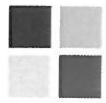




Children's Forum, Inc.

FINANCIAL STATEMENTS

June 30, 2021 and 2020



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REPORT



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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of Children's Forum, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

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

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards and state financial assistance, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, Audit Requirements for Federal Awards*, and Chapter 10.650, *Rules of the Auditor General of the State of Florida*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2021, on our consideration of Children's Forum, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Children Forum, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Children's Forum, Inc.'s internal control over financial reporting and compliance.

Report on Summarized Comparative Information

We have previously audited the Children's Forum, Inc.'s 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 18, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

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

CARR, RIGGS & INGRAM, LLC

Tallahassee, FL

December 17, 2021



FINANCIAL STATEMENTS

Children's Forum, Inc.
Statements of Financial Position

<i>June 30,</i>	2021	2020
Assets		
Current assets		
Cash and cash equivalents	\$ 2,213,002	\$ 698,512
Accounts receivable	3,357,257	4,127,458
Accounts receivable - other	77,652	381,634
Other assets	57,611	61,263
Total current assets	5,705,522	5,268,867
Property and equipment, net	27,745	34,434
Total assets	\$ 5,733,267	\$ 5,303,301
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued expenses	\$ 1,496,034	\$ 1,638,585
Refundable advances	20,954	3,346
Amounts held on behalf of others	474,009	-
Current portion of note payable	740,000	327,466
Total current liabilities	2,730,997	1,969,397
Long-term liabilities		
Note payable, less current portion	-	412,534
Accrued leave	240,482	238,317
Deferred compensation payable	24,225	23,985
Total long-term liabilities	264,707	674,836
Total liabilities	2,995,704	2,644,233
Net assets		
Without donor restrictions	2,725,915	2,647,420
With donor restrictions	11,648	11,648
Total net assets	2,737,563	2,659,068
Total liabilities and net assets	\$ 5,733,267	\$ 5,303,301

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	2021 Total	2020 Summarized Total
Revenue and Other Support				
Governmental grants	\$ 14,775,957	\$ -	\$ 14,775,957	\$ 15,282,543
Assessments	459,375	-	459,375	98,700
Membership dues	35,854	-	35,854	24,876
Sponsorships	96,997	-	96,997	-
Other	21,666	-	21,666	35,857
Total revenue and other support	15,389,849	-	15,389,849	15,441,976
Expenses				
<i>Program services</i>				
TEACH Early Childhood Project	10,073,760	-	10,073,760	10,488,869
Help Me Grow Family Support	1,802,876	-	1,802,876	1,754,997
Child Care INCENTIVES Florida	1,276,896	-	1,276,896	1,503,919
Early Childhood Education Professional Development	1,390,369	-	1,390,369	1,236,173
DCF Child Care Training Evaluation Services	162,564	-	162,564	147,726
Program Assessment Center	467,774	-	467,774	115,921
Total program services	15,174,239	-	15,174,239	15,247,605
<i>Supporting services</i>				
General and administrative	137,115	-	137,115	192,477
Total expenses	15,311,354	-	15,311,354	15,440,082
Change in Net Assets	78,495	-	78,495	1,894
Net assets at beginning of year	2,647,420	11,648	2,659,068	2,657,174
Net assets at end of year	\$ 2,725,915	\$ 11,648	\$ 2,737,563	\$ 2,659,068

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 2020			
	TEACH		Child Care INCENTIVES Florida		Program Assessment Center		Help Me Grow Family Support		DCF Child Care Training Evaluation Services		Early Childhood Education Professional Development			Total Program Services	General and Administrative	Total 2021
	Early Childhood Project															
Scholarships	\$ 7,943,871	\$ 832,797	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,776,668	\$ -	\$ 8,776,668	\$ 9,359,361
Salaries and benefits	1,790,594	363,303	99,542	267,145	137,906	1,146,590	1,336,867	11,480	11,480	1,336,867	3,805,080	35,808	3,840,888	3,840,888	3,872,946	
Affiliate payments	-	-	-	1,336,867	-	-	-	-	-	-	-	-	48,800	1,385,667	1,385,667	1,313,178
Rent	162,586	42,212	6,088	25,113	11,480	78,060	54,037	3,957	3,957	325,539	175,257	-	325,539	199,034	87,073	
Office expenses	67,071	13,559	1,643	54,037	3,957	34,990	109,794	-	-	175,257	132,201	23,777	199,034	134,201	262,579	
Public education-outreach	110	1,825	-	109,794	-	20,472	-	-	-	20,472	132,201	2,000	134,201	134,201	41,981	
Printing and other	36,723	4,444	278	1,116	2,017	2,641	3,378	1,116	2,017	2,641	47,219	19,327	66,546	66,546	120,652	
Utilities	24,458	6,137	641	3,378	2,070	19,484	2,148	3,378	2,070	19,484	56,168	714	56,882	56,882	96,751	
Professional fees	15,257	6,023	358,689	2,148	3,608	63,943	2,148	2,148	3,608	63,943	449,668	196	449,864	449,864	183,504	
Insurance	14,072	3,609	397	1,894	987	7,873	1,894	843	987	7,873	28,832	172	29,004	29,004	24,441	
Professional development	12,340	1,741	68	843	292	3,830	843	-	292	3,830	19,114	5,212	24,326	24,326	5,217	
Travel	1,461	876	286	-	-	12,368	-	-	-	12,368	14,991	1,038	16,029	16,029	50,734	
Facilities and equipment usage	5,217	370	142	541	247	118	541	-	247	118	6,635	53	6,688	6,688	21,665	
Interest	-	-	-	-	-	-	-	-	-	-	-	18	18	-	-	-
Total	\$ 10,073,760	\$ 1,276,896	\$ 467,774	\$ 1,802,876	\$ 162,564	\$ 1,390,369	\$ 1,802,876	\$ 162,564	\$ 1,390,369	\$ 15,174,239	\$ 137,115	\$ 15,311,354	\$ 15,440,082	\$ 15,311,354	\$ 15,440,082	\$ 15,440,082

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>	2021	2020
Operating Activities		
Change in net assets	\$ 78,495	\$ 1,894
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Facilities and usage allowance	6,689	21,665
Loss on sale of building	-	41,995
Changes in operating assets and liabilities:		
Accounts receivable	770,201	(176,217)
Accounts receivable - other	303,982	(211,510)
Other assets	3,652	41,495
Accounts payable and accrued expenses	(142,551)	(409,263)
Refundable advances	17,608	478
Amounts held on behalf of others	474,009	-
Accrued leave	2,165	33,322
Deferred compensation payable	240	4,903
Net cash provided by (used in) operating activities	1,514,490	(651,238)
Investing Activities		
Proceeds from sale of building	-	465,000
Purchases of property and equipment	-	(10,499)
Net cash provided by (used in) investing activities	-	454,501
Financing Activities		
Issuance of debt	-	740,000
Net cash provided by (used in) financing activities	-	740,000
Net change in cash and cash equivalents	1,514,490	543,263
Cash and cash equivalents at beginning of year	698,512	155,249
Cash and cash equivalents at end of year	\$ 2,213,002	\$ 698,512

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, 2020, 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 accounted for under ASC Topic 606, *Revenue from Contracts with Customers* (ASC 606), recognizing revenue when performance obligations under the terms of the contracts with customers are satisfied.

Contributions, governmental grants, and 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, 2021 and 2020, the Forum has no uncertain tax provisions that qualify for recognition or disclosure in the financial statements.

Reclassifications

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

Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, December 17, 2021. See Notes 7 and 15 for relevant disclosures. 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>	2021	2020
Total assets at year-end	\$ 5,733,267	\$ 5,303,301
Less non-financial assets:		
Other assets	(57,611)	(61,263)
Property and equipment, net	(27,745)	(34,434)
Financial assets at year-end	5,647,911	5,207,604
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	(474,009)	-
Financial assets available to meet cash needs for general expenditures within one year	\$ 5,162,254	\$ 5,195,956

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>	2021	2020
Grants and funds	\$ 3,357,257	\$ 4,127,458
Accounts receivable	\$ 3,357,257	\$ 4,127,458

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>	2021	2020
Accrued billings	\$ 75,602	\$ 370,224
Customers	2,050	11,410
Accounts receivable – other	\$ 77,652	\$ 381,634

Bad debts expense was \$-0- for each of the years ended June 30, 2021 and 2020.

Note 5: PROPERTY AND EQUIPMENT

Property and equipment, net, consists of the following:

<i>June 30,</i>	Estimated Useful Lives (in years)	2021	2020
Building and improvements	10 - 40	\$ 22,198	\$ 22,198
Computer equipment	3 - 5	32,071	32,071
Software	3 - 5	37,605	37,605
Furniture and equipment	7 - 10	94,140	94,140
Property and equipment		186,014	186,014
Less accumulated depreciation		(158,269)	(151,580)
Property and equipment, net		\$ 27,745	\$ 34,434

Facilities and usage allowance expense for the years ended June 30, 2021 and 2020 was \$6,689 and \$21,665, 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, 2020 and was renewed for an additional year at an interest rate of 4.00%. 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, 2021 and 2020.

Children's Forum, Inc.
Notes to Financial Statements

Note 7: NOTE PAYABLE

In April 2020, the Forum obtained a \$740,000 loan through the Paycheck Protection Program (PPP) administered by the U.S. Small Business Administration. The loan is held by a commercial bank. Under the terms of the loan, the Forum is required to make payments of principal and interest on the unpaid portion of the loan, beginning November 2020, based on an interest rate of 1%, with maturity in April 2022. Under the terms of the loan, a portion or all of the borrowed amount may be forgiven based on the use of proceeds by the Forum in accordance with the requirements of the PPP, including the provisions of Section 1106 of the Coronavirus Aid Relief, and Economic Security Act (CARES Act) (P.L. 116-136) during the 24 week period beginning on the date of the first disbursement. Subsequent to June 30, 2021, the Forum applied for forgiveness of a portion of the note payable, and on July 27, 2021, the Forum received notice from the bank that \$229,661 of the note payable and related interest had been forgiven. The Forum paid off the remaining \$510,339 of the note payable and related interest on August 2, 2021. Due to this, the note payable has been presented as a current liability in the statements of financial position.

Interest expense related to the note payable totaled \$18 and \$303 for the years ended June 30, 2021 and 2020, respectively.

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

For the year ending June 30,

2022	\$ 740,000
Total	\$ 740,000

Note 8: NET ASSETS

Net assets with donor restrictions consist of:

<i>June 30,</i>	2021	2020
Restricted for specified purpose - disaster relief	\$ 11,648	\$ 11,648
Net assets with donor restrictions	\$ 11,648	\$ 11,648

Children's Forum, Inc.
Notes to Financial Statements

Note 9: REVENUE

The Forum recognizes revenue at the time performance obligations are met and at the time contributions are received. The Forum's primary revenue source is from state and federal grants.

As of June 30, 2021 there are \$20,954 of performance obligations to be satisfied, all of which are expected to be recognized in fiscal year 2022. As of June 30, 2020 there were \$3,346 of performance obligations to be satisfied, all of which were recognized during fiscal year 2021. Performance obligation liabilities consist primarily of receipts in excess of expenses with a contract that ended after the fiscal year. The performance obligation liabilities will be recognized as revenue when the related expenses are incurred.

Disaggregated Revenue

A summary of disaggregated revenue information follows:

<i>For the years ended June 30,</i>	2021	2020
Revenue from contracts with customers		
<i>Recognized at a point in time</i>		
Assessments	\$ 459,375	\$ 98,700
Other	18,755	35,013
Other revenue and support		
Governmental grants	14,775,957	15,282,543
Membership dues	35,854	24,876
Sponsorships	96,997	-
Other	2,911	844
Total revenue and other support	\$ 15,389,849	\$ 15,441,976

Contract Balances

<i>June 30,</i>	2021	2020
Receivable from contracts at beginning of year	\$ 11,410	\$ 17,166
Receivable from contracts at end of year	\$ 2,050	\$ 11,410

Children's Forum, Inc.
Notes to Financial Statements

Note 10: CONCENTRATIONS OF RISK

The Forum maintains cash with a financial institution at June 30, 2021 and 2020 in excess of federally insured limits of \$2,365,731 and \$1,250,605, respectively.

During the years ended June 30, 2021 and 2020, the Forum recognized grant revenue of \$11,702,762 and \$11,702,768, respectively, from the Florida Office of Early Learning. This represents 76% of total revenue and support for each year. As of June 30, 2021 and 2020, the Forum had \$2,737,119 and \$3,317,605, respectively, 80% and 74%, respectively, of total accounts receivable was due from the Florida Office of Early Learning.

Note 11: 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,

2022	\$ 326,475
2023	310,052
2024	317,797
2025	325,726
2026	333,869
Thereafter	1,358,436
<hr/>	
Total future minimum lease payments	\$ 2,972,355

Rent expense totaled \$325,539 and \$87,073 for the years ended June 30, 2021 and 2020, respectively.

Note 12: ANNUITY PLAN

The Forum sponsors a 403(b) annuity plan covering all employees. Employer contributions, equal to 5 percent of all participants' compensation, are made on behalf of each participant who is at least 21 years old and has completed one year of eligible service. Total 403(b) expense for the years ended June 30, 2021 and 2020 was \$103,543 and \$103,149, 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 13: SALE OF BUILDING

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

Note 14: RISKS AND UNCERTAINTIES

In March 2020, the World Health Organization made the assessment that the outbreak of a novel coronavirus (COVID-19) can be characterized as a pandemic. As a result, uncertainties have arisen that may have a significant negative impact on the operating activities and results of the Forum. The occurrence and extent of such an impact will depend on future developments, including (i) the duration and spread of the virus, (ii) government quarantine measures, (iii) voluntary and precautionary restrictions on travel or meetings, (iv) the effects on the financial markets, and (v) the effects on the economy overall, all of which are uncertain as of December 17, 2021.

Note 15: SUBSEQUENT EVENTS

Subsequent to June 30, 2021, the Forum executed grant agreements totaling \$1,386,811 with subrecipients for the fiscal year ending June 30, 2022. These subrecipients will perform services in accordance with grants received from the State of Florida's Department of Education.

See Note 7 for subsequent forgiveness and payoff of the PPP note payable.



OTHER REPORTS





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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, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 17, 2021.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

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

CARR, RIGGS & INGRAM, LLC

Tallahassee, FL

December 17, 2021

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

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

Report on Compliance for Each Major Federal Program and State Project

We have audited Children's Forum, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and 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 programs and major state project for the year ended June 30, 2021. Children's Forum, Inc.'s major federal programs and major state project are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Children's Forum, Inc.'s major federal programs and major state project based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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. Those standards, the Uniform Guidance, the Rules of the Auditor General, and the special audit guidance provided by the Florida Office of Early Learning, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program and major state project occurred. An audit includes examining, on a test basis, evidence about Children's Forum Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program and major state project. However, our audit does not provide a legal determination of Children's Forum, Inc.'s compliance.

Opinion on Each Major Federal Program and Major State Project

In our opinion, Children's Forum, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and its major state projects for the year ended June 30, 2021.

Report on Internal Control Over Compliance

Management of Children's Forum, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Children's Forum, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program and major state project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and major state project and to test and report on internal control over compliance in accordance with the Uniform Guidance, the 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Children's Forum, Inc.'s internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance, 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, L.L.C.

CARR, RIGGS & INGRAM, LLC

Tallahassee, FL

December 17, 2021



SUPPLEMENTARY INFORMATION

Children's Forum, Inc.

Schedule of Expenditures of Federal Awards and State Financial Assistance
Year Ended June 30, 2021

Federal Grantor/Pass Through Grantor/ Program or Cluster Title	Assistance Listing Number	Award Amount	Contract Number	Expenditures	Amounts Provided to Subrecipients
FEDERAL					
<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	SR577	\$ 10,000,000	\$ -
Child Care and Development Block Grant	93.575	168,189	FORUM-WAGES-19-ELC7	167,849	-
Child Care and Development Block Grant	93.575	700,000	SR-20-01	586,337	-
<u>Passed through Florida Department of</u>					
<u>Children & Families</u>					
Child Care and Development Block Grant	93.575	195,395	LC924	162,562	-
Total Child Care and Development Block Grant	93.575			10,916,748	-
<u>Passed through Florida Department of Education,</u>					
<u>Office of Early Learning</u>					
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	149,251	FORUM-WAGES-19-ELC7	148,949	-
Total Child Care Development Fund Cluster				11,065,697	-
<u>Passed through Florida Department of Education,</u>					
<u>Office of Early Learning</u>					
Temporary Assistance for Needy Families (TANF)	93.558	133,063	FORUM-WAGES-19-ELC7	132,794	-
<u>Passed through Florida Association of Healthy Start</u>					
<u>Coalitions</u>					
Maternal and Child Health Federal Consolidated Programs	93.110	16,000	16-03-FY2021	16,000	-
<u>Passed through Association of University Centers on</u>					
<u>Disabilities</u>					
Strengthening Public Health Systems and Services through National Partnerships to Improve and Protect the Nation's Health	93.421	94,000	10-21-8894	78,210	22,000
<u>Passed through Florida Department of Education,</u>					
<u>Office of Early Learning</u>					
Social Services Block Grant	93.667	406	FORUM-WAGES-19-ELC7	405	-
Total expenditures of federal awards				11,293,106	22,000
STATE					
<u>Florida Department of Education, Office of Early Learning</u>					
Help Me Grow Florida Network	48.111	1,808,957	C1031	1,802,876	1,336,867
Total expenditures of state financial assistance				1,802,876	1,336,867
Total expenditures of federal awards and state financial assistance				\$ 13,095,982	\$ 1,358,867

*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, 2021

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 different 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) and Child Care Mandatory and Matching Funds of the Child Care and Development Fund (ALN 93.596) are reported as a cluster in the schedule.

NOTE 2: BASIS OF ACCOUNTING

The schedule was prepared on the accrual basis of accounting.

NOTE 3: CONTINGENCIES

Grant monies received and disbursed by the 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, 2021, 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, 2021.

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, 2021

NOTE 6: FEDERALLY FUNDED INSURANCE

The Forum did not receive federally funded insurance during the fiscal year ended June 30, 2021.

NOTE 7: FEDERALLY FUNDED LOANS

The Forum has no federally funded loans as of June 30, 2021. No funds were expended in the form of loan or loan guarantees during the fiscal year ended June 30, 2021.

Children's Forum, Inc.
 Schedule of Findings and Questioned Costs
 Year Ended June 30, 2021

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="border-collapse: collapse; margin-left: 20px;"> <tr> <td style="text-align: center; border-bottom: 1px solid black; width: 150px;"><u>ALN Number</u></td> <td style="text-align: center; border-bottom: 1px solid black; width: 200px;"><u>Federal Program</u></td> </tr> <tr> <td style="text-align: center;">93.575, 93.596</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, 93.596 | Child Care and Development Fund Cluster | |
| <u>ALN Number</u> | <u>Federal Program</u> | | | | |
| 93.575, 93.596 | 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, 2021
(Continued)

SECTION I – SUMMARY OF AUDITORS' RESULTS (CONTINUED)

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

4. Identification of major projects:

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

5. Dollar threshold used to distinguish between type A and type B projects: \$540,863

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

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, 2021;
- 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
- 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, 2021, and have issued our report thereon dated December 17, 2021. Professional standards require that we provide you with the following information related to our audit:

MATTER TO BE COMMUNICATED	AUDITORS’ RESPONSE
<p>Auditors’ responsibility under Generally Accepted Auditing Standards and Government Auditing Standards.</p>	<p>As stated in our engagement letter dated October 1, 2021, 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>With respect to the supplementary information accompanying the financial statements, 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>
<p>Client’s responsibility</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>

Required Communications

MATTER TO BE COMMUNICATED	AUDITORS' RESPONSE
<p>Planned scope and timing of the audit</p>	<p>Our initial audit plan was not significantly altered during our fieldwork.</p>
<p>Management judgments and accounting estimates <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>
<p>Potential effect on the financial statements of any significant risks and exposures <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>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</p> <ul style="list-style-type: none"> • <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> • <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> <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>See section entitled "Accounting Policies, Judgments and Sensitive Estimates & CRI Comments on Quality" and Note 2 of the Notes to the Financial Statements.</p>

Required Communications

MATTER TO BE COMMUNICATED	AUDITORS' RESPONSE
<p>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</p> <ul style="list-style-type: none"> • <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> 	<p>See section entitled "Accounting Policies, Judgments and Sensitive Estimates & CRI Comments on Quality" and Note 2 of the Notes to the Financial Statements.</p>
<p>Significant difficulties encountered in the audit <i>Any significant difficulties, for example, unreasonable logistical constraints or lack of cooperation by management.</i></p>	<p>None.</p>
<p>Disagreements with management <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>	<p>None.</p>
<p>Other findings or issues <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>	<p>None.</p>

Required Communications

MATTER TO BE COMMUNICATED	AUDITORS' RESPONSE
<p>Matters arising from the audit that were discussed with, or the subject of correspondence with, management <i>Business conditions that might affect risk or discussions regarding accounting practices or application of auditing standards.</i></p>	None.
<p>Corrected and uncorrected misstatements <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>	Please see the following section titled "Summary of Audit Adjustments."
<p>Major issues discussed with management prior to retention <i>Any major accounting, auditing or reporting issues discussed with management in connection with our initial or recurring retention.</i></p>	None.
<p>Consultations with other accountants <i>When management has consulted with other accountants about significant accounting or auditing matters.</i></p>	None of which we are aware.
<p>Written representations <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>Internal control deficiencies <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>Fraud and illegal acts</p> <p><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>Other information in documents containing audited financial statements</p> <p><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"> • Such information is materially inconsistent with the financial statements; and • We believe such information represents a material misstatement of fact. <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>

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. 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.
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.

**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
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).

See attached schedule of passed audit adjustments.

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: *2021 Audit - Children's Forum, Inc.*
 Period Ending: *6/30/2021*
 Trial Balance: *TB*
 Workpaper: *3203 - Passed Journal Entries Report*

Account	Description	Debit	Credit
Passed Journal Entries JE # 2			
To book Florida Afterschool Network agency administrative fee			
30151	Restricted Funds - FAN	21,480.00	
40601	Income - Misc		21,480.00
Total		<u>21,480.00</u>	<u>21,480.00</u>
Passed Journal Entries JE # 3			
To book accrued interest related to PPP loan.			
55001	Interest Expense	7,804.00	
20011	PPP Loan		7,804.00
Total		<u>7,804.00</u>	<u>7,804.00</u>
	Total Passed Journal Entries	<u>29,284.00</u>	<u>29,284.00</u>

Management Representation Letter



December 17, 2021

Carr, Riggs & Ingram, LLC
2633 Centennial Boulevard, Suite 200
Tallahassee, FL 32308

This representation letter is provided in connection with your audit of the financial statements of The Children's Forum, Inc., which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the disclosures (collectively, the "financial statements"), for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of December 17, 2021, the following representations made to you during your audit.

Financial Statements

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated October 1, 2021, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP.
- 2) The financial statements referred to above are fairly presented in conformity with U.S. GAAP.
- 3) We acknowledge our responsibility 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.
- 4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- 5) Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
- 6) Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with U.S. GAAP.

Board of Directors

Phyllis K. Kalifeh, Ed.D.
Children's Forum
President and CEO

Robert H. Buesing, J.D.
Prenan & Kenney
Attorneys at Law
Board Chair

Wil Blechman, M.D.
Retired Physician
Dir. Chair

Larry Pintacuda
Retired Executive
Secretary

Allison Davis, CPA
Andersen Tax LLC
Treasurer

Christopher J. Card, Ph.D.
Edwards Connects
Board Member

Claudia Davant
Adams St. Advocates
Board Member

Ted Granger
Retired Executive
Board Member

Gege Kreischer
Consultant
Board Member

Linda Stoller
Consultant
Board Member

1201 Government Square, Tallahassee, Florida 32304
(904) 491-1111 | www.thechildrensforum.com

Children's Forum, Inc. is accredited by Fungrowth First for excellence in Social Responsibility Management.

Management Representation Letter

- 7) All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
- 8) The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements as a whole.
- 9) The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
- 10) Significant estimates and material concentrations have been appropriately disclosed in accordance with U.S. GAAP.
- 11) Guarantees, whether written or oral, under which the Organization is contingently liable, have been properly recorded or disclosed in accordance with U.S. GAAP.
- 12) As part of your audit, you assisted with the preparation of the financial statements and disclosures, schedules of functional expenses, schedule of federal expenditures and state financial assistance and related notes, schedule of expenditures of the Children's Trust's contracts, and tax returns. We acknowledge our responsibility as it relates to those nonaudit services, including that we assume all management responsibilities; oversee the services by designating an individual (Kerri Cloud, CFO), who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services. We have reviewed, approved, and accepted responsibility for the Children's Forum's financial statements and related notes, schedules of functional expenses, schedule of federal expenditures and state financial assistance and related notes, schedule of expenditures of the Children's Trust's contracts, tax returns, and any other nonattest services performed by you.
- 13) We have no plans or intentions to discontinue the operations of any program or discontinue any significant services or activities.

Information Provided

- 14) We have provided you with—
 - a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records (including information obtained from outside of the general and subsidiary ledgers), documentation, and other matters, and all audit or relevant monitoring reports, if any, received from funding sources.
 - b) Additional information that you have requested from us for the purpose of the audit.
 - c) Unrestricted access to persons within the Organization from whom you determined it necessary to obtain audit evidence.
 - d) Minutes of the meetings of the governing board or summaries of actions of recent meetings for which minutes have not yet been prepared.
- 15) All material transactions have been recorded in the accounting records and are reflected in the financial statements and the schedule of expenditures of federal awards and state financial assistance.
- 16) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- 17) We have no knowledge of any fraud or suspected fraud that affects the Organization and involves—

Management Representation Letter

- a) Management,
 - b) Employees who have significant roles in internal control, or
 - c) Others where the fraud could have a material effect on the financial statements.
- 18) We have no knowledge of any allegations of fraud or suspected fraud affecting the Organization's financial statements communicated by employees, former employees, grantors, regulators, or others.
- 19) We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, waste or abuse, whose effects should be considered when preparing financial statements.
- 20) We are not aware of any pending or threatened litigation, claims, or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements in accordance with U.S. GAAP, and we have not consulted a lawyer concerning litigation, claims, or assessments.
- 21) We have disclosed to you the names of the Organization's related parties and all the related party relationships and transaction, including any side agreements.
- 22) The Organization has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
- 23) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us.
- 24) We have identified and disclosed to you all instances of identified and suspected fraud and noncompliance with provisions of laws, regulations, contracts, and grant agreements that we believe have a material effect on the financial statements.
- 25) Children's Forum, Inc. is an exempt organization under Section 501c3 of the Internal Revenue Code. Any activities of which we are aware that would jeopardize the Organization's tax-exempt status, and all activities subject to tax on unrelated business income or excise or other tax, have been disclosed to you. All required filings with tax authorities are up-to-date.
- 26) We acknowledge our responsibility for presenting the schedule of expenditures of federal awards and state financial assistance, notes to schedule of expenditures of federal awards and state financial assistance, and schedule of findings and questioned costs (supplementary information) in accordance with U.S. GAAP, and we believe the supplementary information, including its form and content, is fairly presented in accordance with U.S. GAAP. The methods of measurement and presentation of the supplementary information have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.
- 27) With respect to federal award programs and state financial assistance projects:
- a. We are responsible for understanding and complying with, and have complied 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* (Uniform Guidance) and Chapter 10.650, *Rules of the Auditor General* and the Department of Financial Services' *State Projects Compliance Supplement* (Rules of the Auditor

Management Representation Letter

General), relating to preparation of the schedule of expenditures of federal awards and state financial assistance.

- b. We acknowledge our responsibility for presenting the schedule of expenditures of federal awards and state financial assistance (SEFASFA) and related notes in accordance with the requirements of the Uniform Guidance and Rules of the Auditor General, and we believe the SEFASFA, including its form and content, is fairly presented in accordance with the Uniform Guidance and Rules of the Auditor General. The methods of measurement or presentation of the SEFASFA have not changed from those used in the prior period, and we have disclosed to you any significant assumptions and interpretations underlying the measurement or presentation of the SEFASFA.
- c. If the SEFASFA is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the SEFASFA no later than the date we issue the SEFASFA and the auditor's report thereon.
- d. We have identified and disclosed to you all of our government programs and related activities subject to the Uniform Guidance and Rules of the Auditor General compliance audit, and have identified and included in the SEFASFA, expenditures made during the audit period for all awards provided by federal and state agencies in the form of federal and state awards, federal and state cost-reimbursement contracts, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other direct assistance.
- e. We are responsible for understanding and complying with, and have complied with, the requirements of federal and state statutes, regulations, the terms and conditions of federal and state awards related to each of our federal programs and state projects and have identified and disclosed to you the requirements of federal and state statutes, regulations, and the terms and conditions of federal and state awards that are considered to have a direct and material effect on each major program.
- f. We are responsible for establishing and maintaining, and have established and maintained, effective internal control over compliance for federal programs and state projects that provides reasonable assurance that we are managing our federal and state awards in compliance with federal and state statutes, regulations, and the terms and conditions of federal and state awards that could have a material effect on our federal programs and state projects. We believe the internal control system is adequate and is functioning as intended.
- g. We have made available to you all federal and state awards (including amendments, if any) and any other correspondence with federal and state agencies or pass-through entities relevant to federal programs and state projects and related activities.
- h. We have received no requests from a federal or state agency to audit one or more specific programs as a major program.



**INTERNAL CONTROL
RECOMMENDATIONS**

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, 2021, 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, L.L.C.

CARR, RIGGS & INGRAM, LLC

Tallahassee, FL

December 17, 2021