

Children's Forum, Inc.

FINANCIAL STATEMENTS

June 30, 2019 and 2018



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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 statement of financial position as of June 30, 2019, 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, 2019, 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.

Report on Summarized Comparative Information

We have previously audited the Children's Forum, Inc.'s 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 19, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Emphasis of a Matter

As discussed in Note 11 to the financial statements, management has adopted Financial Accounting Standards Board ASU 2016-14, Not-for-Profit Entities (Topic 958); this new standard requires changes to be made in how net assets are classified based on donor restrictions and has added multiple new disclosures. Our opinion is not modified with respect to that matter.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2019, 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.

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

CARR, RIGGS & INGRAM, LLC

Tallahassee, FL

December 20, 2019



FINANCIAL STATEMENTS

Children's Forum, Inc.
Statements of Financial Position

<i>June 30,</i>	2019	2018
Assets		
Current assets:		
Cash and cash equivalents	\$ 155,249	\$ 517,769
Accounts receivable	3,951,241	2,490,712
Accounts receivable - other	170,124	251,306
Other assets	102,758	36,470
Total current assets	4,379,372	3,296,257
Property and equipment, net	552,595	568,022
Total assets	\$ 4,931,967	\$ 3,864,279
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued expenses	\$ 2,047,848	\$ 1,013,212
Deferred revenue	2,868	15,517
Total current liabilities	2,050,716	1,028,729
Long-term liabilities:		
Accrued leave	204,995	194,414
Deferred compensation payable	19,082	-
Total long-term liabilities	224,077	194,414
Total liabilities	2,274,793	1,223,143
Net assets		
Without donor restrictions	2,645,526	2,641,136
With donor restrictions	11,648	-
Total net assets	2,657,174	2,641,136
Total liabilities and net assets	\$ 4,931,967	\$ 3,864,279

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

Children's Forum, Inc. Statements of Activities

<i>Years ended June 30,</i>	2019			2018
	Without Donor Restrictions	With Donor Restrictions	Total	Summarized Total
Changes in net assets				
Revenue and support				
Governmental contracts	\$ 15,201,713	\$ -	\$ 15,201,713	\$ 11,277,274
Assessments	366,800	-	366,800	-
Membership fees	26,123	-	26,123	22,856
Contributions	-	20,128	20,128	-
Other	92,844	-	92,844	64,599
Net assets released from restrictions				
Satisfaction of program restrictions	8,480	(8,480)	-	-
Total revenue and support	15,695,960	11,648	15,707,608	11,364,729
Expenses				
Program services:				
TEACH Early Childhood Project	10,272,811	-	10,272,811	6,008,544
Family Support	2,195,818	-	2,195,818	2,012,079
Child Care WAGES Florida	1,290,541	-	1,290,541	643,223
Professional Development	1,141,511	-	1,141,511	1,612,884
Program Assessment Center	420,087	-	420,087	532,354
DCF Child Care Training Evaluation Services	185,915	-	185,915	187,807
Early Childhood Education Professional Development	78,763	-	78,763	276,111
Total program services	15,585,446	-	15,585,446	11,273,002
Supporting services: management and general expenses	106,124	-	106,124	92,201
Total expenses	15,691,570	-	15,691,570	11,365,203
Change in net assets	4,390	11,648	16,038	(474)
Net assets at beginning of year	2,641,136	-	2,641,136	2,641,610
Net assets at end of year	\$ 2,645,526	\$ 11,648	\$ 2,657,174	\$ 2,641,136

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

Children's Forum, Inc.

Statements of Functional Expenses

Year ended June 30, 2019	Program Services										Support Services		Total expenses
	TEACH Early Childhood Project	Child Care WAGE\$ Florida	Child Care Program Assessment Center	Family Support	Early Childhood Education		DCF Child Care Training		Professional Development	Program Subtotal	General and administrative		
					Professional Development	Education	Evaluation Services	Training					
Scholarships	\$ 8,159,975	\$ 871,365	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,031,340	\$ -	\$ 9,031,340	
Salaries and Benefits	1,713,922	355,562	98,121	337,180	60,134	139,795	1,004,137	3,708,851	26,137	3,734,988		3,734,988	
Professional Fees	15,569	5,149	302,778	1,641,341	1,737	1,176	11,779	1,979,529	208	1,979,737		1,979,737	
Office Expenses	156,582	14,339	809	75,808	7,231	2,728	11,345	268,842	12,060	280,902		280,902	
Printing and Other	62,851	12,499	4,072	44,130	2,665	32,725	39,784	198,726	47,924	246,650		246,650	
Rent	42,411	13,995	4,236	9,953	1,535	3,750	46,023	121,903	4,269	126,172		126,172	
Travel	41,672	10,274	6,497	24,040	3,564	2,423	15,116	103,586	5,640	109,226		109,226	
Public Education-Outreach	28,424	-	-	57,861	-	-	-	86,285	7,335	93,620		93,620	
Utilities	15,008	3,414	147	2,467	575	1,148	4,954	27,713	229	27,942		27,942	
Facilities and Equipment Usage	22,502	1,236	-	904	646	1,138	-	26,426	700	27,126		27,126	
Insurance	12,105	2,693	1,972	1,984	531	922	5,716	25,923	186	26,109		26,109	
Professional Development	1,790	15	1,455	150	145	110	2,657	6,322	1,436	7,758		7,758	
Total	\$ 10,272,811	\$ 1,290,541	\$ 420,087	\$ 2,195,818	\$ 78,763	\$ 185,915	\$ 1,141,511	\$ 15,585,446	\$ 106,124	\$ 15,691,570		\$ 15,691,570	

Year ended June 30, 2018	Program Services										Support Services		Total expenses
	TEACH Early Childhood Project	Child Care WAGE\$ Florida	Child Care Program Assessment Center	Family Support	Early Childhood Education		DCF Child Care Training		Professional Development	Program Subtotal	General and administrative		
					Professional Development	Education	Evaluation Services	Training					
Scholarships	\$ 4,374,667	\$ 348,649	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,723,316	\$ -	\$ 4,723,316		\$ 4,723,316	
Salaries and Benefits	1,401,841	257,871	471,059	268,584	188,732	142,424	1,446,919	4,177,430	21,937	4,199,367		4,199,367	
Professional Fees	11,434	4,072	2,332	1,430,839	44,974	957	14,813	1,509,421	10,328	1,519,749		1,519,749	
Travel	19,833	2,667	24,697	177,784	5,935	29,064	28,791	288,771	8,973	297,744		297,744	
Printing and Other	51,873	9,399	9,524	43,242	5,224	3,144	35,164	157,570	20,032	177,602		177,602	
Office Expenses	47,068	4,579	7,024	36,328	17,555	4,433	19,626	136,613	19,161	155,774		155,774	
Rent	43,104	9,831	15,175	7,286	6,582	3,844	44,622	130,444	5,502	135,946		135,946	
Public Education - Outreach	-	-	-	37,885	2,785	-	-	40,670	3,215	43,885		43,885	
Utilities	16,800	2,754	325	2,077	1,446	1,353	5,812	30,567	872	31,439		31,439	
Facilities & Equipment Usage	23,647	778	-	1,945	1,238	1,247	38	28,893	-	28,893		28,893	
Professional Development	8,797	1,045	339	4,916	452	568	9,573	25,690	1,820	27,510		27,510	
Insurance	9,480	1,578	1,879	1,193	1,188	773	7,526	23,617	361	23,978		23,978	
Total	\$ 6,008,544	\$ 643,223	\$ 532,354	\$ 2,012,079	\$ 276,111	\$ 187,807	\$ 1,612,884	\$ 11,273,002	\$ 92,201	\$ 11,365,203		\$ 11,365,203	

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>	2019	2018
Cash flows from operating activities		
Change in net assets	\$ 16,038	\$ (474)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Facilities and usage allowance	27,126	28,259
(Increase) decrease in:		
Due from the State of Florida	(1,460,529)	244,304
Due from other contracts	81,182	336,028
Other assets	(66,288)	11,383
Increase (decrease) in:		
Accounts payable and accrued expenses	1,034,636	(639,357)
Accrued leave	10,581	942
Deferred compensation	19,082	-
Deferred revenue	(12,649)	(117,795)
Net cash used in operating activities	(350,821)	(136,710)
Cash flows from investing activities		
Purchases of property and equipment	(11,699)	(1,326)
Net cash used in investing activities	(11,699)	(1,326)
Net change in cash and cash equivalents	(362,520)	(138,036)
Beginning cash and cash equivalents	517,769	655,805
Ending cash and cash equivalents	\$ 155,249	\$ 517,769

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.

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

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.

Children's Forum, Inc.
Notes to Financial Statements

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment

Property and equipment with an original cost in excess of \$5,000 are recorded at cost less accumulated facilities and usage allowance. Facilities and usage allowance (depreciation) is computed using the straight-line method. Assets are depreciated over their estimated useful lives of 3 to 40 years. Repairs that do not significantly extend the useful life of the underlying asset are expensed as incurred.

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.

Income Taxes

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

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, 2019 and 2018, the Forum has no uncertain tax provisions that qualify for either recognition or disclosure in the financial statements.

Revenue Recognition

Revenue on cost-reimbursement contracts is recognized when the related expenses are incurred. Revenue on fixed-price contracts is recognized over the contract period as the related expenses are incurred and deliverables are met. Revenue from membership fees is recognized during the applicable membership period.

Net Assets

In the accompanying financial statements, net assets that have similar characteristics have been combined into categories as follows:

Net Assets With Donor Restrictions

Net assets whose use by the Forum is subject to donor-imposed stipulations that can be fulfilled by actions of the Forum pursuant to those stipulations are classified as net assets with donor restrictions. To account for amounts donated for specific purposes, the Forum maintains net assets with donor restrictions. As of June 30, 2019 and 2018, the Forum had net assets with donor restrictions of \$11,648 and \$-0-, respectively. Donor restrictions relate to hurricane relief program to assist child care centers and family care homes affected by a natural disaster.

Children's Forum, Inc.
Notes to Financial Statements

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Assets (Continued)

Net Assets Without Donor Restrictions

Net assets that are not subject to donor-imposed stipulations are classified as net assets without donor restrictions. Net assets without donor restrictions include resources that are available for support of the Forum operations.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of functional expenses. Accordingly, certain costs have been allocated among the estimated programs and supporting services benefited. Expenses that are identifiable to a specific program are charged directly to the respective program. Expenses which relate to both program and support services, are allocated based on applicable time records.

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.

Reclassifications

Prior year financial statements have been reclassified to conform to the presentation of the current year financial statements.

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, 2019 and 2018, which are each insured by the Federal Deposit Insurance Corporation up to \$250,000. The Forum had \$696,560 and \$513,111 uninsured at June 30, 2019 and 2018, respectively. The Forum manages these risks by maintaining deposits in high quality financial institutions.

Children's Forum, Inc.
Notes to Financial Statements

NOTE 4 – PROPERTY AND EQUIPMENT – NET

Property and equipment consisted of the following:

<i>June 30,</i>	2019	2018
Land (non-depreciable)	\$ 209,848	\$ 209,848
Building and improvements	772,850	761,150
Computer equipment	32,071	32,071
Software	37,605	37,605
Furniture and equipment	94,140	94,140
Property and equipment	1,146,514	1,134,814
Accumulated depreciation	(593,919)	(566,792)
Property and equipment, net	\$ 552,595	\$ 568,022

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, 2019 and 2018 was \$27,126 and \$28,259, respectively.

NOTE 5 – DEFERRED REVENUE

Deferred revenue consisted of \$2,868 and \$15,517 at June 30, 2019 and 2018, respectively. Deferred revenue for the fiscal year ended June 30, 2019 is composed primarily of receipts in excess of expenses with a contract that ended after fiscal year end. Deferred revenue for the fiscal year ended June 30, 2018 is composed primarily of receipts in excess of expenses with a contract that ended in 2019. The deferred revenue will be recognized when the related expenses are incurred.

NOTE 6 – 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, 2019 and 2018 was \$111,941 and \$94,350, respectively.

In the current year a 457(b) deferred compensation plan was setup for certain executive staff. The balance of this plan at June 30, 2019 and 2018 was \$19,082 and \$-0-, respectively. 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 7 – CONCENTRATION OF RISK

During the year ended June 30, 2019 and 2018, Children's Forum, Inc. recognized grant revenue of \$12,183,723 and \$7,876,874, respectively, from the Office of Early Learning. This amount represents 78% and 69%, respectively, of total revenue and support. As of June 30, 2019 and 2018, 82% and 75%, respectively, of total accounts receivable was due from the Office of Early Learning.

NOTE 8 – OPERATING LEASE

The Forum leases office space under operating leases that expire in fiscal year 2021 and 2022.

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

<i>Years ending June 30,</i>	
2020	\$ 25,175
2021	26,062
2022	23,984
Total future minimum rentals	\$ 75,221

Rental expense totaled \$126,173 and \$135,948 for the years ended June 30, 2019 and 2018, respectively.

The Forum signed a ten year office space lease on June 19, 2019 with a base rent of approximately \$293,000 with an annual increase of 2.5 percent. However, the lease commencement date will not be determined until construction of office building is complete.

NOTE 9 – SUBSEQUENT EVENT

The Forum entered into a one-year Line of Credit for \$750,000 on September 16, 2019.

Subsequent to June 30, 2019, the Forum executed grant agreements totaling \$1,356,811 with subrecipients for the fiscal year ending June 30, 2020. These subrecipients will perform services in accordance with grants received from the State of Florida's Department of Education.

Children’s Forum, Inc.
Notes to Financial Statements

NOTE 10 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Forum’s financial assets as of the year end, reduced by amounts not available for general use because of contractual or donor imposed restrictions within one year of the statement of financial position date.

<i>June 30,</i>	2019	2018
Financial assets, at year-end*	\$ 4,276,614	\$ 3,296,257
Less those not available for general expenditures within one year, due to		
Restricted by donor with purpose restrictions	(11,648)	-
Financial assets available to meet cash needs for general expenditures within one year	\$ 4,264,966	\$ 3,296,257

*Total assets, less nonfinancial assets (e.g. PP&E, prepaids, other assets)

As part of the Forum’s liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In the event of financial distress or an immediate liquidity need resulting from events outside the typical life cycle, the Forum could draw upon a \$750,000 line of credit that was entered into on September 16, 2019.

NOTE 11 – RECENTLY ADOPTED ACCOUNTING GUIDANCE

Accounting Standards Update 2016-14

In August 2016, the FASB issued ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, which addresses financial reporting for not-for-profit organizations. The key elements of the ASU are as follows:

- Net asset classifications are being reduced from three to two categories: with donor restrictions and without donor restrictions. Expanded disclosures about the nature and amount of any donor restrictions and on any board designations of net assets without donor restrictions will be required.
- The placed-in-service approach will be required for determining when restrictions are met for all capital gifts, eliminating the over-time option for expirations of capital restrictions.

NOTE 11 – RECENTLY ADOPTED ACCOUNTING GUIDANCE (CONTINUED)

Accounting Standards Update 2016-14 (Continued)

- Additional disclosures, both qualitative and quantitative, will be required to communicate information useful in assessing liquidity within one year of the statement of financial position date.
- The indirect or direct method of presenting the statement of cash flows will be allowed. However, the presentation or disclosure of indirect method reconciliation is not required when using the direct method.
- When an organization derives net investment return from several different sources, such as donor endowments and unrestricted operating endowments, it may present the net investment return in multiple line items in the statement of activities.

Several reporting requirements related to expenses are included, as follows:

- Disclosure of expenses by both nature and function (excluding investment expenses that have been netted with investment return)
- Disclosure of expenses netted with investment return
- Enhanced disclosures regarding cost allocations

ASU 2016-14 eliminates the requirement to disclose the unrealized gains and losses for the period related to equity securities held at the report date.

The ASU was effective for the Organization beginning July 1, 2018, and applicable portions of the guidance have been applied to the Organization's financial statements for the year ended June 30, 2019.

NOTE 12 – ACCOUNTING GUIDANCE NOT YET ADOPTED

Accounting Standards Update 2014-09

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606). This guidance specifies that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This ASU and its amendments will supersede the revenue recognition requirements in Topic 605, *Revenue Recognition*, and most industry specific guidance. For nonpublic entities, these amendments are effective for annual reporting periods beginning after December 15, 2018. Early adoption with certain restrictions is permitted for nonpublic entities. The Organization is currently evaluating the impact of the guidance on its financial statements.

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, entitled 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, 2020. Early adoption is permitted. The Organization is currently evaluating the impact of the guidance on its financial statements.

Accounting Standards Update 2018-08

In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities* (Topic 958): *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The amendments in this update should assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. This new guidance is effective for transactions in which the Organization serves as a resource recipient for fiscal years beginning after December 15, 2018. Early adoption is permitted. The Organization is currently evaluating the impact of the guidance on its financial statements.



OTHER 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, 2019, 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 20, 2019.

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 20, 2019

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 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, 2019. 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 and state 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, 2019.

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, Chapter 10.650, Rules of the Auditor General and 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, Chapter 10.650, Rules of the Auditor General, and 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 20, 2019



SUPPLEMENTARY INFORMATION

Children's Forum, Inc.

Schedule of Expenditures of Federal Awards and State Financial Assistance
Year Ended June 30, 2019

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	\$ 10,000,000	SR577	\$ 10,000,000	-
Child Care and Development Block Grant	93.575	168,189	FORUM-WAGES-19-ELC7	163,971	-
<u>Passed through Florida Department of Children & Families:</u>					
Child Care and Development Block Grant	93.575	195,395	LC924	185,915	-
Child Care and Development Block Grant	93.575	950,000	SR-19-01	618,126	-
Total Child Care and Development Block Grant	93.575			10,968,012	-
<u>Passed through 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	145,508	-
Total Child Care Development Fund Cluster				11,113,520	-
<u>Passed through The Association of University Centers on Disabilities:</u>					
Building Capacity of the Public Health System to Improve Population Health through National Nonprofit Organizations	93.424	10,000	Project ID: 100-86	7,602	-
<u>Passed through Florida Association of Healthy Start Coalitions:</u>					
Maternal and Child Health Federal Consolidated Programs	93.110	46,797	16-03-FY17-19	11,629	-
<u>Passed through Office of Early Learning:</u>					
Temporary Assistance for Needy Families (TANF) Cluster	93.558	133,063	FORUM-WAGES-19-ELC7	129,727	-
<u>Passed through Office of Refugee Resettlement:</u>					
Refugee and Entrant Assistance Discretionary Grants	93.576	175,000	90RG0164-03-00	26,192	-
<u>Passed through Office of Early Learning:</u>					
Social Services Block Grant	93.667	406	FORUM-WAGES-19-ELC7	396	-
Total expenditures of federal awards				11,289,066	-

*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, 2019
(Continued)

State Grantor/Pass Through Grantor/ Project Title	CSFA Number	Award Amount	Contract Number	Expenditures	Amount Provided to Subrecipients
STATE					
Florida Department of Education					
<u>Passed through Office of Early Learning:</u>					
Help Me Grow Florida Network	48.111	2,233,957	C1030	2,197,358	1,638,363
Total expenditures of state financial assistance				2,197,358	1,638,363
Total expenditures of federal awards and state financial assistance				\$ 13,486,424	\$ 1,638,363

*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, 2019

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.

Federal programs with different CFDA numbers 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 (CFDA 93.575) and Child Care Mandatory and Matching Funds of the Child Care and Development Fund (CFDA 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 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, 2019, 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, 2019.

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.



Children’s Forum, Inc.
Notes to Schedule of Expenditures of Federal Awards
and State Financial Assistance
Year Ended June 30, 2019

NOTE 6 – FEDERALLY FUNDED INSURANCE

The Children’s Forum, Inc. did not receive federally funded insurance during the fiscal year ended June 30, 2019.

NOTE 7 – FEDERALLY FUNDED LOANS

The Children’s Forum, Inc. has no federally funded loans as of June 30, 2019. No funds were expended in the form of loan or loan guarantees during the fiscal year ended June 30, 2019.

Children's Forum, Inc.
Schedule of Findings and Questioned Costs
Year Ended June 30, 2019

SECTION I – SUMMARY OF AUDITORS' RESULTS

Financial Statements:

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

Federal Awards:

- | 1. Type of auditors' report issued | Unmodified | | | | | | |
|--|---|------------------------|--------|---|--------|--|--|
| 2. Internal control over major projects: | | | | | | | |
| a. Material weaknesses identified? | No | | | | | | |
| b. Significant deficiencies identified not considered to be material weaknesses? | None noted | | | | | | |
| 3. Any audit findings disclosed that are required to be reported in accordance with 2CFR section 200.516(a)? | No | | | | | | |
| 4. Identification of major programs: | | | | | | | |
| <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center; border-bottom: 1px solid black;"><u>CFDA Number</u></th> <th style="text-align: center; border-bottom: 1px solid black;"><u>Federal Program</u></th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">93.575</td> <td style="text-align: center;">Child Care and Development Block Grant
(Child Care Development Fund Cluster)</td> </tr> <tr> <td style="text-align: center;">93.596</td> <td style="text-align: center;">Child Care and Development Fund
(Child Care Development Fund Cluster)</td> </tr> </tbody> </table> | <u>CFDA Number</u> | <u>Federal Program</u> | 93.575 | Child Care and Development Block Grant
(Child Care Development Fund Cluster) | 93.596 | Child Care and Development Fund
(Child Care Development Fund Cluster) | |
| <u>CFDA Number</u> | <u>Federal Program</u> | | | | | | |
| 93.575 | Child Care and Development Block Grant
(Child Care Development Fund Cluster) | | | | | | |
| 93.596 | Child Care and Development Fund
(Child Care 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, 2019
(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: \$659,207

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, in order to express an opinion on the Forum's financial statements for the year ended June 30, 2019;
- 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, 2019, and have issued our report thereon dated December 20, 2019. 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 November 6, 2019, 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 Control Findings" 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.	X	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.
Capital Assets	The Forum depreciates capital assets using the straight-line method as required by generally accepted accounting principles.	X	Capital assets 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.	X	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.	X	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).

There were no adjustments, either corrected or uncorrected, as a result of our audit procedures.

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.



December 20, 2019

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, 2019 and 2018, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to 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 20, 2019, 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 Nov. 6, 2019, 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.
- 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 all known actual or possible litigation, claims, and assessments have been 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. Buessing, J.D.
Trenam & Kemker
Attorneys at Law
Board Chair

Wil Blechman, M.D.
Retired Physician
Vice Chair

Allison Davis, CPA
Andersen Tax LLC
Treasurer

Christopher J. Card, Ph.D.
Lutheran Services Florida
Board Member

Claudia Davant
Adams St. Advocates
Board Member

Gege Kreischer
Consultant
Board Member

Larry Pintacuda
Retired Executive
Board Member

Linda Stoller
Consultant
Board Member

2807 Remington Green Circle, Tallahassee, Florida 32308-3752
(888) FL-CHILD phone • (850) 681-9816 fax • www.thechildrensforum.com

Management Representation Letter

- 9) Significant estimates and material concentrations have been appropriately disclosed in accordance with U.S. GAAP.
- 10) 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 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, 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, 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—
 - 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.

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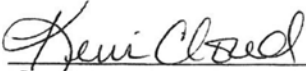
- 19) We have no knowledge of any instances of noncompliance or suspected noncompliance with provisions of laws and regulations whose effects should be considered when preparing financial statements.
- 20) We are not aware of any pending or threatened litigation, claims, or assessments or unasserted 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 identity of the Organization's related parties and all the related party relationships and transactions of which we are aware.
- 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) The Children's Forum, Inc. is an exempt organization under Section 501(c)(3) 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.
- 25) We acknowledge our responsibility for presenting the schedule of functional expenses, 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.
- 26) 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 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.

Management Representation Letter

- 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 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.
- i. We have complied with the direct and material compliance requirements (except for noncompliance disclosed to you), including when applicable, those set forth in the *OMB Compliance Supplement*, relating to federal awards and Department of Financial Services' State Projects Compliance Supplement, related to state awards and have identified and disclosed to you all amounts questioned and all known noncompliance with the direct and material compliance requirements of federal and state awards.
- j. We have disclosed any communications from federal and state awarding agencies and pass-through entities concerning possible noncompliance with the direct and material compliance requirements, including communications received from the end of the period covered by the compliance audit to the date of the auditor's report.
- k. We have disclosed to you the findings received and related corrective actions taken for previous audits, attestation engagements, and internal or external monitoring that directly relate to the objectives of the compliance audit, including findings received and corrective actions taken from the end of the period covered by the compliance audit to the date of the auditor's report.
- l. Amounts claimed or used for matching were determined in accordance with relevant guidelines in OMB's Uniform Guidance (2 CFR part 200, subpart E) and Rules of the Auditor General.
- m. We have disclosed to you our interpretation of compliance requirements that may have varying interpretations.

Management Representation Letter

- n. We have made available to you all documentation related to compliance with the direct and material compliance requirements, including information related to federal program and state project financial reports and claims for advances and reimbursements.
 - o. We have disclosed to you the nature of any subsequent events that provide additional evidence about conditions that existed at the end of the reporting period affecting noncompliance during the reporting period.
 - p. There are no such known instances of noncompliance with direct and material compliance requirements that occurred subsequent to the period covered by the auditor's report.
 - q. No changes have been made in internal control over compliance or other factors that might significantly affect internal control, including any corrective action we have taken regarding significant deficiencies or material weaknesses in internal control over compliance subsequent to the period covered by the auditor's report.
 - r. Federal program and state project financial reports and claims for advances and reimbursements are supported by the books and records from which the basic financial statements have been prepared.
 - s. The copies of federal program and state project financial reports provided to you are true copies of the reports submitted, or electronically transmitted, to the respective federal and state agency or pass-through entity, as applicable.
 - t. We have monitored subrecipients, as necessary, to determine that they have expended subawards in compliance with federal and state statutes, regulations, and the terms and conditions of the subaward and have met the other pass-through entity requirements of the Uniform Guidance and Rules of the Auditor General.
 - u. We have issued management decisions for audit findings that relate to federal and state awards made to subrecipients and such management decisions have been issued within six months of acceptance of the audit report by the Federal Audit Clearinghouse. Additionally, we have followed-up ensuring that the subrecipient has taken timely and appropriate action on all deficiencies detected through audits, on-site reviews, and other means that pertain to the federal and state awards provided to the subrecipient.
 - v. We have considered the results of subrecipient audits and have made any necessary adjustments to our books and records.
 - w. We have charged costs to federal and state awards in accordance with applicable cost principles.
 - y. We are responsible for and have ensured the reporting package does not contain protected personally identifiable information.
 - z. We are responsible for and have accurately prepared the auditee section of the Data Collection Form as required by the Uniform Guidance.
- 27) We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.

Signature: 
Title: CFO



**INTERNAL CONTROL
RECOMMENDATIONS**

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, 2019, 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 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 20, 2019