

Children's Forum, Inc.

FINANCIAL STATEMENTS

June 30, 2020 and 2019



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REPORT





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INDEPENDENT AUDITORS' REPORT

Board of Directors and Management
Children's Forum, Inc.
Tallahassee, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of Children's Forum, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2020, 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 audits to obtain reasonable assurance about whether the financial statements are free from 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 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 Children's Forum, Inc. as of June 30, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance 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 financial statements as a whole. The accompanying schedule of expenditures of federal awards and state financial assistance, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, Audit Requirements for Federal Awards*, and Chapter 10.650, *Rules of the Auditor General of the State of Florida*, 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 18, 2020, on our consideration of Children's Forum, 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 that testing, and not to provide an opinion on the effectiveness of Children Forum, Inc.'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 Children's Forum, Inc.'s internal control over financial reporting and compliance.

Report on Summarized Comparative Information

We have previously audited the Children's Forum, Inc.'s 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 20, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Emphasis of a Matter

As discussed in Note 2 to the financial statements, management has adopted Financial Accounting Standards Board ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*; this new standard provides additional guidance to assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. Additionally, management has adopted Financial Accounting Standards Board ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*; this new standard requires changes to be made in how revenue is recognized and has added multiple new disclosures. Our opinion is not modified with respect to these matters.

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, LLC

Tallahassee, FL
December 18, 2020



FINANCIAL STATEMENTS

Children's Forum, Inc.
Statements of Financial Position

<i>June 30,</i>	2020	2019
Assets		
Current assets		
Cash and cash equivalents	\$ 698,512	\$ 155,249
Accounts receivable	4,127,458	3,951,241
Accounts receivable - other	381,634	170,124
Other assets	61,263	102,758
Total current assets	5,268,867	4,379,372
Property and equipment, net	34,434	552,595
Total assets	\$ 5,303,301	\$ 4,931,967
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued expenses	\$ 1,638,585	\$ 2,047,848
Contract liabilities	3,346	2,868
Current portion of note payable	327,466	-
Total current liabilities	1,969,397	2,050,716
Long-term liabilities		
Long-term portion of note payable	412,534	-
Accrued leave	238,317	204,995
Deferred compensation payable	23,985	19,082
Total long-term liabilities	674,836	224,077
Total liabilities	2,644,233	2,274,793
Net assets		
Without donor restrictions	2,647,420	2,645,526
With donor restrictions	11,648	11,648
Total net assets	2,659,068	2,657,174
Total liabilities and net assets	\$ 5,303,301	\$ 4,931,967

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

Children's Forum, Inc. Statements of Activities

<i>For the years ended June 30,</i>	Without Donor Restrictions	With Donor Restrictions	2020 Total	2019 Summarized Total
Revenue and Other Support				
Governmental grants	\$ 15,282,543	\$ -	\$ 15,282,543	\$ 15,201,713
Assessments	98,700	-	98,700	366,800
Membership dues	24,876	-	24,876	26,123
Contributions	-	-	-	20,128
Other	35,857	-	35,857	92,844
Total revenue and other support	15,441,976	-	15,441,976	15,707,608
Expenses				
<i>Program services</i>				
TEACH Early Childhood Project	10,488,869	-	10,488,869	10,272,811
Help Me Grow Family Support	1,754,997	-	1,754,997	2,195,818
Child Care INCENTIVE\$ Florida	1,503,919	-	1,503,919	1,290,541
Early Childhood Education Professional Development	1,236,173	-	1,236,173	1,220,274
DCF Child Care Training Evaluation Services	147,726	-	147,726	185,915
Program Assessment Center	115,921	-	115,921	420,087
Total program services	15,247,605	-	15,247,605	15,585,446
<i>Supporting services</i>				
General and administrative	192,477	-	192,477	106,124
Total expenses	15,440,082	-	15,440,082	15,691,570
Change in Net Assets	1,894	-	1,894	16,038
Net assets at beginning of year	2,645,526	11,648	2,657,174	2,641,136
Net assets at end of year	\$ 2,647,420	\$ 11,648	\$ 2,659,068	\$ 2,657,174

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

Children's Forum, Inc.
Statements of Functional Expenses

	Program Services							Supporting	2019	Summarized
	TEACH Early Childhood Project	Child Care INCENTIVE\$ Florida	Program Assessment Center	Help Me Grow Family Support	DCF Child Care Training Evaluation Services	Early Childhood Education Professional Development	Program Subtotal	General and administrative		
<i>For the year ended June 30</i>										
Scholarships	\$ 8,347,750	\$ 1,011,611	\$ -	\$ -	\$ -	\$ -	\$ 9,359,361	\$ -	\$ 9,359,361	\$ 9,031,340
Salaries and Benefits	1,842,949	428,293	36,831	283,531	132,179	1,103,674	3,827,457	45,489	3,872,946	3,734,988
Affiliate Payments	-	-	-	1,313,178	-	-	1,313,178	-	1,313,178	1,638,363
Office Expenses	124,150	19,153	106	63,181	3,517	24,432	234,539	28,040	262,579	280,902
Professional Fees	15,560	6,519	77,334	27,206	3,555	13,148	143,322	40,182	183,504	341,374
Printing and Other	29,773	8,404	4	9,430	786	5,597	53,994	66,658	120,652	246,650
Utilities	46,749	11,988	242	6,246	3,461	25,080	93,766	2,985	96,751	27,942
Rent	30,040	8,794	966	6,130	2,162	35,704	83,796	3,277	87,073	126,172
Travel	13,693	3,703	1	5,695	390	21,781	45,263	5,471	50,734	109,226
Public Education-Outreach	5,843	-	-	36,138	-	-	41,981	-	41,981	93,620
Insurance	11,911	3,269	39	1,726	823	6,531	24,299	142	24,441	26,109
Facilities and Equipment Usage	16,850	1,553	398	1,804	826	6	21,437	228	21,665	27,126
Professional Development	3,601	632	-	732	27	220	5,212	5	5,217	7,758
Total	\$ 10,488,869	\$ 1,503,919	\$ 115,921	\$ 1,754,997	\$ 147,726	\$ 1,236,173	\$ 15,247,605	\$ 192,477	\$ 15,440,082	\$ 15,691,570

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

Children's Forum, Inc.
Statements of Cash Flows

<i>For the years ended June 30,</i>	2020	2019
Cash Flows from Operating Activities		
Change in net assets	\$ 1,894	\$ 16,038
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Facilities and usage allowance	21,665	27,126
Loss on sale of building	41,995	-
(Increase) decrease in:		
Due from the State of Florida	(176,217)	(1,460,529)
Due from other contracts	(211,510)	81,182
Other assets	41,495	(66,288)
Increase (decrease) in:		
Accounts payable and accrued expenses	(409,263)	1,034,636
Accrued leave	33,322	10,581
Deferred compensation	4,903	19,082
Contract liabilities	478	(12,649)
Net cash provided by (used in) operating activities	(651,238)	(350,821)
Cash Flows from Investing Activities		
Proceeds from sale of building	465,000	-
Purchases of property and equipment	(10,499)	(11,699)
Net cash provided by (used in) investing activities	454,501	(11,699)
Cash Flows from Financing Activities		
Issuance of debt	740,000	-
Net cash provided by (used in) financing activities	740,000	-
 Net change in cash and cash equivalents	 543,263	 (362,520)
Cash and cash equivalents at beginning of year	155,249	517,769
 Cash and cash equivalents at end of year	 \$ 698,512	 \$ 155,249

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

Note 1: DESCRIPTION OF THE ORGANIZATION

Children's Forum, Inc. (the Forum) is a statewide, not-for-profit organization whose mission is to make Florida a quality child caring State. Through federal and state contracts and private contributions, the Forum functions as a service-based clearinghouse of information, data, research, advocacy, and training for the State's early care and learning industry. The Forum receives funding for its programs primarily from federal government grants. Thus, it is dependent on the federal government and the State of Florida's ability to honor its federal pass-through contracts to continue to fund its operations.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

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). The Financial Accounting Standards Board (FASB) provides authoritative guidance regarding U.S. GAAP through the Accounting Standards Codification (ASC) and related Accounting Standards Updates (ASUs).

Use of Estimates

The preparation of U.S. GAAP financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Comparative Financial Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Forum's financial statements for the year ended June 30, 2019, from which the summarized information was derived.

Cash and Cash Equivalents

Cash and cash equivalents include cash and all highly liquid investments with an original maturity of 90 days or less.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounts Receivable

Accounts receivable are stated at unpaid balances, less an allowance for doubtful accounts. The Forum provides for losses on accounts receivable using the allowance method. The allowance is based on experience, third-party contracts, and other circumstances, which may affect the ability of grantors to meet their obligations. Receivables are considered impaired if full principal payments are not received in accordance with the contractual terms. It is the Forum’s policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected.

Accounts receivable balances consist of amounts billed to funding and grant organizations for reimbursement of costs incurred in fulfillment of a contract. Due to the nature of the underlying contracts and historical collection results, management considers the balance to be fully collectable, therefore, no allowance has been established.

Accounts Receivable - Other

Accounts receivable - other balances consist primarily of expenses incurred relating to reimbursement based contracts, which management believes all conditions have been met to bill for reimbursement and recognized as revenue at year end, but due to timing have not been billed. Due to the nature of the underlying contracts and historical collection results, management considers the balance to be fully collectable, therefore, no allowance has been established.

Property and Equipment

All acquisitions of property and equipment in excess of \$5,000 and all expenditures for maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Repairs and maintenance are expensed as incurred. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method. Depreciation is disclosed as “facilities and usage allowance” within the basic financial statements. Estimated useful lives used in computing depreciation are as follows:

Land	Not depreciated
Building and improvements	7 – 40 Years
Furniture and equipment	3 – 10 Years

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses relate to expenses incurred but not paid at year-end. Accounts payable and accrued expenses consist primarily of TEACH Scholarships to participants and Help Me Grow subrecipient reimbursement expenses.

Net Assets

The Forum reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Forum, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Net assets with donor restrictions are resources that are subject to donor-imposed restrictions. Some restrictions are temporary in nature, such as those that are restricted by a donor for use for a particular purpose or in a particular future period. Other restrictions may be perpetual in nature; such as those that are restricted by a donor that the resources be maintained in perpetuity.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

Revenue Recognition

Payments under governmental exchange contracts and assessments and other fees for service are accounted for under ASC Topic 606, Revenue from Contracts with Customers (ASC 606), recognizing revenue when performance obligations under the terms of the contracts with customers are satisfied. Prior to the adoption of ASC 606, the Forum recognized revenue when persuasive evidence of an arrangement existed, delivery of products had occurred, the sales price was fixed or determinable and collectability was reasonably assured.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (Continued)

Contributions, governmental grants, and membership dues, are recognized when cash, other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met or the donor has explicitly released the restriction. Contributions received with donor-imposed restrictions that are met in the same year in which the contributions are received are classified as net assets without donor restrictions.

Functional Allocation of Expenses

The cost of providing certain activities of the Forum have been reported on a functional basis in the statements of functional expenses. The allocation between program and supporting services is based on a combination of direct and indirect allocation. Indirect overhead expenses, including salaries and benefits, are allocated based on employees' time spent in each capacity, square footage, or number of participants.

Income Taxes

Under section 501(c)(3) of the Internal Revenue Code, the Forum is exempt from taxes on income other than unrelated business income.

The Forum utilizes the accounting requirements associated with uncertainty in income taxes using the provisions of Financial Accounting Standards Board (FASB) ASC 740, Income Taxes. Using that guidance, tax positions initially need to be recognized in the financial statements when it is more-likely-than-not the positions will be sustained upon examination by the tax authorities. It also provides guidance for derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. As of June 30, 2020 and 2019, the Forum has no uncertain tax provisions that qualify for recognition or disclosure in the financial statements.

Reclassifications

Certain reclassifications were made to prior year balances to conform with current year presentation.

Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, December 18, 2020. See Note 15 for relevant disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these consolidated financial statements.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recent Accounting Pronouncements

Accounting Standards Update 2014-09

In May 2014, the Financial Accounting Standards Board (FASB) issued ASU 2014-09, Revenue from Contracts with Customers (Topic 606). This guidance specifies that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This ASU and its amendments supersede the revenue recognition requirements in Topic 605, Revenue Recognition, and most industry specific guidance. Effective July 1, 2019, the Forum adopted ASC 606, using the modified retrospective method. This method allows the standard to be adopted retrospectively through a cumulative adjustment recognized upon adoption. Therefore, the June 30, 2019 financial statements have not been restated and continue to be reported under the accounting standards in effect for that year. No cumulative adjustment was required upon adoption of ASC 606.

Accounting Standards Update 2018-08

In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The amendments in this update should assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. The ASU was effective for the Forum beginning July 1, 2019, and applicable portions of the guidance have been applied to the Forum's financial statements for the year ended June 30, 2020. The ASU has been applied on the modified prospective basis, meaning it has been applied to the unrecognized portion of agreements that were not completed as of the effective date, and agreements entered into after the effective date.

Accounting Guidance Not Yet Adopted

Accounting Standards Update 2016-02

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. The guidance in this ASU and its amendments supersedes the leasing guidance in Topic 840, Leases. Under the guidance, lessees are required to recognize lease assets and lease liabilities on the statement of financial position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities. For nonpublic entities, the standard is effective for fiscal years beginning after December 15, 2021. Early adoption is permitted. The Forum is currently evaluating the impact of the guidance on its financial statements.

Children's Forum, Inc.
Notes to Financial Statements

Note 3: FINANCIAL ASSET AVAILABILITY

The Forum maintains its financial assets primarily in cash and cash equivalents to provide liquidity to ensure funds are available as the Forum's expenditures come due. The following reflects the Forum's financial assets as of the statement of financial position date, reduced by amounts not available for general use within one year of the statement of financial position date because of contractual or donor-imposed restrictions.

<i>June 30,</i>	2020	2019
Cash and cash equivalents	\$ 698,512	\$ 155,249
Accounts receivable	4,127,458	3,951,241
Accounts receivable - other	381,634	170,124
Less those not available for general expenditures within one year, due to contractual or donor-imposed restrictions		
Restricted by donor with purpose restrictions	(11,648)	(11,648)
<hr/>		
Financial assets available to meet cash needs for general expenditures within one year	\$ 5,195,956	\$ 4,264,966

In the event of financial distress or an immediate liquidity need resulting from events outside the typical life cycle, the Forum could draw upon a \$750,000 line of credit through September 16, 2021.

Note 4: ACCOUNTS RECEIVABLE AND ACCOUNTS RECEIVABLE - OTHER

Accounts receivable and accounts receivable - other consist of the following:

<i>June 30,</i>	2020	2019
Accounts receivable		
Grants and funds	\$ 4,127,458	\$ 3,951,241
Total accounts receivable	\$ 4,127,458	\$ 3,951,241
<hr/>		
Accounts receivable - other		
Accrued billings	\$ 370,224	\$ 152,958
Customers	11,410	17,166
Total accounts receivable - other	\$ 381,634	\$ 170,124

Bad debts expense totaled \$-0- and \$-0- for June 30, 2020 and 2019, respectively.

Children’s Forum, Inc.
Notes to Financial Statements

Note 5: PROPERTY AND EQUIPMENT

Property and equipment - net consist of the following:

<i>June 30,</i>	2020	2019
Land (non-depreciable)	\$ -	\$ 209,848
Building and improvements	22,198	772,850
Computer equipment	32,071	32,071
Software	37,605	37,605
Furniture and equipment	94,140	94,140
Property and equipment	186,014	1,146,514
Accumulated depreciation	(151,580)	(593,919)
Property and equipment, net	\$ 34,434	\$ 552,595

In accordance with the terms of the State of Florida contracts, title to property and equipment purchased with contract funds shall be vested with the State upon termination of the applicable contract.

Facilities and usage allowance expense for the years ended June 30, 2020 and 2019 was \$21,665 and \$27,126, respectively.

Note 6: LINE OF CREDIT

The Forum maintains a line of credit agreement with a financial institution. Available borrowings related to the agreement are \$750,000, with an interest rate of lender’s prime of 5.25%. Interest rate is a variable rate with a floor of 4% and ceiling of 18%. The credit line matured on September 16, 2020 and was renewed for an additional year at an interest rate of lender’s prime of 4% with a floor of 4% and ceiling of 18%. The outstanding balance as of June 30, 2020 and 2019, was \$-0-.

Note 7: NOTES PAYABLE

In April 2020, the Forum obtained a \$740,000 loan through the Paycheck Protection Program administered by the U.S. Small Business Administration (PPP Loan). The loan is held by a commercial bank. Under the terms of the loan, the Forum is required to make payments of principal and interest on the unpaid portion of the loan, beginning November 2020, based on an interest rate of 1%, and matures in April 2022. Under the terms of the loan, a portion or all of the borrowed amount may be forgiven based on the use of proceeds by the Forum in accordance with the requirements of the Paycheck Protection Program, including the provisions of Section 1106 of the Coronavirus Aid Relief, and Economic Security Act (CARES Act) (P.L. 116-136) during the 24 week period beginning on the date of the first disbursement. Management does not expect a substantial portion of the loan to be forgiven, therefore the loan is considered debt and it has been presented as a note payable on the statement of financial position and cash provided by financing activities on the statement of cash flows.

Children's Forum, Inc.
Notes to Financial Statements

Note 7: NOTES PAYABLE (Continued)

Note payable consists of the following:

<i>June 30,</i>	2020	2019
Note payable to financial institution, twenty-four month term with the first six months of principal and interest payments being deferred, with interest accruing, then converting to monthly principal and interest payments, amortized over eighteen months at 1% per annum, maturity of April 2022	\$ 740,000	\$ -
Less current portion	(327,466)	-
Long-term debt, less current portion	\$ 412,534	\$ -

Interest expense related to the PPP Loan agreement was \$303 and \$-0- for the years ended June 30, 2020 and 2019, respectively.

Principal maturities for each of the next five years and thereafter follow:

<i>For the years ending June 30,</i>	Amount
2021	\$ 327,466
2022	412,534
Total	\$ 740,000

Note 8: NET ASSETS

A summary of net assets with donor restrictions follows:

<i>June 30,</i>	2020	2019
Purpose restricted		
Disaster relief	\$ 11,648	\$ 11,648
Total net assets with donor restrictions	\$ 11,648	\$ 11,648

Children's Forum, Inc.
Notes to Financial Statements

Note 9: REVENUE

The Forum recognizes revenue at the time performance obligations are met and at the time contributions are received. The Forum's primary revenue source is from state and federal grants. As of June 30, 2020 and 2019, there is \$3,346 and \$2,868, respectively, of performance obligations to be satisfied and is expected to be recognized in the following year. Contract liabilities for the fiscal years ended June 30, 2020 and 2019 are composed primarily of receipts in excess of expenses with a contract that ended after the fiscal year. The contract liabilities will be recognized as revenue when the related expenses are incurred.

Disaggregated Revenue

A summary of disaggregated revenue information follows:

<i>For the years ended June 30,</i>	2020	2019
Revenue related to contracts with customers		
Point in time		
Governmental grants	\$ 243,500	\$ 40,000
Assessments	98,700	366,800
Other	35,013	92,215
Non-contract revenue		
Governmental grants	15,039,043	15,161,713
Membership dues	24,876	26,123
Contributions	-	20,128
Other	844	629
Total revenue and other support	\$ 15,441,976	\$ 15,707,608

Contract Balances

<i>June 30,</i>	2020	2019
Contract liabilities, beginning of year	\$ 2,868	\$ 15,517
Contract liabilities, end of year	\$ 3,346	\$ 2,868
Receivable from contracts, beginning of year	\$ 3,951,241	\$ 2,490,712
Receivable from contracts, end of year	\$ 4,127,458	\$ 3,951,241

Note 10: CONCENTRATIONS OF RISK

The Forum maintains cash with a financial institution in excess of the FDIC limit of \$250,000 by \$1,250,605 and \$696,560 at June 30, 2020 and 2019, respectively.

During the year ended June 30, 2020 and 2019, the Forum recognized grant revenue of \$11,702,768 and \$12,183,723, respectively, from the Office of Early Learning. This amount represents 76% and 78%, respectively, of total revenue and support. As of June 30, 2020 and 2019, 83% and 82%, respectively, of total accounts receivable was due from the Office of Early Learning.

Note 11: COMMITMENTS

The Forum leases three office spaces under operating leases that expire in fiscal year 2021, 2022, and 2030.

Future minimum rental payments under the lease commitments are as follows:

For the years ending June 30,

2021	\$ 319,424
2022	326,475
2023	310,052
2024	317,797
2025	325,726
Thereafter	1,692,305
Total future minimum lease payments	\$ 3,291,779

Rental expense totaled \$87,074 and \$126,172 for the years ended June 30, 2020 and 2019, respectively.

Note 12: ANNUITY PLAN

The Forum sponsors a 403(b) annuity plan covering all employees. Employer contributions, equal to 5 percent of all participants' compensation, are made on behalf of each participant who is at least 21 years old and has completed one year of eligible service.

The amount of 403(b) expense for the years ended June 30, 2020 and 2019 was \$103,149 and \$111,941, respectively.

The Forum sponsors a 457(b) deferred compensation plan for certain executive staff. The balance of this plan at June 30, 2020 and 2019 was \$23,985 and \$19,082, respectively. All 457(b) plan assets have been invested by the Forum and remain the property of the Forum until paid to the participants.

Note 13: SALE OF BUILDING

The Forum sold their building in Tallahassee, Florida on May 26, 2020. The net proceeds were \$447,064 for the real estate transaction that resulted in a loss of \$41,995 for the year ended June 30, 2020.

Note 14: RISKS AND UNCERTAINTIES

In March 2020, the World Health Organization made the assessment that the outbreak of a novel coronavirus (COVID-19) can be characterized as a pandemic. As a result, uncertainties have arisen that may have a significant negative impact on the operating activities and results of the Forum. The occurrence and extent of such an impact will depend on future developments, including (i) the duration and spread of the virus, (ii) government quarantine measures, (iii) voluntary and precautionary restrictions on travel or meetings, (iv) the effects on the financial markets, and (v) the effects on the economy overall, all of which are uncertain.

Note 15: SUBSEQUENT EVENTS

Management evaluated all events or transactions that occurred after June 30, 2020 through December 18, 2020, the date the Forum's financial statements were available to be issued.

Subsequent to June 30, 2020, the Forum executed grant agreements totaling \$1,386,811 with subrecipients for the fiscal year ending June 30, 2021. These subrecipients will perform services in accordance with grants received from the State of Florida's Department of Education.



OTHER REPORTS

**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
Children's Forum, Inc.
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 Children's Forum, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2020, 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 December 18, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Children's Forum, Inc.'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 Children's Forum, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Forum'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 Children’s Forum, 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 Forum’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 Forum’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, LLC

Tallahassee, FL

December 18, 2020

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND STATE PROJECT AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE, CHAPTER 10.650, RULES OF THE AUDITOR GENERAL, AND SPECIAL AUDIT GUIDANCE PROVIDED BY THE FLORIDA OFFICE OF EARLY LEARNING

To the Board of Directors
Children's Forum, Inc.
Tallahassee, Florida

Report on Compliance for Each Major Federal Program and State Project

We have audited Children's Forum, Inc.'s 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, and special audit guidance provided by the Florida Office of Early Learning, that could have a direct and material effect on each of Children's Forum, Inc.'s major federal programs and state projects for the year ended June 30, 2020. Children's Forum, Inc.'s major federal programs and state projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal and state statutes, regulations, and the terms and conditions of its federal and state awards applicable to its federal programs and state projects.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Children's Forum, Inc.'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 Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); Chapter 10.650, *Rules of the Auditor General*; and Special Audit Guidance provided by the Florida Office of Early Learning. 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 and state project occurred. An audit includes examining, on a test basis, evidence about Children's Forum 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 and state project. However, our audit does not provide a legal determination of Children's Forum, Inc.'s compliance.

Opinion on Each Major Federal Program and State Project

In our opinion, Children’s Forum, 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, 2020.

Report on Internal Control Over Compliance

Management of Children’s Forum, 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 Children’s Forum, Inc.’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 the Uniform Guidance, Chapter 10.650, Rules of the Auditor General and Special Audit Guidance Provided by the Florida Office of Early Learning, 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 Children’s Forum, 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 and 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 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.

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, Chapter 10.650, Rules of the Auditor General, and Special Audit Guidance Provided by the Florida Office of Early Learning. Accordingly, this report is not suitable for any other purpose.

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, LLC

Tallahassee, FL

December 18, 2020



SUPPLEMENTARY INFORMATION

Children's Forum, Inc.

Schedule of Expenditures of Federal Awards and State Financial Assistance
Year Ended June 30, 2020

Federal Grantor/Pass Through Grantor/ Program or Cluster Title	CFDA Number	Award Amount	Contract Number	Expenditures	Amount Provided to Subrecipients
FEDERAL					
<u>U.S. Department of Health and Human Services</u>					
<u>Child Care Development Fund Cluster:</u>					
<u>Passed through Office of Early Learning:</u>					
Child Care and Development Block Grant	93.575	\$ 10,000,000	SR577	\$ 10,000,000	\$ -
Child Care and Development Block Grant	93.575	168,189	FORUM-WAGE\$-19-ELC7	163,710	-
<u>Passed through Florida Department of Children & Families:</u>					
Child Care and Development Block Grant	93.575	195,395	LC924	179,177	-
Child Care and Development Block Grant	93.575	950,000	SR-20-01	832,650	-
Total Child Care and Development Block Grant	93.575			11,175,537	-
<u>Passed through Office of Early Learning:</u>					
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	149,251	FORUM-WAGE\$-19-ELC7	145,277	-
Total Child Care Development Fund Cluster				11,320,814	-
<u>Passed through Florida Association of Healthy Start Coalitions:</u>					
Maternal and Child Health Federal Consolidated Programs	93.110	22,400	16-03-FY19-20	16,881	-
<u>Passed through Office of Early Learning:</u>					
Temporary Assistance for Needy Families (TANF) Cluster	93.558	133,063	FORUM-WAGE\$-19-ELC7	129,520	-
<u>Passed through Office of Early Learning:</u>					
Social Services Block Grant	93.667	406	FORUM-WAGE\$-19-ELC7	395	-
Total expenditures of federal awards				11,467,610	-

See Independent Auditors' Report and related notes to schedule of expenditures of federal awards and state financial assistance.

Children’s Forum, Inc.
Schedule of Expenditures of Federal Awards and State Financial Assistance
Year Ended June 30, 2020
(Continued)

State Grantor/Pass Through Grantor/ Project Title	CSFA Number	Award Amount	Contract Number	Expenditures	Amount Provided to Subrecipients
STATE					
<u>Florida Department of Education</u>					
<u>Passed through Office of Early Learning:</u>					
Help Me Grow Florida Network	48.111	1,808,957	C1031	1,754,976	1,313,178
Total expenditures of state financial assistance				1,754,976	1,313,178
Total expenditures of federal awards and state financial assistance				\$ 13,222,586	\$ 1,313,178

*See Independent Auditors’ Report and related notes to
schedule of expenditures of federal awards and state financial assistance.*

Children's Forum, Inc.
Notes to Schedule of Expenditures of Federal Awards
and State Financial Assistance
Year Ended June 30, 2020

NOTE 1: BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards and state financial assistance includes the federal and state grant activity of Children's Forum, Inc. The information in the schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations (CFR)* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, Audits of States, Local Governments, and Non-Profit Organizations*, and Chapter 10.650, *Rules of the Auditor General*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the presentation of, the basic financial statements.

Federal programs with different CFDA numbers that are closely related because they share common compliance requirements are defined as a cluster by the Uniform Guidance. Child Care and Development Block Grant (CFDA 93.575) and Child Care Mandatory and Matching Funds of the Child Care and Development Fund (CFDA 93.596) are reported as a cluster in the schedule.

NOTE 2: BASIS OF ACCOUNTING

The schedule was prepared on the accrual basis of accounting.

NOTE 3: CONTINGENCIES

Grant monies received and disbursed by the Children's Forum, Inc. are subject to review by the grantor agencies. Such audits may result in requests for reimbursement due to disallowed expenditures. Based upon prior experience, the Children's Forum, Inc. does not believe that such disallowance, if any, would have a material effect on the financial position of the Children's Forum, Inc. As of June 30, 2020, there were no material questioned or disallowed costs as a result of grant audits in process or completed.

NOTE 4: NONCASH ASSISTANCE

The Children's Forum, Inc. did not receive any federal or state noncash assistance for the fiscal year ended June 30, 2020.

NOTE 5: INDIRECT COST RATE

Children's Forum, Inc. has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

Children's Forum, Inc.
Notes to Schedule of Expenditures of Federal Awards
and State Financial Assistance
Year Ended June 30, 2020

NOTE 6: FEDERALLY FUNDED INSURANCE

The Children's Forum, Inc. did not receive federally funded insurance during the fiscal year ended June 30, 2020.

NOTE 7: FEDERALLY FUNDED LOANS

The Children's Forum, Inc. has no federally funded loans as of June 30, 2020. No funds were expended in the form of loan or loan guarantees during the fiscal year ended June 30, 2020.

Children’s Forum, Inc.
Schedule of Findings and Questioned Costs
Year Ended June 30, 2020

SECTION I – SUMMARY OF AUDITORS’ RESULTS

Financial Statements:

- | | |
|--|------------|
| 1. Type of auditors’ report issued | Unmodified |
| 2. Internal control over financial reporting: | |
| a. Material weaknesses identified? | No |
| b. Significant deficiencies identified not considered to be material weaknesses? | None noted |
| c. Noncompliance material to the financial statements noted? | No |

Federal Awards:

- | | |
|--|--|
| 1. Type of auditors’ report issued | Unmodified |
| 2. Internal control over major projects: | |
| a. Material weaknesses identified? | No |
| b. Significant deficiencies identified not considered to be material weaknesses? | None noted |
| 3. Any audit findings disclosed that are required to be reported in accordance with 2CFR section 200.516(a)? | No |
| 4. Identification of major programs: | |
| <u>CFDA Number</u>
93.575/93.596 | <u>Federal Program</u>
Child Care and Development Block Grant/Child Care and Development Fund (Child Care Development Fund Cluster) |
| 5. Dollar threshold used to distinguish between type A and type B programs: | \$750,000 |
| 6. Auditee qualified as low-risk auditee under 2 CFR 200.520? | Yes |

State Financial Assistance:

- | | |
|--|------------|
| 1. Type of auditors’ report issued on compliance for major projects | Unmodified |
| 2. Internal control over major projects: | |
| a. Material weaknesses identified? | No |
| b. Significant deficiencies identified not considered to be material weaknesses? | None noted |

Children’s Forum, Inc.
Schedule of Findings and Questioned Costs
Year Ended June 30, 2020
(Continued)

SECTION I – SUMMARY OF AUDITORS’ RESULTS (CONTINUED)

3. Any audit findings disclosed that are required to be reported in accordance with Chapter 10.650, *Rules of the Auditor General*? No

4. Identification of major projects:

<u>CSFA Number</u>	<u>State Project</u>
48.111	Help Me Grow Florida Network

5. Dollar threshold used to distinguish between type A and type B projects: \$526,493

SECTION II – FINANCIAL STATEMENT FINDINGS

None noted

SECTION III – FEDERAL AWARD AND STATE FINANCIAL ASSISTANCE FINDINGS

None noted

SECTION IV – SUMMARY OF PRIOR YEAR FINDINGS

None noted

SECTION V – OTHER MATTERS

(a) No management letter is required because there were no findings required to be reported in the management letter (see AG Rule Section 10.656(3)(e)).