



**Children's Forum, Inc.**

**FINANCIAL STATEMENTS**

**June 30, 2022 and 2021**



	Page
<b>REPORT</b>	
Independent Auditors’ Report .....	1
<b>FINANCIAL STATEMENTS</b>	
Statements of Financial Position .....	4
Statements of Activities .....	5
Statements of Functional Expenses .....	6
Statements of Cash Flows .....	7
Notes to Financial Statements .....	8
<b>OTHER REPORTS</b>	
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 <i>Government Auditing Standards</i> .....	17
Independent Auditors’ Report on Compliance for Each Major Federal Program and State Project and on Internal Control Over Compliance Required by the Uniform Guidance, Chapter 10.650, Rules of the Auditor General, and Special Audit Guidance Provided by the Florida Office of Early Learning .....	19
<b>SUPPLEMENTARY INFORMATION</b>	
Schedule of Expenditures of Federal Awards and State Financial Assistance .....	22
Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance .....	23
Schedule of Findings and Questioned Costs .....	25
<b>REQUIRED COMMUNICATIONS</b>	
Required Communications .....	27
Accounting Policies, Judgments and Sensitive Estimates & CRI Comments on Quality .....	33
Summary of Audit Adjustments .....	35
Management Representation Letter .....	38
<b>INTERNAL CONTROL RECOMMENDATIONS</b>	
Internal Controls .....	44



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## **INDEPENDENT AUDITORS' REPORT**

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

### **Report on Audit of the Financial Statements**

#### ***Opinion***

We have audited the accompanying financial statements of Children's Forum, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 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.

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

#### ***Basis for Opinion***

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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Children's Forum, 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 opinions.

#### ***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 Children's Forum, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be 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 auditors' 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 generally accepted auditing standards 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 financial statements.

In performing an audit in accordance with generally accepted auditing standards 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 Children's Forum, 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 Children Forum, Inc.'s ability 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 schedule of expenditures of federal awards and state financial assistance, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, Audit Requirements for Federal Awards*, and Chapter 10.650, *Rules of the Auditor General of the State of Florida*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying

accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and state financial assistance 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 [REDACTED], on our consideration of Children's Forum, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 Children Forum, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Children's Forum, Inc.'s internal control over financial reporting and compliance.

#### **Report on Summarized Comparative Information**

We have previously audited the Children's Forum, Inc.'s 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 17, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

CARR, RIGGS & INGRAM, LLC

Tallahassee, FL  
[REDACTED]

**Children's Forum, Inc.**  
**Statements of Financial Position**

<i>June 30,</i>	<b>2022</b>	2021
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 384,905	\$ 2,213,002
Accounts receivable	5,375,143	3,357,257
Accounts receivable - other	80,530	77,652
Other assets	53,785	57,611
Total current assets	5,894,363	5,705,522
Property and equipment, net	21,057	27,745
Total assets	\$ 5,915,420	\$ 5,733,267
<b>Liabilities and Net Assets</b>		
Current liabilities		
Accounts payable and accrued expenses	\$ 1,822,157	\$ 1,496,034
Refundable advances	108,109	20,954
Amounts held on behalf of others	470,087	474,009
Current portion of accrued leave	9,140	-
Current portion of note payable	-	740,000
Total current liabilities	2,409,493	2,730,997
Long-term liabilities		
Accrued leave, less current portion	234,860	240,482
Deferred compensation payable	24,467	24,225
Total long-term liabilities	259,327	264,707
Total liabilities	2,668,820	2,995,704
Net assets		
Without donor restrictions	3,234,952	2,725,915
With donor restrictions	11,648	11,648
Total net assets	3,246,600	2,737,563
Total liabilities and net assets	\$ 5,915,420	\$ 5,733,267

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

**Children's Forum, Inc.**  
**Statements of Activities**

<i>For the years ended June 30,</i>	Without Donor Restrictions	With Donor Restrictions	2022 Total	2021 Summarized Total
<b>Revenue and Other Support</b>				
Governmental grants	\$ 15,139,525	\$ -	\$ 15,139,525	\$ 14,775,957
Assessments	925,775	-	925,775	459,375
Membership dues	45,850	-	45,850	35,854
Sponsorships	100,950	-	100,950	96,997
Gain from forgiveness of PPP loan	229,661	-	229,661	-
Other	62,887	-	62,887	21,666
<b>Total revenue and other support</b>	<b>16,504,648</b>	<b>-</b>	<b>16,504,648</b>	<b>15,389,849</b>
<b>Expenses</b>				
<i>Program services</i>				
TEACH Early Childhood Project	9,954,185	-	9,954,185	10,073,760
Help Me Grow Family Support	1,768,383	-	1,768,383	1,802,876
Child Care INCENTIVES Florida	1,666,225	-	1,666,225	1,276,896
Early Childhood Education Professional Development	1,380,886	-	1,380,886	1,390,369
Program Assessment Center	842,364	-	842,364	467,774
Child Care Training Evaluation Services	190,698	-	190,698	162,564
DEL Workforce Study	43,687	-	43,687	-
<b>Total program services</b>	<b>15,846,428</b>	<b>-</b>	<b>15,846,428</b>	<b>15,174,239</b>
<i>Supporting services</i>				
General and administrative	149,183	-	149,183	137,115
<b>Total expenses</b>	<b>15,995,611</b>	<b>-</b>	<b>15,995,611</b>	<b>15,311,354</b>
<b>Change in Net Assets</b>	<b>509,037</b>	<b>-</b>	<b>509,037</b>	<b>78,495</b>
Net assets at beginning of year	2,725,915	11,648	2,737,563	2,659,068
<b>Net assets at end of year</b>	<b>\$ 3,234,952</b>	<b>\$ 11,648</b>	<b>\$ 3,246,600</b>	<b>\$ 2,737,563</b>

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

**Children's Forum, Inc.**  
**Statements of Functional Expenses**

	Program Services								Supporting Services		Summarized Total 2021
	TEACH Early Childhood Project	Child Care INCENTIVES Florida	Program Assessment Center	Help Me Grow Family Support	Child Care Training Evaluation Services	DEL Workforce Study	Early Childhood Education Professional Development	Total Program Services	General and Administrative	Total 2022	
<i>For the year ended June 30,</i>											
Scholarships	\$ 7,658,560	\$ 1,168,981	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,827,541	\$ -	\$ 8,827,541	\$ 8,776,668
Salaries and benefits	1,874,328	412,275	207,855	250,501	140,164	32,796	1,059,988	3,977,907	56,146	4,034,053	3,840,888
Affiliate payments	-	-	-	1,338,021	-	-	-	1,338,021	-	1,338,021	1,385,667
Professional fees	18,649	8,585	616,423	2,466	1,741	690	89,294	737,848	13,223	751,071	449,864
Rent	167,800	41,676	7,638	27,278	11,268	4,657	73,926	334,243	1,965	336,208	325,539
Office expenses	138,586	11,400	3,849	72,443	4,889	4,388	23,560	259,115	40,520	299,635	199,033
Travel	16,827	5,750	1,593	7,762	27,964	13	42,381	102,290	12,927	115,217	16,029
Public education-outreach	3,964	-	-	61,798	-	-	42,052	107,814	-	107,814	134,201
Printing and other	30,847	7,413	934	2,508	1,720	279	19,608	63,309	15,030	78,339	66,546
Utilities	16,330	4,101	1,028	2,425	1,413	423	15,404	41,124	384	41,508	56,882
Insurance	15,621	3,904	1,414	2,097	1,055	437	8,573	33,101	254	33,355	29,004
Professional development	7,525	1,703	1,508	513	237	3	5,981	17,470	2,078	19,548	24,326
Facilities and equipment usage	5,148	437	122	571	247	1	119	6,645	43	6,688	6,689
Interest	-	-	-	-	-	-	-	-	6,613	6,613	18
<b>Total</b>	<b>\$ 9,954,185</b>	<b>\$ 1,666,225</b>	<b>\$ 842,364</b>	<b>\$ 1,768,383</b>	<b>\$ 190,698</b>	<b>\$ 43,687</b>	<b>\$ 1,380,886</b>	<b>\$ 15,846,428</b>	<b>\$ 149,183</b>	<b>\$ 15,995,611</b>	<b>\$ 15,311,354</b>

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



**Children's Forum, Inc.**  
**Statements of Cash Flows**

<i>For the years ended June 30,</i>	<b>2022</b>	<b>2021</b>
<b>Operating Activities</b>		
Change in net assets	\$ 509,037	\$ 78,495
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Facilities and usage allowance	6,688	6,689
Gain from forgiveness of PPP loan	(229,661)	-
Changes in operating assets and liabilities:		
Accounts receivable	(2,017,886)	770,201
Accounts receivable - other	(2,878)	303,982
Other assets	3,826	3,652
Accounts payable and accrued expenses	326,123	(142,551)
Refundable advances	87,155	17,608
Amounts held on behalf of others	(3,922)	474,009
Accrued leave	3,518	2,165
Deferred compensation payable	242	240
<b>Net cash provided by (used in) operating activities</b>	<b>(1,317,758)</b>	<b>1,514,490</b>
<b>Financing Activities</b>		
Repayment of PPP loan	(510,339)	-
<b>Net cash provided by (used in) financing activities</b>	<b>(510,339)</b>	<b>-</b>
Net change in cash and cash equivalents	(1,828,097)	1,514,490
Cash and cash equivalents at beginning of year	2,213,002	698,512
Cash and cash equivalents at end of year	\$ 384,905	\$ 2,213,002
<b>Supplemental cash flow information</b>		
Cash paid for interest	\$ 6,613	\$ -

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

**Children's Forum, Inc.  
Notes to Financial Statements****Note 1: DESCRIPTION OF THE ORGANIZATION**

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

**Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*****Basis of Accounting***

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The Financial Accounting Standards Board (FASB) provides authoritative guidance regarding U.S. GAAP through the Accounting Standards Codification (ASC) and related Accounting Standards Updates (ASUs).

***Use of Estimates***

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

***Comparative Financial Information***

The financial statements include certain prior-year summarized comparative information in total but not by net asset class or functional expense category. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Forum's financial statements for the year ended June 30, 2021, from which the summarized information was derived.

***Cash and Cash Equivalents***

Cash and cash equivalents include cash and all highly liquid investments with a maturity when acquired of 90 days or less.

**Children's Forum, Inc.**  
**Notes to Financial Statements**

**Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Accounts Receivable***

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

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

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

***Property and Equipment***

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

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

***Accounts Payable and Accrued Expenses***

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

**Children's Forum, Inc.**  
**Notes to Financial Statements**

**Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Amounts Held on Behalf of Others***

The Forum acts as a fiscal agent for the Florida Afterschool Network (FAN). As such, the Forum deposits grant and other funds and disburses these funds on behalf of and at the direction of FAN. In return, the Forum receives a 15% administrative fee.

***Net Assets***

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

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

Net assets with donor restrictions are resources that are subject to donor-imposed restrictions. Some restrictions are temporary in nature, such as those that are restricted by a donor for use for a particular purpose or in a particular future period. Other restrictions may be perpetual in nature; such as those that are restricted by a donor that the resources be maintained in perpetuity. When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

***Revenue Recognition***

Assessments and other fees for service are recognized as revenue when performance obligations under the terms of the contracts with customers are satisfied.

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

**Children's Forum, Inc.**  
**Notes to Financial Statements**

**Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)*****Functional Allocation of Expenses***

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

***Income Taxes***

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

The Forum utilizes the accounting requirements associated with uncertainty in income taxes using the provisions of Financial Accounting Standards Board (FASB) ASC 740, Income Taxes. Using that guidance, tax positions initially need to be recognized in the financial statements when it is more-likely-than-not the positions will be sustained upon examination by the tax authorities. It also provides guidance for derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. As of June 30, 2022 and 2021, the Forum has no uncertain tax positions that qualify for recognition or disclosure in the financial statements.

***Reclassifications***

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

***Subsequent Events***

Management has evaluated subsequent events through the date that the financial statements were available to be issued, [REDACTED]. See Note 12 for relevant disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

***Recent Accounting Pronouncements*****Accounting Standards Update 2016-02**

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

**Children's Forum, Inc.**  
**Notes to Financial Statements**

**Note 3: LIQUIDITY AND FINANCIAL ASSET AVAILABILITY**

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

<i>June 30,</i>	<b>2022</b>	2021
Total assets at year-end	\$ 5,915,420	\$ 5,733,267
Less non-financial assets:		
Other assets	(53,785)	(57,611)
Property and equipment, net	(21,057)	(27,745)
Financial assets at year-end	<b>5,840,578</b>	5,647,911
Less those not available for general expenditures within one year, due to contractual or donor-imposed restrictions:		
Restricted by donor for specified purpose	(11,648)	(11,648)
Amounts held on behalf of others	(470,087)	(474,009)
Financial assets available to meet cash needs for general expenditures within one year	<b>\$ 5,358,843</b>	\$ 5,162,254

In the event of financial distress or an immediate liquidity need resulting from events outside the typical life cycle, the Forum could draw upon its \$750,000 line of credit. See Note 6 for more information on the line of credit.

**Note 4: ACCOUNTS RECEIVABLE AND ACCOUNTS RECEIVABLE - OTHER**

Accounts receivable consists of the following:

<i>June 30,</i>	<b>2022</b>	2021
Grants and funds	\$ 5,375,143	\$ 3,357,257
Accounts receivable	<b>\$ 5,375,143</b>	\$ 3,357,257

**Children's Forum, Inc.**  
**Notes to Financial Statements**

**Note 4: ACCOUNTS RECEIVABLE AND ACCOUNTS RECEIVABLE – OTHER (Continued)**

Accounts receivable – other consists of the following:

<i>June 30,</i>	<b>2022</b>	2021
Accrued billings	\$ 75,147	\$ 75,602
Customers	<b>5,383</b>	2,050
Accounts receivable – other	<b>\$ 80,530</b>	\$ 77,652

Bad debts expense was \$-0- for each of the years ended June 30, 2022 and 2021.

**Note 5: PROPERTY AND EQUIPMENT**

Property and equipment, net, consists of the following:

<i>June 30,</i>	Estimated Useful Lives (in years)	<b>2022</b>	2021
Building and improvements	10 - 40	\$ 22,198	\$ 22,198
Computer equipment	3 - 5	<b>32,071</b>	32,071
Software	3 - 5	<b>37,605</b>	37,605
Furniture and equipment	7 - 10	<b>94,140</b>	94,140
Property and equipment		<b>186,014</b>	186,014
Less accumulated depreciation		<b>(164,957)</b>	(158,269)
Property and equipment, net		<b>\$ 21,057</b>	\$ 27,745

Facilities and usage allowance expense for the years ended June 30, 2022 and 2021 was \$6,688 and \$6,689, respectively.

**Note 6: LINE OF CREDIT**

The Forum maintains a line of credit agreement with a financial institution. Available borrowings under the agreement are \$750,000, with an interest rate of 5.25%. The credit line matured on September 16, 2021 and was renewed on December 16, 2021 for an additional year at an interest rate of 5.25%. Under each agreement the interest rate is variable based on the lender's prime rate with a floor of 4% and ceiling of 18%. The outstanding balance was \$-0- as of June 30, 2022 and 2021.

**Children's Forum, Inc.**  
**Notes to Financial Statements**

**Note 7: NET ASSETS**

Net assets with donor restrictions consist of:

<i>June 30,</i>	<b>2022</b>	2021
Restricted for specified purpose - disaster relief	\$ 11,648	\$ 11,648
Net assets with donor restrictions	\$ 11,648	\$ 11,648

**Note 8: REVENUE**

The Forum's primary revenue source is from state and federal grants. The Forum's revenue from contracts with customers primarily relates to class assessments.

***Disaggregated Revenue***

A summary of disaggregated revenue information follows:

<i>For the years ended June 30,</i>	<b>2022</b>	2021
Revenue from contracts with customers		
<i>Recognized at a point in time</i>		
Assessments	\$ 925,775	\$ 459,375
Other	59,912	18,755
Other revenue and support		
Governmental grants	15,139,525	14,775,957
Membership dues	45,850	35,854
Sponsorships	100,950	96,997
Gain from forgiveness of PPP loan	229,661	-
Other	2,975	2,911
Total revenue and other support	\$ 16,504,648	\$ 15,389,849

***Contract Balances***

<i>June 30,</i>	<b>2022</b>	2021
Receivable from contracts at beginning of year	\$ 2,050	\$ 11,410
Receivable from contracts at end of year	\$ 5,383	\$ 2,050



**Children's Forum, Inc.**  
**Notes to Financial Statements**

**Note 9: CONCENTRATIONS OF RISK**

The Forum maintains cash with a financial institution at June 30, 2022 and 2021 in excess of federally insured limits of \$976,902 and \$2,365,731, respectively.

During the years ended June 30, 2022 and 2021, the Forum recognized grant revenue of \$11,722,559 and \$11,702,762, respectively, from the Florida Office of Early Learning. This represents 71% and 76% of total revenue and support for the years ended June 30, 2022 and 2021, respectively. As of June 30, 2022 and 2021, the Forum had \$4,385,678 and \$2,737,119, respectively, which represents 80% for each year ended, of total accounts receivable was due from the Florida Office of Early Learning.

**Note 10: COMMITMENTS**

The Forum leases three office spaces under operating leases that expire in various fiscal years through 2030.

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

*For the years ending June 30,*

2023	\$	<b>311,302</b>
2024		<b>317,797</b>
2025		<b>325,726</b>
2026		<b>333,869</b>
2027		<b>342,318</b>
Thereafter		<b>1,016,118</b>
<b>Total future minimum lease payments</b>		<b>\$ 2,647,130</b>

Rent expense totaled \$336,208 and \$325,539 for the years ended June 30, 2022 and 2021, respectively.

**Note 11: ANNUITY PLAN**

The Forum sponsors a 403(b) annuity plan covering all employees. Employer contributions, equal to 5 percent of all participants' compensation, are made on behalf of each participant who is at least 21 years old and has completed one year of eligible service. Total 403(b) expense for the years ended June 30, 2022 and 2021 was \$105,246 and \$103,543, respectively.

The Forum also sponsors a 457(b) deferred compensation plan for certain executive staff. The balance of this plan is included in the statements of financial position as deferred compensation payable. All 457(b) plan assets have been invested by the Forum and remain the property of the Forum until paid to the participants.

**Children's Forum, Inc.**  
**Notes to Financial Statements**

**Note 12: SUBSEQUENT EVENTS**

Subsequent to June 30, 2022, the Forum executed grant agreements totaling \$1,314,132 with subrecipients for the fiscal year ending June 30, 2023. These subrecipients will perform services in accordance with grants received from the State of Florida's Department of Education.



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Children's Forum, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 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 [REDACTED].

**Report on Internal Control Over Financial Reporting**

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

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

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

**Report on Compliance and Other Matters**


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

**Purpose of This Report**

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

CARR, RIGGS & INGRAM, LLC

Tallahassee, FL





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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, CHAPTER 10.650, RULES OF THE AUDITOR GENERAL, AND SPECIAL AUDIT GUIDANCE PROVIDED BY THE FLORIDA OFFICE OF EARLY LEARNING**

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

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

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

We have audited Children's Forum, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and in the *Florida Department of Financial Services' State Projects Compliance Supplement*, and special audit guidance provided by the Florida Office of Early Learning, that could have a direct and material effect on each of Children's Forum, Inc.'s major federal program and major state project for the year ended June 30, 2022. Children's Forum, Inc.'s major federal program and major state project are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

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

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); the audit requirements of Chapter 10.650, *Rules of the Auditor General* (Rules of the Auditor General); and requirements of the special audit guidance provided by the Florida Office of Early Learning. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Children's Forum, 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. Our audit does not provide a legal determination of Children's Forum, 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 Children's Forum, 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 Children's Forum, 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 generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance, Rules of the Auditor General, and the special audit guidance provided by the Florida Office of Early Learning, 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. Noncompliance 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 Children's Forum, Inc.'s compliance with the requirements of each major federal program and state project as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance, Rules of the Auditor General, and the special audit guidance provided by the Florida Office of Early Learning, 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 Children's Forum, 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 Children's Forum, 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, Rules of the Auditor General, and the special audit guidance provided by the Florida Office of Early Learning, but not for the purpose of expressing an opinion on the effectiveness of Children's Forum, 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 or state project on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program or state project will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program and state project that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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, the Rules of the Auditor General, and the special audit guidance provided by the Florida Office of Early Learning. Accordingly, this report is not suitable for any other purpose.

CARR, RIGGS & INGRAM, LLC

Tallahassee, FL  


**Children's Forum, Inc.**  
**Schedule of Expenditures of Federal Awards and State Financial Assistance**  
**Year Ended June 30, 2022**

Federal Grantor/Pass Through Grantor/ Program or Cluster Title	Assistance Listing Number	Award Amount	Contract Number	Expenditures	Amounts Provided to Subrecipients
<b>FEDERAL</b>					
<u>U.S. Department of Health and Human Services</u>					
<u>Child Care Development Fund Cluster</u>					
<u>Passed through Florida Department of Education,</u>					
<u>Office of Early Learning</u>					
Child Care and Development Block Grant	93.575	\$ 10,000,000	SR578	\$ 9,953,437	-
Child Care and Development Block Grant	93.575	225,450	FORUM-WAGE\$-19-ELC7	225,450	-
Child Care and Development Block Grant	93.575	337,174	POC 18-5004-00FY22	329,238	-
Child Care and Development Block Grant	93.575	1,125,000	SR21-22	888,313	-
Child Care and Development Block Grant	93.575	267,540	SR507	124,483	-
Total Child Care and Development Block Grant	93.575			11,520,921	-
<u>Passed through Florida Department of Education,</u>					
<u>Office of Early Learning</u>					
Child Care and Development Block Grant	93.575	195,395	LC924	66,216	-
Total Child Care Development Fund Cluster				11,587,137	-
<u>Passed through Florida Department of Education,</u>					
<u>Office of Early Learning</u>					
Preschool Development Grant	93.434	187,723	SR301	43,687	-
Total expenditures of federal awards				11,630,824	-
State Grantor/Pass Through Grantor/ Project Title	CSFA Number	Award Amount	Contract Number	Expenditures	Amounts Provided to Subrecipients
<b>STATE</b>					
<u>Florida Department of Education, Office of Early Learning</u>					
Help Me Grow Florida Network	48.111	1,808,957	C1031	1,768,383	1,338,021
Total expenditures of state financial assistance				1,768,383	1,338,021
Total expenditures of federal awards and state financial assistance				\$ 13,399,207	\$ 1,338,021

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



**Children's Forum, Inc.**  
**Notes to Schedule of Expenditures of Federal Awards**  
**and State Financial Assistance**  
**Year Ended June 30, 2022**

**NOTE 1: BASIS OF PRESENTATION**

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

Federal programs with difference assistance listing numbers (ALN) that are closely related because they share common compliance requirements are defined as a cluster by the Uniform Guidance. Child Care and Development Block Grant (ALN 93.575) is reported as a cluster in the schedule.

**NOTE 2: BASIS OF ACCOUNTING**

The schedule was prepared on the accrual basis of accounting.

**NOTE 3: CONTINGENCIES**

Grant monies received and disbursed by the Forum are subject to review by the grantor agencies. Such audits may result in requests for reimbursement due to disallowed expenditures. Based upon prior experience, the Forum does not believe that such disallowance, if any, would have a material effect on the financial position of the Forum. As of June 30, 2022, there were no material questioned or disallowed costs as a result of grant audits in process or completed.

**NOTE 4: NONCASH ASSISTANCE**

The Forum did not receive any federal or state noncash assistance for the fiscal year ended June 30, 2022.

**NOTE 5: INDIRECT COST RATE**

The Forum has elected not to use the 10% *de minimis* indirect cost rate allowed under the Uniform Guidance.

**Children's Forum, Inc.**  
**Notes to Schedule of Expenditures of Federal Awards**  
**and State Financial Assistance**  
**Year Ended June 30, 2022**

**NOTE 6: FEDERALLY FUNDED INSURANCE**

The Forum did not receive federally funded insurance during the fiscal year ended June 30, 2022.

**NOTE 7: FEDERALLY FUNDED LOANS**

The Forum has no federally funded loans as of June 30, 2022. No funds were expended in the form of loan or loan guarantees during the fiscal year ended June 30, 2022.

**Children's Forum, Inc.**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2022**

**SECTION I – SUMMARY OF AUDITORS' RESULTS***Financial Statements:*

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

*Federal Awards:*

- |  |   |                        |        |   |  |
|--|---|------------------------|--------|---|--|
| 1. Type of auditors' report issued   | Unmodified                              |                        |        |   |  |
| 2. Internal control over major projects:   |   |                        |        |   |  |
| a. Material weaknesses identified?   | No                                      |                        |        |   |  |
| b. Significant deficiencies identified not considered to be material weaknesses?   | None noted                              |                        |        |   |  |
| 3. Any audit findings disclosed that are required to be reported in accordance with 2CFR section 200.516(a)?   | No                                      |                        |        |   |  |
| 4. Identification of major programs:   |   |                        |        |   |  |
| <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="text-align: center; width: 50%;"><u>ALN Number</u></td> <td style="text-align: center; width: 50%;"><u>Federal Program</u></td> </tr> <tr> <td style="text-align: center;">93.575</td> <td style="text-align: center;">Child Care and Development Fund Cluster</td> </tr> </table> | <u>ALN Number</u>                       | <u>Federal Program</u> | 93.575 | Child Care and Development Fund Cluster |  |
| <u>ALN Number</u>  | <u>Federal Program</u>                  |                        |        |   |  |
| 93.575   | Child Care and Development Fund Cluster |                        |        |   |  |
| 5. Dollar threshold used to distinguish between type A and type B programs:  | \$750,000                               |                        |        |   |  |
| 6. Auditee qualified as low-risk auditee under 2 CFR 200.520?  | Yes                                     |                        |        |   |  |

*State Financial Assistance:*

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

**Children’s Forum, Inc.**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2022**  
**(Continued)**

**SECTION I – SUMMARY OF AUDITORS’ RESULTS (CONTINUED)**

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

4. Identification of major projects:

CSFA Number	State Project
48.111	Help Me Grow Florida Network

5. Dollar threshold used to distinguish between type A and type B projects: \$530,515

**SECTION II – FINANCIAL STATEMENT FINDINGS**

None noted

**SECTION III – FEDERAL AWARD AND STATE FINANCIAL ASSISTANCE FINDINGS**

None noted

**SECTION IV – SUMMARY OF PRIOR YEAR FINDINGS**

None noted

**SECTION V – OTHER MATTERS**

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

## Required Communications

As discussed with the Board of Directors and management during our planning process, our audit plan represented an approach responsive to the assessment of risk for the Forum. Specifically, we planned and performed our audit to:

- Perform audit services, as requested by the Board of Directors, 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, Uniform Guidance, and Chapter 10.650, Rules of the Auditor General of the State of Florida, and Special Audit Guidance Provided by the Florida Office of Early Learning, in order to express an opinion on the Forum's financial statements for the year ended June 30, 2022;
- Communicate directly with the Board of Directors and management regarding the results of our procedures;
- Address with the Board of Directors and management any accounting and financial reporting issues;
- Anticipate and respond to concerns of the Board of Directors and management; and
- Address other audit-related projects as they arise and upon request.

## Required Communications

We have audited the financial statements of Children’s Forum, Inc. for the year ended June 30, 2022, and have issued our report thereon dated [REDACTED]. Professional standards require that we provide you with the following information related to our audit:

MATTER TO BE COMMUNICATED	AUDITORS’ RESPONSE
<p><b>Auditors’ responsibility under Generally Accepted Auditing Standards and Government Auditing Standards.</b></p>	<p>As stated in our engagement letter dated <b>July 21, 2022</b>, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America (GAAP). Our audit of the financial statements does not relieve you or management of your responsibilities.</p> <p>As part of our audit, we considered the internal control of the Forum. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.</p>
<p><b>Client’s responsibility</b></p>	<p>Management, with oversight from those charged with governance, is responsible for establishing and maintaining internal controls, including monitoring ongoing activities; for the selection and application of accounting principles; and for the fair presentation in the financial statements of financial position, results of operations, and cash flows in conformity with the applicable framework. Management is responsible for the design and implementation of programs and controls to prevent and detect fraud.</p> <p>Management is responsible for overseeing nonaudit services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of those services; and accept responsibility for them.</p>
<p><b>Planned scope and timing of the audit</b></p>	<p>Our initial audit plan was not significantly altered during our fieldwork.</p>
<p><b>Management judgments and accounting estimates</b>  <i>The process used by management in forming particularly sensitive accounting estimates and the basis for the auditors’ conclusion regarding the reasonableness of those estimates.</i></p>	<p>Please see the following section titled “Accounting Policies, Judgments and Sensitive Estimates and CRI Comments on Quality.”</p>

## Required Communications

MATTER TO BE COMMUNICATED	AUDITORS' RESPONSE
<p><b>Potential effect on the financial statements of any significant risks and exposures</b>  <i>Major risks and exposures facing the Forum and how they are disclosed.</i></p>	<p>No such risks or exposures were noted.</p>
<p><b>Significant accounting policies, including critical accounting policies and alternative treatments within generally accepted accounting principles and the auditors' judgment about the quality of accounting principles</b></p> <ul style="list-style-type: none"> <li>• <i>The initial selection of and changes in significant accounting policies or their application; methods used to account for significant unusual transactions; and effect of significant policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.</i></li> <li>• <i>The auditor should also discuss the auditors' judgment about the quality, not just the acceptability, of the Forum's accounting policies as applied in its financial reporting. The discussion should include such matters as consistency of accounting policies and their application, and clarity and completeness of the financial statements, including disclosures.</i></li> </ul> <p><i>Critical accounting policies and practices applied by the Forum in its financial statements and our assessment of management's disclosures regarding such policies and practices (including any significant modifications to such disclosures proposed by us but rejected by management), the reasons why certain policies and practices are or are not considered critical, and how current and anticipated future events impact those determinations;</i></p>	<p>Significant accounting policies are described in Note 2 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the fiscal year ended June 30, 2022. We noted no transactions entered into by the organization during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.</p> <p>No financial statement disclosures noted that are particularly sensitive because of their significance to financial statement users.</p> <p>The financial statement disclosures are neutral, consistent, and clear.</p>

## Required Communications

MATTER TO BE COMMUNICATED	AUDITORS' RESPONSE
<p><b>Significant accounting policies, including critical accounting policies and alternative treatments within generally accepted accounting principles and the auditors' judgment about the quality of accounting principles</b></p> <ul style="list-style-type: none"> <li><i>Alternative treatments within GAAP for accounting policies and practices related to material items, including recognition, measurement, presentation and disclosure alternatives, that have been discussed with client management during the current audit period, the ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the auditor; Furthermore, if the accounting policy selected by management is not the policy preferred by us, discuss the reasons why management selected that policy, the policy preferred by us, and the reason we preferred the other policy.</i></li> </ul>	See above.
<p><b>Significant difficulties encountered in the audit</b>  <i>Any significant difficulties, for example, unreasonable logistical constraints or lack of cooperation by management.</i></p>	We encountered no significant difficulties in dealing with management in performing and completing our audit.
<p><b>Disagreements with management</b>  <i>Disagreements, whether or not subsequently resolved, about matters significant to the financial statements or auditors' report. This does not include those that came about based on incomplete facts or preliminary information.</i></p>	We are pleased to report that no such disagreements arose during the course of our audit.
<p><b>Other findings or issues</b>  <i>Matters significant to oversight of the financial reporting practices by those charged with governance. For example, an entity's failure to obtain the necessary type of audit, such as one under Government Auditing Standards, in addition to GAAS.</i></p>	None noted.



## Required Communications

MATTER TO BE COMMUNICATED	AUDITORS' RESPONSE
<p><b>Matters arising from the audit that were discussed with, or the subject of correspondence with, management</b>  <i>Business conditions that might affect risk or discussions regarding accounting practices or application of auditing standards.</i></p>	None noted.
<p><b>Corrected and uncorrected misstatements</b>  <i>All significant audit adjustments arising from the audit, whether or not recorded by the Forum, that could individually or in the aggregate have a significant effect on the financial statements. We should also inform the Board about uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented, that were determined by management to be immaterial, both individually and in the aggregate, to the financial statements taken as a whole. Any internal control deficiencies that could have prevented the misstatements.</i></p>	See "Summary of Audit Adjustments" section.
<p><b>Major issues discussed with management prior to retention</b>  <i>Any major accounting, auditing or reporting issues discussed with management in connection with our initial or recurring retention.</i></p>	Discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.
<p><b>Consultations with other accountants</b>  <i>When management has consulted with other accountants about significant accounting or auditing matters.</i></p>	To our knowledge, there were no such consultations with other accountants.
<p><b>Written representations</b>  <i>A description of the written representations the auditor requested (or a copy of the representation letter).</i></p>	See "Management Representation Letter" section.
<p><b>Internal control deficiencies</b>  <i>Any significant deficiencies or material weaknesses in the design or operation of internal control that came to the auditors' attention during the audit.</i></p>	See "Internal Controls section.

## Required Communications

MATTER TO BE COMMUNICATED	AUDITORS' RESPONSE
<p><b>Fraud and illegal acts</b>  <i>Fraud involving the Forum's management, or those responsible for internal controls, or causing a material misstatement of the financial statements, where the auditor determines there is evidence that such fraud may exist. Any illegal acts coming to the auditors' attention involving the Forum's management and any other illegal acts, unless clearly inconsequential.</i></p>	<p>We are unaware of any fraud or illegal acts involving management or causing material misstatement of the financial statements.</p>
<p><b>Other information in documents containing audited financial statements</b>  <i>The external auditors' responsibility for information in a document containing audited financial statements, as well as any procedures performed and the results.</i></p>	<p>Our responsibility related to documents (including annual reports, websites, etc.) containing the financial statements is to read the other information to consider whether:</p> <ul style="list-style-type: none"> <li>• Such information is materially inconsistent with the financial statements; and</li> <li>• We believe such information represents a material misstatement of fact.</li> </ul> <p>We have not been provided any such items to date and are unaware of any other documents that contain the audited financial statements.</p>
<p><b>Significant unusual accounting transactions</b>  <i>Auditor communication with governance to include auditors' views on policies and practices management used, as well as the auditors' understanding of the business purpose.</i></p>	<p>No significant unusual accounting transactions were noted during the year.</p>
<p><b>Supplementary Information in relation to the financial statements as a whole</b>  <i>The auditors' responsibility for supplementary information accompanying the financial statements, as well as any procedures performed and the results.</i></p>	<p>We made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with U.S. generally accepted accounting principles, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.</p>

## Accounting Policies, Judgments and Sensitive Estimates & CRI Comments on Quality

We are required to communicate our judgments about the quality, not just the acceptability, of the Forum's accounting principles as applied in its financial reporting. We are also required to communicate critical accounting policies and sensitive accounting estimates. Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The Board may wish to monitor throughout the year the process used to compute and record these accounting estimates. The table below summarizes our communications regarding these matters.

AREA	ACCOUNTING POLICY	CRITICAL POLICY?	JUDGMENTS & SENSITIVE ESTIMATES	COMMENTS ON QUALITY OF ACCOUNTING POLICY & APPLICATION
Expenses	The Forum allocates expenses between program and supporting services as required by the AICPA Audit & Accounting Guide for Not-for-Profit Entities.	Yes	The Forum reports expenses based on its functional classification.  The allocation between program and supporting services is based on a combination of direct and indirect allocation of expenses as detailed in the Cost Allocation Plan (CAP). Indirect and/or shared expenses are allocated using either "Full Time Equivalents" or employee time records.	The Forum's policies appear to be in accordance with all applicable accounting guidelines.
Property and Equipment	The Forum depreciates property and equipment using the straight-line method as required by generally accepted accounting principles.	Yes	Property and equipment are depreciated over their estimated useful lives. Useful lives are estimated based on experience with similar assets and guidance provided by the AICPA Auditing & Accounting Guide.	The Forum's policies appear to be in accordance with all applicable accounting guidelines.

## Accounting Policies, Judgments and Sensitive Estimates & CRI Comments on Quality

AREA	ACCOUNTING POLICY	CRITICAL POLICY?	JUDGMENTS & SENSITIVE ESTIMATES	COMMENTS ON QUALITY OF ACCOUNTING POLICY & APPLICATION
Accounts Receivable	The Forum uses management's estimate to record TEACH copay receivables at year-end.	Yes	Management estimates the amount of TEACH copays to record as a receivable and revenue at year-end based on aging schedule, history, and collections to date.	The Forum's policy appears to be in accordance with applicable accounting guidelines.
Allowance for Doubtful Accounts	The Forum estimates an allowance for doubtful accounts.	Yes	Management estimates the allowance for doubtful accounts based on experience, third-party contracts, and other circumstances, which may affect the ability of grantors to meet their obligations.	The Forum's policy appears to be in accordance with applicable accounting guidelines.

## Summary of Audit Adjustments

During the course of our audit, we accumulate differences between amounts recorded by the Forum and amounts that we believe are required to be recorded under GAAP. Those adjustments are either recorded (corrected) by the Forum or passed (uncorrected). Uncorrected misstatements or the matters underlying them could potentially cause future period financial statements to be materially misstated, even if, in the auditors' judgment, such uncorrected misstatements are immaterial to the financial statements under audit.

See attached schedule.

### QUALITATIVE MATERIALITY CONSIDERATIONS

In evaluating the materiality of audit differences when they do arise, we consider both quantitative and qualitative factors, for example:

- Whether the difference arises from an item capable of precise measurement or whether it arises from an estimate, and, if so, the degree of imprecision inherent in the estimate.
- Whether the difference masks a change in earnings or other trends.
- Whether the difference changes a net decrease in assets to addition, or vice versa.
- Whether the difference concerns an area of the Forum's operating environment that has been identified as playing a significant role in the Forum's operations or viability.
- Whether the difference affects compliance with regulatory requirements.
- Whether the difference has the effect of increasing management's compensation – for example, by satisfying requirements for the award of bonuses or other forms of incentive compensation.
- Whether the difference involves concealment of an unlawful transaction.

## Summary of Audit Adjustments

Client: **45-01675 - Children's Forum, Inc.**  
 Engagement: **2022 Audit - Children's Forum, Inc.**  
 Period Ending: **6/30/2022**  
 Trial Balance: **TB**  
 Workpaper: **3200 - Adjusting Journal Entries Report**

Account	Description	Debit	Credit
<b>Adjusting Journal Entries JE # 1</b>			
To adjust A/R balance to actual			
40101	Grant Income	2,880.00	
40101	Grant Income	10,765.00	
12102	A/R Grant/Funds		2,880.00
12102	A/R Grant/Funds		10,765.00
<b>Total</b>		<b>13,645.00</b>	<b>13,645.00</b>
<b>Adjusting Journal Entries JE # 2</b>			
To reclassify accounts for PPP loan forgiveness entry			
28999	Def Rev-Non Scholarship	229,661.00	
50001	Wages	74,544.00	
50101	Vacation Pay	1,143.00	
50601	Health Insurance Premiums	6,719.00	
50602	Life & Long Term Disability	564.00	
50701	Dental Insurance	467.00	
50901	403B Expenses	2,533.00	
55100	Rent	8,890.00	
57000	Telephone	581.00	
28999	Def Rev-Non Scholarship		95,441.00
40907	Gain on Forgiveness of Debt		229,661.00
<b>Total</b>		<b>325,102.00</b>	<b>325,102.00</b>

## Summary of Audit Adjustments

Client: **45-01675 - Children's Forum, Inc.**  
 Engagement: **2022 Audit - Children's Forum, Inc.**  
 Period Ending: **6/30/2022**  
 Trial Balance: **TB**  
 Workpaper: **3203 - Passed Journal Entries Report**

Account	Description	Debit	Credit
<b>Passed Journal Entries</b>			
<b>Passed Journal Entries JE # 2</b>			
To book Florida Afterschool Network agency administrative fee			
30151	Restricted Funds - FAN	35,206.00	
40601	Income - Other		35,206.00
<b>Total</b>		<b><u>35,206.00</u></b>	<b><u>35,206.00</u></b>

**Management Representation Letter**



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## Internal Controls

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

In planning and performing our audit of the financial statements of Children's Forum, Inc. (the Forum) as of and for the year ended June 30, 2022, in accordance with auditing standards generally accepted in the United States of America, we considered the Forum's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Forum's internal control. Accordingly, we do not express an opinion on the effectiveness of the Forum's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed 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 communication is intended solely for the information and use of management and the Board of Directors, the applicable grantors, and others within Children's Forum, Inc., and is not intended to be, and should not be, used by anyone other than these specified parties.

CARR, RIGGS & INGRAM, LLC

Tallahassee, FL

