

**COMMUNITY PARTNERSHIP
FOR CHILDREN, INC.**

FINANCIAL STATEMENTS

June 30, 2020

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Community Partnership for Children, Inc.
Daytona Beach, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of Community Partnership for Children, Inc. (a nonprofit corporation), which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, cash flows and functional expenses, for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 auditors consider 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 Community Partnership for Children, 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.

Effect of Adopting New Accounting Standard

As discussed in Note A-14, Community Partnership for Children, Inc. adopted the provisions of Financial Accounting Standards Update (ASU) 2018-08, *Not-for-Profit Entities (ASC 958-605): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* as of and for the year ended June 30, 2020. Our opinion is not modified with respect to these matters.

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* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and State of Florida Chapter 10.650, *Rules of the Auditor General*, is presented for the purpose 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 16, 2020, on our consideration of Community Partnership for Children, 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 solely 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 Community Partnership for Children, 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 Community Partnership for Children, Inc.'s internal control over financial reporting and compliance.

Moss, Krusick & Associates, LLC

Winter Park, Florida
December 16, 2020

COMMUNITY PARTNERSHIP FOR CHILDREN, INC.

STATEMENT OF FINANCIAL POSITION

June 30, 2020

ASSETS

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Current assets			
Cash and cash equivalents	\$ 4,054,925	\$ 12,813	\$ 4,067,738
Restricted trust funds	238,027	-	238,027
Accounts receivable	525,161	-	525,161
Prepaid expenses	<u>80,962</u>	<u>-</u>	<u>80,962</u>
Total current assets	4,899,075	12,813	4,911,888
Deposits	42,833	-	42,833
Furniture and equipment, net	297,786	-	297,786
Other non-current assets	<u>106,785</u>	<u>-</u>	<u>106,785</u>
Total assets	<u>\$ 5,346,479</u>	<u>\$ 12,813</u>	<u>\$ 5,359,292</u>

LIABILITIES AND NET ASSETS

Current liabilities			
Accounts payable	\$ 1,699,632	\$ -	\$ 1,699,632
Accrued expenses	566,485	-	566,485
Restricted trust funds	242,533	-	242,533
Refundable advance	<u>1,947,775</u>	<u>-</u>	<u>1,947,775</u>
Total current liabilities	4,456,425	-	4,456,425
Total liabilities	<u>4,456,425</u>	<u>-</u>	<u>4,456,425</u>
Net assets			
Without donor restrictions	890,054	-	890,054
With donor restrictions	<u>-</u>	<u>12,813</u>	<u>12,813</u>
Total net assets	<u>890,054</u>	<u>12,813</u>	<u>902,867</u>
Total liabilities and net assets	<u>\$ 5,346,479</u>	<u>\$ 12,813</u>	<u>\$ 5,359,292</u>

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

COMMUNITY PARTNERSHIP FOR CHILDREN, INC.

STATEMENT OF ACTIVITIES

Year Ended June 30, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUES AND SUPPORT			
Contracts, grants and contributions from government agencies	\$ 22,569,108	\$ -	\$ 22,569,108
State matching funds for federal grants	16,505,463	-	16,505,463
Contributions	28,766	18,482	47,248
CBCIH	324,731	-	324,731
Other income	279,378	-	279,378
In-kind revenue	195,014	-	195,014
Net assets released from restrictions:			
Satisfaction of purpose restrictions	16,304	(16,304)	-
	<u>39,918,764</u>	<u>2,178</u>	<u>39,920,942</u>
Total revenues and support			
EXPENSES			
Adoptions	11,725,506	-	11,725,506
Depreciation	97,221	-	97,221
Employee support	29,599	-	29,599
Independent living	570,386	-	570,386
In-kind expense	195,014	-	195,014
Insurance	213,664	-	213,664
Occupancy	655,413	-	655,413
Out of home care room and board	8,953,825	-	8,953,825
Out of home care support	480,643	-	480,643
Purchased services	5,668,498	-	5,668,498
Salaries and benefits	9,839,011	-	9,839,011
Support	682,404	-	682,404
Telecommunications/information	248,295	-	248,295
Travel, meals, and lodging	600,871	-	600,871
	<u>39,960,350</u>	<u>-</u>	<u>39,960,350</u>
Total expenses			
Change in net assets	(41,586)	2,178	(39,408)
NET ASSETS, BEGINNING OF YEAR	<u>931,640</u>	<u>10,635</u>	<u>942,275</u>
NET ASSETS, END OF YEAR	<u>\$ 890,054</u>	<u>\$ 12,813</u>	<u>\$ 902,867</u>

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

COMMUNITY PARTNERSHIP FOR CHILDREN, INC.

STATEMENT OF CASH FLOWS

Year Ended June 30, 2020

CASH FLOWS FROM OPERATING ACTIVITIES

Decrease in net assets	\$ (39,408)
Adjustments to reconcile decrease in net assets to net cash provided by operating activities:	
Depreciation	97,221
Decrease in account receivables	1,113,150
Increase in prepaid expenses	(8,601)
Decrease in deposits	3,456
Decrease in accounts payable	(444,584)
Increase in accrued expenses	81,734
Increase in client trust funds liability	78,288
Increase in refundable advance	<u>1,696,577</u>
Cash provided by operating activities	<u>2,577,833</u>
Increase in cash, cash equivalents, and restricted cash	2,577,833
Cash, cash equivalents, and restricted cash, beginning of year (See Note A-13)	<u>1,727,932</u>
Cash, cash equivalents, and restricted cash end of year (See Note A-13)	<u>\$ 4,305,765</u>

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

COMMUNITY PARTNERSHIP FOR CHILDREN, INC.

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2020

	Program Services							Administration	Total
	Adoption	Case Management	Family Preservation	Out of Home Care	Independent Living	Other	Prevention		
Adoptions	\$ 11,723,364	\$ -	\$ -	\$ -	\$ -	\$ 2,142	\$ -	\$ -	\$ 11,725,506
Depreciation	-	-	-	-	-	-	-	97,221	97,221
Employee support	-	6,945	-	-	-	21,386	450	818	29,599
Independent living	-	-	-	-	570,386	-	-	-	570,386
In-kind expense	45,526	-	102,952	-	-	-	46,536	-	195,014
Insurance	9,892	175,086	-	-	-	12,859	2,968	12,859	213,664
Occupancy	27,169	527,735	-	-	-	60,732	7,438	32,339	655,413
Out of home care room and board	87,801	172,376	275,016	8,392,982	-	3,068	22,582	-	8,953,825
Out of home care support	50	323,086	-	156,645	-	862	-	-	480,643
Purchased services	128,202	2,480,519	742,439	446,197	433,584	507	1,437,050	-	5,668,498
Salaries and benefits	479,505	7,597,030	-	-	-	734,500	192,395	835,581	9,839,011
Support	44,923	254,459	-	26,182	4,274	235,024	-	117,542	682,404
Telecommunications/information	10,637	201,106	-	-	-	19,122	3,485	13,945	248,295
Travel, meals, and lodging	18,178	549,837	-	16,104	-	6,714	5,495	4,543	600,871
Total expenses	\$ 12,575,247	\$ 12,288,179	\$ 1,120,407	\$ 9,038,110	\$ 1,008,244	\$ 1,096,916	\$ 1,718,399	\$ 1,114,848	\$ 39,960,350

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

Community Partnership for Children, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

NOTE A – GENERAL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. General

Community Partnership for Children, Inc. (the "Organization"), a Florida not-for-profit corporation, was formed on December 7, 1999. The Organization signed a start-up contract with the Florida Department of Children and Families (DCF) to develop key competencies in the child protection services process and for the Organization to establish the necessary infrastructure, including policy and procedure development, prior to assuming full responsibility for child protection services as stated in section 409.1671, Florida Statutes. The Organization administers, integrates, coordinates, and assures the delivery of child protection services, emergency shelter, in-home protective services, relative care placements, foster care, foster care supervision, intensive residential treatment, independent living, family reunification, and adoption and appropriate related services in Volusia, Flagler and Putnam counties.

2. Basis of accounting and financial statement presentation

The accompanying financial statements and accompanying schedules have been prepared on the accrual basis of accounting. The Organization reports information regarding its financial position and activities according to two classes of net assets as follows:

Net Assets Without Donor Restrictions

Net assets without donor restrictions are available for use at the discretion of the Board and/or management for general operating purposes. From time to time the Board may designate a portion of these net assets for specific purposes which makes them unavailable for use at management's discretion. For example, the Board may designate a portion of net assets without donor restrictions as a quasi-endowment (an amount to be treated by management as if it were part of the donor restricted endowment) for the purpose of securing the Organization's long-term financial viability.

Net Assets With Donor Restrictions

Net assets with donor restrictions consist of assets whose use is limited by donor-imposed and grantor-imposed restrictions, time and/or purpose restrictions.

The Organization reports contributions restricted by donors or grantors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. The Organization reports all other gifts of cash and other assets as revenue with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, the net assets are reclassified as net assets without donor restriction and reported in the statement of activities as net assets released from restrictions.

Community Partnership for Children, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

**NOTE A – GENERAL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(continued)**

2. Basis of accounting and financial statement presentation (continued)

Some net assets with donor restrictions include a stipulation that assets provided be maintained permanently (perpetual in nature) while permitting the Organization to expend the income generated by the assets in accordance with the provisions of additional donor imposed stipulations or a Board approved spending policy.

See Note I for more information on the composition of net assets with donor restrictions.

3. Cash and cash equivalents

The Organization considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

4. Accrued vacation

The Organization accrues for vacation benefits earned by employees, but not yet taken. The Organization's employees are not entitled to payment for unused sick days. The Organization's policy allows for employees to carry over a maximum of 320 hours of unused vacation benefits from year to year. As of June 30, 2020, accrued vacation totaled \$327,488, and is included in accrued expenses in the statement of financial position.

5. Income taxes

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code; therefore, no income tax provision is required in the accompanying financial statements. The Organization is not classified as a private foundation. Contributions to the Organization are qualified as deductions for charitable contributions.

Management has analyzed the Organization's various federal and state filing positions and believes that its income tax filing positions and deductions are well documented and supported and that no accruals for tax liabilities are necessary. Therefore, no reserves for uncertain income tax positions have been recorded. The Organization remains subject to examination by the US Internal Revenue Service for the years ended June 30, 2018 through June 30, 2020.

6. Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual amounts could differ from those estimates.

Community Partnership for Children, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

**NOTE A – GENERAL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(continued)**

7. Furniture and equipment

Furniture and equipment acquired by the Organization is considered to be owned by the Organization. However, funding sources may maintain an equitable interest in the assets purchased with grant monies as well as the right to determine the use of any proceeds from the sale of these assets. The State of Florida has a reversionary interest in those assets purchased with its funds that have a cost of \$1,000 or more and an estimated useful life of at least one year. The Federal Government has a reversionary interest in those assets purchased with its funds that have a cost of \$5,000 or more and an estimated useful life of at least one year.

Furniture and equipment with a value greater than \$1,000 and an estimated useful life of at least one year is capitalized at cost when purchased or at estimated fair market value when contributed. Depreciation is computed using the straight-line method over the estimate useful life of the assets, ranging from three to fifteen years. Repairs and maintenance are expensed as incurred.

8. Accounts receivable

Accounts receivable are stated at unpaid balances. The Organization charges off uncollectible accounts receivable when management determines the receivable will not be collected. As of June 30, 2020, the Organization considers all receivable amounts to be fully collectable, thus no allowance for doubtful accounts has been recorded.

9. Functional allocation of expenses

The cost of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

10. Grant revenue

A significant portion of the Organization's revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as without donor restricted grant revenue when the Organization has met performance requirements and incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures or meeting other conditional performance requirement barriers are reported as refundable advances in the statement of financial position. At June 30, 2020, the Organization had grant receivables of \$443,656, relating to revenue earned during the year ended June 30, 2020.

Community Partnership for Children, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

**NOTE A – GENERAL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(continued)**

11. Donated services and materials

Contributed services that qualify as specialized services and donated items are recorded at their estimated fair value at the date of receipt. Donated materials and services are presented in the accompanying statement of activity as in-kind revenues and expenses. Volunteer services provided to the Organization to carry out its mission do not meet the criterion used to record donated services; therefore, they have not been recorded in the accompanying financial statements.

12. Subsequent events

The Organization has evaluated events and transactions for potential recognition or disclosure in the financial statements through December 16, 2020, the date the financial statements were available to be issued.

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the “COVID-19 outbreak”) and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Organization’s financial condition, liquidity, and future results of operations. Management is actively monitoring the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Organization is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for fiscal year 2021.

13. Statement of cash flows

Ending cash and cash equivalents, and restricted cash in the statement of cash flows totaling \$4,305,765 includes cash and cash equivalents of \$4,067,738 and restricted cash of \$238,027. Beginning cash and cash equivalents, and restricted cash in the statement of cash flows totaling \$1,727,932 includes cash and cash equivalents of \$1,563,687 and restricted cash of \$164,245.

Community Partnership for Children, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

**NOTE A – GENERAL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(continued)**

14. Recent accounting pronouncements

Implemented:

In June 2018, the FASB issued (ASU) 2018-08, *Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (ASC 958-605), which clarifies how transactions should be accounted for as contributions (nonreciprocal transactions) or exchange transactions and whether a contribution is conditional. The Organization adopted ASC 958-605 and all related amendments effective July 1, 2019.

To be implemented:

In May 2014, the FASB issued Accounting Standards Update (ASU) 2014-09, Revenue from Contracts with Customers, which amends the existing accounting standards for revenue recognition. ASU 2014-09 is based on principles that govern the recognition of revenue at an amount an entity expects to be entitled when contract performance obligations are met. The standard is effective for fiscal years beginning after December 15, 2019. The Organization is currently evaluating the impact of adopting the new revenue standard on its financial statements.

In February 2016, the FASB issued Accounting Standards Update (ASU) 2016-02, Leases, that requires lessees to put most leases on their balance sheets and recognize expenses on their income statements in a manner similar to today's capital lease accounting. For lessors, the guidance modifies the classification criteria for accounting for sales-type and direct financing leases. The new guidance is effective for fiscal years beginning after December 15, 2021. Early adoption is permitted. The Organization is evaluating the potential effects ASU 2016-02 will have on its financial statements.

NOTE B – CASH AND CASH EQUIVALENTS

Custodial Credit Risk - The Organization's policy is to place its cash investments with high quality financial institutions. The Organization maintains its cash deposit accounts in institutions which are Federal Deposit Insurance Corporation insured, which provide coverage on balances up to \$250,000 per institution. At June 30, 2020, the Organization had \$4,144,980 in excess of federally insured limits. The Organization has never experienced any losses in such accounts and does not believe it is exposed to any significant credit risk on cash and cash equivalents.

Community Partnership for Children, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

NOTE C – SIGNIFICANT FUNDING SOURCE

The Organization received a substantial amount of its funding (approximately 98%) for the year ended June 30, 2020, from the State of Florida, via the DCF, through contract NJ205. 345,314,834 for the contract period from July 1, 2011 through June 30, 2021. Each year's funding of the contract is contingent upon appropriations by the Florida legislature and is therefore considered a conditional promise to give, and is not recorded as a grant receivable. A significant reduction in the level of this funding, if this were to occur, could have an adverse effect on the Organization's programs and activities.

NOTE D – FURNITURE AND EQUIPMENT

Furniture and equipment and accumulated depreciation at June 30, 2020, are summarized as follows:

Equipment and software	\$1,028,925
Furniture and fixtures	120,362
Leasehold improvements	<u>122,494</u>
	1,271,781
Less: accumulated depreciation	<u>(973,995)</u>
Furniture and equipment, net	<u>\$ 297,786</u>

Depreciation expense for the year ended June 30, 2020, was \$97,221.

NOTE E – INVESTMENT IN COMMUNITY BASED CARE INTEGRATED HEALTH, LLC & COMMUNITY BASED CARE CASUALTY INSURANCE, LLC

Investments in equity securities of nonpublic entities without readily determinable fair values are carried at cost minus impairment, if any, plus or minus changes resulting from observable price changes in orderly transactions for the identical or a similar investment of the same issuer and totaled \$106,785 as of June 30, 2020. The Organization reviews its equity securities without readily determinable fair values on a regular basis to determine if the investment is impaired. For purposes of this assessment, the Organization considers the investee's cash position, earnings and revenue outlook, liquidity and management ownership, among other factors, in its review. If management's assessment indicates that an impairment exists, the Organization estimates the fair value of the equity investment and recognizes in current earnings an impairment loss that is equal to the difference between the fair value of the equity investment and its carrying amount. There was no deemed impairment for the year ended June 30, 2020.

Community Partnership for Children, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

NOTE E – INVESTMENT IN COMMUNITY BASED CARE INTEGRATED HEALTH, LLC & COMMUNITY BASED CARE CASUALTY INSURANCE, LLC (Continued)

During 2006, the Organization became a limited partner in the Community Based Care Partnership, Inc. (the “Partnership”) for the purpose of bidding on the State of Florida’s Child Welfare Prepaid Mental Health Plan. The Partnership was ultimately awarded the agreement, and the Organization, as a limited partner, entered into a prepaid, capitated agreement with the Partnership beginning June 1, 2007. In May of 2014, the Partnership dissolved and the Organization became a limited partner in the CBC Integrated Health, LLC to continue providing care coordination and administrative services for both mental and general health for children in care. The Organization provided child welfare and health services under the contract during the year ended June 30, 2020, recognizing revenue of \$324,731. The Organization’s investment in the Partnership is valued at its original 2006 cost, which approximates fair value, of \$56,785 (included in other noncurrent assets) as the investment does not have a readily determinable fair value.

During 2016, the Organization and four other Community Based Care Lead Agency corporations each made initial contributions of \$50,000 to establish CBC Casualty Insurance, LLC (CBCCI). During 2020, an additional partner joined CBCCI. CBCCI is an insurance captive established for the purpose of issuing deductible buy-back insurance policies and providing risk management support to the participating members. The Organization and the other five members each own 16.67% of CBCCI. The Organization’s investment in CBCCI is valued at its original 2016 cost, which approximates fair value, of \$50,000 (included in other noncurrent assets) as the investment does not have a readily determinable fair value.

NOTE F – LINE OF CREDIT

The Organization has a line of credit with a national bank that allows for borrowings up to \$1,000,000 with an interest rate equal to the adjustable rate of “The Wall Street Journal Prime Rate”, which was 3.25% at March 16, 2020. As of June 30, 2020, there is no balance outstanding on the line of credit.

NOTE G – 401K PLAN

The Organization established a 401K Plan effective July 24, 2010, for all qualifying employees. The Organization’s 401K Plan includes a 401K match for participating employees in an amount equal to 100% of their elective deferrals that does not exceed 4% of the employees’ compensation. Contributions to the profit sharing component of the Plan are at the discretion of the Organization and are determined on an annual basis. The Organization provided for matching contributions of \$146,562 to the Plan for the year ended June 30, 2020. Employees are immediately vested in their contributions and the matching contributions.

Community Partnership for Children, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

NOTE H – COMMITMENTS

The Organization leases certain office space under agreements classified as operating leases. Future minimum lease payments under all such leases having initial non-cancelable terms in excess of one year for each of the next five years and in the aggregate are as follows:

<u>Years Ending June 30,</u>	<u>Amount</u>
2021	\$ 582,406
2022	<u>3,348</u>
	<u>\$ 585,754</u>

Rent expense for the year ended June 30, 2020, was \$588,508.

NOTE I – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions relate to funds received for specific purposes. These restrictions are considered to expire when the payments are received and the funds have been expended for the specified purpose. Net assets with donor restrictions as of June 30, 2020, are summarized as follows:

Toy Drive	\$ 3,342
CARCH (Career Choice)	3,229
Human Trafficking Victims Donations	2,100
Inspiration Grant Appeal	1,108
Soak-A-Server Adoptions	802
Other	683
Lerner Family	607
Race for Success	583
Early Childhood Court	274
2-4-2 Book Project	44
Jack and Jill of America	37
Daytona Lagoon	4
	<u>\$ 12,813</u>

Community Partnership for Children, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

NOTE J – FUNCTIONAL EXPENSES

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include occupancy and depreciation, as well as salaries and wages, benefits, payroll taxes, professional services, office expenses, insurance, and others, are allocated on a fixed percentage derived from total staff hours.

NOTE K – LIQUIDITY AND AVAILABILITY OF RESOURCES

The Organization’s financial assets available within one year of the statements of financial position date for general expenditures are as follows:

Cash and cash equivalents – without donor restrictions	\$ 4,054,925
Accounts receivable	<u>525,161</u>
Total financial assets available within one year	<u>\$ 4,580,086</u>

As part of the Organization’s liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. To help manage unanticipated liquidity needs, the Organization has a committed line of credit of \$1,000,000, which it could draw upon.

SUPPLEMENTAL INFORMATION



**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**

Partners

W. Ed Moss, Jr.
Joe M. Krusick
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American Institute of
Certified Public
Accountants

Florida Institute of
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To the Board of Directors of
Community Partnership for Children, Inc.
Daytona Beach, 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 Community Partnership for Children, 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 16, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Community Partnership for Children, Inc.'s internal control over financial reporting (internal control) as a basis for designing 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 Community Partnership for Children, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Community Partnership for Children, 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 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 Community Partnership for Children, Inc.'s financial statements are free of 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 financial statements. 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.

Moss, Krusick & Associates, LLC

Winter Park, Florida
December 16, 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 AND STATE OF FLORIDA CHAPTER 10.650, RULES OF THE AUDITOR GENERAL

To the Board of Directors of
Community Partnership for Children, Inc.
Daytona Beach, Florida

Report on Compliance for Each Major Federal Program and State Project

We have audited Community Partnership for Children, 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*, that could have a direct and material effect on each of Community Partnership for Children, Inc.'s major federal programs and state projects for the year ended June 30, 2020. Community Partnership for Children, 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 federal and state statutes, regulations, and the terms and conditions of its federal awards and state financial assistance applicable to its federal programs and state projects.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Community Partnership for Children, 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) and Chapter 10.650, *Rules of the Auditor General*. Those standards, the Uniform Guidance and Chapter 10.650, 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 Community Partnership for Children, 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 the Community Partnership for Children, Inc.'s compliance.

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Opinion on Each Major Federal Program and State Project

In our opinion, Community Partnership for Children, 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 Community Partnership for Children, 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 Community Partnership for Children, 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 and Chapter 10.650, 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 Community Partnership for Children, 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 a 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 a 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 a 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 and Chapter 10.650. Accordingly, this report is not suitable for any other purpose.

Moss, Krusick & Associates, LLC

Winter Park, Florida
December 16, 2020

Community Partnership for Children, Inc.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

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 weakness(es) identified? | No |
| b. Significant deficiencies identified that are not considered to be material weaknesses? | None reported |
| 3. Noncompliance material to financial statements noted? | No |

Federal Awards

- | | |
|---|---------------|
| 1. Type of auditors’ report issued on compliance for major programs: | Unmodified |
| 2. Internal control over major programs: | |
| a. Material weakness(es) identified? | No |
| b. Significant deficiencies identified that are not considered to be material weaknesses? | None reported |
| 3. Audit findings disclosed that are required to be reported in accordance with Uniform Guidance? | No |
| 4. Dollar threshold used to distinguish between Type A and Type B programs | \$750,000 |
| 5. Auditee qualified as low-risk auditee? | Yes |

Identifications of major programs:

<u>Name of Federal Program</u>	<u>CFDA Number</u>
Adoption Assistance	93.659
Stephanie Tubbs Jones Child Welfare Services Program	93.645
Social Services Block Grant	93.667

Community Partnership for Children, Inc.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
June 30, 2020

Section I – Summary of Auditors’ Results (continued)

State Financial Assistance

- | | |
|--|---------------|
| 1. Type of auditors’ report issued on compliance for major projects: | Unmodified |
| 2. Internal control over major projects: | |
| a. Material weakness(es) identified? | No |
| b. Significant deficiencies identified that are not considered to be material weaknesses? | None reported |
| 3. Audit findings disclosed that are required to be reported in accordance with the Florida Single Audit Act and Chapter 10.650, <i>Rules of the Auditor General</i> | No |
| 4. Dollar threshold used to distinguish between Type A and Type B projects | \$750,000 |

Identification of major projects:

<u>Name of State Project</u>	<u>CSFA Number</u>
Child Welfare Out-of-Home Supports	60.074

Section II – Financial Statement Findings

None (no corrective action plan or management letter required)

Section III – Federal Award Findings and Questioned Costs

None (no corrective action plan or management letter required)

Section IV – Status of Prior Year Audit Findings

None (no corrective action plan required)

Section V – Management Letter

No management letter pursuant to Sections 215.97(9)(f) and 215.97(10)(d), Florida Statutes is required since there are no items related to state financial assistance, not already reported in this schedule, required to be reported in the management letter.

COMMUNITY PARTNERSHIP FOR CHILDREN, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

Year Ended June 30, 2020

Federal/State Agency, Pass-Through Entity, State Project	CFDA/ CSFA Number	Grantor's Contract Number	Expenditures	Transfer to Subrecipients
FEDERAL AWARDS				
U.S. Department of Health and Human Services:				
Passed through State of Florida, Department of Children and Families:				
Promoting Safe and Stable Families	93.556	NJ205	\$ 1,014,636	\$ 921,434
Social Services Block Grant	93.667	NJ205	1,745,603	1,099,528
Temporary Assistance for Needy Families	93.558	NJ205	3,009,937	606,591
Foster Care - Title IV-E	93.658	NJ205	5,304,953	1,352,436
Stephanie Tubbs Jones Child Welfare Services Program	93.645	NJ205	543,176	75,872
Adoption Assistance	93.659	NJ205	7,089,233	122,297
Medical Assistance Program - Medicaid Cluster	93.778	NJ205	83,220	-
Chafee Foster Care Independence Program	93.674	NJ205	191,266	191,137
Chafee Education and Training Vouchers Program	93.599	NJ205	80,856	-
Grants to States for Access and Visitation Programs	93.597	NJ205	29,918	29,918
Child Abuse and Neglect State Grants	93.669	NJ205	36,723	22,595
Community-Based Child Abuse Prevention Grants	93.590	NJZ02	<u>59,360</u>	<u>59,360</u>
Total Expenditures of Federal Awards			<u>\$ 19,188,881</u>	<u>\$ 4,481,168</u>
STATE FINANCIAL ASSISTANCE				
State of Florida, Department of Children and Families:				
Out-of-Home Support	60.074	NJ205	\$ 3,064,622	\$ 777,012
CBC-Purchase Therapeutic Services for Children	60.183	NJ205	292,553	141,493
Independent Living Program	60.112	NJ205	22,969	-
Extended Foster Care Program	60.141	NJ205	<u>83</u>	<u>-</u>
Total Expenditures of State Financial Assistance			<u>\$ 3,380,227</u>	<u>\$ 918,505</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE			<u>\$ 22,569,108</u>	<u>\$ 5,399,673</u>

Basis of Presentation

The accompanying schedule of expenditures of federal awards and state financial assistance is presented on the accrual basis of accounting. 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), the Florida *Executive Office of the Governor's State Projects Compliance Supplement* and Chapter 10.650, *Rules of the Auditor General*, State of Florida. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Indirect Cost Rates

The Organization has elected not to use the 10% de minimis cost rate for its federal programs and state projects for the year ended June 30, 2020. The indirect cost rate of the Organization's federal programs and state projects are determined by the relevant federal or state agency.

Service Provided Contracts

Only revenues earned in accordance with the contract terms are reported as expenditures on the schedule of expenditures of federal awards and state financial assistance.

See independent auditors' report.

COMMUNITY PARTNERSHIP FOR CHILDREN, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

Year Ended June 30, 2020

Sub-recipients

Community Partnership for Children, Inc. provided funding to the following subrecipients as follows:

Children's Home Society of Florida	\$ 1,717,431
Neighbor to Family, Inc.	1,656,302
Florida United Methodist Church	1,481,950
Devereux Foundation, Inc.	1,351,789
CHOICES House, Inc.	510,196
Florida Baptist Children's Home	459,176
The House Next Door	456,594
Unity House	338,320
Safe Haven Academy	239,128
Healthy Start Coalition of Flagler & Volusia Counties	129,021
Abundant Life Ministries	<u>13,728</u>
Total	<u>\$ 8,353,635</u>
Passed through Federal Awards	\$ 4,481,168
Passed through State Matching funds	2,953,962
Passed through State Awards	<u>918,505</u>
Total	<u>\$ 8,353,635</u>

Matching Funds for Federal Programs

The following funds were provided by the State of Florida, through the Department of Children and Families as matching funds for the Federal Programs:

Federal/State Agency, Pass-Through Entity, State Project	CFDA/ CSFA Number	Grantor's Contract Number	Expenditures	Transfer to Subrecipients
Temporary Assistance for Needy Families	93.558	NJ205	\$ 1,921,139	353,506
Stephanie Tubbs Jones Child Welfare Services Program	93.645	NJ205	181,788	25,393
Foster Care-Title IV-E	93.658	NJ205	9,358,912	2,360,245
Adoption Assistance	93.659	NJ205	4,541,189	67,303
Chafee Foster Care Independent Living	93.674	NJ205	239,973	130,669
Medical Assistance Program - Medicaid Cluster	93.778	NJ205	83,226	-
Promoting Safe and Stable Families - Title IV-B	93.556	NJ205	143,287	2,006
Chafee Education and Training Vouchers Program	93.599	NJ205	21,110	-
Community-Based Child Abuse Prevention Grants	93.590	NJZ02	<u>14,840</u>	<u>14,840</u>
			<u>\$ 16,505,464</u>	<u>\$ 2,953,962</u>

See independent auditors' report.