

**CHILDREN'S CASE MANAGEMENT ORGANIZATION, INC.
D/B/A FAMILIES FIRST OF PALM BEACH COUNTY AND
FAMILIES FIRST OF PALM BEACH COUNTY FOUNDATION, INC.**

REPORT TO MANAGEMENT

FOR THE YEAR ENDED SEPTEMBER 30, 2018

To Management and the Audit Committee of
Children's Case Management Organization, Inc.
d/b/a Families First of Palm Beach County and
Families First of Palm Beach County Foundation, Inc.
West Palm Beach, Florida

We have completed our audit of the combined financial statements for the year ended September 30, 2018. Professional standards require that we advise you of the following matters relating to our recently concluded audit. The matters discussed herein are those that we have noted as of December 11, 2018, and we have not updated our procedures regarding these matters since that date.

In planning and performing our audit of the combined financial statements of Children's Case Management Organization, Inc. d/b/a Families First of Palm Beach County and Families First of Palm Beach County Foundation, Inc. (the "Organization") as of and for the year ended September 30, 2018, in accordance with auditing standards generally accepted in the United States of America, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the combined financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Organization's financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control was for the limited purpose described in the second paragraph and was not intended to identify all deficiencies in internal control that might be material weaknesses. 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. This letter does not affect our report dated December 11, 2018 on the combined financial statements of the Organization.

This communication is intended solely for the information and use of the audit committee, board of directors, management and others within the Organization, and is not intended to be, and should not be, used by anyone other than these specified parties.

We wish to thank management and the staff for all their assistance during the performance of our audit.

Templeton & Company, LLP

West Palm Beach, Florida
December 11, 2018



**CHILDREN'S CASE MANAGEMENT ORGANIZATION, INC.
D/B/A FAMILIES FIRST OF PALM BEACH COUNTY AND
FAMILIES FIRST OF PALM BEACH COUNTY FOUNDATION, INC.**

REPORT ON AUDIT OF COMBINED FINANCIAL STATEMENTS

**FOR THE YEAR ENDED SEPTEMBER 30, 2018
(WITH COMPARATIVE TOTALS FOR 2017)**

**CHILDREN'S CASE MANAGEMENT ORGANIZATION, INC.
D/B/A FAMILIES FIRST OF PALM BEACH COUNTY AND
FAMILIES FIRST OF PALM BEACH COUNTY FOUNDATION, INC.**

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Independent Auditors' Report

The Boards of Directors
Children's Case Management Organization, Inc.
d/b/a Families First of Palm Beach County and
Families First of Palm Beach County Foundation, Inc.
West Palm Beach, Florida

Report on the Financial Statements

We have audited the accompanying combined financial statements of Children's Case Management Organization, Inc. d/b/a Families First of Palm Beach County (a nonprofit organization) and Families First of Palm Beach County Foundation, Inc. (also a nonprofit organization) (combined, hereinafter referred to as the Organization), which comprise the combined statement of financial position as of September 30, 2018, and the related combined statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the combined financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these combined 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these combined 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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



Opinion

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of September 30, 2018, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2018, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 the Organization's internal control over financial reporting and compliance.

Report on Combining Information

Our audit was conducted for the purpose of forming an opinion on the combined financial statements as a whole. The accompanying combining information as of and for the year ended September 30, 2018 is presented for purposes of additional analysis of the combined financial statements rather than to present the financial position, changes in net assets, and cash flows of the individual entities, and it is not a required part of the combined 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 combined financial statements. The combining information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining information is fairly stated, in all material respects, in relation to the combined financial statements as a whole.

Report on Summarized Comparative Information

The summarized comparative information presented herein as of and for the year ended September 30, 2017 is consistent, in all material respects, with the audited combined financial statements from which it has been derived.

A handwritten signature in black ink that reads "Templeton & Company, LLP". The signature is fluid and cursive, with "Templeton" and "Company" connected by a flourish, and "LLP" written in a smaller, separate section.

West Palm Beach, Florida
December 11, 2018

**CHILDREN'S CASE MANAGEMENT ORGANIZATION, INC.
D/B/A FAMILIES FIRST OF PALM BEACH COUNTY AND
FAMILIES FIRST OF PALM BEACH COUNTY FOUNDATION, INC.**

**COMBINED STATEMENT OF FINANCIAL POSITION
As of September 30, 2018
(with comparative totals for 2017)**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2018 Total</u>	<u>2017 Total</u>
Assets:					
Current assets:					
Cash and cash equivalents	\$ 441,489	\$ -	\$ -	\$ 441,489	\$ 419,217
Investments	688,782	-	117,524	806,306	737,386
Program funds receivable	137,933	415,734	-	553,667	461,025
Prepaid expenses	<u>141,405</u>	<u>-</u>	<u>-</u>	<u>141,405</u>	<u>121,689</u>
Total current assets	1,409,609	415,734	117,524	1,942,867	1,739,317
Property and equipment, net	<u>106,702</u>	<u>-</u>	<u>-</u>	<u>106,702</u>	<u>99,911</u>
Total assets	<u>\$ 1,516,311</u>	<u>\$ 415,734</u>	<u>\$ 117,524</u>	<u>\$ 2,049,569</u>	<u>\$ 1,839,228</u>
Liabilities and Net Assets:					
Current liabilities:					
Accounts payable and accrued expenses	\$ 231,014	\$ -	\$ -	\$ 231,014	\$ 162,824
Deferred revenue	<u>63,693</u>	<u>-</u>	<u>-</u>	<u>63,693</u>	<u>46,635</u>
Total current liabilities	<u>294,707</u>	<u>-</u>	<u>-</u>	<u>294,707</u>	<u>209,459</u>
Net assets:					
Unrestricted	1,221,604	-	-	1,221,604	1,132,962
Temporarily restricted	-	415,734	-	415,734	418,000
Permanently restricted	-	-	117,524	117,524	78,807
Total net assets	<u>1,221,604</u>	<u>415,734</u>	<u>117,524</u>	<u>1,754,862</u>	<u>1,629,769</u>
Total liabilities and net assets	<u>\$ 1,516,311</u>	<u>\$ 415,734</u>	<u>\$ 117,524</u>	<u>\$ 2,049,569</u>	<u>\$ 1,839,228</u>

See notes to combined financial statements.

**CHILDREN'S CASE MANAGEMENT ORGANIZATION, INC.
D/B/A FAMILIES FIRST OF PALM BEACH COUNTY AND
FAMILIES FIRST OF PALM BEACH COUNTY FOUNDATION, INC.**

**COMBINED STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2018
(with comparative totals for 2017)**

	Unrestricted	Temporarily Restricted	Permanently Restricted	2018 Total	2017 Total
Revenue and support:					
Government support	\$ -	\$ 3,766,569	\$ -	\$ 3,766,569	\$ 3,429,116
Community support	-	189,877	-	189,877	183,375
Foundation grants	16,773	593,333	-	610,106	565,454
Other support	107,492	-	30,000	137,492	87,392
Fundraising	141,512	-	-	141,512	141,921
In-kind revenue	1,070	-	-	1,070	-
Investment income	9,769	-	8,717	18,486	19,201
Realized/unrealized gain	32,750	-	-	32,750	44,378
Total revenue and support	309,366	4,549,779	38,717	4,897,862	4,470,837
Net assets released from restrictions	<u>4,552,045</u>	<u>(4,552,045)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>4,861,411</u>	<u>(2,266)</u>	<u>38,717</u>	<u>4,897,862</u>	<u>4,470,837</u>
Expenses:					
Program services:					
Healthy Families Florida	1,702,220	-	-	1,702,220	1,631,210
Child First	818,502	-	-	818,502	752,003
Behavioral Health Services	539,880	-	-	539,880	370,958
Bridges to Success	309,606	-	-	309,606	311,605
Kin Support	195,765	-	-	195,765	192,175
Targeted Outreach for Pregnant Women	323,558	-	-	323,558	324,285
Other program services	68,721	-	-	68,721	443
Supporting services:					
Management and general	782,985	-	-	782,985	756,391
Fundraising	31,532	-	-	31,532	43,625
Total expenses	<u>4,772,769</u>	<u>-</u>	<u>-</u>	<u>4,772,769</u>	<u>4,382,695</u>
Increase (decrease) in net assets	88,642	(2,266)	38,717	125,093	88,142
Net assets at beginning of year	<u>1,132,962</u>	<u>418,000</u>	<u>78,807</u>	<u>1,629,769</u>	<u>1,541,627</u>
Net assets at end of year	<u>\$ 1,221,604</u>	<u>\$ 415,734</u>	<u>\$ 117,524</u>	<u>\$ 1,754,862</u>	<u>\$ 1,629,769</u>

See notes to combined financial statements.

**CHILDREN'S CASE MANAGEMENT ORGANIZATION, INC.
D/B/A FAMILIES FIRST OF PALM BEACH COUNTY AND
FAMILIES FIRST OF PALM BEACH COUNTY FOUNDATION, INC.**

**COMBINED STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended September 30, 2018
(with comparative totals for 2017)**

	Program Services								2018 Total	2017 Total
	Healthy Families Florida	Child First	Behavioral Health Services	Bridges To Success	Kin Support	Targeted Outreach for Pregnant Women	Other Program Services			
Special assistance expenses:										
Food	\$ 4,780	\$ -	\$ -	\$ -	\$ 364	\$ -	\$ -	\$ 5,144	\$ 4,479	
Rent/mortgage	-	-	-	140,763	-	-	-	140,763	134,593	
Utilities	615	-	-	5,099	-	-	80	5,794	7,401	
Other expense	4,321	6,274	-	9,688	135	-	64,220	84,638	28,315	
Personnel expenses:										
Salaries	1,000,355	494,508	378,912	102,706	124,752	204,705	-	2,305,938	2,077,329	
Payroll taxes and benefits	300,300	141,598	80,763	25,769	36,067	61,353	-	645,850	581,776	
Occupancy expenses:										
Rent	116,756	81,804	26,710	7,786	12,601	13,218	-	258,875	251,686	
Repairs and maintenance	23,212	6,076	3,134	1,830	1,141	1,486	-	36,879	38,850	
Utilities	43,253	17,670	9,715	2,471	3,678	5,606	-	82,393	82,288	
Office and administrative:										
Printing and postage	9,489	3,054	1,897	467	739	1,178	-	16,824	16,764	
Supplies	32,239	6,756	4,104	1,210	1,455	4,016	60	49,839	51,146	
Legal and audit	11,646	4,327	2,036	1,284	1,273	943	-	21,509	29,651	
Consulting and professional fees	53,553	17,442	13,828	2,282	5,182	5,263	-	97,550	94,679	
Insurance	15,106	5,241	2,466	617	1,541	1,541	-	26,512	2,928	
Other expenses:										
Conferences and travel	71,245	30,393	13,342	4,939	5,067	21,828	-	146,814	137,776	
Special events	4,053	-	-	1,269	1,163	1,290	-	7,775	6,328	
Dues and subscriptions	2,561	547	1,217	255	565	531	-	5,676	3,829	
Training and development	1,958	2,537	390	611	13	13	-	5,522	4,553	
Miscellaneous expenses	2,853	275	1,366	525	29	587	4,361	9,996	4,448	
Affiliated organizations	3,925	-	-	-	-	-	-	3,925	3,825	
Bank charges and credit card fees	-	-	-	35	-	-	-	35	35	
	<u>\$ 1,702,220</u>	<u>\$ 818,502</u>	<u>\$ 539,880</u>	<u>\$ 309,606</u>	<u>\$ 195,765</u>	<u>\$ 323,558</u>	<u>\$ 68,721</u>	<u>\$ 3,958,252</u>	<u>\$ 3,562,679</u>	

See notes to combined financial statements.

**CHILDREN'S CASE MANAGEMENT ORGANIZATION, INC.
D/B/A FAMILIES FIRST OF PALM BEACH COUNTY AND
FAMILIES FIRST OF PALM BEACH COUNTY FOUNDATION, INC.**

**COMBINED STATEMENT OF FUNCTIONAL EXPENSES, CONTINUED
For the Year Ended September 30, 2018
(with comparative totals for 2017)**

	Supporting Services						2018 Total	\$	2017 Total
	Management and General	Fund Raising	2018 Total	2017 Total	2018 Total	2017 Total			
Special assistance expenses:									
Food	\$ 732	\$ -	\$ 732	\$ 333	\$ 5,876	\$ 4,812			
Rent/mortgage	-	-	-	-	140,763	134,593			
Utilities	2,132	-	2,132	518	7,926	7,919			
Other expense	18,941	-	18,941	5,900	103,579	34,216			
Personnel expenses:									
Salaries	507,910	-	507,910	450,259	2,813,848	2,527,588			
Payroll taxes and benefits	109,238	-	109,238	110,223	755,088	691,999			
Occupancy expenses:									
Rent	33,646	56	33,702	30,515	292,577	282,201			
Repairs and maintenance	2,410	-	2,410	2,918	39,289	41,768			
Utilities	7,015	-	7,015	5,173	89,408	87,461			
Office and administrative:									
Printing and postage	3,030	-	3,030	2,741	19,854	19,505			
Supplies	7,209	222	7,431	5,953	57,271	57,099			
Legal and audit	4,718	-	4,718	(402)	26,227	29,249			
Consulting and professional fees	24,924	111	25,035	6,667	122,585	101,346			
Insurance	2,219	-	2,219	4,065	28,731	26,992			
Other expenses:									
Conferences and travel	3,739	-	3,739	3,958	150,553	141,734			
Special events	3,008	28,628	31,636	42,172	39,411	48,500			
Dues and subscriptions	3,872	-	3,872	2,501	9,548	6,330			
Training and development	709	-	709	35	6,231	4,588			
Awards and grants	-	1,725	1,725	79,285	1,725	79,285			
Miscellaneous expenses	3,951	765	4,716	5,980	14,712	10,428			
Affiliated organizations	-	-	-	-	3,925	3,825			
Bank charges and credit card fees	11,527	25	11,552	13,178	11,587	13,213			
Depreciation and amortization expense	32,055	-	32,055	28,046	32,055	28,046			
	\$ 782,985	\$ 31,532	\$ 814,517	\$ 800,016	\$ 4,772,769	\$ 4,382,695			

**CHILDREN'S CASE MANAGEMENT ORGANIZATION, INC.
D/B/A FAMILIES FIRST OF PALM BEACH COUNTY AND
FAMILIES FIRST OF PALM BEACH COUNTY FOUNDATION, INC.**

COMBINED STATEMENT OF CASH FLOWS

**For the Year Ended September 30, 2018
(with comparative totals for 2017)**

	2018	2017
Cash flows from operating activities:		
Increase in net assets	\$ 125,093	\$ 88,142
Adjustments to reconcile increase in net assets to net cash provided by (used in) operating activities:		
Depreciation	32,055	28,046
Net realized and unrealized gains	(32,750)	(44,378)
Changes in operating assets and liabilities:		
Program funds receivable	(92,642)	(106,487)
Prepaid expenses	(19,716)	(58,937)
Accounts payable and accrued expenses	68,190	41,138
Deferred revenue	<u>17,058</u>	<u>374</u>
Net cash provided by (used in) operating activities	<u>97,288</u>	<u>(52,102)</u>
Cash flows from investing activities:		
Purchase of property and equipment	(38,846)	(40,873)
Purchase of investments, net	<u>(36,170)</u>	<u>(25,970)</u>
Net cash used in investing activities	<u>(75,016)</u>	<u>(66,843)</u>
Increase (decrease) in cash and cash equivalents	22,272	(118,945)
Cash and cash equivalents at beginning of year	<u>419,217</u>	<u>538,162</u>
Cash and cash equivalents at end of year	<u>\$ 441,489</u>	<u>\$ 419,217</u>

See notes to combined financial statements.

**CHILDREN'S CASE MANAGEMENT ORGANIZATION, INC.
D/B/A FAMILIES FIRST OF PALM BEACH COUNTY AND
FAMILIES FIRST OF PALM BEACH COUNTY FOUNDATION, INC.**

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 1 – Nature of Activities and Summary of Significant Accounting Policies

Nature of activities

Children's Case Management Organization, Inc. d/b/a Families First of Palm Beach County is a Florida non-profit corporation which has served our community for 28-years, and provides child abuse prevention, health, housing, and behavioral health services for families whose life circumstances impact child and family health and stability. Many of the families served by Families First of Palm Beach County struggle with domestic violence, homelessness, drug or alcohol abuse, mental or physical health issues or just a change in circumstance that has left them unable to cope.

With six programs, Families First of Palm Beach County helps them build on their strengths and designs individualized plans that meet each family's specific needs as follows:

The following are the programs of the Children's Case Management Organization, Inc. d/b/a Families First of Palm Beach County:

- **Healthy Families Florida** helps strengthen families and ensure healthy childhood development.
- **Child First** is an intensive early childhood home-visiting intervention that works within an early childhood system of care to decrease the incidence of serious emotional disturbance, developmental and learning problems, and abuse and neglect among high-risk, very young children and their families.
- **Behavioral Health Services** consists of comprehensive family-driven services and flexible treatment strategies for at-risk and high-risk children and their families across Palm Beach County.
- **Bridges to Success** is focused on providing safe and affordable housing for those addressing the frequently interrelated problems of chronic homelessness, drug addiction, mental illness, and other disabilities impairing functioning.
- **Kin Support** is designed to educate and empower grandparents, aunts, uncles, and siblings caring for a relative's child by increasing their knowledge and use of community resources and legal services.
- **Targeted Outreach for Pregnant Women** program assists high risk pregnant women with securing a medical home with the goal of healthy birth outcomes free from HIV and drug exposure.

In April 2012, Families First of Palm Beach County Foundation, Inc. (the Foundation) was created specifically to promote and support the mission, goals and activities of the Children's Case Management Organization, Inc. (the Corporation). The Corporation and the Foundation (combined, hereinafter referred to as the Organization) are presented in these financials on a combined basis.

**CHILDREN'S CASE MANAGEMENT ORGANIZATION, INC.
D/B/A FAMILIES FIRST OF PALM BEACH COUNTY AND
FAMILIES FIRST OF PALM BEACH COUNTY FOUNDATION, INC.**

NOTES TO COMBINED FINANCIAL STATEMENTS, CONTINUED

Note 1 – Nature of Activities and Summary of Significant Accounting Policies, Continued

Principles of combination

The accompanying combined financial statements include the accounts of the Corporation and the Foundation. Intercompany transactions, balances, and profits are eliminated in the combined financial statements.

Basis of presentation

The combined financial statements are prepared on the accrual basis of accounting and in accordance with the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-605-05, *Accounting for Contributions Received and Contributions Made*, and FASB ASC 958-205-05, *Financial Statements of Not-for-Profit Entities*.

FASB ASC 958-605 requires that unconditional promises to give (pledges) be recorded as contributions at fair value at the date the promises are received.

Under FASB ASC 958-205, net assets and revenue, expenses, gains and losses are classified as temporarily restricted, permanently restricted and unrestricted.

Unrestricted net assets – Net assets available for the support of the Organization's operations. The unrestricted net assets may be used at the discretion of the Organization's management and the Boards of Directors.

Temporarily restricted net assets – Net assets subject to specific, donor-imposed restrictions that must be met by actions of the Organization and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and are reported in the statement of activities as releases from restriction. Restricted contributions received in the same year in which the restrictions are met are recorded as an increase to unrestricted support.

Permanently restricted net assets – Net assets subject to donor-imposed restrictions requiring they be maintained permanently by the Organization. Such net assets are normally restricted to long-term investment, with income earned and appreciation available for specific or general Organization purposes.

Revenue is reported as an increase in unrestricted net assets unless use of the related asset is limited by donor-imposed restrictions. Expenses are reported as a decrease in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation. The expirations of temporary donor-imposed restrictions on net assets are reported as reclassifications to unrestricted net assets in the period in which the restriction expires. A restriction expires when the stipulated time period has elapsed and/or the stipulated purpose has been fulfilled. Unrestricted net assets are available for use by the Organization at the discretion of the Boards of Directors.

The amounts for each of the three classes of net assets are required to be displayed in a statement of financial position and the amounts of the change in each of the three classes of net assets are required to be displayed in a statement of activities.

**CHILDREN'S CASE MANAGEMENT ORGANIZATION, INC.
D/B/A FAMILIES FIRST OF PALM BEACH COUNTY AND
FAMILIES FIRST OF PALM BEACH COUNTY FOUNDATION, INC.**

NOTES TO COMBINED FINANCIAL STATEMENTS, CONTINUED

Note 1 – Nature of Activities and Summary of Significant Accounting Policies, Continued

Fair value measurements

FASB ASC 825, *Disclosure About Fair Value of Financial Instruments*, requires certain disclosures regarding the fair value of financial instruments. Cash and cash equivalents, receivables, other assets, and accounts payable and accrued liabilities are reflected in the financial statements at fair value due to the short-term maturity of these instruments.

Accounting estimates

The preparation of combined financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the combined financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Functional classification of expenses

In the accompanying combined statement of activities, expenses are reported by their functional classification, a method of grouping expenses according to the purpose for which they were incurred. The primary functional classifications are program services and supporting activities. Program services are the activities that result in services being provided to members that fulfill the purposes or mission for which the Organization exists. Supporting activities are all activities of an organization other than program services or fundraising expenses and are included in the combined financial statements as management and general expenses.

Income taxes

The Corporation is a tax exempt, not-for-profit corporation under Internal Revenue Code (IRC) Section 501(c)(3). The Foundation is also tax exempt as a 501(c)(3) organization. Accordingly, no provision for income taxes has been made in the accompanying combined financial statements.

Both the Corporation and Foundation file income tax returns in the U.S. federal jurisdiction. Neither one is subject to U.S. federal income tax examinations by taxing authorities for years before 2015.

Accounting for uncertainty in income taxes

The Corporation and the Foundation have adopted ASC Topic 740-10 which prescribes measurement and disclosure requirements for current and deferred income tax provisions. The topic provides for a consistent approach in identifying and reporting uncertain tax provisions. It is management's belief that both the Corporation and the Foundation do not hold any uncertain tax positions.

Grants

Resources from government grants are recorded as revenue when the related costs are incurred. All other grants, unless restricted, are recorded as revenue when the grant is awarded as these are unconditional promises to give.

**CHILDREN'S CASE MANAGEMENT ORGANIZATION, INC.
D/B/A FAMILIES FIRST OF PALM BEACH COUNTY AND
FAMILIES FIRST OF PALM BEACH COUNTY FOUNDATION, INC.**

NOTES TO COMBINED FINANCIAL STATEMENTS, CONTINUED

Note 1 – Nature of Activities and Summary of Significant Accounting Policies, Continued

Concentrations of credit risk

The combined financial statements include cash and cash equivalents and program funds receivable that subject the Organization to concentrations of credit risk. While the Organization attempts to limit its financial exposure, its deposit balances have at times exceeded federally insured limits. The Organization has not experienced any losses on such balances. Additionally, the Organization is dependent on continued financial assistance by local government and other grantors.

Revenue and support recognition

Unconditional promises (contributions and grants) to give cash or other assets are reported at fair value at the date the agreement is entered into or promise is received. These amounts are reported as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Monies received in advance of an event are reflected as deferred revenue.

Property and equipment

Property and equipment is recorded at cost and depreciation is computed using the straight-line method over the estimated useful lives of the assets ranging from 5 to 7 years. The Organization follows the policy of capitalizing all expenditures for land, buildings and equipment in excess of \$500.

Pension plan accounting and funding

The Organization has a defined contribution pension plan that covers all employees. Pension costs include current service costs which are accrued and funded on a current basis.

Compensated absences

The Organization accrues vacation pay as a liability when benefits are earned by employees which occurs when (1) the employee has performed services that give rise to the vacation liability and (2) it is probable that the benefits will result in compensation in some manner such as in cash, termination payments or in time off, prior to retirement. The Organization allows employees to accumulate and carry over forty (40) hours of unused vacation leave.

Subsequent events

The Organization evaluated subsequent events through December 11, 2018, the date on which the combined financial statements were available to be issued, for events to record or disclose in these combined financial statements.

**CHILDREN'S CASE MANAGEMENT ORGANIZATION, INC.
D/B/A FAMILIES FIRST OF PALM BEACH COUNTY AND
FAMILIES FIRST OF PALM BEACH COUNTY FOUNDATION, INC.**

NOTES TO COMBINED FINANCIAL STATEMENTS, CONTINUED

Note 1 – Nature of Activities and Summary of Significant Accounting Policies, Continued

New accounting pronouncements

In February 2016, the FASB issued ASU No. 2016-02, *Leases* (Topic 842), which is intended to increase transparency and comparability of accounting for lease transactions. The ASU will require all leases to be recognized on the statement of financial position as lease assets and lease liabilities and will require both quantitative and qualitative disclosures regarding key information about leasing arrangements. Lessor accounting is largely unchanged. The new pronouncement is effective for years beginning after December 15, 2018. The Organization is currently evaluating the effects the ASU will have on its financial statements.

In August 2016, the FASB issued Accounting Standards Codification (ASU) 2016-14, *Not-for-Profit Entities* (Topic 958), *Presentation of Financial Statements for Not-for-Profit Entities*. ASU 2016-14 makes certain revisions that address many, but not all, of the identified issues about the current financial reporting for Not-for-Profit Entities. The ASU addresses the following key qualitative and quantitative matters:

- Net asset classes
- Investment return
- Expenses and related information
- Presentation of operating cash flows
- Liquidity and availability of resources

The amendments in ASU 2016-14 are effective for financial statements issued for fiscal years beginning after December 15, 2017. Early application of the amendments in this update are permitted. The amendments are applied on a retrospective basis in the year the update is first applied. In the period the update is first applied, the entity must disclose the nature of any reclassifications or restatements and their effects, if any, on changes in net assets for each period presented. The Organization is currently evaluating the effects the ASU will have on its financial statements.

Note 2 – Cash and Cash Equivalents

Cash and cash equivalents consist of non-interest bearing demand deposit accounts and interest-bearing money market accounts. Cash equivalents are short-term investments with a maturity date of three months or less from the date of purchase. The concentration of credit risk associated with cash and cash equivalents is considered low due to the credit quality of the financial institutions and the immediate availability of these financial instruments.

The Organization maintains cash accounts with three financial institutions located in Florida. Deposits held in these accounts are insured by the FDIC up to \$250,000. At September 30, 2018, the Organization had \$142,160 in excess of the basic FDIC insurance.

Note 3 – Investments

The Organization has adopted ASC No. 820, *Fair Value Measurement*. Under this standard, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

**CHILDREN'S CASE MANAGEMENT ORGANIZATION, INC.
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NOTES TO COMBINED FINANCIAL STATEMENTS, CONTINUED

Note 3 – Investments, Continued

Fair value measurements are broken down into three levels based on the reliability of inputs, as follows:

Level 1 inputs are unadjusted quoted prices in active markets for identical assets or liabilities in active markets that the Organization has the ability to access. The valuation under this approach does not entail a significant degree of judgment.

Level 2 inputs are inputs other than quoted prices included within Level 1. Level 2 inputs include: quoted prices for similar assets or liabilities in active markets, quoted prices for identical assets or liabilities in inactive markets, inputs other than quoted prices that are observable for the asset or liability, and inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 inputs are unobservable inputs for the asset or liability. Unobservable inputs are used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, or any, market activity for the asset or liability at the measurement date.

The Organization utilizes the following fair value valuation methodology:

The donor advised account with Community Foundation for Palm Beach and Martin Counties is valued at the net asset value of the account at the end of the year.

Mutual funds, corporate bonds, and exchange traded funds are valued based upon quoted prices in active markets.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in different fair value measurements at the reporting date.

The following table summarizes the Organization's investments based on the valuation methodology applied by the Organization as of September 30, 2018:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual funds	\$ 123,155	\$ -	\$ -	\$ 123,155
Corporate bonds	118,820	-	-	118,820
Exchange traded funds	<u>446,807</u>	<u>-</u>	<u>-</u>	<u>446,807</u>
Investment subtotal	688,782	-	-	688,782
Community Foundation	<u>-</u>	<u>-</u>	<u>117,524</u>	<u>117,524</u>
	<u>\$ 688,782</u>	<u>\$ -</u>	<u>\$ 117,524</u>	<u>\$ 806,306</u>

**CHILDREN'S CASE MANAGEMENT ORGANIZATION, INC.
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NOTES TO COMBINED FINANCIAL STATEMENTS, CONTINUED

Note 3 – Investments, Continued

The following is a schedule of Level 3 investment activity for the year ended September 30, 2018 measured on a recurring basis using significant unobservable inputs:

	<u>Community Foundation</u>
Balance as of October 1, 2017	\$ 78,807
Contributions	30,000
Realized/unrealized gain	<u>8,717</u>
Balance as of September 30, 2018	<u>\$ 117,524</u>

Note 4 – Program Funds Receivable

Program funds receivable are collectible in less than one year and consist of the following at September 30, 2018:

Children's Services Council	\$ 356,058
Ounce of Prevention Fund	78,343
The Florida Department of Health	25,833
Adopt-A-Family	26,115
Board of County Commissioners	20,837
Achievement Center for Children and Families	12,000
Health Care District of Palm Beach County	10,536
Boys Town of South Florida, Inc.	13,951
Town of Palm Beach United Way	6,033
Other	<u>3,961</u>
Total	<u>\$ 553,667</u>

Note 5– Property and Equipment

Property and equipment at September 30, 2018 consists of the following:

Computer equipment	\$ 371,366
Office equipment	137,900
Furniture and fixtures	<u>26,317</u>
	535,583
Less accumulated depreciation	<u>(428,881)</u>
Property and equipment, net	<u>\$ 106,702</u>

Depreciation expense for the year ended September 30, 2018 amounted to \$32,055.

**CHILDREN'S CASE MANAGEMENT ORGANIZATION, INC.
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NOTES TO COMBINED FINANCIAL STATEMENTS, CONTINUED

Note 6 – Temporarily Restricted Net Assets

At September 30, 2018, the Organization held temporarily restricted net assets available for the following specified purposes:

Behavioral Health Services	\$ 214,060
Targeted Outreach for Pregnant Women	99,694
Kin Support	44,824
Child First	33,417
Other	<u>23,739</u>
Temporarily restricted net assets as of September 30, 2018	<u>\$ 415,734</u>

During the year ended September 30, 2018, net assets were released from restrictions for the following purposes:

Healthy Families Florida	\$ 1,970,303
Child First	947,957
Behavioral Health Services	589,042
Targeted Outreach for Pregnant Women	358,226
Bridges to Success	337,484
Kin Support	212,153
Other	<u>136,880</u>
Total net assets released from restrictions	<u>\$ 4,552,045</u>

Note 7 – Permanently Restricted Net Assets

Permanently restricted net assets consist of fund assets to be held indefinitely. The Organization's endowment was established in May 2013 and consists of a fund held by the Community Foundation for Palm Beach and Martin Counties (hereafter "Community Foundation"). As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. These endowment funds are classified as permanently restricted because all contributions made to the Community Foundation become assets of the Community Foundation and are irrevocable. Distributions may be made from income and capital appreciation, but not from the endowment amount. The income from the assets can be used to support the Organization's general activities.

Note 8 – Lease Commitment

The Organization conducts its community service programs from facilities it leases in West Palm Beach, Belle Glade, and Wellington. The lease for the main offices in West Palm Beach is for 60 months and expires on December 31, 2018. On October 1, 2018 the lease was renewed for 60 months through September 30, 2023. The Organization leases the facility in Belle Glade on a month-to-month basis. The Organization also has a five year lease for the Wellington facility; which expires on August 31, 2020. In addition, the Organization leases office equipment at \$1,599 per month through September 30, 2021. Total rent and equipment lease expenses for the year ended September 30, 2018 was \$292,577.

**CHILDREN'S CASE MANAGEMENT ORGANIZATION, INC.
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NOTES TO COMBINED FINANCIAL STATEMENTS, CONTINUED

Note 8 – Lease Commitment, Continued

Minimum future rental payments due under these leases as of September 30, 2018 are as follows:

Year Ending September 30,	Amount
2019	\$ 293,400
2020	300,502
2021	226,548
2022	234,228
2023	<u>238,710</u>
	<u>\$ 1,293,388</u>

Note 9 – Contingencies

The Organization receives financial assistance from a local special district and other local governmental agencies in the form of grants. These activities are subject to audit by agents of the funding authority, the purpose of which is to ensure compliance with conditions precedent to providing such funds. Management believes that the liability, if any, for any reimbursement which may arise as the result of audits would not be material.

The Organization is subject to certain risks arising out of the ordinary course of business. It is the Organization's policy to record the expense and associated liability whenever a loss becomes probable and estimable. Management does not believe it has any material loss contingency exposure at September 30, 2018.

**Independent Auditors' Report on Internal Control Over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements Performed
In Accordance With *Government Auditing Standards***

To the Boards of Directors of
Children's Case Management Organization, Inc.
d/b/a Families First of Palm Beach County and
Family First of Palm Beach County Foundation, Inc.
West Palm 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 combined financial statements of Children's Case Management Organization, Inc. d/b/a Families First of Palm Beach County and Families First of Palm Beach County Foundation, Inc. (combined, the Organization), which comprise the combined statement of financial position as of September 30, 2018, and the related combined statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the combined financial statements, and have issued our report thereon dated December 11, 2018.

Internal Control Over Financial Reporting

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

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

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



Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's combined 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.

Jempletton & Company, LLP

West Palm Beach, Florida
December 11, 2018

COMBINING INFORMATION

**CHILDREN'S CASE MANAGEMENT ORGANIZATION, INC.
D/B/A FAMILIES FIRST OF PALM BEACH COUNTY AND
FAMILIES FIRST OF PALM BEACH COUNTY FOUNDATION, INC.**

**COMBINING SCHEDULE - STATEMENT OF FINANCIAL POSITION INFORMATION
For the Year Ended September 30, 2018**

	<u>Children's Case Management Organization, Inc.</u>	<u>Families First of Palm Beach County Foundation, Inc.</u>	<u>Eliminations</u>	<u>Combined Total</u>
Assets:				
Current assets:				
Cash and cash equivalents	\$ 236,114	\$ 205,375	\$ -	\$ 441,489
Investments	565,627	240,679	-	806,306
Program funds receivable	566,763	-	(13,096)	553,667
Prepaid expenses	<u>132,852</u>	<u>8,553</u>	<u>-</u>	<u>141,405</u>
Total current assets	1,501,356	454,607	(13,096)	1,942,867
Property and equipment, net	<u>106,447</u>	<u>255</u>	<u>-</u>	<u>106,702</u>
Total assets	\$ 1,607,803	\$ 454,862	\$ (13,096)	\$ 2,049,569
Liabilities and Net Assets:				
Current liabilities:				
Accounts payable and accrued expenses	\$ 224,477	\$ 19,633	\$ (13,096)	\$ 231,014
Deferred revenue	<u>-</u>	<u>63,693</u>	<u>-</u>	<u>63,693</u>
Total current liabilities	<u>224,477</u>	<u>83,326</u>	<u>(13,096)</u>	<u>294,707</u>
Net assets:				
Unrestricted	967,592	254,012	-	1,221,604
Temporarily restricted	415,734	-	-	415,734
Permanently restricted	<u>-</u>	<u>117,524</u>	<u>-</u>	<u>117,524</u>
Total net assets	<u>1,383,326</u>	<u>371,536</u>	<u>-</u>	<u>1,754,862</u>
Total liabilities and net assets	<u>\$ 1,607,803</u>	<u>\$ 454,862</u>	<u>\$ (13,096)</u>	<u>\$ 2,049,569</u>

**CHILDREN'S CASE MANAGEMENT ORGANIZATION, INC.
D/B/A FAMILIES FIRST OF PALM BEACH COUNTY AND
FAMILIES FIRST OF PALM BEACH COUNTY FOUNDATION, INC.**

**COMBINING SCHEDULE - STATEMENT OF ACTIVITIES INFORMATION
For the Year Ended September 30, 2018**

	Children's Case Management Organization, Inc.	Families First of Palm Beach County Foundation, Inc.	Eliminations	Combined Total
Revenue and support:				
Government support	\$ 3,766,569	\$ -	\$ -	\$ 3,766,569
Community support	189,877	-	-	189,877
Foundation grants	610,106	-	-	610,106
Other support	96,340	41,152	-	137,492
Fundraising	1,475	140,037	-	141,512
In-kind revenue	1,070	-	-	1,070
Investment income	14,939	3,547	-	18,486
Realized/unrealized income	<u>14,763</u>	<u>17,987</u>	<u>-</u>	<u>32,750</u>
Total revenue and support	<u>4,695,139</u>	<u>202,723</u>	<u>-</u>	<u>4,897,862</u>
Expenses:				
Program services:				
Healthy Families Florida	1,702,220	-	-	1,702,220
Child First	818,502	-	-	818,502
Behavioral Health Services	539,880	-	-	539,880
Bridges to Success	309,606	-	-	309,606
Kin Support	195,765	-	-	195,765
Targeted Outreach for Pregnant Women	323,558	-	-	323,558
Other program services	68,721	-	-	68,721
Supporting services:				
Management and general	664,125	118,860	-	782,985
Fundraising	<u>1,068</u>	<u>30,464</u>	<u>-</u>	<u>31,532</u>
Total expenses	<u>4,623,445</u>	<u>149,324</u>	<u>-</u>	<u>4,772,769</u>
Increase in net assets	71,694	53,399	-	125,093
Net assets at beginning of year	<u>1,311,632</u>	<u>318,137</u>	<u>-</u>	<u>1,629,769</u>
Net assets at end of year	<u>\$ 1,383,326</u>	<u>\$ 371,536</u>	<u>\$ -</u>	<u>\$ 1,754,862</u>

**CHILDREN'S CASE MANAGEMENT ORGANIZATION, INC.
D/B/A FAMILIES FIRST OF PALM BEACH COUNTY AND
FAMILIES FIRST OF PALM BEACH COUNTY FOUNDATION, INC.**

**COMBINING SCHEDULE - STATEMENT OF CASH FLOWS INFORMATION
For the Year Ended September 30, 2018**

	Children's Case Management Organization, Inc.	Families First of Palm Beach County Foundation, Inc.	Eliminations	Combined Total
Cash flows from operating activities:				
Increase in net assets	\$ 71,694	\$ 53,399	\$ -	\$ 125,093
Adjustments to reconcile increase in net assets to net cash provided by operating activities:				
Depreciation	31,949	106	-	32,055
Realized/unrealized gain	(14,763)	(17,987)	-	(32,750)
Changes in operating assets and liabilities:				
Program funds receivable	(75,501)	-	(17,141)	(92,642)
Prepaid expenses	(37,222)	17,506	-	(19,716)
Accounts payable and accrued expenses	65,283	(14,234)	17,141	68,190
Deferred revenue	-	17,058	-	17,058
Net cash provided by operating activities	<u>41,440</u>	<u>55,848</u>	<u>-</u>	<u>97,288</u>
Cash flows from investing activities:				
Purchase of property and equipment	(38,846)	-	-	(38,846)
Purchase of investments, net	<u>(6,595)</u>	<u>(29,575)</u>	<u>-</u>	<u>(36,170)</u>
Net cash used in investing activities	<u>(45,441)</u>	<u>(29,575)</u>	<u>-</u>	<u>(75,016)</u>
Increase (decrease) in cash and cash equivalents	(4,001)	26,273	-	22,272
Cash and cash equivalents at beginning of year	<u>240,115</u>	<u>179,102</u>	<u>-</u>	<u>419,217</u>
Cash and cash equivalents at end of year	<u>\$ 236,114</u>	<u>\$ 205,375</u>	<u>\$ -</u>	<u>\$ 441,489</u>