

**CENTER FOR FAMILY SERVICES  
OF PALM BEACH COUNTY, INC.**

**REPORT ON AUDIT OF  
CONSOLIDATED FINANCIAL STATEMENTS**

**For The Year Ended June 30, 2017  
(with comparable totals for 2016)**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
Center for Family Services  
of Palm Beach County, Inc.  
West Palm Beach, Florida

We have audited the accompanying consolidated financial statements of the Center for Family Services of Palm Beach County, Inc. (a nonprofit organization) which comprise the consolidated statement of financial position as of June 30, 2017, and the related consolidated statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the consolidated financial statements.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Center for Family Services of Palm Beach County, Inc. as of June 30, 2017, and the consolidated 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 Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 19, 2018, on our consideration of the Center for Family Services of Palm Beach County, 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 the Center for Family Services of Palm Beach County, Inc.'s internal control over financial reporting and compliance.

## **Other Matter**

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The schedules of financial assistance, program expenses, and consolidating statements of financial position and activities on pages 17-21, are presented for purposes of additional analysis, and are not a required part of the basic consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated financial statements as a whole.

## **Report on Summarized Comparative Information**

We have previously audited the June 30, 2016 consolidated financial statements, and our report dated January 25, 2017, expressed an unmodified opinion on those audited consolidated financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2016, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

*Holyfield & Thomas, LLC*

West Palm Beach, Florida  
January 19, 2018

**CENTER FOR FAMILY SERVICES  
OF PALM BEACH COUNTY, INC.**

**CONSOLIDATED STATEMENT  
OF FINANCIAL POSITION**

*As of June 30, 2017*

*(with comparable totals for 2016)*

|  | <u>Unrestricted</u> | <u>Temporarily<br/>Restricted</u> | <u>2017<br/>Totals</u> | <u>2016<br/>Totals</u> |
|--|---------------------|-----------------------------------|------------------------|------------------------|
| <b>ASSETS</b>                                |                     |                                   |                        |                        |
| Cash and cash equivalents                    | \$ 190,506          | \$ 11,590                         | \$ 202,096             | \$ 143,769             |
| Accounts receivable                          | 152,829             | -                                 | 152,829                | 236,039                |
| United Way allocation receivable             | -                   | -                                 | -                      | 118,000                |
| Other current assets                         | 16,000              | -                                 | 16,000                 | 72,791                 |
|  | <u>359,335</u>      | <u>11,590</u>                     | <u>370,925</u>         | <u>570,599</u>         |
| Deposits                                     | 14,296              | -                                 | 14,296                 | 11,854                 |
| Property and equipment, net                  | 11,708              | -                                 | 11,708                 | 2,723,285              |
|  | <u>\$ 385,339</u>   | <u>\$ 11,590</u>                  | <u>\$ 396,929</u>      | <u>\$ 3,305,738</u>    |
| <b>LIABILITIES AND NET ASSETS</b>            |                     |                                   |                        |                        |
| Accounts payable                             | \$ 85,996           | \$ -                              | \$ 85,996              | \$ 149,561             |
| Accrued compensation and<br>related expenses | 78,531              | -                                 | 78,531                 | 100,043                |
| Current portion of notes payable             | -                   | -                                 | -                      | 273,474                |
|  | <u>164,527</u>      | <u>-</u>                          | <u>164,527</u>         | <u>523,078</u>         |
| Notes payable                                | -                   | -                                 | -                      | 1,265,640              |
|  | <u>164,527</u>      | <u>-</u>                          | <u>164,527</u>         | <u>1,788,718</u>       |
| Net assets:                                  |                     |                                   |                        |                        |
| Unrestricted                                 | 220,812             | -                                 | 220,812                | 1,311,369              |
| Temporarily restricted                       | -                   | 11,590                            | 11,590                 | 205,651                |
|  | <u>220,812</u>      | <u>11,590</u>                     | <u>232,402</u>         | <u>1,517,020</u>       |
| Total liabilities and net assets             | <u>\$ 385,339</u>   | <u>\$ 11,590</u>                  | <u>\$ 396,929</u>      | <u>\$ 3,305,738</u>    |

*See accompanying notes to consolidated financial statements.*

**CENTER FOR FAMILY SERVICES  
OF PALM BEACH COUNTY, INC.**

**CONSOLIDATED STATEMENT  
OF ACTIVITIES**

*For the Year Ended June 30, 2017*

*(with comparable totals for 2016)*

|  | Unrestricted      | Temporarily<br>Restricted | 2017<br>Totals    | 2016<br>Totals      |
|--|-------------------|---------------------------|-------------------|---------------------|
| Support and Revenues:                  |                   |                           |                   |                     |
| Governmental grants                    | \$ 1,343,439      | \$ -                      | \$ 1,343,439      | \$ 2,004,479        |
| Contributions and bequests             | 128,673           | 14,978                    | 143,651           | 972,264             |
| United Way allocation                  | -                 | -                         | -                 | 129,750             |
| Service fees                           | 75,884            | -                         | 75,884            | 125,436             |
| Fundraising                            | 135,346           | -                         | 135,346           | 906,176             |
| Miscellaneous and interest income      | 12,883            | -                         | 12,883            | (671)               |
|  | <u>1,696,225</u>  | <u>14,978</u>             | <u>1,711,203</u>  | <u>4,137,434</u>    |
| Total support and revenues             |                   |                           |                   |                     |
| Net assets released from restriction   | <u>209,039</u>    | <u>(209,039)</u>          | <u>-</u>          | <u>-</u>            |
| Expenses:                              |                   |                           |                   |                     |
| Program                                | 1,634,489         | -                         | 1,634,489         | 2,875,448           |
| Management and general                 | 462,638           | -                         | 462,638           | 640,892             |
| Fundraising                            | 88,211            | -                         | 88,211            | 576,156             |
|  | <u>2,185,338</u>  | <u>-</u>                  | <u>2,185,338</u>  | <u>4,092,496</u>    |
| Total expenses                         |                   |                           |                   |                     |
| Loss on sale of property and equipment | <u>810,483</u>    | <u>-</u>                  | <u>810,483</u>    | <u>-</u>            |
| Change in net assets                   | (1,090,557)       | (194,061)                 | (1,284,618)       | 44,938              |
| Net assets, beginning of year          | <u>1,311,369</u>  | <u>205,651</u>            | <u>1,517,020</u>  | <u>1,472,082</u>    |
| Net assets, end of year                | <u>\$ 220,812</u> | <u>\$ 11,590</u>          | <u>\$ 232,402</u> | <u>\$ 1,517,020</u> |

*See accompanying notes to consolidated financial statements.*

**CENTER FOR FAMILY SERVICES  
OF PALM BEACH COUNTY, INC.**

**CONSOLIDATED STATEMENT  
OF CASH FLOWS**

***For the Year Ended June 30, 2017***

***(with comparable totals for 2016)***

|   | 2017<br>Totals           | 2016<br>Totals           |
|---|--------------------------|--------------------------|
| Cash flows from operating activities:               |                          |                          |
| Cash received from contributors and grantors        | \$ 1,684,158             | \$ 3,022,052             |
| Cash received from clients                          | 75,884                   | 125,436                  |
| Cash received from fundraising events               | 135,346                  | 906,176                  |
| Interest income and other cash received             | 12,883                   | 76                       |
| Cash paid to employees                              | (1,626,034)              | (2,724,737)              |
| Cash paid for goods and services                    | (514,923)                | (1,092,403)              |
| Interest expense paid                               | (31,732)                 | (86,967)                 |
| Net cash provided by (used in) operating activities | <u>(264,418)</u>         | <u>149,633</u>           |
| Cash flows from investing activities:               |                          |                          |
| Purchase of property and equipment                  | -                        | (51,100)                 |
| Proceeds from sale of property and equipment        | 1,870,739                | -                        |
| Purchase of investments                             | -                        | (4,566)                  |
| Proceeds from investments                           | -                        | 12,209                   |
| Net cash provided by (used in) investing activities | <u>1,870,739</u>         | <u>(43,457)</u>          |
| Cash flows from financing activities:               |                          |                          |
| Advances on notes payable                           | -                        | 135,814                  |
| Repayment of notes payable                          | (1,547,994)              | (150,754)                |
| Net cash used in financing activities               | <u>(1,547,994)</u>       | <u>(14,940)</u>          |
| Change in cash and cash equivalents                 | 58,327                   | 91,236                   |
| Cash and cash equivalents, beginning of year        | <u>143,769</u>           | <u>52,533</u>            |
| Cash and cash equivalents, end of year              | <u><u>\$ 202,096</u></u> | <u><u>\$ 143,769</u></u> |

*See accompanying notes to consolidated financial statements.*

**CENTER FOR FAMILY SERVICES  
OF PALM BEACH COUNTY, INC.**

**CONSOLIDATED STATEMENT  
OF CASH FLOWS**

***For the Year Ended June 30, 2017***

***(with comparable totals for 2016)***

|  | <u>2017<br/>Totals</u> | <u>2016<br/>Totals</u> |
|--|------------------------|------------------------|
| Reconciliation of change in net assets to<br>net cash provided by (used in) operating activities:        |                        |                        |
| Change in net assets   | \$ (1,284,618)         | \$ 44,938              |
| Adjustments to reconcile change in net assets to<br>net cash provided by (used in) operating activities: |                        |                        |
| Depreciation and amortization  | 39,235                 | 141,612                |
| Loss on sale of investments  | -                      | 747                    |
| Loss on sale of property and equipment   | 810,483                | -                      |
| Decrease (increase) in:  |                        |                        |
| Accounts receivable  | 83,210                 | 6,854                  |
| United Way allocation receivable   | 118,000                | 29,000                 |
| Other current assets   | 56,791                 | 1,455                  |
| Deposits   | (2,442)                | (3,628)                |
| Increase (decrease) in:  |                        |                        |
| Accounts payable   | (96,161)               | 60,994                 |
| Accrued compensation and related expenses  | 11,084                 | (12,044)               |
| Refundable advances  | -                      | (120,295)              |
|  | <u>-</u>               | <u>(120,295)</u>       |
| Net cash provided by (used in) operating activities  | <u>\$ (264,418)</u>    | <u>\$ 149,633</u>      |

*See accompanying notes to consolidated financial statements.*



**CENTER FOR FAMILY SERVICES  
OF PALM BEACH COUNTY, INC.**

**CONSOLIDATED STATEMENT  
OF FUNCTIONAL EXPENSES**

*For the Year Ended June 30, 2017*

*(with comparable totals for 2016)*

|                                    | Program             | Management<br>and General | Fundraising      | 2017<br>Totals      | 2016<br>Totals      |
|------------------------------------|---------------------|---------------------------|------------------|---------------------|---------------------|
| Personnel and related costs        | \$ 1,318,773        | \$ 273,834                | \$ 33,427        | \$ 1,626,034        | \$ 2,724,737        |
| Occupancy                          | 89,069              | 37,315                    | -                | 126,384             | 216,486             |
| Professional fees                  | 99,617              | 30,441                    | 1,785            | 131,843             | 140,414             |
| Telephone                          | 18,777              | 3,790                     | 650              | 23,217              | 27,954              |
| Printing and postage               | 366                 | 677                       | 1,093            | 2,136               | 22,677              |
| Insurance                          | 51,889              | 24,171                    | -                | 76,060              | 85,946              |
| Conferences, travel and meetings   | 1,429               | 527                       | -                | 1,956               | 9,528               |
| Advertising and promotion          | 122                 | 547                       | 2,421            | 3,090               | 27,729              |
| Sponsored events                   | -                   | 2,875                     | 47,834           | 50,709              | 280,048             |
| Utilities                          | 19,981              | 1,916                     | 56               | 21,953              | 71,220              |
| Interest and bank charges          | 89                  | 40,187                    | 433              | 40,709              | 107,304             |
| Repairs and maintenance            | 25,893              | 10,890                    | 167              | 36,950              | 79,502              |
| Supplies, books and subscriptions  | 3,123               | -                         | -                | 3,123               | 18,016              |
| Training and recruiting            | 14,944              | 3,169                     | 111              | 18,224              | 24,387              |
| Outside services                   | 24,875              | -                         | -                | 24,875              | 74,374              |
| Office expense and miscellaneous   | 2,542               | 13,729                    | 19               | 16,290              | 32,629              |
| Licenses, dues and fees            | 6,262               | 3,761                     | 215              | 10,238              | 22,505              |
| Depreciation                       | 12,611              | 26,593                    | -                | 39,204              | 140,724             |
| Amortization                       | -                   | 31                        | -                | 31                  | 888                 |
| Specific assistance to individuals | -                   | -                         | -                | -                   | 150,075             |
| Consolidation adjustments          | (55,873)            | (11,815)                  | -                | (67,688)            | (164,647)           |
| <b>Total expenses</b>              | <b>\$ 1,634,489</b> | <b>\$ 462,638</b>         | <b>\$ 88,211</b> | <b>\$ 2,185,338</b> | <b>\$ 4,092,496</b> |

*See accompanying notes to consolidated financial statements.*

*For the Year Ended June 30, 2017*

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**1. Organization and Significant Accounting Policies**

*Presentation*

The accompanying financial statements reflect the consolidated financial statements of the Center for Family Services of Palm Beach County, Inc. (the "Center") and Foundation for the Center for Family Services, Inc. (the "Foundation") (collectively the "Organization"). All significant inter-organization accounts and transactions have been eliminated.

In June 2017, the board of directors of the Foundation approved to liquidate the Foundation and to transfers all assets into the Center. The Foundation was organized and operated exclusively for the benefit of the Center. The liquidation was completed October 12, 2017.

*Organization and Nature of Activities*

The Center was organized as a not-for-profit corporation under the laws of the State of Florida in 1962. The Center was formed to provide health and educational services to individuals and families in Palm Beach County, Florida. In carrying out this basic purpose, the Center has operations established at several locations throughout Palm Beach County. The Foundation is a supporting non-profit organization whose main goal is to support the Center in promoting the emotional well-being of families and children regardless of their ability to pay. Some of the programs offered by the Center include:

*Counseling for Parents of Young Children (CPYC)* is a program funded by the Children's Services Council that is a home-based referral service that promotes positive mental health and social-emotional outcomes for children birth to five and their families in PBC. Services address issues such as depression, stress and trauma, parent/child bonding, attachment, relationships, parenting concerns, grief and loss, and social-emotional competence.

*Prenatal Plus Mental Health (PMH)* provides a Mental Health Assessment and ongoing mental health counseling as needed to the pregnant mother in her home or another agreed upon site, who are at risk of negative maternal or infant health outcomes.

*Triple P/Teen Triple P (Positive Parenting Program and Positive Parenting Program for Teens)* is a program of Children's Service Council of Palm Beach County which takes a different approach to parenting. It offers simple ways parents can strengthen parent-child relationship and create a more peaceful home.

The Center provides professional, outpatient *Counseling* on a variety of issues including marital problems, depression, stress, and anxiety.

*SAFE Kids* provides treatment to child victims of sexual abuse, physical abuse and neglect and domestic violence.

The *Recovery* program provides counseling and education to Palm Beach County residents wanting to break the life threatening cycle of substance abuse and dependency.

The *Employee Assistance Program (EAP)* program provides solution-focused therapy to employees and managers of local companies toward an increase in workforce productivity.

*Home Instruction for Parents of Preschool Youngsters (HIPPPY)* is an instructional home-based program designed to help parents learn how to teach their 3-5 year old children at home. This program was terminated during the current fiscal year.

*For the Year Ended June 30, 2017*

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**1. Organization and Significant Accounting Policies, continued**

*Organization and Nature of Activities, continued*

The *Integrated Mental Health Program (IMH)* is a program funded by Quantum Foundation that provides behavioral health consultation using an integrated Primary Care Behavioral Health Consultation (PCBH) model at Caridad Center and MyClinic. This program was terminated during the current fiscal year.

*Program Reach (Reach)*, formerly known as Pat Reeves Village, provides a short term, family-stabilizing housing arrangement for homeless and at-risk families with children in West Palm Beach. This program was terminated during the current fiscal year.

*Method of Accounting*

The consolidated financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Revenues are recognized when they are earned, and expenses are recognized when they are incurred.

*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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

*Consolidated Financial Statement Presentation*

In accordance with FASB Accounting Standards Codification (FASB ASC) 958-205, *Revenue Recognition*, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Under the standard, contributions that are initially restricted as to time or use are required to be reported as temporarily restricted support and are later reclassified to unrestricted net assets upon expiration of the time or use restriction. If the restriction placed upon a contribution is met within the same accounting period as the receipt of the contribution, the standard permits both the contribution and the expense to be reported as unrestricted.

Under FASB ASC 958-205, the Organization reports information regarding its financial position and activities according to three classes of net assets, described as follows:

Unrestricted Net Assets: this classification includes those net assets whose use is not restricted by donors, even though their use may be limited in other respects, such as by contract or by Board designation. Changes in net assets arising from exchange transaction (except income and gains on assets that are restricted by donors or by law) are included in the unrestricted by class.

Temporarily Restricted Net Assets: this classification includes those net assets whose use by the Organization has been limited by donors to either a later period of time, or after specified dates, or for a specified purpose.

*For the Year Ended June 30, 2017*

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**1. Organization and Significant Accounting Policies, continued**

*Consolidated Financial Statement Presentation, continued*

Permanently Restricted Net Assets: this classification includes those net assets that must be maintained by the Organization in perpetuity. Permanently restricted net assets increase when the Organization receives contributions for which donor-imposed restrictions limiting its use of an asset or its economic benefits neither expire with the passage of time nor can be removed by the Organization meeting certain requirements. As of June 30, 2017, the Organization has no permanently restricted net assets.

*Fair Value of Financial Instruments*

The Organization follows FASB ASC 820-10, *Fair Value Measurements and Disclosures*, which provides a common definition of fair value, establishes a framework to measure fair value within accounting principles generally accepted in the United States of America, and expands the disclosures about fair value measurements. The standard does not create any new fair value measurements. Instead, it applies under existing accounting pronouncements that require or permit fair value measurements.

For assets and liabilities measured at fair value on a recurring basis, entities should disclose information that allows financial statement users to assess (1) the inputs used to develop such measurements, such as Level 1 (i.e., quoted price in an active market for an identical asset or liability), Level 2 (i.e., quoted price for similar assets or liabilities in active markets), or Level 3 (i.e., unobservable inputs); and (2) the effect on changes in net assets of recurring measurements that use significant unobservable (Level 3) inputs. The Organization's did not have financial instruments measured at fair value on a recurring basis.

The following methods and assumptions were used by the Organization in estimating fair value of financial instruments that are not disclosed under ASC 820-10.

*Cash and cash equivalents*: The carrying amount approximates fair value due to the relative size, timing and amounts to be collected.

*Accounts receivable*: The carrying amount reported approximates fair value due to the short term duration of the instruments.

*Accounts payable and Accrued compensation and related expenses*: The carrying amount reported approximates fair value due to the short term duration of the instruments.

*Cash and Cash Equivalents*

The Organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents, except those balances that are part of the investment portfolio.

*Other Assets*

Other assets consists of prepaid rent, deposits and prepaid insurance.

*For the Year Ended June 30, 2017*

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**1. Organization and Significant Accounting Policies, continued**

*Property and Equipment*

Expenditures for property and equipment are stated at cost. Expenditures for major additions and improvements are capitalized and minor replacements, maintenance, and repairs are charged to expense as incurred. Donated assets are recorded at their estimated fair market values, when available, at the date of donation. Depreciation is provided using the straight-line method over the estimated useful lives of the respective assets. Depreciation expense includes amortization of assets held under capital lease.

*Functional Expenses*

The costs of providing the various programs and other activities have been summarized on a functional basis in the Consolidated Statements of Activities and Functional Expenses. Accordingly, expenses that can be identified with a specific program or supporting service are charged directly to the program or supporting service. Expenses that apply to more than one functional category have been allocated among the programs and supporting services benefited.

Expenses eliminated as consolidation adjustments relate to occupancy costs paid between the Center and the Foundation.

*Revenue Recognition*

The Organization receives various grants from federal, state, local, and private agencies for program and supporting service expenses. These grants are generally on a cost reimbursement basis, including recoverable overhead. Revenues from grants are deemed earned and recognized in the Statement of Activities when expenditures are made for the purpose specified. Funds that have been received but have not yet been expended for the purpose specified are reported as temporarily restricted revenue or refundable advance, as applicable. Grants which are not awarded on a cost reimbursement basis are recorded as support in the year for which the grant was awarded and in which the conditions to the grant are met.

*Support and Revenue*

Foundation support, unconditional promises to give, and other contributions of cash and other assets are reported as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when either the stipulated time restriction ends or the purpose restriction is accomplished, temporarily restricted net assets are reclassified and reported in the Statements of Activities as net assets released from restrictions. However, if the restriction is met in the same period as the restricted income is received, the Organization classifies such income as unrestricted support.

*Advertising Costs*

The Organization expenses all advertising costs as incurred. Advertising expense for the year ended June 30, 2017, amounted to approximately \$3,000.

*For the Year Ended June 30, 2017*

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**1. Organization and Significant Accounting Policies, continued**

*Tax Exemption*

The Center is a not-for-profit Organization and is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The Foundation is a supporting Organization and is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been included in the Organization's consolidated financial statements.

The Organization follows FASB ASC 740-10, *Accounting for Uncertainty in Income Taxes*. This pronouncement seeks to reduce the diversity in practice associated with certain aspects of measurement and recognition in accounting for income taxes. It prescribes a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position that an entity takes or expects to take in a tax return. An entity may only recognize or continue to recognize tax positions that meet a "more likely than not" threshold. The Organization assesses its income tax positions based on management's evaluation of the facts, circumstances and information available at the reporting date. The Organization uses the prescribed more likely than not threshold when making its assessment. The Organization has not accrued any interest expense or penalties related to tax positions. There are currently no open Federal or State tax years under audit.

*Recent Accounting Pronouncements*

The Financial Accounting Standards Board recently issued several Accounting Standards Updates (ASUs) that affect the accounting and reporting of not-for-profit entities. The FASB issued ASU 2016-02, Leases (Topic 842), which does not take effect until the Organization's fiscal year ending June 30, 2021, and provides new guidance for leases, such that virtually all leases will be capitalized and create "right of use" assets along with associated liabilities. This standard will impact the interpretation of certain transactions of the Organization, and management is evaluating the effect that the updated standard will have on the consolidated financial statements. ASU 2016-14, Not-for-Profit Entities (Topic 958), imposes new requirements for the presentation and disclosure of not-for-profit financial statements, including a reduction in the number of net asset categories from 3 classes to 2 classes, a requirement to present a statement of functional expenses, a requirement to disclose the quantitative and qualitative aspects of its liquidity, in addition to other provisions. This ASU will be effective for the Organization's fiscal year ending June 30, 2019, with early implementation permitted. As with the new guidance on leasing, management is evaluating the effect that this updated standard will have on the consolidated financial statements.

*Prior Year Comparable Information*

The consolidated financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's consolidated financial statements for the year ended June 30, 2016, from which the summarized information was derived. Certain 2016 amounts may have been reclassified to conform to 2017 classifications. Such reclassifications would have no effect on the change in net assets as previously reported.

*For the Year Ended June 30, 2017*

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**2. Accounts Receivable**

The recorded balance of accounts receivable are deemed to be fully collectible by management and consists of shared costs, which are to be reimbursed by recognized governmental agencies.

A summary of the major accounts receivable as of June 30, 2017 is as follows:

|                               |                   |
|-------------------------------|-------------------|
| Children's Services Council   | \$ 118,730        |
| State of Florida (VOCA)       | 11,539            |
| Town of Palm Beach United Way | 9,833             |
| U.S. Department of Health     | 5,840             |
| Palm Beach County             | 5,315             |
| Other                         | <u>1,572</u>      |
| Total accounts receivable     | <u>\$ 152,829</u> |

**3. Other Current Assets**

Other current assets as of June 30, 2017, consisted of prepaid expenses, such as advance payments for future events and other services.

**4. Property and Equipment**

Property and equipment as of June 30, 2017, consisted of the following:

|                               |                  |
|-------------------------------|------------------|
| Furniture and equipment       | \$ 433,496       |
| Less accumulated depreciation | <u>421,788</u>   |
| Property and equipment, net   | <u>\$ 11,708</u> |

**5. Temporarily Restricted Net Assets**

Temporarily restricted net assets available for periods after June 30, 2017 are restricted for the following purposes:

|                                   |                  |
|-----------------------------------|------------------|
| Capital purchases                 | \$ 7,392         |
| Other programs                    | <u>4,198</u>     |
| Temporarily restricted net assets | <u>\$ 11,590</u> |

**6. Leases**

*Operating Leases*

In December 2016, the Organization entered into a lease agreement for its office space located in West Palm Beach. The lease was amended in May 2017 under a non-cancellable lease and requires payments of \$13,627 per month over the remaining term of the lease, which expires in April 2019.

*For the Year Ended June 30, 2017*

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**6. Leases, continued**

The Organization leases office equipment under a lease agreement that expires July 31, 2020. Future minimum rental payments under these operating leases are as follows:

| Year ended<br><u>June 30,</u> |                   |
|-------------------------------|-------------------|
| 2018                          | \$ 180,957        |
| 2019                          | 157,330           |
| 2020                          | 21,060            |
| 2021                          | <u>1,755</u>      |
| Total                         | <u>\$ 361,102</u> |

Operating lease expense amounted to approximately \$69,000 for the year ended June 30, 2017, and is contained within occupancy and repairs and maintenance categories in the Consolidated Statement of Functional Expenses.

**7. Retirement Benefits**

The Organization offers a 401(k) defined contribution retirement plan covering substantially all of its full-time employees. Organization contributions to the plan are discretionary. The Organization has elected to match employee contributions 50% of up to 6% of each covered employee's contribution to the plan for the year ended June 30, 2017. The Organization's matching contribution and administrative expenses for the plan totaled approximately \$5,700 for the year ended June 30, 2017, and is contained within the personnel and related costs category in the Consolidated Statement of Functional Expenses.

**8. Business and Credit Concentrations**

The Organization received various governmental grants throughout the year from various Federal, State and local agencies as illustrated in the accompanying supplementary Schedule of Financial Assistance. Children's Services Council provided approximately 87% of the Organization's fiscal 2017 governmental grant support.

The Organization maintains its cash in bank deposit accounts, which, at times, may exceed federally insured limits. Accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. As of June 30, 2017, the Organization has no funds in excess of FDIC insured limits.

**9. Commitments and Contingencies**

Financial awards from Federal, State and local governmental entities, in the form of grants, are subject to special audit. Such audits could result in claims against the Organization for disallowed costs or noncompliance with grantor restrictions. Management is not aware of any material instances of noncompliance and does not believe that the Organization owes any funds with respect to disallowed costs or noncompliance with grantor restrictions. Accordingly, no provision has been made for any liabilities that may arise from such audits since the amounts, if any, cannot be determined at this time.

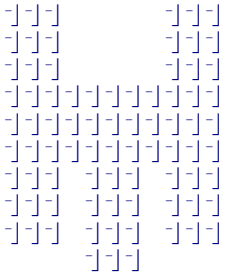


*For the Year Ended June 30, 2017*

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**10. Subsequent Events**

The Organization's management has evaluated subsequent events through January 19, 2018, the date on which the consolidated financial statements were available to be issued, and determined there were no further disclosures required to be presented in these consolidated financial statements.



# Holyfield & Thomas, LLC

Certified Public Accountants & Advisors

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## INDEPENDENT AUDITOR'S 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 of  
Center for Family Services  
of Palm Beach County, Inc.  
West Palm Beach, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the consolidated financial statements of the Center for Family Services of Palm Beach County, Inc. (a nonprofit organization), which comprise the consolidated statement of financial position as of June 30, 2017, and the related consolidated statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated January 19, 2018.

### Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the Center for Family Services of Palm Beach County, 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 consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Center for Family Services of Palm Beach County, 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 consolidated 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 deficiencies, significant deficiencies, or material weaknesses. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above. However, material weaknesses may exist that have not been identified.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Center for Family Services of Palm Beach County, Inc.'s consolidated financial statements are free of 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 consolidated 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.

*Holyfield & Thomas, LLC*

West Palm Beach, Florida  
January 19, 2018

## **SUPPLEMENTARY INFORMATION**

**CENTER FOR FAMILY SERVICES  
OF PALM BEACH COUNTY, INC.**

**SCHEDULE OF FINANCIAL ASSISTANCE**

*For the Year Ended June 30, 2017*

|  | <u>Federal</u>    | <u>State</u> | <u>Local</u>        | <u>Total</u>        |
|--|-------------------|--------------|---------------------|---------------------|
| <u>Supporting Agency and Program Title</u>       |                   |              |                     |                     |
| Palm Beach County, Florida:                      |                   |              |                     |                     |
| Program Reach - Homeless Shelter                 | \$ -              | \$ -         | \$ 17,766           | \$ 17,766           |
| Recovery Program                                 | -                 | -            | 30,652              | 30,652              |
| Project Renew                                    | -                 | -            | 4,264               | 4,264               |
| Emergency Shelter (ESGP)                         | -                 | -            | 5,013               | 5,013               |
| Total Palm Beach County                          | <u>-</u>          | <u>-</u>     | <u>57,695</u>       | <u>57,695</u>       |
| Children's Service Council of Palm Beach County: |                   |              |                     |                     |
| Counseling for Parents of Young Children         | -                 | -            | 374,870             | 374,870             |
| Prenatal Plus Mental Health                      | -                 | -            | 309,455             | 309,455             |
| Positive Parenting Program                       | -                 | -            | 261,369             | 261,369             |
| Teenage Positive Parenting Program               | -                 | -            | 219,501             | 219,501             |
| Total Children's Service Council                 | <u>-</u>          | <u>-</u>     | <u>1,165,195</u>    | <u>1,165,195</u>    |
| Health Care District of Palm Beach County:       |                   |              |                     |                     |
| District Cares Program                           | -                 | -            | 3,101               | 3,101               |
| ChildNet:  |                   |              |                     |                     |
| S.A.F.E. Kids Program                            | -                 | -            | 2,699               | 2,699               |
| U.S. Department of Health:                       |                   |              |                     |                     |
| S.A.F.E. Kids Program                            | 35,000            | -            | -                   | 35,000              |
| State of Florida:                                |                   |              |                     |                     |
| Victims of Crime Act Agreement                   | -                 | -            | -                   | -                   |
| S.A.F.E. Kids Program                            | 79,749            | -            | -                   | 79,749              |
| Total financial assistance                       | <u>\$ 114,749</u> | <u>\$ -</u>  | <u>\$ 1,228,690</u> | <u>\$ 1,343,439</u> |

*See independent auditor's report.*

**CENTER FOR FAMILY SERVICES  
OF PALM BEACH COUNTY, INC.**

***For the Year Ended June 30, 2017***

|                                   | <u>CPYC</u>       | <u>PMH</u>        | <u>TRP/TPPP</u>   | <u>Counseling</u> |
|-----------------------------------|-------------------|-------------------|-------------------|-------------------|
| Program expenses:                 |                   |                   |                   |                   |
| Personnel and related costs       | \$ 193,987        | \$ 265,652        | \$ 441,421        | \$ 79,501         |
| Occupancy                         | 26,922            | 13,999            | 22,615            | 8,914             |
| Professional fees                 | 28,325            | 16,056            | 24,985            | 9,238             |
| Telephone                         | 6,658             | 5,435             | 3,354             | 1,350             |
| Printing and postage              | 11                | 6                 | 78                | 41                |
| Insurance                         | 10,142            | 5,274             | 8,519             | 3,245             |
| Conferences, travel and meetings  | -                 | -                 | 154               | 1,103             |
| Advertising and promotion         | 38                | 20                | 32                | 12                |
| Utilities                         | 2,867             | 2,430             | 4,350             | 1,980             |
| Interest and bank charges         | 62                | -                 | -                 | 2                 |
| Repairs and maintenance           | 7,037             | 3,662             | 5,978             | 1,994             |
| Supplies, books and subscriptions | 551               | 763               | 763               | 304               |
| Training and recruiting           | 4,365             | 2,364             | 3,567             | 1,527             |
| Outside services                  | -                 | -                 | -                 | 9,950             |
| Office expense and miscellaneous  | 148               | 956               | 1,213             | 77                |
| Licenses, dues and fees           | 1,875             | 975               | 1,577             | 601               |
| Depreciation                      | -                 | -                 | -                 | -                 |
| Consolidation adjustments         | <u>(16,922)</u>   | <u>(8,799)</u>    | <u>(14,215)</u>   | <u>(5,415)</u>    |
|                                   | <u>\$ 266,066</u> | <u>\$ 308,793</u> | <u>\$ 504,391</u> | <u>\$ 114,424</u> |

*See independent auditor's report.*

**SCHEDULE OF PROGRAM EXPENSES**

| <u>SAFE</u>       | <u>Recovery</u>   | <u>EAP</u>       | <u>HIPPY</u>     | <u>IMH</u>       | <u>Reach</u>     | <u>Total</u>        |
|-------------------|-------------------|------------------|------------------|------------------|------------------|---------------------|
| \$ 114,191        | \$ 166,844        | \$ 15,495        | \$ 19,142        | \$ 10,034        | \$ 12,506        | \$ 1,318,773        |
| 10,636            | 2,453             | 3,530            | -                | -                | -                | 89,069              |
| 9,736             | 3,653             | 3,568            | 1,153            | -                | 2,903            | 99,617              |
| 1,364             | 221               | 331              | -                | 6                | 58               | 18,777              |
| 204               | 1                 | 1                | 24               | -                | -                | 366                 |
| 3,246             | 811               | 1,217            | -                | -                | 19,435           | 51,889              |
| 75                | -                 | -                | -                | -                | 97               | 1,429               |
| 12                | 3                 | 5                | -                | -                | -                | 122                 |
| 4,219             | 2,988             | 823              | 62               | 6                | 256              | 19,981              |
| -                 | 25                | -                | -                | -                | -                | 89                  |
| 1,957             | 1,355             | 642              | 491              | 85               | 2,692            | 25,893              |
| 264               | 44                | 66               | -                | -                | 368              | 3,123               |
| 1,646             | 1,059             | 416              | -                | -                | -                | 14,944              |
| 4,975             | 9,950             | -                | -                | -                | -                | 24,875              |
| 38                | 3                 | 33               | -                | -                | 74               | 2,542               |
| 601               | 400               | 225              | -                | -                | 8                | 6,262               |
| -                 | -                 | -                | -                | -                | 12,611           | 12,611              |
| (7,137)           | (1,354)           | (2,031)          | -                | -                | -                | (55,873)            |
| <u>\$ 146,027</u> | <u>\$ 188,456</u> | <u>\$ 24,321</u> | <u>\$ 20,872</u> | <u>\$ 10,131</u> | <u>\$ 51,008</u> | <u>\$ 1,634,489</u> |

*See independent auditor's report.*

**CENTER FOR FAMILY SERVICES  
OF PALM BEACH COUNTY, INC.**

**CONSOLIDATING STATEMENT  
OF FINANCIAL POSITION**

*As of June 30, 2017*

| <b>ASSETS</b>                                | <u>Center</u>     | <u>Foundation</u> | <u>Eliminations</u> | <u>Consolidated</u> |
|--|-------------------|-------------------|---------------------|---------------------|
| Cash and cash equivalents                    | \$ 113,307        | \$ 88,789         | \$ -                | \$ 202,096          |
| Accounts receivable, net                     | 152,829           | -                 | -                   | 152,829             |
| Other current assets                         | 16,000            | -                 | -                   | 16,000              |
| Total current assets                         | 282,136           | 88,789            | -                   | 370,925             |
| Due from related party                       | 88,789            | -                 | (88,789)            | -                   |
| Deposits                                     | 14,296            | -                 | -                   | 14,296              |
| Property and equipment, net                  | 11,708            | -                 | -                   | 11,708              |
| Total assets                                 | <u>\$ 396,929</u> | <u>\$ 88,789</u>  | <u>\$ (88,789)</u>  | <u>\$ 396,929</u>   |
| <br><b>LIABILITIES AND NET ASSETS</b>        |                   |                   |                     |                     |
| Accounts payable                             | \$ 85,996         | \$ -              | \$ -                | \$ 85,996           |
| Due to related party                         | -                 | 88,789            | (88,789)            | -                   |
| Accrued compensation and<br>related expenses | 78,531            | -                 | -                   | 78,531              |
| Total liabilities                            | 164,527           | 88,789            | (88,789)            | 164,527             |
| Net assets:                                  |                   |                   |                     |                     |
| Unrestricted                                 | 220,812           | -                 | -                   | 220,812             |
| Temporarily restricted                       | 11,590            | -                 | -                   | 11,590              |
| Total net assets                             | 232,402           | -                 | -                   | 232,402             |
| Total liabilities and net assets             | <u>\$ 396,929</u> | <u>\$ 88,789</u>  | <u>\$ (88,789)</u>  | <u>\$ 396,929</u>   |

*See independent auditor's report.*



**CENTER FOR FAMILY SERVICES  
OF PALM BEACH COUNTY, INC.**

**CONSOLIDATING STATEMENT  
OF ACTIVITIES**

***For the Year Ended June 30, 2017***

|   | <u>Center</u>     | <u>Foundation</u> | <u>Eliminations</u> | <u>Consolidated</u> |
|---|-------------------|-------------------|---------------------|---------------------|
| Support and Revenues:                         |                   |                   |                     |                     |
| Governmental grants                           | \$ 1,343,439      | \$ -              | \$ -                | \$ 1,343,439        |
| Contributions and bequests                    | 143,651           | -                 | -                   | 143,651             |
| Service fees                                  | 75,884            | -                 | -                   | 75,884              |
| Fundraising                                   | 135,346           | -                 | -                   | 135,346             |
| Rental income                                 | -                 | 67,688            | (67,688)            | -                   |
| Miscellaneous and interest income             | 12,754            | 129               | -                   | 12,883              |
|   | <u>1,711,074</u>  | <u>67,817</u>     | <u>(67,688)</u>     | <u>1,711,203</u>    |
| Total support and revenues                    |                   |                   |                     |                     |
| Net assets released from restriction          | <u>-</u>          | <u>-</u>          | <u>-</u>            | <u>-</u>            |
| Expenses:                                     |                   |                   |                     |                     |
| Program                                       | 1,690,362         | -                 | (55,873)            | 1,634,489           |
| Management and general                        | 421,789           | 52,664            | (11,815)            | 462,638             |
| Fundraising                                   | 88,211            | -                 | -                   | 88,211              |
|   | <u>2,200,362</u>  | <u>52,664</u>     | <u>(67,688)</u>     | <u>2,185,338</u>    |
| Total expenses                                |                   |                   |                     |                     |
| Loss on disposal of<br>property and equipment | <u>231,189</u>    | <u>579,294</u>    | <u>-</u>            | <u>810,483</u>      |
| Change in net assets                          | (720,477)         | (564,141)         | -                   | (1,284,618)         |
| Net assets, beginning of year                 | 1,419,118         | 97,902            | -                   | 1,517,020           |
| Intercompany transfer                         | <u>(466,239)</u>  | <u>466,239</u>    | <u>-</u>            | <u>-</u>            |
| Net assets, end of year                       | <u>\$ 232,402</u> | <u>\$ -</u>       | <u>\$ -</u>         | <u>\$ 232,402</u>   |

*See independent auditor's report.*