

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

FINANCIAL STATEMENTS
AND ADDITIONAL INFORMATION

Years Ended June 30, 2022 and 2021

KIDS FIRST OF FLORIDA, INC.

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5150 Belfort Road, Bldg. 300, Jacksonville, FL 32256
Phone: (904) 725-5832 Fax: (904) 727-6835
Email: office@fordefirm.com

Linda R. Forde, C.P.A.*
Megan McAtee, C.P.A., M.Acc.*
David R. Forde, Ph.D.
Alex Lawlor, M.B.A.
Mohamed Camara, M.B.A.
McArthur Banks, Jr., B.F.A.
Patrick Smith
Jessica Marshall
Jo Ann Bianco-Jones
Katrina Jones
Linsey Gloeckner
Robert Forde

* MEMBER OF
AMERICAN AND FLORIDA
INSTITUTES OF
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS’ REPORT

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

Opinion

We have audited the accompanying financial statements of Kids First of Florida, Inc., (a nonprofit corporation), a component corporation of the Institute for Growth and Development, Inc., (a nonprofit corporation), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Kids First of Florida, Inc., as of June 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (Government Auditing Standards)*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Kids First of Florida, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Kids First of Florida, Inc.'s ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit 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 Kids First of Florida, Inc.'s internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Kids First of Florida, Inc.'s to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information on pages 16 to 24 is presented for purposes of additional analysis and is not a required part of the financial statements of Kids First of Florida, Inc. The accompanying Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 January 25, 2023, on our consideration of Kids First of Florida, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is 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 Kids First of Florida, 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 Kids First of Florida, Inc.'s internal control over financial reporting and compliance.



The Forde Firm, LLC
Jacksonville, Florida
January 25, 2023

KIDS FIRST OF FLORIDA, INC.
(A Nonprofit Corporation)
STATEMENTS OF FINANCIAL POSITION
June 30, 2022 and 2021

ASSETS

	<u>2022</u>	<u>2021</u>
Cash	\$ 5,765,236	\$ 3,738,431
Accounts receivable (Note B)	-	501,310
Prepaid expenses	<u>359,222</u>	<u>165,524</u>
Total Current Assets	6,124,458	4,405,265
Property, plant and equipment, less accumulated depreciation of \$221,943 and \$213,068 for 2022 and 2021 (Note D)	<u>-</u>	<u>8,875</u>
Total Assets	<u><u>\$ 6,124,458</u></u>	<u><u>\$ 4,414,140</u></u>

LIABILITIES AND NET ASSETS

Accounts payable	\$ 673,509	\$ 470,733
Accrued expenses	188,405	300,199
Deferred revenue (Note M)	<u>3,066,719</u>	<u>1,649,227</u>
Total Current Liabilities	<u>3,928,633</u>	<u>2,420,159</u>
Net assets without donor restrictions	2,147,082	1,936,363
Net assets without donor restrictions - Property	-	8,875
Net assets with donor restrictions	<u>48,743</u>	<u>48,743</u>
Total Net Assets	<u>2,195,825</u>	<u>1,993,981</u>
Total Liabilities and Net Assets	<u><u>\$ 6,124,458</u></u>	<u><u>\$ 4,414,140</u></u>

See Notes to Financial Statements.

KIDS FIRST OF FLORIDA, INC.
(A Nonprofit Corporation)
STATEMENTS OF ACTIVITIES
Years Ended June 30, 2022 and 2021

	2022			2021		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
SUPPORT AND REVENUE						
Contributions	\$ 11,327	\$ -	\$ 11,327	\$ 26,525	\$ -	\$ 26,525
Special events (Note E)	-	-	-	12,046	-	12,046
COVID - Funds	-	-	-	708,300	-	708,300
Other income	279,587	-	279,587	246,575	-	246,575
Interest income	382	-	382	1,662	-	1,662
State of Florida:						
Department of Children and Families:						
Community Based Foster Care	11,154,952	-	11,154,952	10,468,066	-	10,468,066
Total Support and Revenue	11,446,248	-	11,446,248	11,463,174	-	11,463,174
Net Assets Released from Restrictions	-	-	-	-	-	-
Total Support, Revenue and Net Assets Released from Restrictions	11,446,248	-	11,446,248	11,463,174	-	11,463,174
Program Service Expenses	10,715,398	-	10,715,398	10,522,788	-	10,522,788
Supporting Service Expenses	529,006	-	529,006	550,317	-	550,317
Total Expenses	11,244,404	-	11,244,404	11,073,105	-	11,073,105
Change in Net Assets	201,844	-	201,844	390,069	-	390,069
Net Assets, Beginning of Period	1,945,238	48,743	1,993,981	1,555,169	48,743	1,603,912
Net Assets, End of Period	<u>\$ 2,147,082</u>	<u>\$ 48,743</u>	<u>\$ 2,195,825</u>	<u>\$ 1,945,238</u>	<u>\$ 48,743</u>	<u>\$ 1,993,981</u>

See Notes to Financial Statements.

KIDS FIRST OF FLORIDA, INC.
(A Nonprofit Corporation)
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2022

	Family Services	Contract Licensure	Independent Living	Foster Care & Adoptions	TOTAL PROGRAM SERVICES	Fundraising	Administrative	TOTAL
Salaries	\$ 1,808,854	\$ 291,504	\$ 39,078	\$ -	\$ 2,139,436	\$ -	\$ 220,645	\$ 2,360,081
Fringe Benefits	266,876	34,146	4,571	-	305,593	-	19,813	325,406
Payroll Taxes	135,739	22,434	1,350	-	159,523	-	16,204	175,727
	<u>2,211,469</u>	<u>348,084</u>	<u>44,999</u>	<u>-</u>	<u>2,604,552</u>	<u>-</u>	<u>256,662</u>	<u>2,861,214</u>
Foster Care, Shelter & Services	829,917	-	-	5,760,592	6,590,509	-	-	6,590,509
Building Occupancy	234,350	16,998	6,788	-	258,136	-	7,331	265,467
Equipment/Furniture	6,740	-	-	-	6,740	-	1,827	8,567
Professional Services	27,506	982	690	-	29,178	-	393	29,571
Mileage and Travel	43,543	8,738	8,866	-	61,147	-	205	61,352
Trainings/Meetings	2,783	127	-	-	2,910	-	906	3,816
Communication	55,653	(100)	-	-	55,553	-	540	56,093
Contracted Services	872,345	211	84	-	872,640	-	254,073	1,126,713
Maintenance Agreements	2,552	-	-	-	2,552	-	-	2,552
Maintenance / Janitorial	7,336	378	151	-	7,865	-	942	8,807
Vehicle	3,878	-	-	-	3,878	-	-	3,878
Background Screenings	31,907	70	-	-	31,977	-	38	32,015
Office Supplies	4,636	-	-	-	4,636	-	176	4,812
IT Expense	3,060	-	-	-	3,060	-	748	3,808
Postage	8,408	-	-	-	8,408	-	-	8,408
Insurance	121,547	9,318	3,727	-	134,592	-	3,727	138,319
Payroll Processing Fees	5,896	447	179	-	6,522	-	179	6,701
Dues Membership Fees	-	-	-	-	-	-	363	363
Recruitment	12,605	-	-	-	12,605	-	488	13,093
Operating Supplies and Expenses	2,138	-	-	-	2,138	-	408	2,546
	<u>2,276,800</u>	<u>37,169</u>	<u>20,485</u>	<u>5,760,592</u>	<u>8,095,046</u>	<u>-</u>	<u>272,344</u>	<u>8,367,390</u>
Total Personnel and Expenses	4,488,269	385,253	65,484	5,760,592	10,699,598	-	529,006	11,228,604
Administration	480,795	41,206	7,005	-	529,006	-	(529,006)	-
Unallowable Expense	6,925	-	-	-	6,925	-	-	6,925
Interest	-	-	-	-	-	-	-	-
Fundraising	-	-	-	-	-	-	-	-
Depreciation	8,066	691	118	-	8,875	-	-	8,875
Grand Total	<u>\$ 4,984,055</u>	<u>\$ 427,150</u>	<u>\$ 72,607</u>	<u>\$ 5,760,592</u>	<u>\$ 11,244,404</u>	<u>\$ -</u>	<u>\$ -</u>	<u>11,244,404</u>

See Notes to Financial Statements.

KIDS FIRST OF FLORIDA, INC.
(A Nonprofit Corporation)
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2021

	Family Services	Contract Licensure	Independent Living	Foster Care & Adoptions	TOTAL PROGRAM SERVICES	Fundraising	Administrative	TOTAL
Salaries	\$ 2,446,057	\$ 269,549	\$ 26,615	\$ -	\$ 2,742,221	\$ -	\$ 186,353	\$ 2,928,574
Fringe Benefits	178,208	19,923	1,100	-	199,231	-	13,345	212,576
Payroll Taxes	338,178	37,107	4,018	-	379,303	-	23,555	402,858
	<u>2,962,443</u>	<u>326,579</u>	<u>31,733</u>	<u>-</u>	<u>3,320,755</u>	<u>-</u>	<u>223,253</u>	<u>3,544,008</u>
Foster Care, Shelter & Services	834,123	-	-	5,484,891	6,319,014	-	-	6,319,014
Building Occupancy	228,681	16,998	6,799	-	252,478	-	6,799	259,277
Equipment/Furniture	7,294	-	-	-	7,294	-	90	7,384
Professional Services	60,936	953	1,036	-	62,925	-	381	63,306
Mileage and Travel	68,150	7,766	252	-	76,168	-	-	76,168
Trainings/Meetings	10,065	205	-	-	10,270	-	220	10,490
Communication	58,084	(100)	-	-	57,984	-	360	58,344
Contracted Services	164,991	266	106	-	165,363	-	313,209	478,572
Maintenance Agreements	3,074	-	-	-	3,074	-	-	3,074
Maintenance / Janitorial	7,666	436	173	-	8,275	-	181	8,456
Vehicle	2,637	-	-	-	2,637	-	-	2,637
Background Screenings	34,805	84	-	-	34,889	-	-	34,889
Office Supplies	7,219	-	-	-	7,219	-	477	7,696
IT Expense	6,928	174	70	-	7,172	-	250	7,422
Postage	8,982	-	-	-	8,982	-	-	8,982
Insurance	111,077	8,415	3,366	-	122,858	-	3,476	126,334
Payroll Processing Fees	7,731	586	234	-	8,551	-	234	8,785
Dues Membership Fees	400	-	-	-	400	-	-	400
Recruitment	4,137	-	-	-	4,137	-	252	4,389
Operating Supplies and Expenses	1,627	-	-	-	1,627	2,226	1,135	4,988
	<u>1,628,607</u>	<u>35,783</u>	<u>12,036</u>	<u>5,484,891</u>	<u>7,161,317</u>	<u>2,226</u>	<u>327,064</u>	<u>7,490,607</u>
Total Personnel and Expenses	4,591,050	362,362	43,769	5,484,891	10,482,072	2,226	550,317	11,034,615
Administration	505,767	39,749	4,801	-	550,317	-	(550,317)	-
Unallowable Expense	19,668	-	-	-	19,668	-	-	19,668
Interest	-	-	-	-	-	-	-	-
Fundraising	2,226	-	-	-	2,226	(2,226)	-	-
Depreciation	17,299	1,359	164	-	18,822	-	-	18,822
Grand Total	<u>\$ 5,136,010</u>	<u>\$ 403,470</u>	<u>\$ 48,734</u>	<u>\$ 5,484,891</u>	<u>\$ 11,073,105</u>	<u>\$ -</u>	<u>\$ -</u>	<u>11,073,105</u>

See Notes to Financial Statements.

KIDS FIRST OF FLORIDA, INC.
(A Nonprofit Corporation)
STATEMENTS OF CASH FLOWS
Years Ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 201,844	\$ 390,069
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	8,875	18,822
(Increase) decrease in:		
Accounts receivable	501,310	(501,310)
Prepaid expenses	(193,698)	1,128
Increase (decrease) in:		
Accounts payable	202,776	104,653
Accrued expenses	(111,794)	(12,624)
Refundable advances	<u>1,417,492</u>	<u>918,427</u>
Net Cash Provided (Used) By Operating Activities	<u>2,026,805</u>	<u>919,165</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
SBA Loan Forgiveness	<u>-</u>	<u>(673,300)</u>
Net Cash Provided (Used) By Investing Activities	<u>-</u>	<u>(673,300)</u>
Net Increase (Decrease) in Cash	2,026,805	245,865
Cash at Beginning of Period	<u>3,738,431</u>	<u>3,492,566</u>
Cash at End of Period	<u>\$ 5,765,236</u>	<u>\$ 3,738,431</u>

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:

Cash paid during the period:

Interest	<u>\$ -</u>	<u>\$ -</u>
Taxes	<u>\$ -</u>	<u>\$ -</u>

See Notes to Financial Statements.

KIDS FIRST OF FLORIDA, INC.
(A Nonprofit Corporation)
NOTES TO FINANCIAL STATEMENTS
June 30, 2022 and 2021

A. Summary of Significant Accounting Policies:

- (1) Nature of Organization – Kids First of Florida, Inc., formerly known as Clay & Baker Kids Net, Inc. and Clay Kids Net, Inc., was incorporated January 15, 2003 to provide foster care placement, case management, adoption, physical and emotional support, and be a liaison with the health department for children in Clay County, Florida. The largest funding source for the Organization is the Florida Department of Children and Families.
- (2) Basis of Presentation – The accompanying financial statements are prepared using the accrual basis of accounting generally accepted in the United States of America. The financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 dated August 2016, and the provisions of the American Institute of Certified Public Accountants (AICPA) “Audit and Accounting Guide for Not-For-Profit Organizations” (the Guide). ASC 958-205 was effective January 1, 2018.

Under the provisions of the Guide, net assets and revenues, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Kids First and changes therein are classified as follows:

Net assets without donor restrictions – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of Kids First. Kids First’s board may designate assets without restrictions for specific operational purposes from time to time.

Net assets with donor restrictions – Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of Kids First or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Expenses are generally reported as decreases in net assets without donor restrictions. Expiration of donor-imposed restrictions that simultaneously increase one class of net assets and decrease another are reported as reclassifications between the applicable net assets. Kids First had \$48,743 and \$48,743 net assets with donor restrictions for the years ended June 30, 2022 and 2021, respectively.

- (3) Basis of Accounting – The financial statements are prepared using the accrual basis of accounting and accordingly, reflect all significant receivables, payables, and other liabilities.

KIDS FIRST OF FLORIDA, INC.
(A Nonprofit Corporation)
NOTES TO FINANCIAL STATEMENTS
June 30, 2022 and 2021
-continued-

- (4) Functional Allocation of Expenses – Expenditures in connection with program operations have been summarized on a functional basis in the statement of activities.
- (5) Cash – For purposes of the Statements of Cash Flows, the Organization considers all highly liquid investments with an initial maturity of three months or less to be cash.
- (6) Property, Plant and Equipment – Property, plant and equipment are recorded at cost for purchased items. Donated items are recorded at fair market value at the date of the gift. Asset purchases of \$5,000 or more are capitalized.
- (7) Depreciation – Building and equipment are being depreciated over the estimated useful lives of the individual assets by the straight-line method.
- (8) Public Support and Revenue – Revenue is reported at the estimated net realizable amounts due from third-party payers and others for services rendered. Client fees are recognized upon receipt.
- (9) Fair Values of Financial Instruments – Generally accepted accounting principles require certain financial instruments to be recorded at fair value. Changes in methods of estimation could affect the fair value estimates; however, such changes are not expected to have a material impact on the organization’s financial position, activities or cash flows.
- (10) Income Taxes – The Organization has been granted tax exempt status under Section 501(c)(3) of the Internal Revenue code, is not a private foundation and has no unrelated business taxable income. Management evaluated the Organization’s tax positions and concluded that the Organization had maintained its exempt status and had taken no uncertain tax positions that require adjustment to the financial statements. Accordingly, no provision for income tax is required. The Organization’s Forms 990, *Return of Organization Exempt from Income Tax*, are subject to examination by the IRS for three years after they were filed.
- (11) Use of Estimates – The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions, primarily related to the collectability of receivables and the depreciable lives of buildings and improvements that affect certain amounts and disclosures. Accordingly, actual results could differ from those estimates.

KIDS FIRST OF FLORIDA, INC.
(A Nonprofit Corporation)
NOTES TO FINANCIAL STATEMENTS
June 30, 2022 and 2021
-continued-

- (12) Revenue and Support With and Without Donor Restrictions – Support that is restricted by the donor is reported as an increase in net assets without donor restriction if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities as net assets released from restrictions.
- (13) Advertising – Advertising costs of \$13,093 and \$4,390 for the years ended June 30, 2022 and 2021, respectively, were expensed as incurred.
- (14) Reclassifications – Certain accounts relating to the prior year have been restated to conform to the current year’s presentation. The reclassifications have no effect on income.

B. Accounts Receivable:

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

C. Line of Credit:

The Organization secured a bank line of credit for working capital needs. The line of credit is for \$500,000, priced at Prime Rate Index, currently 3.25%, plus 0.2%, maturing February 28, 2022 and is secured by all accounts, equipment, general intangibles and fixtures. There was no principal balance on the line at June 30, 2022 or 2021.

D. Property, Plant and Equipment:

	<u>Life</u>	<u>2022</u>	<u>2021</u>
Furniture and fixtures	5 yrs.	\$ 24,434	\$ 24,434
Equipment	5 yrs.	119,211	119,211
Vehicles	5 yrs.	<u>78,298</u>	<u>78,298</u>
		221,943	221,943
Accumulated depreciation		<u>(221,943)</u>	<u>(213,068)</u>
		<u>\$ -0-</u>	<u>\$ 8,875</u>

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

KIDS FIRST OF FLORIDA, INC.
(A Nonprofit Corporation)
NOTES TO FINANCIAL STATEMENTS
June 30, 2022 and 2021
-continued-

E. Special Events:

The Organization did not have any major fundraisers during the year ending June 30, 2022. Due to the coronavirus crisis, the Organization did not have their annual fundraiser in 2021. Receipts totaled \$0 and disbursements were \$0 for the year ended June 30, 2022.

F. In-Kind Contributions:

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

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

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

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

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

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

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

G. Related Party:

Kids First of Florida, Inc. and Clay Behavioral Health Center, Inc. are controlled by The Institute for Growth & Development, Inc. through board of directors' appointments and management agreements. Kids First of Florida, Inc. had accounts payable of \$5,522 and \$10,683 due to Clay Behavioral Health Center, Inc. at June 30, 2022 and 2021, respectively. Kids First of Florida, Inc. had accounts payable of \$7,811 and \$11,108 due to the Institute for Growth & Development, Inc. at June 30, 2022 and 2021, respectively. Kids First of Florida, Inc. paid The Institute for Growth & Development, Inc. \$273,218 and \$330,986 for reimbursement of costs during the years ending June 30, 2022 and 2021, respectively. Kids First of Florida, Inc. paid Clay Behavioral Health Center, Inc. \$116,130 and \$147,618 for services during the years ending June 30, 2022 and 2021, respectively.

KIDS FIRST OF FLORIDA, INC.
(A Nonprofit Corporation)
NOTES TO FINANCIAL STATEMENTS
June 30, 2022 and 2021
-continued-

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

The Organization had fixed price and/or unit of service contracts that required cost sharing or match. Kids First of Florida, Inc. met the matching requirements of these contracts for the years ending June 30, 2022 and 2021.

I. Operating Leases:

The Organization leases office space on Kingsley Avenue in Orange Park. The office leases run through June 30, 2024 and has a five-year option which, if exercised, would extend to June 30, 2029. If funding from the State of Florida is reduced by 15% or more, the Organization has the option of being released from the contract or a revision following a 30-day written notice.

The minimum lease payments, which include an assessment for common area maintenance, for the years ending June 30 are as follows:

2023	\$ 270,886
2024	<u>270,866</u>
	<u>\$ 541,772</u>

Rent expense, including record storage, for the years ending June 30, 2022 and 2021 was \$265,477 and \$259,277, respectively.

J. Concentration of Credit Risk:

The Organization maintains bank accounts with three FDIC insured banks and exceeded depository insurance limits. The uninsured exposure at June 30, 2022 and 2021 was \$5,442,432 and \$3,194,417, respectively.

K. Contingencies:

Revenue from the State of Florida Department of Children and Families was 97% and 91% of total public support and revenue in the years ending June 30, 2022 and 2021. Laws and regulations governing the children's programs are complex and subject to interpretation. The Organization believes that it is in compliance with all applicable laws and regulations and is not aware of any pending or threatened investigations involving allegations of potential wrongdoing. While no such regulatory inquiries have been made, compliance with such laws and regulations can be subject to future government review and interpretation, as well as significant regulatory action, including fines, penalties and exclusion from the programs.

KIDS FIRST OF FLORIDA, INC.
(A Nonprofit Corporation)
NOTES TO FINANCIAL STATEMENTS
June 30, 2022 and 2021
-continued-

L. Net Assets With Donor Restrictions:

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

	<u>2022</u>	<u>2021</u>
Children’s Crisis Center	\$ <u>48,743</u>	\$ <u>48,743</u>

M. Deferred Revenue:

Deferred revenue consists of the following as of June 30:

	<u>2022</u>	<u>2021</u>
Florida Department of Children And Families carryforward	\$2,707,497	\$ 1,483,703
Other	<u>359,222</u>	<u>165,524</u>
	<u>\$3,066,719</u>	<u>\$ 1,649,227</u>

N. Retirement Plan:

The IGD 401k Plan, which became effective on January 1, 2016, is a defined contribution plan providing retirement benefits for all eligible employees of The Institute for Growth & Development, Inc., Clay Behavioral Health Center, Inc. and Kids First of Florida, Inc. Substantially all employees who have completed one year of service are eligible to join the Plan and may contribute up to 90% of their eligible pretax compensation, subject to limitations established by the Internal Revenue Code. The company may elect to make discretionary matching contributions or non-elective contributions to the Plan. During the years ended June 30, 2022 and 2021 the company made no contributions. Plan participants are immediately fully vested in their contributions and any associated earnings. Vesting in any company contributions is based on years of continuous service and a participant is 100% vested in such contributions after six years of continuous service.

O. Liquidity and Availability of Funds:

Financial assets available for general expenditure without donor restrictions limiting their use within one year of the statement of financial position date consist of the operating bank accounts and accounts receivable, totaling \$5,765,236 and \$4,239,741 as of June 30, 2022 and 2021, respectively.

KIDS FIRST OF FLORIDA, INC.
(A Nonprofit Corporation)
NOTES TO FINANCIAL STATEMENTS
June 30, 2022 and 2021
-continued-

P. Subsequent Events:

In preparing these financial statements, the Organization evaluated events and transactions for potential recognition or disclosure through January 25, 2023, the date the financial statements were available to be issued.

KIDS FIRST OF FLORIDA, INC.
(A Nonprofit Corporation)
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE PROJECTS
Year Ended June 30, 2022

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>CFDA/ CSFA Number</u>	<u>Contract/Grant Number</u>	<u>Expenditures</u>	<u>Transfers to Subrecipients</u>
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Passed Through State of Florida				
Department of Children and Families:				
Guardianship Assistance	93.090	DJ039	\$ 17,040	\$ -
Promoting Safe and Stable Families	93.556	DJ039	231,963	(3,727)
Temporary Assistance for Needy Families	93.558	DJ039	557,480	(100,577)
Adoption Incentive Payments	93.603	DJ039	38,005	-
Child Welfare Services - State Grants	93.645	DJ039	273,318	(58,778)
Foster Care - Title IV-E	93.658	DJ039	1,690,751	(182,863)
Adoption Assistance	93.659	DJ039	2,161,357	(16,180)
Social Services Block Grant	93.667	DJ039	765,766	-
Administration for Children, Youth and Families-Child Abuse	93.669	DJ039	611	-
Independent Living	93.674	DJ039	130,184	-
Medical Assistance	93.778	DJ039	19,454	-
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 5,885,929</u>	<u>\$ (362,125)</u>
STATE OF FLORIDA				
Direct Projects of Department of Children and Families				
Child Welfare Out of Home Supports	60.074	DJ039	\$ 1,347,223	\$ -
CBC - Adoption Services	60.076	DJ039	35,889	-
The Independent Living and Road to Independence Program	60.112	DJ039	22,219	-
CBC-Sexually Exploited Children	60.138	DJ039	7,497	-
Extended Foster Care Program	60.141	DJ039	184,697	-
CBC- Purchase of Therapeutic Services for Children	60.183	DJ039	95,051	-
Guardianship Assistance Program	60.210	DJ039	5,598	-
Kinship Navigator Program	60.207	DJ039	744,678	-
Family Finders Program	60.206	DJ039	73,313	-
TOTAL EXPENDITURES OF STATE FINANCIAL ASSISTANCE			<u>\$ 2,516,165</u>	<u>\$ -</u>

The accompanying notes are an integral part of this schedule.

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

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

Year Ended June 30, 2022

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards and state financial assistance includes the federal and grant activity of Kids First of Florida, Inc. for the year ended June 30, 2022. 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). Because the schedule presents only a selected portion of the operations of Kids First of Florida, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of Kids First of Florida, Inc.

Note 2. Summary of Significant Accounting Policies

- a) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- b) Pass through entity identifying numbers are presented where available.
- c) Kids First of Florida, Inc. has elected not to use the 10 percent de minimus indirect cost rate as allowed under the Uniform Guidance.



5150 Belfort Road, Bldg. 300, Jacksonville, FL 32256
Phone: (904) 725-5832 Fax: (904) 727-6835
Email: office@fordefirm.com

Linda R. Forde, C.P.A.*
Megan McAtee, C.P.A., M.Acc.*
David R. Forde, Ph.D.
Alex Lawlor, M.B.A.
Mohamed Camara, M.B.A.
McArthur Banks, Jr., B.F.A.
Patrick Smith
Jessica Marshall
Jo Ann Bianco-Jones
Robert Forde

* MEMBER OF
AMERICAN AND FLORIDA
INSTITUTES OF
CERTIFIED PUBLIC ACCOUNTANTS

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Kids First of Florida, Inc. (a nonprofit corporation) which comprise the statement of financial position as of June 30, 2022, 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 January 25, 2023.

Internal Control Over Financial Reporting

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

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

THE FORDE FIRM, LLC

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

Compliance and Other Matters

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

Purpose of this Report

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



The Forde Firm, LLC
Jacksonville, Florida
January 25, 2023



5150 Belfort Road, Bldg. 300, Jacksonville, FL 32256
Phone: (904) 725-5832 Fax: (904) 727-6835
Email: office@fordefirm.com

Linda R. Forde, C.P.A.*
Megan McAtee, C.P.A., M.Acc.*
David R. Forde, Ph.D.
Alex Lawlor, M.B.A.
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Katrina Jones
Linsey Gloeckner
Robert Forde

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

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

Report on Compliance for Each Major Federal Program and State Project

Opinion on Each Major Federal Program

We have audited Kids First of Florida, Inc.’s compliance with the types of compliance requirements described in the *OMB Compliance Supplement*, and the requirements described in the Florida Department of Financial Services’ State Projects Compliance Supplement, that could have a direct and material effect on each of Kids First of Florida, Inc.’s major federal programs and state projects for the year ended June 30, 2022. Kids First of Florida, Inc.’s major federal programs and state projects are identified in the summary of auditors’ results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, Kids First of Florida, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and state projects for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program and State Project

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Kids First of Florida, Inc. and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program and state project. Our audit does not provide a legal determination of Kids First of Florida, Inc.'s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Kids First of Florida, Inc.'s federal programs and state projects.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Kids First of Florida, Inc.'s compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Non-compliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Kids First of Florida, Inc.'s compliance with the requirements of each major federal program and state project as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Kids First of Florida, Inc.'s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of Kids First of Florida, Inc.'s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Kids First of Florida, Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.

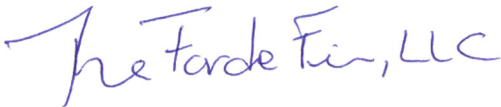
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 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 will not be prevented or detected and corrected on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program 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. Accordingly, this report is not suitable for any other purpose.



The Forde Firm, LLC
Jacksonville, Florida
January 25, 2023

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2022

Section I--Summary of Auditors' Results

Financial Statements:

Unmodified auditors' report issued X YES NO

Internal control over financial reporting:

Material weakness(es) identified? YES X NO

Significant deficiency(ies) identified? YES X NO

Noncompliance material to financial statements noted? YES X NO

Federal Awards and State Projects:

Internal control over major programs:

Material weakness(es) identified? YES X NO

Significant deficiency(ies) identified? YES X NO

Unmodified auditors' report issued on compliance for major programs:

Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a) or Chapter 10.656 YES X NO

Identification of major federal programs or state projects:

	<u>CFDA #'s</u>	<u>Name of Federal Program or Cluster</u>
Social Services Block Grant	93.667	N/A
Foster Care - Title IV-E	93.658	N/A
Adoption Assistance	93.659	N/A

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

\$750,000

CSFA #'s

Child Welfare Out of Home Supports 60.074

Dollar threshold used to distinguish between type A and type B programs-State Projects:

\$750,000

Auditee qualified as low risk auditee pursuant to the Uniform Guidance? X YES NO

Section II--Financial Statement Findings

None

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

Major Federal Award Programs and State Projects Audit:

None

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2022

Section IV--Summary Schedule of Prior Audit Findings

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

Section V--Corrective Action Plan

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

Section VI--Management Letter

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