lives of children. FCF’s accomplishments include working with volunteer professionals who help in a variety of ways and whose hard work has equaled more than \$7,400,000 in professional services. FCF has trained over 22,036 people across Florida on important issues concerning our children. Florida’s Children First has received over 13,880 hours of pro bono (free) hours from lawyers across the state. We have also provided over 75,252 hours of youth advocacy and training, provided 24 educational publications on children’s rights, and filed 36 amicus briefs. But the most successful and impactful work done by FCF is in its ability to educate the legislature as well as to empower the youth, by presenting children and youth to speak with legislators and share their stories to give a voice and put a face on the issues, resulting in the ability to help get 32 bills drafted, supported or passed.

All of this has made positive changes in the lives of thousands of children in Florida, which continues to have a ripple effect impacting even more and more each year, as well as educating thousands of professionals and countless citizens about issues and solutions for children in care.

Examples of our most recent accomplishments include:

- FCF engaged in multi-year advocacy to establish a statutory right to counsel for children in dependency proceedings. In 2013 we were able to get a legislative appropriation and proviso language providing for counsel for dependent children in, or facing placement in nursing homes. In 2014 we secured passage of HB 561, Counsel for Dependent Children with Special Needs which provides the right to appointment of counsel for dependent children in 5 categories. In 2016 we secured continued legislative funding. We continue our work on implementation of the law.
- FCF created FLORIDA (Florida’s Legal Online Resource, Information Driven Access) For Children and Families (www.F4CF) an Children’s Registry, FCF invited them to join its resource, FLORIDA for Children and Families a one-stop resource for all attorneys and judges in the dependency system that provides a private communications tool, access to applicable case law, resources and much more. All lawyers who do high quality work need up-to-date access to information, resources and the advice of colleagues. Only a small percent of the lawyers who currently represent children in Florida do that work full time in organizations that can provide them ongoing support. Most of the children’s lawyers in Florida are solo practitioners, or pro bono lawyers whose primary practice is not children’s law. We provide them the resources and support they need through our online center (www.F4CF.org).

FLORIDA'S CHILDREN FIRST, INC.
Notes to Financial Statements
December 31, 2018 and 2017

NOTE A – NATURE OF ACTIVITIES - continued

- **Medicaid to Age 26 for Former Foster Youth:** Florida's Children First partnered with another organization to advocate to the relevant state agencies to ensure that all young adults who became automatically eligible for Medicaid under the former foster youth provision of the Affordable Care Act were provided access to Medicaid. We worked to make sure the state would take the broadest possible view of eligibility, worked to ensure that the eligible population and the entities that serve them were aware of the new law, and prompted the state to undertake significant measures to enroll eligible young adults. Based on our efforts, Florida leads the nation in the number of former foster youth who have applied for Medicaid.

Improving Outcomes for Older Youth:

Youth, who are directly impacted by all the child welfare system, teach us the way to make the system better. Through their input, we learn where the system failures are and develop ways to correct those breaches. Including the voice of the youth in that process is critical to successfully improving the system. In fact, teaching children in state care, or who have left care, to become the face for addressing many issues has become the most effective tool in improving outcomes for older youth. As such, FCF created the youth advocacy and mentorship organization Florida Youth Shine (FYS) to provide support, structure, guidance and education that empowers children become effective advocates by letting their voice be heard. Florida Youth SHINE (FYS). FYS, with 14 Chapters across the state, has become a strong, credible and effective voice to represent the difficulties facing the older youth in the foster care system. As the youth work together with professional mentors and kids from around the state, they also gain invaluable life skills such as public speaking, team work, self confidence, patience and discipline.

Florida Youth SHINE has succeeded in influencing positive change on a number of issues through its existence; including bills that require all children leaving care to obtain their own, personal records, and in improving educational stability.

Landmark legislation was enacted in Florida that immediately became the basis for new national legislation to help children live more normal lives. Under the traditional system of foster care, children in care are very restricted in participating in normal childhood activities. Caregivers were concerned that a child might get injured, or administrators of state agencies were concerned about liability issues. These reactions caused many unfair procedures requiring foster parents to obtain court orders to allow the child to travel with the family on vacation, or to attend a school event in another county, or to travel with a church group to a sleep-away camp. Fingerprinting and background screening was required whenever a child wanted to sleep over at a class-mate's home, or a foster parent wanted to have their relative watch the children so the foster parent could go grocery shopping.

Florida Youth SHINE put a face on this issue as they spoke with the majority of Florida's legislators, and testified extensively at legislative committee meetings, to help lawmakers understand the need for our children to have normal childhood related activities. This caused a law change that allowed caregivers to make decisions like any reasonable and prudent parent, without state interference or approval. No longer do caregivers have to ask a judge to allow the child to attend band practice, a church outing or sporting event, or get neighbors fingerprinted and law enforcement background screenings to allow their children to have sleep-overs. Caregivers, like parents, can now decide what is in the best interests of the children in their care.

FLORIDA'S CHILDREN FIRST, INC.

Notes to Financial Statements

December 31, 2018 and 2017

NOTE A – NATURE OF ACTIVITIES - continued

Some of our other amazing recent accomplishments in the area of improving outcomes for older children has been FCF and FYS's several years of work in educating the public and the legislature to finally extend foster care from age 18 to age 21. Florida Youth SHINE was the driving force behind this landmark policy change. And the public and the legislature listened. The law was passed, effective January, 2014, that allows children to choose to remain in foster care until they are ready to be on their own. Getting these major changes does not end our work. In fact, the real work is about to begin. FCF and FYS must be involved in the rulemaking process, continue to carefully scrutinize the system to see that the law is properly implemented, train professionals across the state on the new law and policies and procedures, draft publications, make appearances, be the watchdog and drive the system to continue to do better for our children.

Improving General Child Welfare

Florida's Children First is the go-to organization when seeking solutions to problems in child welfare. FCF is actively involved in helping professionals across Florida join together to review proposed agency rules and to draft comments and suggestions, with the ability to appeal if the rule doesn't comport with the law. FCF takes the lead in presenting training materials during each step of the process of change, making sure that the children and youth, public and professionals are aware of the issues and progress. This results in a wealth of published materials, most of which can be easily and freely accessed on our website for use by all.

Florida's Children First also makes the legal representation of children a top priority. Sadly, Florida is one of only 10 states that do not provide for paid counsel for children whose lives are being disrupted and decided in a court of law. To help rectify this problem, FCF works diligently to recruit and train lawyers across the state to provide free legal services for our children. FCF has provided live and videotaped training and training materials on the various aspects of dependency proceedings in Florida, mentors attorneys who handle individual cases and link lawyers together who have a common issue.

FCF has helped train hundreds of lawyers who volunteer their time. We developed outstanding training videos and materials, with continuing legal credit given to the participant lawyers from the Florida Bar. The topics include, but are not limited to disability rights, the overuse of psychotropic medication on topics.

Most important is the ability of FCF to be extremely flexible – ready and able to tackle an immediate problem or issue by access to its hundreds of resources of 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 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.

FLORIDA'S CHILDREN FIRST, INC.

Notes to Financial Statements

December 31, 2018 and 2017

NOTE A – NATURE OF ACTIVITIES - continued

This work continues daily and the good results that help children continue to be achieved.

Examples of the training opportunities/presentations by Florida's Children First include:

- Dependency Training for Children's Attorneys
- How to be an Effective Advocate
- Arrest and Conviction of Dependent Youth
- Child on Child Sexual Abuse
- Human Trafficking and Children in Care
- Medical and Educational Rights of Foster Youth
- Making the Most out of Medicaid, Mid-Decade

Examples of training opportunities/presentations by Florida Youth SHINE:

- We Are Family - Even If I don't Have All My Brothers & Sisters With Me! (Sibling Separation)
- The Good, The Bad, and The Ugly - How Group Home Living Impacts Child Safety, Well-Being and Normalcy.
- We Can Talk, But Will You Listen? How Youth Can Be Empowered to Advocate for Themselves and Others in Care.
- So, You Came To Take Us Away: Now What? Trauma of Removal from Family, Friends, School
- From Babysitting to Parenting: How to Recruit and Train the Next Generation of Foster Parents.

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.

Recent Accounting Pronouncements

In August 2016, the FASB issued ASU 2016-14, "*Presentation of Financial Statements of Not – for Profit Entities*" (Topic 958). This is effective for annual financial statements issued for fiscal years beginning after December 15, 2017. The ASU amends the current reporting model for nonprofit organizations and enhances their required disclosures. The major changes include: (a) requiring the presentation of only two classes of net assets now entitled "net assets without donor restrictions" and "net assets with donor restrictions", (b) modifying the presentation of underwater endowment funds and related disclosures, (c) requiring the use of the placed in service approach to recognize the expiration of restrictions on gifts used to acquire or construct long-lived assets absent explicit donor stipulations otherwise, (d) requiring that all nonprofits present an analysis of expenses by function and nature either in the statement of activities, a separate statement, or in the notes and disclose a summary of the allocation methods used to allocate costs, (e) requiring the disclosure of qualitative and quantitative information regarding liquidity and availability of resources, (f) presenting investment return net of external and direct internal investment expenses, and (g) modifying other financial statement reporting requirements and disclosures intended to increase the usefulness of nonprofit financial statements.

FLORIDA'S CHILDREN FIRST, INC.

Notes to Financial Statements

December 31, 2018 and 2017

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

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.

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. Unconditional promises to give were all payable in less than one year. Based on history and managements analysis no allowance was deemed necessary.

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 for December 31, 2018 or 2017.

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.

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.

FLORIDA'S CHILDREN FIRST, INC.

Notes to Financial Statements

December 31, 2018 and 2017

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

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 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, 2018 or 2017.

Evaluation of Subsequent Events

The Organization has evaluated subsequent events through July 9, 2019, the date which the financial statements were available to be issued.

Reclassifications

Certain reclassifications have been made to the 2017 financial statements to conform to the 2018 presentation.

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.

FLORIDA'S CHILDREN FIRST, INC.

Notes to Financial Statements

December 31, 2018 and 2017

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

Florida's Children First, Inc. received \$332,912 and \$443,446 in donated services for program related matters during the year ended December 31, 2018 and 2017 respectively.

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

	<u>2018</u>	<u>2017</u>
Professional fees/legal	\$274,902	\$384,261
Professional fees/accounting	8,750	6,000
Professional fees/other	30,000	30,000
Public awareness/education	19,260	23,185
	<u>\$332,912</u>	<u>\$443,446</u>

NOTE F - DONOR RESTRICTED NET ASSETS

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

	<u>12/31/2017</u>	<u>Contribution</u>	<u>Expended</u>	<u>12/31/2018</u>
Litigation of children's rights	\$105,000	\$ -	\$ -	\$105,000
Arthur Foundation	8,000	-	8,000	-
Professional fees	26,667	25,000	26,667	25,000
Education/engagement	-	20,000	2,521	17,479
Printing	10,000	-	10,000	-
Florida Bar Foundation:				
Legal Assistance Children	43,749	175,000	175,000	43,749
	<u>\$193,416</u>	<u>\$220,000</u>	<u>\$222,188</u>	<u>\$191,228</u>

NOTE G - PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31:

	<u>2018</u>	<u>2017</u>
Furniture and equipment	\$14,343	\$12,867
Accumulated depreciation	<9,375>	<6,947>
	<u>\$ 4,968</u>	<u>\$ 5,920</u>

The aggregate depreciation charged to operations was \$2,429 and \$2,888 in 2018 and 2017 respectively.

FLORIDA'S CHILDREN FIRST, INC.

Notes to Financial Statements

December 31, 2018 and 2017

NOTE H – FAIR VALUE MEASURES AND DISCLOSURES - 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, 2018 and 2017.

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 2018 and 2017.

The Organization investments are summarized below:

<u>2018</u>	Fair Market Value	Net Investment Return	
Mutual Funds	<u>\$233,507</u>	Interest/dividends	\$ 12,917
		Gains/losses market	<19,995>
		Fees on investments	<3,466>
			<u>\$<10,544></u>
<u>2017</u>	Fair Market Value	Net Investment Return	
Mutual Funds	<u>\$348,729</u>	Interest/dividends	\$16,225
		Gains/losses market	9,995
		Fees on investments	<3,524>
			<u>\$22,696</u>

FLORIDA'S CHILDREN FIRST, INC.

Notes to Financial Statements

December 31, 2018 and 2017

NOTE I – COMMITMENTS

Effective August 1, 2015, 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 \$25,000 severance pay, except if terminated for cause.

In June 2019, Florida's Children First, Inc., extended its office lease originally enter into November 2015 until November of 2021. Future minimum commitments under this lease for the year ended December 31, are as follows:

2019	\$21,334
2020	22,641
2021	<u>21,120</u>
	<u>\$65,095</u>

Florida's Children First, Inc., entered into a \$25,000 one year contracts beginning January 1, 2019 for legal services to be represent before the Florida legislature, executive agencies and other governmental entities in the State of Florida

NOTE J– CAPITAL LEASE PAYABLE

In March of 2016, Florida's Children First, Inc., entered into a sixty-three month lease for a printer/copier. Monthly payments are \$331 and include a maintenance service contract and certain supplies over the lease term. The effective interest rate is approximately 16 percent. The following are future minimum principal payments as of December 31:

2019	\$1,478
2020	2,049
2021	<u>1,049</u>
	<u>\$4,576</u>

NOTE K- LIQUIDITY AND AVAILABILITY OF RESOURCES

Florida's Children First, Inc., 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. The financial assets available within one year of the statement of financial position date for general expenditure are as follows:

	<u>2018</u>	<u>2017</u>
Cash and cash equivalents	\$ 81,459	\$ 44,062
Investments not donor restricted	233,507	348,729
Other receivables	<u>9,253</u>	<u>2,500</u>
Total financial assets available within one year	324,219	395,291
Less:		
Amount unavailable for general expenditures within one year:		
Restricted by donors with purpose restrictions	<u>191,228</u>	<u>193,416</u>
Total financial assets available to management within one year	<u>\$132,991</u>	<u>\$201,875</u>

FLORIDA'S CHILDREN FIRST, INC.

Notes to Financial Statements

December 31, 2018 and 2017

NOTE L – 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 \$6,719 and \$7,177 for December 31, 2018, and 2017, respectively. Amounts are remitted at the same frequency as payroll is paid.

NOTE M – FAIR VALUES

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 Organization has determined that there were no material differences between the carrying value and fair value of its financial assets and liabilities at December 31, 2018 or 2017; therefore, no adjustment was made to the Organization's financial statements.

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. For the years ended December 31, 2018 and 2017 the cost of these events was allocated among the following functional expense categories.

	<u>2018</u>	<u>2017</u>
Improving Child Welfare	\$ 23,691	\$ 26,479
Improving services outcomes older youth	23,691	26,479
Management and General	831	874
Fundraising	<u>4,192</u>	<u>4,682</u>
	<u>\$ 52,405</u>	<u>\$ 58,514</u>