

**FLORIDA CENTER FOR CHILDREN AND
YOUTH, INC. D/B/A VOICES FOR FLORIDA
Tallahassee, Florida**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

Year Ended December 31, 2018

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OF COUNSEL
W. FREDERICK THOMSON, C.P.A.

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Florida Center for Children and Youth, Inc. D/B/A Voices for Florida
Tallahassee, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of Florida Center for Children and Youth, Inc. D/B/A Voices for Florida (a Florida non-profit organization), which comprise the statement of financial position as of December 31, 2018, and the related statements of activities, functional expenses, and cash flows for the year 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.

Auditors' 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 and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

Accordingly, we express no such opinion. An audit also includes evaluation of 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 Center for Children and Youth, Inc. D/B/A Voices for Florida as of December 31, 2018, and the changes in its net assets, functional expenses, and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of Florida Center for Children and Youth, Inc. D/B/A Voices for Florida taken as a whole. The accompanying schedule of expenditures of federal awards and state financial assistance is also presented for purposes of additional analysis as required by *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and Chapter 10.650, *Rules of the State of Florida Auditor General*, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and state financial assistance is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 11, 2019, on our consideration of Florida Center for Children and Youth, Inc. D/B/A Voices for Florida's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal controls over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Florida Center for Children and Youth, Inc. D/B/A Voices for Florida's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Florida Center for Children and Youth, Inc. D/B/A Voices for Florida's internal control over financial reporting and compliance.

Thomson Block Impact Company

Tallahassee, Florida
September 11, 2019

FLORIDA CENTER FOR CHILDREN AND YOUTH, INC.
D/B/A VOICES FOR FLORIDA
STATEMENT OF FINANCIAL POSITION
December 31, 2018

ASSETS

CURRENT ASSETS		
Cash	\$	83,283
Grants receivable		576,545
Contributions and accounts receivable		2,916
Due from service providers		4,708
Prepaid expenses		<u>2,587</u>
TOTAL CURRENT ASSETS		670,039
CERTIFICATE OF DEPOSIT		<u>15,783</u>
	\$	<u><u>685,822</u></u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$	99,208
Service provider payables		223,681
Line of credit		<u>185,000</u>
TOTAL CURRENT LIABILITIES		507,889
NET ASSETS		
Without donor restrictions	(58,938)
With donor restrictions		<u>236,871</u>
TOTAL NET ASSETS		<u>177,933</u>
	\$	<u><u>685,822</u></u>

See accompanying notes.

FLORIDA CENTER FOR CHILDREN AND YOUTH, INC.
D/B/A VOICES FOR FLORIDA
STATEMENT OF ACTIVITIES
Year Ended December 31, 2018

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
PUBLIC SUPPORT AND REVENUE			
Grants	\$ 1,926,253	\$ 1,330,499	\$ 3,256,752
Contributions	9,607	-	9,607
Interest income	<u>93</u>	<u>-</u>	<u>93</u>
	1,935,953	1,330,499	3,266,452
 Net assets released from restriction	 <u>1,300,368</u>	 <u>(1,300,368)</u>	 <u>-</u>
 TOTAL PUBLIC SUPPORT AND REVENUE	 3,236,321	 30,131	 3,266,452
EXPENSES			
Program services	3,154,047	-	3,154,047
Administrative and general	<u>117,027</u>	<u>-</u>	<u>117,027</u>
TOTAL EXPENSES	<u>3,271,074</u>	<u>-</u>	<u>3,271,074</u>
 CHANGE IN NET ASSETS	 (34,753)	 30,131	 (4,622)
 BEGINNING NET ASSETS	 <u>(24,185)</u>	 <u>206,740</u>	 <u>182,555</u>
 ENDING NET ASSETS	 <u>\$ (58,938)</u>	 <u>\$ 236,871</u>	 <u>\$ 177,933</u>

See accompanying notes.

FLORIDA CENTER FOR CHILDREN AND YOUTH, INC.
D/B/A VOICES FOR FLORIDA
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2018

	<u>Program Services</u>	<u>Administrative and General</u>	<u>Total Expenses</u>
DIRECT PROGRAM EXPENSES			
Service provider fees	\$ 2,295,586	\$ -	\$ 2,295,586
Consultants and contractors	201,502	-	201,502
Service provider training	<u>20,087</u>	<u>-</u>	<u>20,087</u>
TOTAL DIRECT PROGRAM EXPENSES	2,517,175	-	2,517,175
SALARIES AND RELATED BENEFITS			
Salaries and wages	352,819	39,202	392,021
Employee benefits	19,000	48,972	67,972
Payroll taxes	<u>26,752</u>	<u>2,973</u>	<u>29,725</u>
TOTAL SALARIES AND RELATED BENEFITS	398,571	91,147	489,718
OPERATING EXPENSES			
Fiscal agent fees	122,197	13,328	135,525
Travel	41,813	4,646	46,459
Rent	37,692	4,188	41,880
Supplies and materials	8,984	998	9,982
Interest and bank fees	7,259	807	8,066
Public awareness	5,670	97	5,767
Insurance	3,517	391	3,908
Payroll processing fees	3,107	345	3,452
Computer and IT expenses	2,947	328	3,275
Printing and reproduction	2,174	242	2,416
Postage and delivery	1,565	174	1,739
Professional fees	900	100	1,000
Other expenses	<u>476</u>	<u>236</u>	<u>712</u>
TOTAL OPERATING EXPENSES	<u>238,301</u>	<u>25,880</u>	<u>264,181</u>
	\$ <u>3,154,047</u>	\$ <u>117,027</u>	\$ <u>3,271,074</u>

See accompanying notes.

FLORIDA CENTER FOR CHILDREN AND YOUTH, INC.
D/B/A VOICES FOR FLORIDA
STATEMENT OF CASH FLOWS
Year Ended December 31, 2018

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from grants and contributions	\$ 2,846,973
Cash payments to employees and employment taxes	(410,459)
Cash payments to vendors and service providers	(<u>2,718,697</u>)
NET CASH USED IN OPERATING ACTIVITIES	(282,183)
 CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds from line of credit	620,000
Principal payments on line of credit	(<u>435,000</u>)
NET CASH PROVIDED BY FINANCING ACTIVITIES	185,000
NET DECREASE IN CASH	(97,183)
CASH AT BEGINNING OF YEAR	<u>180,466</u>
CASH AT END OF YEAR	\$ <u>83,283</u>
 RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH USED IN OPERATING ACTIVITIES	
Change in net assets	\$(4,622)
Adjustments to change in net assets to net cash provided by (used in) operating activities:	
Decrease (increase) in assets:	
Grants receivable	(416,563)
Contributions and accounts receivable	(2,916)
Due from service providers	(4,708)
Prepaid expenses	(868)
Increase (decrease) in liabilities:	
Accounts payable and accrued expenses	20,180
Service provider payables	<u>127,314</u>
NET CASH USED IN OPERATING ACTIVITIES	\$ (<u>282,183</u>)

See accompanying notes.

FLORIDA CENTER FOR CHILDREN AND YOUTH, INC.
D/B/A VOICES FOR FLORIDA
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2018

NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities - Florida Center for Children and Youth, Inc. D/B/A Voices for Florida (the "Organization") was incorporated as a Florida non-profit organization in 1976, for the purpose of engaging thought leaders to drive social and economic innovation at the community and state levels, with a goal to restore the American dream for all of Florida's children and families.

Basis of Accounting and Presentation - The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the Organization's net assets and changes thereto are classified and reported as follows:

- Net assets without donor restrictions - consists of amounts that are available for use in carrying out the supporting activities of the Organization and are not subject to donor-imposed stipulations.
- Net assets with donor restrictions - consists of amounts that are available for the purposes restricted by donors and grantors, or a time restriction. When a restriction is satisfied, the associated amount is reclassified from net assets with donor restrictions to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Cash and Cash Equivalents - The Organization considers all highly liquid investments with a maturity of three (3) months or less when purchased to be cash equivalents.

Certificates of Deposit - The Organization records certificates of deposit at cost. Interest is recorded when the certificate of deposit is re-issued.

Contributions - All contributions, including unconditional promises to give, are recognized as revenue in the period the contribution or promise is received. All contributions are available for use without restrictions, unless specifically restricted by the donor. All in-kind contributions are recorded at fair value in the period donated.

Furniture and Equipment - Furniture and equipment consists of office furniture and equipment. Property, acquired by the Organization, with an original purchase price of more than \$5,000 is capitalized. Purchased assets are recorded at cost or fair value if contributed; depreciation is provided over the estimated useful lives of the respective assets on a straight-line basis.

FLORIDA CENTER FOR CHILDREN AND YOUTH, INC.
D/B/A VOICES FOR FLORIDA
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2018

NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Grants Receivable - Grants receivable are due from the Florida Office of the Attorney General and are recorded in the period when services are provided. The Organization's grants receivable as of December 31, 2018, are due in less than one (1) year and management believes that all receivables are fully collectible. Accordingly, no allowance for doubtful accounts is considered necessary.

Functional Allocation of Expenses - The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities. The cost of salaries and related benefits have been allocated based on the Organization's estimates of time and effort. Additionally, operating expenses have been allocated based upon the same estimate used for salaries and related benefits.

Income Taxes - The Organization is exempt from income taxes on income from related activities under Section 501(c)(3) of the U.S. Internal Revenue Code and corresponding state tax law. Accordingly, no provision has been made for federal or state income taxes. Additionally, the Organization has been determined not to be a private foundation under Section 509(a) of the Internal Revenue Code.

U.S. GAAP requires that a tax position is recognized as a benefit only if it is "more likely than not" that the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax benefit that is greater than 50% likely of being realized on examination. For tax positions not meeting the "more likely than not" test, no tax benefit is recorded.

Due to its tax-exempt status, the Organization is not subject to U.S. federal income tax or state income tax. The Organization's Form 990 has not been subject to examination by the Internal Revenue Service or the State of Florida for the last three (3) years. The Organization does not expect the total amount of unrecognized tax benefits to significantly change in the next twelve (12) months. The Organization recognizes interest and/or penalties related to income tax matters in income tax expense. The Organization did not have any amounts accrued for interest and penalties at December 31, 2018.

Estimates - The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Subsequent Events - Management has performed an analysis of the activities and transactions subsequent to December 31, 2018 to determine the need for any adjustments to and/or disclosures within the audited financial statements for the year ended December 31, 2018. Management has evaluated the subsequent events for recognition and disclosure through September 11, 2019, the date the financial statements were available to be issued.

FLORIDA CENTER FOR CHILDREN AND YOUTH, INC.
D/B/A VOICES FOR FLORIDA
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2018

NOTE 2 - LINE OF CREDIT

During the year ended December 31, 2018, the Organization executed an unsecured line of credit with a commercial bank. As of December 31, 2018, the outstanding balance due on the line amounted to \$185,000 with a remaining balance available to draw in the amount of \$315,000. Interest and fee expense incurred on the line of credit amounted to \$7,483 for the year ended December 31, 2018.

NOTE 3 - NET ASSETS WITH DONOR RESTRICTION

Net assets were released from donor restrictions by incurring expenses satisfying the purpose or time restrictions specified by donors as follows:

Purpose restriction accomplished	
Allowable grant expenditures	\$ 854,990
Service provider payments	<u>445,378</u>
	<u>\$ 1,300,368</u>

Net assets with donor restrictions are available for the following purposes or periods:

State of Florida General Appropriations Advanced funding	\$ <u>236,871</u>
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NOTE 4 - CONCENTRATIONS

Concentration of Revenue Sources

The Organization's main sources of revenue are derived from grants, appropriations and fees received from the State of Florida. For the fiscal year ending December 31, 2018, the Organization received 99% of its total support and revenue from two (2) grants through the State of Florida.

Concentration of Credit Risk Arising from Cash Deposits in Excess of Insured Limits

The Organization maintains cash balances at a financial institution located in Florida. Accounts at the institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. At December 31, 2018, the Organization's uninsured cash balances totaled \$0.

NOTE 5 - RELATED PARTY TRANSACTIONS

The Children's Campaign Inc. (a related Florida 501(c)(3) Corporation) maintains control over the Organization through approval and removal of the Organization's Board of Directors. The Organization is contracted with The Children's Campaign Inc. for the use of office space and various administrative, compliance and human resource functions ("fiscal agent fee"). For the year ending December 31, 2018, the Organization has paid \$41,880 in office rent, \$135,525 in fiscal agent fees and \$22,213 in travel reimbursement and supplies to The Children's Campaign, Inc. The contractual arrangement of office space and fiscal agent fee are negotiated rates determined annually.

FLORIDA CENTER FOR CHILDREN AND YOUTH, INC.
D/B/A VOICES FOR FLORIDA
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2018

NOTE 6 - PENSION PLAN

The Organization created a simplified Employee Pension Plan in June 2017. All full-time employees, who are at least twenty-one (21) years of age and have been employed by the Organization during the current year, are eligible to participate in the SEP IRA plan. The percentage of employees' earned wages to be used in calculating the employer contributions is set annually by the Organization's Board of Directors. For 2018, the employer contribution percentage was set at 5% of eligible participants' compensation. Employer contributions amounted to \$19,050 for 2018.

NOTE 7 - LIQUIDITY AND AVAILABILITY OF RESOURCES

Financial assets available for general expenditure within one (1) year as of December 31, 2018 include the following:

Cash	\$ 83,283
Grant receivables	576,545
Contributions and accounts receivable	2,916
Due from service providers	<u>4,708</u>
	\$ <u>667,452</u>

The Organization monitors the cash balances and cash projections throughout the year and very closely at the end of each quarter. On a quarterly basis, funds are received in advance from the State funded grant. The State funded grant allocations are remitted by the Florida Office of the Attorney General ("OAG") each quarter and as a result, cash balance projections are reviewed closely each quarter to ensure that sufficient resources are available to meet the financial obligations of the Organization.

The Organization maintains a \$500,000 line of credit with a commercial bank as discussed in Note 2. The line of credit is used to fund the payments to providers for the Victims of Crime Act ("VOCA") grant. VOCA is a cost reimbursement contract, and each provider must incur and pay the applicable costs before billing the Organization. The Organization reimburses the providers and then invoices the OAG for amounts spent. As of December 31, 2018, \$315,000 was available to be drawn.

SUPPLEMENTARY INFORMATION

**REPORTS REQUIRED UNDER *GOVERNMENT AUDITING STANDARDS, OMB
UNIFORM GUIDANCE, AUDITS OF STATES, LOCAL GOVERNMENTS, AND NON-
PROFIT ORGANIZATIONS*, AND WITH CHAPTER 10.650, *RULES OF THE STATE
OF FLORIDA AUDITOR GENERAL***

FLORIDA CENTER FOR CHILDREN AND YOUTH, INC.
D/B/A VOICES FOR FLORIDA.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE
FINANCIAL ASSISTANCE
Year Ended December 31, 2018

Grantor/Program Title	CFDA\ CSFA Number	Contract Number	Expenditures	Transfers to Subrecipients
FEDERAL EXPENDITURES				
<u>Department of Legal Affairs - Office of the Attorney General</u>				
2017 Victims of Crime Act (VOCA)	16.575	00256	\$ 1,313,906	\$ 1,282,940
2018 Victims of Crime Act (VOCA)	16.575	00276	<u>577,346</u>	<u>571,975</u>
Total expenditure of federal financial assistance			\$ <u>1,891,252</u>	\$ <u>1,854,915</u>
STATE EXPENDITURES				
<u>Department of Legal Affairs - Office of the Attorney General</u>				
2017 Florida Center for Children and Youth, Open Doors	41.024	K04292	\$ 646,239	\$ 183,914
2018 Florida Center for Children and Youth, Open Doors	41.024	K04530	<u>654,129</u>	<u>251,610</u>
Total expenditures of state financial assistance			\$ <u>1,300,368</u>	\$ <u>435,524</u>

Notes to Schedule of Expenditures of Federal and State Financial Assistance

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance (the "Schedule") includes the Federal awards and State financial assistance activity of Florida Center for Children and Youth, Inc. D/B/A Voices for Florida (the "Organization") for the year ended December 31, 2018 in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and Chapter 10.650, *Rules of the State of Florida Office of the Auditor General*. Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement.

Note 3. De Minimis Indirect Cost Rate Election

The Organization has elected not to use the 10% de minimis indirect cost rate as allowed under Uniform Guidance.

See independent auditors' report.

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**INDEPENDENT AUDITORS' REPORT ON INTERNAL
CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Directors
Florida Center for Children and Youth, Inc.
D/B/A Voices for Florida
Tallahassee, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Florida Center for Children and Youth, Inc. D/B/A Voices for Florida (the "Organization"), which comprise the statement of financial position as of December 31, 2018, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 11, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Thomson Brock & Company

Tallahassee, Florida
September 11, 2019

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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR
EACH MAJOR FEDERAL PROGRAM AND MAJOR STATE
PROJECT AND REPORT ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH THE UNIFORM
GUIDANCE AND CHAPTER 10.650, RULES OF THE STATE OF
FLORIDA OFFICE OF THE AUDITOR GENERAL**

To the Board of Directors
Florida Center for Children and Youth, Inc.
D/B/A Voices for Florida
Tallahassee, Florida

Report on Compliance for Each Major Federal Program and State Project

We have audited the Florida Center for Children and Youth, Inc. D/B/A Voices for Florida's (the "Organization") compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (*OMB*) *Compliance Supplement*, and the requirements described in the *Department of the Financial Services' State Projects Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs and state projects for the year ended December 31, 2018. The Organization's major federal programs and state projects are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state projects.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Organization's major federal programs and state projects based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and Chapter 10.650, *Rules of the State of Florida Auditor General*.

Those standards, Uniform Guidance, and Chapter 10.650, *Rules of the State of Florida Auditor General*, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance has occurred with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program and/or state project. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program and state project. However, our audit does not provide a legal determination of the Organization's compliance.

Opinion on CFDA 16.575 Victims of Crime Act (VOCA) and CSFA 41.024 Florida Center for Children and Youth, Open Doors

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and state projects for the year ended December 31, 2018.

Report on Internal Control Over Compliance

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program and state project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and state project and to test and report on internal control over compliance in accordance with Chapter 10.650, *Rules of the State of Florida Auditor General*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program or state project on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program or state project will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program or state project that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weakness. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and Chapter 10.650, *Rules of the State of Florida Auditor General*. Accordingly, this report is not suitable for any other purpose.

Thomson Black & Veatch Company

Tallahassee, Florida
September 11, 2019

**FLORIDA CENTER FOR CHILDREN AND YOUTH, INC.
D/B/A VOICES FOR FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2018**

Part A - SUMMARY OF AUDIT RESULTS

Financial Statements

Type of audit report issued: *Unmodified*

Internal control over financial reporting:

- Material weakness(es) identified? yes no
- Significant deficiencies identified? yes none reported

Noncompliance material to financial statements noted? yes no

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? yes no
- Significant deficiencies identified? yes none reported

Types of auditor's report issued on compliance for major federal programs: *Unmodified*

Any audit findings that are required to be reported in accordance with 2 CFR 200.516(a)? yes no

Identification of major federal programs:

Federal Program	Federal CFDA Number
Victims of Crime Act (VOCA)	16.575
Dollar threshold used to distinguish between type A and type B federal programs:	\$750,000
Auditee qualified as low-risk auditee?	<input type="checkbox"/> yes <input checked="" type="checkbox"/> no

**FLORIDA CENTER FOR CHILDREN AND YOUTH, INC.
D/B/A VOICES FOR FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2018**

Part A - SUMMARY OF AUDIT RESULTS (Continued)

State Financial Assistance

Internal control over major state projects:

- Material weakness(es) identified? ___ yes X no
- Significant deficiencies identified? ___ yes X none reported

Types of auditor's report issued on compliance for major state projects: *Unmodified*

Any audit findings disclosed that are required to be reported related to state financial assistance projects? ___ yes X no

Identification of major projects:

State Project	State CSFA Number
Florida Center for Children and Youth, Open Doors	41.024
Dollar threshold used to distinguish between type A and type B state projects:	\$300,000

Part B - FINANCIAL STATEMENTS FINDINGS

None.

Part C - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None.

Part D - STATE PROJECT FINDINGS AND QUESTIONED COSTS

None.

Part E - PRIOR YEAR FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None.

Part F - PRIOR YEAR STATE PROJECT FINDINGS AND QUESTIONED COSTS

None.

MEMBERS

AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

FLORIDA INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

TBL

THOMSON BROCK
LUGER & COMPANY

Certified Public Accountants and Business Advisors

HAROLD A. BROCK, JR., C.P.A.
FRED C. LUGER, C.P.A.
MATTHEW R. HANSARD, C.P.A.
ANN MARIE BACHMAN, C.P.A.
GREGORY J. COCHRAN, C.P.A.

JOHN K. KIRK, C.P.A.
KELLY VAZQUEZ, C.P.A.

OF COUNSEL
W. FREDERICK THOMSON, C.P.A.

MANAGEMENT LETTER

To the Board of Directors
Florida Center for Children and Youth, Inc.
D/B/A Voices for Florida
Tallahassee, Florida

Report on the Financial Statements

We have audited the financial statements of the Florida Center for Children and Youth, Inc. D/B/A Voices for Florida (“the Organization”) as of and for the year ended December 31, 2018, and have issued our report thereon dated September 11, 2019.

Auditors’ Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

Other Reporting Requirements

We have issued our Independent Auditors’ Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*, Independent Auditors’ Report on Compliance for each Major Federal Program and Major State Project and report on Internal Control over Compliance in Accordance with the Uniform Guidance and Chapter 10.650, *Rules of the State of Florida Office of the Auditor General*. Disclosures in those reports and schedule, which are dated September 11, 2019, should be considered in conjunction with this management letter.

Additional Matters

Section 10.654(1)(e), *Rules of the State of Florida Auditor General*, requires that we communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements or Federal Program and State project amounts that is less than material but which warrants the attention of those charged with governance. In connection with our audit, the following matters are required to be disclosed:

CURRENT YEAR COMMENTS

1. Reconciling Filed Grant Reports with General Ledger:

We noted differences in payroll and training expenses while reconciling the reports filed through E-Grants and the Florida Office of the Attorney General to the general ledger. After further review, the reports appeared to have been filed correctly. In accordance with the Uniform Guidance under reporting compliance required financial awards need to be supported by applicable accounting records. We recommend that reports filed through both E-grants and with the Florida Office of the Attorney General be reconciled with the General Ledger.

VFF Management Response: Management agrees with the above recommendation and has now reconciled the internal accounting records to the E-Grant approved billings. This reconciliation is now completed on a monthly basis and will be reviewed by the FACE committee.

2. Check Signatures:

We noted that seven (7) checks in the population were not signed before being mailed to vendors. All checks did have an authorized check request form completed but lacked an authorized signature on the check instrument. We recommend that all checks be reviewed and signed prior to being mailed to vendors.

VFF Management Response: Voices acknowledges that these checks did not include a signature, all checks were properly approved for payment as evidenced by the approved invoices, receiving reports or acknowledgement of receipt of goods or services. The "Check Request Form" has been updated to include confirmation that each disbursement request will be reviewed for verification of signature on each check. The Program Coordinator will be responsible for completing this section of the Check Request Form in advance of all remittance of payment or mailing of payment.

3. Approval of Check Request Forms:

We noted that check request forms were not properly authorized for three (3) of sixty (60) disbursements tested. Each sampled request form had a corresponding signed copy of the check by an authorized signer. We recommend that check request forms be properly authorized prior to checks being drafted.

VFF Management Response: Voices acknowledges that three (3) disbursements did not include a signed authorization. To further improve fiscal oversight of disbursements, Voices now requires all disbursements to include at least two (2) authorizations. These two (2) authorizations will confirm the correct vendor is listed, the correct terms of payment has been requested, the payment amount is correct, that the correct class code has been selected for recording on the organizations financial statements, and that

confirmation for receipt of goods and/or services in advance has been received. In addition, the "Check Request Form" has been updated to include confirmation that two (2) authorization signatures are present and that the requested disbursement amount equals the invoice or billing amount. The Program Coordinator will be responsible for completing this section of the Check Request Form in advance of all remittance of payment or mailing of payment.

4. Allocation of Health Insurance Benefits for Employee:

An employee of the Organization was documented in the General Revenue ("GR") Grant Budget to be paid 75% of their health insurance. Instead 100% of the employee's health insurance was expensed against the General Revenue grant budget and the remaining 25% was reimbursed by The Children's Campaign. The reimbursement did not offset the expense, but instead was recorded to "Core". The total questioned costs amounted to \$2,715, which did not meet the threshold of reporting on the schedule of findings and questioned costs. If management continues with this practice, we recommend that the reimbursement offsets the expense paid directly to the GR grant funds.

VFF Management Response: Voices acknowledges allocation of health insurance benefits were not properly recorded. Voices has eliminated this allocation from this time on basis effective 07/01/2019.

5. Adjustments to Provider Invoices

At year end, providers were required to pay back a total of \$4,708. Invoices submitted by providers are reviewed by the Organization prior to being paid. Invoices for those paid amounts are then submitted to OAG for reimbursement from the VOCA grant. The OAG will make adjustments to invoices, and those adjustments were not being timely made to subsequent provider payments. We recommend that management make adjustments to the following month's provider payment for adjustments made by OAG.

VFF Management Response: As mentioned in item #1 above, Voices has now reconciled the internal accounting records to the E-Grant approved billings. This reconciliation is now completed on a monthly basis and will be reviewed by the FACE committee.

6. Approval of President's Reimbursements

While reviewing the design of internal control over disbursements, we noted a potential weakness in the approval process of the President's reimbursements. A potential management override of internal controls is possible if an employee is required to review and approve transactions of their direct supervisor. To strengthen controls over reimbursement requests of the President, we recommend that the FACE Committee review and approve the reimbursement requests at least quarterly, even if the review and approval is after the amounts have been reimbursed.

Florida Center for Children and Youth, Inc.

D/B/A Voices for Florida

September 11, 2019

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VFF Management Response: While all expenses charged to the credit card are approved through current expense and procurement policies and procedures and reflected on the organizations financials, management agrees that a detail list of all expenses incurred directly by the President that are NOT for the direct benefit of the organization, be reviewed and approved by the FACE committee. These expenses would include items such as hotel, gas, professional development, etc. This practice will be updated and reflected in the organizations Accounting and Grant Management Policies and Practices.

7. Accrual of Paid Time Off

While testing the accrual of paid time off, we noted that the change in expense was being recorded to the General Revenue grant. The accrual of paid time off is an estimated liability of the amount the Organization would be liable if employees were to terminate at the end of the fiscal year. The paid leave accrual was not billed to the General Revenue grant; however, we recommend that these amounts be recorded to the Organization's general ledger classification of "Core" instead of against the General Revenue grant.

VFF Management Response: While Voices acknowledges that the accrual of paid time off was recorded within the accounting records to the General Revenue grant, the State of Florida and Office of the Attorney General were not billed for these accrued expenses. Furthermore, Voices has amended our procedures to record the accrual within our Core (unallowable) cost center.

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Office of the Attorney General, the Florida Auditor General, Federal and other granting agencies, the Board of Directors, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

Thomson Brock Impact Company

September 11, 2019