

Children's Forum, Inc.

FINANCIAL STATEMENTS

June 30, 2017 and 2016



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Children's Forum, Inc.
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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 statements of financial position as of June 30, 2017 and 2016, and the related statements of activities and cash flows for the years 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 audits. We conducted our audits 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, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audits were 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*, are presented for purposes of additional analysis and are not a required part of the financial statements. In addition, the schedules of functional expenses is presented for purposes of additional analysis as required by Children's Forum, Inc. 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 21, 2017, 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 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.

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

CARR, RIGGS & INGRAM, LLC

Tallahassee, FL

December 21, 2017



FINANCIAL STATEMENTS

Children's Forum, Inc.
Statements of Financial Position

<i>June 30,</i>	2017	2016
Assets		
Current assets:		
Cash and cash equivalents	\$ 655,805	\$ 521,117
Accounts receivable	2,735,016	2,577,250
Accounts receivable - other	587,334	122,036
Other assets	47,853	55,648
Total current assets	4,026,008	3,276,051
Property and equipment, net	594,955	624,869
Total assets	\$ 4,620,963	\$ 3,900,920
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued expenses	\$ 1,846,041	\$ 1,115,405
Deferred revenue	133,312	142,760
Total current liabilities	1,979,353	1,258,165
Net assets		
Unrestricted net assets	2,641,610	2,642,755
Total net assets	2,641,610	2,642,755
Total liabilities and net assets	\$ 4,620,963	\$ 3,900,920

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

Children's Forum, Inc.
Statements of Activities

<i>Years ended June 30,</i>	2017	2016
Revenue and support		
Governmental contracts	\$ 12,598,123	\$ 8,178,029
Communications/IT services	20,250	19,182
Conference and training	9,060	16,720
Membership fees	29,235	23,560
Interest and dividends	677	927
Publications	10,251	1,132
Other	14,727	16,088
Total revenue and support	12,682,323	8,255,638
Expenditures		
Program costs:		
Child Care WAGE\$ Florida	632,628	546,447
DCF Child Care Training Evaluation Services	185,831	182,348
Disability Unit	-	626,015
Early Childhood Education Professional Development	202,419	178,886
Family Support	2,071,778	-
Professional Development	1,639,777	1,345,199
Program Assessment Center	558,259	542,466
School Age Services	-	2,858
TEACH Early Childhood Project	7,245,195	4,599,648
Total program costs	12,535,887	8,023,867
Management and general expenses	147,581	230,840
Total expenses	12,683,468	8,254,707
Change in unrestricted net assets	(1,145)	931
Beginning unrestricted net assets	2,642,755	2,641,824
Ending unrestricted net assets	\$ 2,641,610	\$ 2,642,755

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

Children's Forum, Inc.
Statements of Cash Flows

<i>Years ended June 30,</i>	2017	2016
Cash flows from operating activities		
Change in net assets	\$ (1,145)	\$ 931
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Facilities and usage allowance	29,914	23,125
(Increase) decrease in:		
Due from the State of Florida	(157,766)	(453,197)
Due from other contracts	(465,298)	37,542
Other assets	7,795	(32,191)
Increase (decrease) in:		
Accounts payable and accrued expenses	730,636	627,345
Deferred revenue	(9,448)	(3,657)
Net cash provided by operating activities	134,688	199,898
Cash flows from investing activities		
Purchases of property and equipment	-	(47,532)
Net cash used in investing activities	-	(47,532)
Net change in cash and cash equivalents	134,688	152,366
Beginning cash and cash equivalents	521,117	368,751
Ending cash and cash equivalents	\$ 655,805	\$ 521,117

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



Children's Forum, Inc.
Notes to Financial Statements

NOTE 1 – NATURE OF OPERATIONS

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

This summary of significant accounting policies of the Forum presents information to assist in understanding the Forum's financial statements. The accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

Basis of Accounting

The Forum's financial statements are presented on the accrual basis of accounting.

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.

Property and Equipment

Property and equipment with an original cost in excess of \$1,000 are recorded at cost less accumulated facilities and usage allowance. Facilities and usage allowance is computed using the straight-line method. Assets are depreciated over their estimated useful lives of 3 to 40 years.

Income Taxes

The Forum has been granted exemption from income taxes under Section 501(c)(3) of the Internal Revenue Code, except on unrelated business income. Accordingly, no liability for income taxes is reflected in these financial statements.



Children's Forum, Inc.
Notes to Financial Statements

Revenue Recognition

Revenue on cost-reimbursement contracts is recognized when the related expenses are incurred. Revenue on fixed-price contracts is recognized as the related expenses are incurred, except for the excess revenue on fixed-price contracts, which is recognized when all deliverables have been provided. Revenue from membership fees is recognized during the membership period.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the estimated programs and supporting services benefited.

Management Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the statement of financial position. Actual results could differ from those estimates.

Subsequent Events

Subsequent events have been evaluated through the date of the independent auditors' report, which is the date that the financial statements were available to be issued.

NOTE 3 – CASH AND CASH EQUIVALENTS

Cash and cash equivalents typically include all short-term, highly liquid investments with original maturities of three months or less. Cash and cash equivalents, which include cash in bank and money market accounts, are maintained at multiple financial institutions at June 30, 2017, which are each insured by the Federal Deposit Insurance Corporation up to \$250,000. The Forum had approximately \$555,073 uninsured at June 30, 2017. The Forum manages these risks by maintaining deposits in high quality financial institutions.

NOTE 4 – ACCOUNTS RECEIVABLE

Accounts Receivable

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.

Children's Forum, Inc.
Notes to Financial Statements

NOTE 4 – ACCOUNTS RECEIVABLE (Continued)

Accounts Receivable - Other

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.

NOTE 5 – PROPERTY AND EQUIPMENT – NET

Property and equipment consisted of the following:

<i>June 30,</i>	2017	2016
Land	\$ 209,848	\$ 209,848
Building and improvements	759,825	759,825
Computer equipment	32,071	32,071
Software	37,605	37,605
Furniture and equipment	94,140	94,140
Property and equipment	1,133,489	1,133,489
Accumulated depreciation	(538,534)	(508,620)
Property and equipment, net	\$ 594,955	\$ 624,869

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.

Facilities and usage allowance expense for the years ended June 30, 2017 and 2016 was \$29,914 and \$23,125, respectively.

NOTE 6 – DEFERRED REVENUE

Deferred revenue consisted of \$133,312 and \$142,760 at June 30, 2017 and 2016, respectively, and is composed primarily of unexpended scholarship funds. The deferred revenue will be recognized when the related expenses are incurred.

Children's Forum, Inc.
Notes to Financial Statements

NOTE 7 – ANNUITY PLAN

Children's Forum, Inc. 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.

The amount of 403(b) expense for the years ended June 30, 2017 and 2016 was \$94,350 and \$82,263, respectively.

NOTE 8 – CONCENTRATION OF RISK

During the year ended June 30, 2017 and 2016, Children's Forum, Inc. recognized grant revenue of \$9,197,123 and \$4,500,000, respectively, from the Office of Early Learning. This amount represents 73% and 55%, respectively, of total revenue and support.

NOTE 9 – INCOME TAXES

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, 2017, the Forum has no uncertain tax provisions that qualify for either recognition or disclosure in the financial statements.

NOTE 10 – OPERATING LEASE

The Forum leases office space under operating leases that expire in fiscal year 2018 and 2019.

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

<i>Years ending June 30,</i>	
2018	\$ 116,384
2019	110,206
Total minimum rentals	\$ 226,590

Rental expense totaled \$131,982 and \$115,765 for the years ended June 30, 2017 and 2016, respectively.



SUPPLEMENTARY INFORMATION

Children's Forum, Inc.
Schedule of Functional Expenses (Program Costs)

	TEACH				
	Early Childhood Project	Child Care WAGES Florida	Program Assessment Center	Family Support	
<i>Year ended June 30, 2017</i>					
Facilities & Equipment Usage	\$ 23,365	\$ 878	\$ 405	\$	2,243
Insurance	9,473	1,851	2,537		1,300
Office Expenses	79,299	8,602	9,412		35,238
Printing	53,285	8,611	12,179		35,386
Professional Development	5,945	198	3,953		4,795
Professional Fees	55,857	4,938	3,823		1,488,227
Public Education - Outreach	-	-	-		172,893
Rent	42,775	10,583	14,669		7,823
Salaries and Benefits	1,501,467	235,414	448,765		268,174
Scholarships	5,396,525	352,998	-		-
Travel	60,850	5,690	61,632		53,487
Utilities	16,354	2,865	884		2,212
Total	\$ 7,245,195	\$ 632,628	\$ 558,259	\$	2,071,778

See Independent Auditors' Report.

Children's Forum, Inc.
Schedule of Functional Expenses (Program Costs)
(Continued)

Year ended June 30, 2017	Early Childhood			Total Program Costs 2017
	Education Professional Development	DCF Child Care Training Evaluation Services	Professional Development	
Facilities & Equipment Usage	\$ 1,257	\$ 1,438	\$ 865	\$ 30,451
Insurance	673	824	8,217	24,875
Office Expenses	16,002	2,329	26,031	176,913
Printing	9,695	3,278	36,753	159,187
Professional Development	1,349	545	5,882	22,667
Professional Fees	2,476	1,131	15,007	1,571,459
Public Education - Outreach	-	-	-	172,893
Rent	5,567	3,952	42,195	127,564
Salaries and Benefits	152,936	136,791	1,465,924	4,209,471
Scholarships	-	-	-	5,749,523
Travel	11,374	34,528	32,393	259,954
Utilities	1,090	1,015	6,510	30,930
Total	\$ 202,419	\$ 185,831	\$ 1,639,777	\$ 12,535,887

See Independent Auditors' Report.

Children's Forum, Inc.
Schedule of Functional Expenses (Program Costs)

Year ended June 30, 2016	TEACH		Child Care		Disability Unit	Program Assessment Center		School Age Services
	Early Childhood Project	WAGES Florida	WAGES Florida	Program Assessment Center				
Facilities & Equipment Usage	\$ 13,666	\$ 1,342	\$ -	\$ -				
Insurance	6,005	2,075	3,571	2,722				
Office Expenses	73,405	7,097	15,495	10,845				(96)
Printing	34,086	3,716	1,999	1,753				
Professional Development	12,471	2,829	5,508	7,844				
Professional Fees	8,134	4,275	4,786	3,450				
Rent	19,590	9,766	1,854	16,065				
Salaries and Benefits	912,700	235,272	572,027	444,710				2,767
Scholarships	3,469,537	266,003	-	-				
Travel	18,305	3,009	11,281	44,793				187
Utilities	31,749	11,063	9,494	10,284				
Total	\$ 4,599,648	\$ 546,447	\$ 626,015	\$ 542,466				\$ 2,858

See Independent Auditors' Report.

Children's Forum, Inc.
Schedule of Functional Expenses (Program Costs)
(Continued)

<i>Year ended June 30, 2016</i>	Early Childhood Education Professional Development	DCF Child Care Training Evaluation Services	Professional Development	Total Program Costs 2016
Facilities & Equipment Usage	\$ 583	\$ 3,525	\$ 1,505	\$ 20,621
Insurance	3,318	1,009	7,931	26,631
Office Expenses	15,834	2,180	56,344	181,104
Printing	930	850	11,575	54,909
Professional Development	3,462	1,504	14,599	48,217
Professional Fees	859	1,354	15,301	38,159
Rent	4,088	78	63,427	114,868
Salaries and Benefits	139,704	141,866	1,108,552	3,557,598
Scholarships	-	-	-	3,735,540
Travel	7,587	24,551	28,494	138,207
Utilities	2,521	5,431	37,471	108,013
Total	\$ 178,886	\$ 182,348	\$ 1,345,199	\$ 8,023,867

See Independent Auditors' Report.

Children's Forum, Inc.

Schedule of Expenditures of Federal Awards and State Financial Assistance
Year Ended June 30, 2017

Federal Grantor/Pass Through Grantor/ Program or Cluster Title	CFDA Number	Award Amount	Contract Number	Expenditures	Amount Provided to Subrecipients
FEDERAL					
<u>U.S. Department of Health and Human Services</u>					
<u>Child Care Development Fund Cluster:</u>					
<u>Passed through Office of Early Learning:</u>					
Child Care and Development Block Grant	93.575	\$ 12,999,126	SR576	\$ 7,129,280	\$ -
Child Care and Development Block Grant	93.575	176,743	FORUM-WAGE\$-14-ELC7	175,072	-
<u>Passed through Florida Department of Children & Families:</u>					
Child Care and Development Block Grant	93.575	188,570	LC924	185,830	-
Total Child Care and Development Block Grant	93.575			7,490,182	-
<u>Passed through Office of Early Learning:</u>					
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	141,170	FORUM-WAGE\$-14-ELC7	139,835	-
Total Child Care Development Fund Cluster				7,630,017	-
<u>Passed through The Association of University Centers on Disabilities:</u>					
Birth Defects and Developmental Disabilities - Prevention and Surveillance	93.073	10,000	Project ID: 100-86	10,000	-
<u>Passed through Florida Association of Healthy Start Coalitions:</u>					
Maternal and Child Health Federal Consolidated Programs	93.110	45,000	16-03-FY-1617	33,766	-
<u>Passed through Office of Early Learning:</u>					
Temporary Assistance for Needy Families	93.558	130,270	FORUM-WAGE\$-14-ELC7	129,037	-
<u>Passed through Office of Refugee Resettlement:</u>					
Refugee and Entrant Assistance Discretionary Grants	93.576	175,000	90RG0161-02-00	72,150	-
Refugee and Entrant Assistance Discretionary Grants	93.576	175,000	90RGO164-01-00	84,961	-
<u>Passed through Office of Early Learning:</u>					
Social Services Block Grant	93.667	404	FORUM-WAGE\$-14-ELC7	400	-
Total expenditures of federal awards				7,960,331	-

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

Children's Forum, Inc.

Schedule of Expenditures of Federal Awards and State Financial Assistance
Year Ended June 30, 2017
(Continued)

State Grantor/Pass Through Grantor/ Project Title	CSFA Number	Award Amount	Contract Number	Expenditures	Amount Provided to Subrecipients
State					
<u>Florida Department of Education</u>					
<u>Passed through Florida Developmental Disabilities Council:</u>					
Help Me Grow Florida Network	48.111	85,844	968HMG15	28,212	-
<u>Passed through Office of Early Learning:</u>					
Help Me Grow Florida Network	48.111	2,457,143	C1026	2,071,778	1,472,376
Total expenditures of state financial assistance				2,099,990	1,472,376
Total expenditures of federal awards and state financial assistance				\$ 10,060,321	\$ 1,472,376

*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, 2017

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 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.

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 Children's Forum, Inc. 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 Children's Forum, Inc. does not believe that such disallowance, if any, would have a material effect on the financial position of the Children's Forum, Inc. As of June 30, 2017, there were no material questioned or disallowed costs as a result of grant audits in process or completed.

NOTE 4 – NONCASH ASSISTANCE

The Children's Forum, Inc. did not receive any federal or state noncash assistance for the fiscal year ended June 30, 2017.

NOTE 5 – INDIRECT COST RATE

Children's Forum, Inc. has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.



**SINGLE AUDIT AND
AUDITOR GENERAL REPORTS**

**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, 2017, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 21, 2017.

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 Organization's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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 organization’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

CARR, RIGGS & INGRAM, LLC

Tallahassee, FL

December 21, 2017

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

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 the requirements described in the 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 state projects for the year ended June 30, 2017. Children's Forum, Inc.'s major federal programs and state projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal and state awards 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 state projects based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); Chapter 10.650, *Rules of the Auditor General*; and special audit guidance provided by the Florida Office of Early Learning. Those standards, the Uniform Guidance, and Chapter 10.650, Rules of the Auditor General 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 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 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 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 state projects for the year ended June 30, 2017.

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 state project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and state project and to test and report on internal control over compliance in accordance with the Uniform Guidance and Chapter 10.650, Rules of the Auditor General, 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 and Chapter 10.650, Rules of the Auditor General. Accordingly, this report is not suitable for any other purpose.

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

CARR, RIGGS & INGRAM, LLC

Tallahassee, FL


December 21, 2017

Children's Forum, Inc.
Schedule of Findings and Questioned Costs
Year Ended June 30, 2017

Summary of Audit Results

1. The Independent Auditors' Report expresses an unmodified opinion on whether the financial statements of Children's Forum, Inc. were prepared in accordance with GAAP.
2. No significant deficiencies relating to the audit of the financial statements are reported in the 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*. No material weaknesses were identified.
3. No instances of noncompliance material to the financial statements of Children's Forum, Inc. were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal programs and state projects are reported in the Independent Auditors' Report on Compliance for Each Major Federal Program and State Project and on Internal Control Over Compliance Required by the Uniform Guidance and Chapter 10.650, Rules of the Auditor General. No material weaknesses were identified.
5. The Independent Auditors' Report on Compliance for Each Major Federal Program and State Project and on Internal Control Over Compliance Required by Uniform Guidance and Chapter 10.650, *Rules of the Auditor General* of Children's Forum, Inc. expresses an unmodified opinion.
6. No audit findings that are required to be reported in accordance with 2 CFR section 200.516(a) or Chapter 10.650, Rules of the Auditor General, are reported in this Schedule.
7. The federal programs and state projects tested as major programs and major projects include:

<u>Federal Program</u>	<u>Federal CFDA No.</u>
U.S. Department of Health and Human Services –	
Child Care Development Fund Cluster	
Child Care and Development Block Grant	93.575
Child Care Mandatory and Matching Funds of the	
Child Care and Development Fund	93.596
<u>State Project</u>	<u>State CSFA No.</u>
Help Me Grow Florida Network	48.111
8. The threshold used for distinguishing between Type A and B for major federal programs and major state projects was \$750,000 and \$300,000, respectively.



Children's Forum, Inc.
Schedule of Findings and Questioned Costs
Year Ended June 30, 2017
(Continued)

9. The Children's Forum, Inc. was a low-risk auditee for the year ended June 30, 2017.
10. No summary schedule of prior audit findings was required.
11. There are no items related to federal or state awards required to be reported in the management letter.

Findings - Financial Statement Audit

None.

Findings and Questioned Costs-Major Federal Programs and Major State Projects

None.

Management Letter

None.