

KIDS FIRST OF FLORIDA, INC.  
(A Nonprofit Corporation)

FINANCIAL STATEMENTS  
AND ADDITIONAL INFORMATION

Years Ended June 30, 2018 and 2017

KIDS FIRST OF FLORIDA, INC.

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MEMBER OF  
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CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITORS' REPORT**

Board of Directors  
Kids First of Florida, Inc.  
Orange Park, Florida

***Report on the Financial Statements***

We have audited the accompanying financial statements of Kids First of Florida, Inc., (a nonprofit corporation), a component corporation of the Institute for Growth and Development, Inc., (a nonprofit corporation), which comprise the statements of financial position as of June 30, 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.

***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers

internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Kids First of Florida, Inc., as of June 30, 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.

### ***Other Matters***

#### ***Other Information***

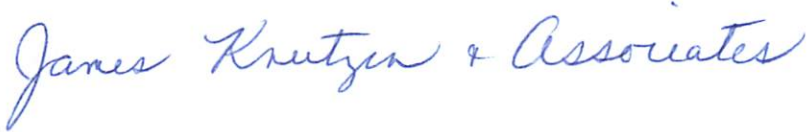
Our audits were conducted for the purpose of forming an opinion on the financial statements of Kids First of Florida, Inc. as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, by Section 215.97, Florida Statutes and Chapter 10.650; Rules of the Auditor General, is presented for purposes of additional analysis and is not a required part of the 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 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 information is fairly stated, in all material respects, in relation to the financial statements as a whole.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2018, on our consideration of Kids First of Florida, Inc.'s, internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of

JAMES KNUTZEN & ASSOCIATES  
C.P.A.'s, P.A.

that testing, and not to provide an opinion on the 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 Kids First of Florida Inc.'s internal control over financial reporting and compliance.



James Knutzen & Associates, C.P.A.'s, P.A.  
Jacksonville, Florida  
December 20, 2018

KIDS FIRST OF FLORIDA, INC.  
(A Nonprofit Corporation)  
STATEMENTS OF FINANCIAL POSITION  
June 30, 2018 and 2017

ASSETS

	<u>2018</u>	<u>2017</u>
Cash	\$ 4,332,014	\$ 4,066,097
Accounts receivable (Note B)	828	133
Prepaid expenses	<u>189,070</u>	<u>181,948</u>
Total Current Assets	4,521,912	4,248,178
Property, plant and equipment, less accumulated depreciation of \$248,382 and \$259,381 for 2018 and 2017 (Note D)	<u>19,689</u>	<u>7,180</u>
Total Assets	<u>\$ 4,541,601</u>	<u>\$ 4,255,358</u>

LIABILITIES AND NET ASSETS

Accounts payable	\$ 281,799	\$ 316,012
Accrued expenses	250,983	243,057
Deferred revenue (Note M)	2,511,318	2,370,933
Line of credit (Note C)	<u>-</u>	<u>-</u>
Total Current Liabilities	<u>3,044,100</u>	<u>2,930,002</u>
Net Assets - Unrestricted	1,426,298	1,264,222
- Property	19,689	7,180
- Temporarily restricted (Note L)	<u>51,514</u>	<u>53,954</u>
Total Net Assets	<u>1,497,501</u>	<u>1,325,356</u>
Total Liabilities and Net Assets	<u>\$ 4,541,601</u>	<u>\$ 4,255,358</u>

See Notes to Financial Statements.

KIDS FIRST OF FLORIDA, INC.  
(A Nonprofit Corporation)  
STATEMENTS OF ACTIVITIES  
Years Ended June 30, 2018 and 2017

	2018			2017		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUE						
Contributions	\$ 5,771	\$ -	\$ 5,771	\$ 7,855	\$ -	\$ 7,855
In-kind contributions (Note F)	16,008	-	16,008	8,701	-	8,701
Special events (Note E)	16,145	-	16,145	13,816	-	13,816
Other income	181,638	-	181,638	184,542	-	184,542
Interest income	526	-	526	512	-	512
Clay County	45,000	-	45,000	45,000	-	45,000
State of Florida:						
Department of Children and Families:						
Community Based Foster Care	8,979,369	-	8,979,369	8,737,331	-	8,737,331
Total Support and Revenue	9,244,457	-	9,244,457	8,997,757	-	8,997,757
Net Assets Released from Restrictions	2,440	(2,440)	-	3,069	(3,069)	-
Total Support, Revenue and Net Assets Released from Restrictions	9,246,897	(2,440)	9,244,457	9,000,826	(3,069)	8,997,757
Program Service Expenses	8,491,947	-	8,491,947	8,185,409	-	8,185,409
Supporting Service Expenses	580,365	-	580,365	587,175	-	587,175
Total Expenses	9,072,312	-	9,072,312	8,772,584	-	8,772,584
Change in Net Assets	174,585	(2,440)	172,145	228,242	(3,069)	225,173
Net Assets, Beginning of Period	1,271,402	53,954	1,325,356	1,043,160	57,023	1,100,183
Net Assets, End of Period	\$ 1,445,987	\$ 51,514	\$ 1,497,501	\$ 1,271,402	\$ 53,954	\$ 1,325,356

See Notes to Financial Statements.

KIDS FIRST OF FLORIDA, INC.  
(A Nonprofit Corporation)  
STATEMENT OF FUNCTIONAL EXPENSES  
Year Ended June 30, 2018

	<u>Family Services</u>	<u>Contract Licensure</u>	<u>Independent Living</u>	<u>Foster Care &amp; Adoptions</u>	<u>TOTAL PROGRAM SERVICES</u>	<u>Fundraising</u>	<u>Administrative</u>	<u>TOTAL</u>
Salaries	\$ 2,602,606	\$ 126,101	\$ 76,092	\$ -	\$ 2,804,799	\$ -	\$ 181,658	\$ 2,986,457
Fringe Benefits	333,026	17,973	7,807	-	358,806	-	22,547	381,353
Payroll Taxes	188,889	9,672	5,612	-	204,173	-	13,296	217,469
	<u>3,124,521</u>	<u>153,746</u>	<u>89,511</u>	<u>-</u>	<u>3,367,778</u>	<u>-</u>	<u>217,501</u>	<u>3,585,279</u>
Foster Care, Shelter & Services	755,356	-	-	3,612,813	4,368,169	-	-	4,368,169
Building Occupancy	278,937	13,622	4,541	-	297,100	-	11,007	308,107
Professional Services	28,604	669	345	-	29,618	-	626	30,244
Mileage and Travel	156,155	3,659	2,532	-	162,346	-	170	162,516
Communication	61,593	-	-	-	61,593	-	360	61,953
Contracted Services	22,834	121	40	-	22,995	-	316,046	339,041
Maintenance Agreements	12,200	466	155	-	12,821	-	311	13,132
Vehicle	8,672	-	-	-	8,672	-	-	8,672
Background Screenings	33,731	133	-	-	33,864	-	-	33,864
Office Supplies	25,716	7	8	-	25,731	-	93	25,824
Insurance	77,571	4,054	1,351	-	82,976	-	2,703	85,679
Operating Supplies and Expenses	17,682	456	146	-	18,284	5,645	1,638	25,567
	<u>1,479,051</u>	<u>23,187</u>	<u>9,118</u>	<u>3,612,813</u>	<u>5,124,169</u>	<u>5,645</u>	<u>332,954</u>	<u>5,462,768</u>
Total Personnel and Expenses	4,603,572	176,933	98,629	3,612,813	8,491,947	5,645	550,455	9,048,047
Administration	519,492	19,881	11,082	-	550,455	-	(550,455)	-
Fundraising	5,645	-	-	-	5,645	(5,645)	-	-
Depreciation	4,049	155	86	-	4,290	-	-	4,290
Unallowable Expense	19,975	-	-	-	19,975	-	-	19,975
Grand Total	<u>\$ 5,152,733</u>	<u>\$ 196,969</u>	<u>\$ 109,797</u>	<u>\$ 3,612,813</u>	<u>\$ 9,072,312</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,072,312</u>

See Notes to Financial Statements.



KIDS FIRST OF FLORIDA, INC.  
(A Nonprofit Corporation)  
STATEMENT OF FUNCTIONAL EXPENSES  
Year Ended June 30, 2017

	Family Services	Contract Licensure	Independent Living	Foster Care & Adoptions	TOTAL PROGRAM SERVICES	Fundraising	Administrative	TOTAL
Salaries	\$ 2,515,958	\$ 120,501	\$ 89,709	\$ -	\$ 2,726,168	\$ -	\$ 162,879	\$ 2,889,047
Fringe Benefits	297,219	15,207	7,401	-	319,827	-	21,795	341,622
Payroll Taxes	182,939	9,240	6,552	-	198,731	-	12,451	211,182
	<u>2,996,116</u>	<u>144,948</u>	<u>103,662</u>	<u>-</u>	<u>3,244,726</u>	<u>-</u>	<u>197,125</u>	<u>3,441,851</u>
Foster Care, Shelter & Services	716,502	-	-	3,549,261	4,265,763	-	-	4,265,763
Building Occupancy	251,683	12,613	4,204	-	268,500	-	8,958	277,458
Professional Services	16,451	-	40	-	16,491	-	14,450	30,941
Mileage and Travel	134,294	2,935	4,373	-	141,602	-	249	141,851
Communication	61,013	-	-	-	61,013	-	378	61,391
Contracted Services	16,332	135	45	-	16,512	-	329,281	345,793
Maintenance Agreements	12,323	469	157	-	12,949	-	313	13,262
Vehicle	8,785	-	-	-	8,785	-	-	8,785
Background Screenings	29,847	234	-	-	30,081	-	-	30,081
Office Supplies	20,794	50	253	-	21,097	-	3,471	24,568
Insurance	77,130	4,218	1,406	-	82,754	-	2,812	85,566
Operating Supplies and Expenses	14,527	452	157	-	15,136	4,877	13,355	33,368
	<u>1,359,681</u>	<u>21,106</u>	<u>10,635</u>	<u>3,549,261</u>	<u>4,940,683</u>	<u>4,877</u>	<u>373,267</u>	<u>5,318,827</u>
Total Personnel and Expenses	4,355,797	166,054	114,297	3,549,261	8,185,409	4,877	570,392	8,760,678
Administration	535,962	20,393	14,037	-	570,392	-	(570,392)	-
Fundraising	4,877	-	-	-	4,877	(4,877)	-	-
Depreciation	3,374	128	88	-	3,590	-	-	3,590
Unallowable Expense	8,316	-	-	-	8,316	-	-	8,316
	<u>542,529</u>	<u>20,521</u>	<u>14,125</u>	<u>-</u>	<u>577,175</u>	<u>(4,877)</u>	<u>(570,392)</u>	<u>1,132,531</u>
Grand Total	<u>\$ 4,908,326</u>	<u>\$ 186,575</u>	<u>\$ 128,422</u>	<u>\$ 3,549,261</u>	<u>\$ 8,772,584</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,772,584</u>

See Notes to Financial Statements.

KIDS FIRST OF FLORIDA, INC.  
(A Nonprofit Corporation)  
STATEMENTS OF CASH FLOWS  
Years Ended June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 172,145	\$ 225,173
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	4,290	3,590
(Increase) decrease in:		
Accounts receivable	(695)	152,025
Prepaid expenses	(7,122)	(35,767)
Increase (decrease) in:		
Accounts payable	(34,213)	102,135
Accrued expenses	7,926	26,588
Refundable advances	140,385	(65,634)
	282,716	408,110
Net Cash Provided By Operating Activities	282,716	408,110
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of equipment	(16,799)	-
Net Cash Used By Investing Activities	(16,799)	-
Net Increase in Cash	265,917	408,110
Cash at Beginning of Period	4,066,097	3,657,987
Cash at End of Period	\$ 4,332,014	\$ 4,066,097
<b>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:</b>		
Cash paid during the period:		
Interest	\$ -	\$ -
Taxes	\$ -	\$ -

See Notes to Financial Statements.

KIDS FIRST OF FLORIDA, INC.  
(A Nonprofit Corporation)  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2018 and 2017

A. Summary of Significant Accounting Policies:

- (1) Nature of Organization – Kids First of Florida, Inc., formerly known as Clay & Baker Kids Net, Inc. and Clay Kids Net, Inc., was incorporated January 15, 2003 to provide foster care placement, case management, adoption, physical and emotional support, and be a liaison with the health department for children in Clay County, Florida. The largest funding source for the Organization is the Florida Department of Children and Families.
- (2) Basis of Presentation – The financial statements are prepared in accordance with the recommendations of the Financial Accounting Standards Board (FASB) in its Accounting Standards Codification 958.
- (3) Basis of Accounting – The financial statements are prepared using the accrual basis of accounting and accordingly, reflect all significant receivables, payables, and other liabilities.
- (4) Functional Allocation of Expenses – Expenditures in connection with program operations have been summarized on a functional basis in the statement of activities.
- (5) Cash – For purposes of the Statements of Cash Flows, the Organization considers all highly liquid investments with an initial maturity of three months or less to be cash.
- (6) Property, Plant and Equipment – Property, plant and equipment are recorded at cost for purchased items. Donated items are recorded at fair market value at the date of the gift. Asset purchases of \$1,000 or more are capitalized.
- (7) Depreciation – Building and equipment are being depreciated over the estimated useful lives of the individual assets by the straight-line method.
- (8) Public Support and Revenue – Revenue is reported at the estimated net realizable amounts due from third-party payers and others for services rendered. Client fees are recognized upon receipt.
- (9) Fair Values of Financial Instruments – Generally accepted accounting principles require certain financial instruments to be recorded at fair value. Changes in methods of estimation could affect the fair value estimates; however, such changes are not expected to have a material impact on the organization's financial position, activities or cash flows.

KIDS FIRST OF FLORIDA, INC.  
(A Nonprofit Corporation)  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2018 and 2017  
-continued-

- (10) Income Taxes – The Organization has been granted tax exempt status under Section 501(c)(3) of the Internal Revenue code, is not a private foundation and has no unrelated business taxable income. Management evaluated the Organization’s tax positions and concluded that the Organization had maintained its exempt status and had taken no uncertain tax positions that require adjustment to the financial statements. Accordingly, no provision for income tax is required. The Organization’s Forms 990, *Return of Organization Exempt from Income Tax*, are subject to examination by the IRS for three years after they were filed.
- (11) Use of Estimates – The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions, primarily related to the collectibility of receivables and the depreciable lives of buildings and improvements that affect certain amounts and disclosures. Accordingly, actual results could differ from those estimates.
- (12) Restricted and Unrestricted Revenue and Support – Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.
- (13) Advertising – Advertising costs of \$7,301 and \$2,071 for the years ended June 30, 2018 and 2017, respectively, were expensed as incurred.
- (14) Reclassifications – Certain accounts relating to the prior year have been restated to conform to the current year’s presentation. The reclassifications have no effect on income.

B. Accounts Receivable:

Revenue due under third-party payer agreements is subject to audit and retroactive adjustment. The allowance for doubtful accounts is based on management’s best estimate of probable losses using the accounts receivable aging method. Account balances are charged off against the allowance when it is probable the receivable will not be recovered.

KIDS FIRST OF FLORIDA, INC.  
(A Nonprofit Corporation)  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2018 and 2017  
-continued-

C. Line of Credit:

The Organization secured a bank line of credit for working capital needs. The line of credit is for \$500,000, priced at Prime Rate Index, currently 4.75%, plus 1.65%, maturing March 18, 2019 and is secured by all accounts, equipment, general intangibles and fixtures. There was no principal balance on the line at June 30, 2018 or 2017.

D. Property, Plant and Equipment:

	<u>Life</u>	<u>2018</u>	<u>2017</u>
Furniture and fixtures	5 yrs.	\$ 32,438	\$ 32,438
Equipment	5 yrs.	175,867	159,068
Vehicles	5 yrs.	<u>59,766</u>	<u>75,055</u>
		268,071	266,561
Accumulated depreciation		<u>(248,382)</u>	<u>(259,381)</u>
		<u>\$ 19,689</u>	<u>\$ 7,180</u>

The Florida Department of Children and Families (DCF) has a reversionary interest in any equipment purchased with funds provided by DCF contracts.

E. Special Events:

The Organization had a major fundraiser during the years ending June 30, 2018 and 2017. Receipts totaled \$16,145 and \$13,816 and disbursements were \$5,645 and \$4,877, respectively.

F. In-Kind Contributions:

The Organization receives tangible property contributed for the children which is recorded at a discounted fair market value. The amounts are included in the financial statements as public support and specific assistance expense.

In-kind donations are measured at their fair value. The Financial Accounting Standards Board (FASB) in its Accounting Standards Codification 820 provides a single definition of fair value and established a three-tier hierarchy which is described below:

Level 1 – In-kind donations for which there are readily available prices in active markets for identical items.

KIDS FIRST OF FLORIDA, INC.  
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NOTES TO FINANCIAL STATEMENTS  
June 30, 2018 and 2017  
-continued-

Level 2 – In-kind donations for which there is publicly available information about similar items in inactive markets, such as auction websites.

Level 3 – In-kind donations for which little publicly available information is available, and unobservable inputs may be used to measure fair value.

The in-kind contributions described above are considered Level 1.

No amounts have been reflected in the statements for donated services because they do not meet the criteria for recognition in accordance with the FASB Accounting Standards Codification 958.

G. Related Party:

Kids First of Florida, Inc. and Clay Behavioral Health Center, Inc. are controlled by The Institute for Growth & Development, Inc. through board of directors' appointments and management agreements. Kids First of Florida, Inc. had accounts payable of \$14,712 and \$22,494 due to Clay Behavioral Health Center, Inc. at June 30, 2018 and 2017, respectively. Kids First of Florida, Inc. had accounts payable of \$13,684 and \$15,147 due to the Institute for Growth & Development, Inc. at June 30, 2018 and 2017, respectively. Kids First of Florida, Inc. paid The Institute for Growth & Development, Inc. \$336,148 and \$354,527 for management services during the years ending June 30, 2018 and 2017, respectively. Kids First of Florida, Inc. paid Clay Behavioral Health Center, Inc. \$158,091 and \$146,760 for services during the years ending June 30, 2018 and 2017, respectively.

H. Support from the State of Florida which Required Match:

The Organization had fixed price and/or unit of service contracts that required cost sharing or match. Kids First of Florida, Inc. met the matching requirements of these contracts for the years ending June 30, 2018 and 2017.

I. Operating Leases:

The Organization leases office space on Kingsley Avenue in Orange Park and a facility on Palmetto Avenue in Green Cove Springs. The office leases run through June 30, 2019 and have multiple two year options which, if exercised, would extend to September, 2023. The minimum lease payments, which include an assessment for common area maintenance, for the years ending June 30 are as follows:

KIDS FIRST OF FLORIDA, INC.  
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NOTES TO FINANCIAL STATEMENTS  
June 30, 2018 and 2017  
-continued-

2019	\$ 288,364
Thereafter	<u>-0-</u>
	<u>\$ 288,364</u>

Rent expense, including record storage, for the years ending June 30, 2018 and 2017 was \$290,977 and \$286,857, respectively.

J. Concentration of Credit Risk:

The Organization maintains bank accounts with three FDIC insured banks and exceeded depository insurance limits. The uninsured exposure at June 30, 2018 and 2017 was \$3,871,077 and \$3,558,755, respectively.

K. Contingencies:

Revenue from the State of Florida Department of Children and Families was 97% and 97% of total public support and revenue in the years ending June 30, 2018 and 2017. Laws and regulations governing the children’s programs are complex and subject to interpretation. The Organization believes that it is in compliance with all applicable laws and regulations and is not aware of any pending or threatened investigations involving allegations of potential wrongdoing. While no such regulatory inquiries have been made, compliance with such laws and regulations can be subject to future government review and interpretation, as well as significant regulatory action, including fines, penalties and exclusion from the programs.

L. Temporarily Restricted Net Assets:

The Organization received a restricted gift from Children’s Crisis Center, Inc. of \$83,345 for child welfare expenses during the year ending June 30, 2009 with annual disbursements restricted to no more than 5% of the balance.

	<u>2018</u>	<u>2017</u>
Children’s Crisis Center	\$ <u>51,514</u>	\$ <u>53,954</u>

KIDS FIRST OF FLORIDA, INC.  
(A Nonprofit Corporation)  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2018 and 2017  
-continued-

M. Deferred Revenue:

Deferred revenue consists of the following as of June 30:

	<u>2018</u>	<u>2017</u>
Florida Department of Children And Families carryforward	\$ 2,322,248	\$ 2,211,230
Other	<u>189,070</u>	<u>159,703</u>
	<u>\$ 2,511,318</u>	<u>\$ 2,370,933</u>

N. Retirement Plan:

The IGD 401k Plan, which became effective on January 1, 2016, is a defined contribution plan providing retirement benefits for all eligible employees of The Institute for Growth & Development, Inc., Clay Behavioral Health Center, Inc. and Kids First of Florida, Inc. Substantially all employees who have completed one year of service are eligible to join the Plan and may contribute up to 90% of their eligible pretax compensation, subject to limitations established by the Internal Revenue Code. The company may elect to make discretionary matching contributions or non-elective contributions to the Plan. During the years ended June 30, 2018 and 2017 the company made no contributions. Plan participants are immediately fully vested in their contributions and any associated earnings. Vesting in any company contributions is based on years of continuous service and a participant is 100% vested in such contributions after six years of continuous service.

O. Subsequent Events:

In preparing these financial statements, the Organization evaluated events and transactions for potential recognition or disclosure through December 20, 2018, the date the financial statements were available to be issued. No material subsequent events have occurred since June 30, 2018 that require recognition or disclosure in the financial statements.



KIDS FIRST OF FLORIDA, INC.  
(A Nonprofit Corporation)  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE PROJECTS  
Year Ended June 30, 2018

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>CFDA/ CSFA Number</u>	<u>Contract/Grant Number</u>	<u>Expenditures</u>	<u>Transfers to Subrecipients</u>
<b>U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>				
Passed Through State of Florida				
Department of Children and Families:				
Promoting Safe and Stable Families	93.556	DJ039	\$ 145,001	\$ (83,619)
Temporary Assistance for Needy Families	93.558	DJ039	617,196	(32,273)
Child Welfare Services - State Grants	93.645	DJ039	259,939	(18,054)
Foster Care - Title IV-E	93.658	DJ039	1,602,075	(255,764)
Adoption Assistance	93.659	DJ039	1,438,686	(19,064)
Social Services Block Grant	93.667	DJ039	316,468	(124,565)
Child Abuse and Neglect State Grants	93.669	DJ039	12,776	(1,092)
Chafee Foster Care Independent Living	93.674	DJ039	123,188	-
Medical Assistance Program	93.778	DJ039	<u>20,335</u>	<u>-</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<u>\$ 4,535,664</u>	<u>\$ (534,431)</u>
<b>STATE OF FLORIDA</b>				
Direct Projects of Department of Children and Families				
Child Welfare Out of Home Supports	60.074	DJ039	750,343	(110,518)
Independent Living	60.112	DJ039	91,957	-
In-Home Supports	60.075	DJ039	51,510	(22,361)
Extended Foster Care Program	60.141	DJ039	<u>43,914</u>	<u>-</u>
<b>TOTAL EXPENDITURES OF STATE FINANCIAL ASSISTANCE</b>			<u>\$ 937,724</u>	<u>\$ (132,879)</u>

The accompanying notes are an integral part of this schedule.

KIDS FIRST OF FLORIDA, INC.  
(A Nonprofit Corporation)

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE  
PROJECTS

Year Ended June 30, 2018

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards and state financial assistance includes the federal and grant activity of Kids First of Florida, Inc. for the year ended June 30, 2017. The information in this schedule is presented 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 Auditor General. Because the schedule presents only a selected portion of the operations of Kids First of Florida, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of Kids First of Florida, Inc.

Note 2. Summary of Significant Accounting Policies

- a) 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 allowable or are limited as to reimbursement.
- b) Pass through entity identifying numbers are presented where available.
- c) Kids First of Florida, Inc. has elected not to use the 10 percent de minimus indirect cost rate as allowed under the Uniform Guidance.

**JAMES KNUTZEN & ASSOCIATES, C.P.A.'s, P.A.**

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Megan McAtee, C.P.A., M.Acc.

MEMBER OF  
AMERICAN AND FLORIDA  
INSTITUTES OF  
CERTIFIED PUBLIC ACCOUNTANTS

**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***

Board of Directors  
Kids First of Florida, Inc.  
Orange Park, 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 Kids First of Florida, Inc. (a nonprofit corporation) which comprise the statement of financial position as of June 30, 2018, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 20, 2018.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Kids First of Florida, Inc.'s internal control over financial reporting (internal control) to determine the auditing 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 Kids First of Florida, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness Kids First of Florida, Inc.'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 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 Kids First of Florida, Inc.'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*.

### **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.



James Knutzen & Associates, C.P.A.'s, P.A.  
Jacksonville, Florida  
December 20, 2018

**JAMES KNUTZEN & ASSOCIATES, C.P.A.'s, P.A.**

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MEMBER OF  
AMERICAN AND FLORIDA  
INSTITUTES OF  
CERTIFIED PUBLIC ACCOUNTANTS

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

Board of Directors  
Kids First of Florida, Inc.  
Orange Park, Florida

**Report on Compliance for Each Major Federal Program and State Project**

We have audited Kids First of Florida, Inc.'s, (a nonprofit corporation) compliance with the types of compliance requirements described in the *OMB Compliance Supplement*, and the requirements described in the Department of Financial Services' State Projects Compliance Supplement, that could have a direct and material effect on each of its major federal programs and state projects for the year ended June 30, 2018. Kids First of Florida, Inc.'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 federal and state statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs and state projects.

**Auditors' Responsibility**

Our responsibility is to express an opinion on compliance for each of Kids First of Florida, Inc.'s major federal programs 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; the audit 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 Auditor General. Those standards, the Uniform Guidance, and Chapter 10.650, Rules of the Auditor General, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal

program or state project occurred. An audit includes examining, on a test basis, evidence about Kids First of Florida, Inc.'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. However, our audit does not provide a legal determination on Kids First of Florida, Inc.'s compliance.

### **Opinion on Each Major Federal Program and State Project**

In our opinion, Kids First of Florida, Inc. 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 June 30, 2018.

### **Report on Internal Control over Compliance**

Management of Kids First of Florida, Inc. 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 Kids First of Florida, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program or state project in order to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance and Chapter 10.650, Rules of the 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 Kids First of Florida, Inc.'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 the internal control over compliance was for the limited purpose described in the first paragraph of this section 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 weaknesses. However, material weaknesses may exist that have not been identified.

JAMES KNUTZEN & ASSOCIATES  
C.P.A.'s, P.A.

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 Auditor General. Accordingly, this report is not suitable for any other purpose.



James Knutzen & Associates, C.P.A.'s, P.A.  
Jacksonville, Florida  
December 20, 2018

KIDS FIRST OF FLORIDA, INC.  
(A Nonprofit Corporation)

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2018

Section I--Summary of Auditors' Results

Financial Statements:

Unmodified auditors' report issued

Internal control over financial reporting:

Material weakness(es) identified?	_____	YES	_____X_____	NO
Significant deficiency(ies) identified?	_____	YES	_____X_____	NO
Noncompliance material to financial statements noted?	_____	YES	_____X_____	NO

Federal Awards and State Projects:

Internal control over major programs:

Material weakness(es) identified?	_____	YES	_____X_____	NO
Significant deficiency(ies) identified?	_____	YES	_____X_____	NO

Unmodified auditors' report issued on compliance for major programs:

Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a) or Chapter 10.656	_____	YES	_____X_____	NO
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Identification of major federal programs or state projects:

	<u>CFDA #'s</u>	<u>Name of Federal Program or Cluster</u>
Foster Care - Title IV-E	93.658	N/A
Adoption Assistance	93.659	N/A

Dollar threshold used to distinguish between type A and type B programs-Federal Awards:

\$750,000

CSFA #'s

Child Welfare Out of Home Supports	60.074
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Dollar threshold used to distinguish between type A and type B programs-State Projects:

\$ 281,317

Auditee qualified as low risk auditee pursuant to the Uniform Guidance?

_____X_____	YES	_____	NO
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Section II--Financial Statement Findings

None

Section III--Federal Award and State Project Findings and Questioned Costs

Major Federal Award Programs and State Projects Audit:

None



KIDS FIRST OF FLORIDA, INC.  
(A Nonprofit Corporation)

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2018

Section IV--Summary Schedule of Prior Audit Findings

No Summary Schedule of Prior Audit Findings is required because there were no prior audit findings related to Federal Programs or State Projects.

Section V--Corrective Action Plan

No Corrective Action Plan is required because there were no findings required to be reported under the Federal or Florida Single Audit Act.

Section VI--Management Letter

No management letter as defined in State of Florida, Rules of the Auditor General 10656(3)(e) is required because there were no findings related to State Financial Assistance required to be reported.