

**CHILDREN'S CASE MANAGEMENT ORGANIZATION, INC.
D/B/A FAMILIES FIRST OF PALM BEACH COUNTY AND
FAMILIES FIRST OF PALM BEACH COUNTY FOUNDATION, INC.**

REPORT TO MANAGEMENT

FOR THE YEAR ENDED SEPTEMBER 30, 2017

To Management and the Audit Committee of
Children's Case Management Organization, Inc.
d/b/a Families First of Palm Beach County and
Families First of Palm Beach County Foundation, Inc.
West Palm Beach, Florida

We have completed our audit of the combined financial statements for the year ended September 30, 2017. Professional standards require that we advise you of the following matters relating to our recently concluded audit. The matters discussed herein are those that we have noted as of December 7, 2017, and we have not updated our procedures regarding these matters since that date to the current date.

In planning and performing our audit of the combined financial statements of Children's Case Management Organization, Inc. d/b/a Families First of Palm Beach County and Families First of Palm Beach County Foundation, Inc. (the "Organization") as of and for the year ended September 30, 2017, in accordance with auditing standards generally accepted in the United States of America, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the combined financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization'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 Organization'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 second paragraph and was not intended 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 letter does not affect our report dated December 7, 2017 on the combined financial statements of the Organization.

This communication is intended solely for the information and use of the audit committee, board of directors, management and others within the Organization, and is not intended to be, and should not be, used by anyone other than these specified parties.

We wish to thank management and the staff for all their assistance during the performance of our audit.

Templeton & Company, LLP

West Palm Beach, Florida
December 7, 2017



**CHILDREN'S CASE MANAGEMENT ORGANIZATION, INC.
D/B/A FAMILIES FIRST OF PALM BEACH COUNTY AND
FAMILIES FIRST OF PALM BEACH COUNTY FOUNDATION, INC.**

REPORT ON AUDIT OF COMBINED FINANCIAL STATEMENTS

**FOR THE YEAR ENDED SEPTEMBER 30, 2017
(WITH COMPARATIVE TOTALS FOR 2016)**

**CHILDREN'S CASE MANAGEMENT ORGANIZATION, INC.
D/B/A FAMILIES FIRST OF PALM BEACH COUNTY AND
FAMILIES FIRST OF PALM BEACH COUNTY FOUNDATION, INC.**

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Independent Auditors' Report

The Boards of Directors
Children's Case Management Organization, Inc.
d/b/a Families First of Palm Beach County and
Families First of Palm Beach County Foundation, Inc.
West Palm Beach, Florida

Report on the Financial Statements

We have audited the accompanying combined financial statements of Children's Case Management Organization, Inc. d/b/a Families First of Palm Beach County (a nonprofit organization) and Families First of Palm Beach County Foundation, Inc. (also a nonprofit organization) (combined, hereinafter referred to as the Organization), which comprise the combined statement of financial position as of September 30, 2017, and the related combined statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the combined financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these combined 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these combined 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 audit 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 auditor's 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 combined financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of September 30, 2017, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Reporting Required by Government Auditing Standards

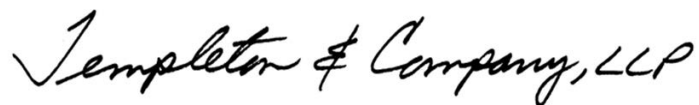
In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2017, on our consideration of The Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements 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 Organization's internal control over financial reporting and compliance.

Report on Combining Information

Our audit was conducted for the purpose of forming an opinion on the combined financial statements as a whole. The accompanying combining information as of and for the year ended September 30, 2017 is presented for purposes of additional analysis of the combined financial statements rather than to present the financial position, changes in net assets, and cash flows of the individual entities, and it is not a required part of the combined 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 combined financial statements. The combining information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining information is fairly stated, in all material respects, in relation to the combined financial statements as a whole.

Report on Summarized Comparative Information

The summarized comparative information presented herein as of and for the year ended September 30, 2016 is consistent, in all material respects, with the audited combined financial statements from which it has been derived.



West Palm Beach, Florida
December 7, 2017

**CHILDREN'S CASE MANAGEMENT ORGANIZATION, INC.
D/B/A FAMILIES FIRST OF PALM BEACH COUNTY AND
FAMILIES FIRST OF PALM BEACH COUNTY FOUNDATION, INC.**

COMBINED STATEMENT OF FINANCIAL POSITION

**As of September 30, 2017
(with comparative totals for 2016)**

	Unrestricted	Temporarily Restricted	Permanently Restricted	2017 Total	2016 Total
Assets					
Current assets:					
Cash and cash equivalents	\$ 419,217	\$ -	\$ -	\$ 419,217	\$ 538,162
Investments	658,579	-	78,807	737,386	667,039
Program funds receivable	43,025	418,000	-	461,025	354,541
Prepaid expenses	121,689	-	-	121,689	62,752
Total current assets	1,242,510	418,000	78,807	1,739,317	1,622,494
Property and equipment, net	99,911	-	-	99,911	86,885
Other assets	-	-	-	-	199
Total assets	\$ 1,342,421	\$ 418,000	\$ 78,807	\$ 1,839,228	\$ 1,709,578
Liabilities and Net Assets					
Current liabilities:					
Accounts payable and accrued expenses	\$ 162,824	\$ -	\$ -	\$ 162,824	\$ 121,690
Deferred revenue	46,635	-	-	46,635	46,261
Total current liabilities	209,459	-	-	209,459	167,951
Net assets:					
Unrestricted	1,132,962	-	-	1,132,962	1,214,047
Temporarily restricted	-	418,000	-	418,000	327,580
Permanently restricted	-	-	78,807	78,807	-
Total net assets	1,132,962	418,000	78,807	1,629,769	1,541,627
Total liabilities and net assets	\$ 1,342,421	\$ 418,000	\$ 78,807	\$ 1,839,228	\$ 1,709,578

See notes to combined financial statements.

**CHILDREN'S CASE MANAGEMENT ORGANIZATION, INC.
D/B/A FAMILIES FIRST OF PALM BEACH COUNTY AND
FAMILIES FIRST OF PALM BEACH COUNTY FOUNDATION, INC.**

**COMBINED STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2017
(with comparative totals for 2016)**

	Unrestricted	Temporarily Restricted	Permanently Restricted	2017 Total	2016 Total
Revenue and support:					
Government support	\$ -	\$ 3,429,116	\$ -	\$ 3,429,116	\$ 3,322,753
Community support	-	183,375	-	183,375	168,668
Foundation grants	-	565,454	-	565,454	479,930
Other support	39,166	28,226	20,000	87,392	45,815
Fundraising	141,921	-	-	141,921	114,648
Investment income	19,201	-	-	19,201	20,483
Realized/unrealized gain	44,378	-	-	44,378	23,207
	<u>244,666</u>	<u>4,206,171</u>	<u>20,000</u>	<u>4,470,837</u>	<u>4,175,504</u>
Total revenue and support					
Net assets released from restrictions	<u>4,115,751</u>	<u>(4,115,751)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>4,360,417</u>	<u>90,420</u>	<u>20,000</u>	<u>4,470,837</u>	<u>4,175,504</u>
Expenses:					
Program services:					
Healthy Families Florida	1,631,210	-	-	1,631,210	1,587,192
Child First	752,003	-	-	752,003	724,949
Behavioral Health					
Services	370,958	-	-	370,958	213,114
Bridges to Success	311,605	-	-	311,605	253,402
Kin Support	192,175	-	-	192,175	200,939
Targeted Outreach for					
Pregnant Women	324,285	-	-	324,285	317,941
Project Connect	-	-	-	-	98,949
Other program services	443	-	-	443	8,736
Supporting services:					
Management and general	756,391	-	-	756,391	759,219
Fundraising	43,625	-	-	43,625	50,951
	<u>4,382,695</u>	<u>-</u>	<u>-</u>	<u>4,382,695</u>	<u>4,215,392</u>
Total expenses					
Increase (decrease) in net assets	(22,278)	90,420	20,000	88,142	(39,888)
Transfer of net assets	(58,807)	-	58,807	-	-
Net assets at beginning of year	<u>1,214,047</u>	<u>327,580</u>	<u>-</u>	<u>1,541,627</u>	<u>1,581,515</u>
Net assets at end of year	<u>\$ 1,132,962</u>	<u>\$ 418,000</u>	<u>\$ 78,807</u>	<u>\$ 1,629,769</u>	<u>\$ 1,541,627</u>

See notes to combined financial statements.

**CHILDREN'S CASE MANAGEMENT ORGANIZATION, INC.
D/B/A FAMILIES FIRST OF PALM BEACH COUNTY AND
FAMILIES FIRST OF PALM BEACH COUNTY FOUNDATION, INC.**

**COMBINED STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended September 30, 2017
(with comparative totals for 2016)**

	Program Services								
	Healthy Families Florida	Child First	Behavioral Health Services	Bridges To Success	Kin Support	Targeted Outreach for Pregnant Women	Other Program Services	2017 Total	2016 Total
Special assistance expenses:									
Food	\$ 4,005	\$ -	\$ -	\$ -	\$ 415	\$ -	\$ 59	\$ 4,479	\$ 3,743
Rent/mortgage	-	-	-	134,593	-	-	-	134,593	123,540
Utilities	921	521	-	5,959	-	-	-	7,401	8,035
Other expense	15,495	4,474	-	8,077	75	-	194	28,315	11,161
Personnel expenses:									
Salaries	954,850	445,585	252,315	100,803	126,092	197,684	-	2,077,329	1,991,461
Payroll taxes and benefits	276,985	129,542	57,410	24,676	33,681	59,482	-	581,776	568,615
Occupancy expenses:									
Rent	113,137	78,617	16,633	10,301	12,144	20,854	-	251,686	237,929
Repairs and maintenance	25,506	6,872	1,911	1,961	919	1,681	-	38,850	33,906
Utilities	45,456	17,650	6,204	3,131	3,044	6,803	-	82,288	62,707
Office and administrative:									
Printing and postage	9,829	2,796	1,159	573	787	1,620	-	16,764	18,423
Supplies	34,809	7,344	2,393	2,251	2,014	2,335	-	51,146	51,999
Legal and audit	13,187	6,310	1,969	5,231	1,231	1,723	-	29,651	22,410
Consulting and professional fees	51,481	15,383	12,976	1,799	5,495	7,545	-	94,679	101,004
Insurance	12,598	4,371	1,800	1,303	1,028	1,828	-	22,928	25,070
Other expenses:									
Conferences and travel	59,126	31,452	14,009	7,669	3,886	21,634	-	137,776	122,186
Special events	2,767	-	125	2,005	954	477	-	6,328	2,885
Dues and subscriptions	1,879	468	479	241	256	506	-	3,829	6,864
Training and development	3,067	30	385	934	137	-	-	4,553	3,260
Awards and grants	-	-	-	-	-	-	-	-	-
Miscellaneous expenses	2,287	588	1,190	63	17	113	190	4,448	7,345
Affiliated organizations	3,825	-	-	-	-	-	-	3,825	2,644
Bank charges and credit card fees	-	-	-	35	-	-	-	35	35
Depreciation and amortization expense	-	-	-	-	-	-	-	-	-
	<u>\$ 1,631,210</u>	<u>\$ 752,003</u>	<u>\$ 370,958</u>	<u>\$ 311,605</u>	<u>\$ 192,175</u>	<u>\$ 324,285</u>	<u>\$ 443</u>	<u>\$ 3,582,679</u>	<u>\$ 3,405,222</u>

See notes to combined financial statements.

**CHILDREN'S CASE MANAGEMENT ORGANIZATION, INC.
D/B/A FAMILIES FIRST OF PALM BEACH COUNTY AND
FAMILIES FIRST OF PALM BEACH COUNTY FOUNDATION, INC.**

**COMBINED STATEMENT OF FUNCTIONAL EXPENSES, CONTINUED
For the Year Ended September 30, 2017
(with comparative totals for 2016)**

	Support Services					
	Management and General	Fund Raising	2017 Total	2016 Total	2017 Total	2016 Total
Special assistance expenses:						
Food	\$ 333	\$ -	\$ 333	\$ 1,946	\$ 4,812	\$ 5,689
Rent/mortgage	-	-	-	-	134,593	123,540
Utilities	518	-	518	-	7,919	8,035
Other expense	5,761	139	5,900	5,876	34,216	17,037
Personnel expenses:						
Salaries	450,259	-	450,259	454,806	2,527,588	2,446,267
Payroll taxes and benefits	110,223	-	110,223	125,963	691,999	694,578
Occupancy expenses:						
Rent	30,515	-	30,515	36,154	282,201	274,083
Repairs and maintenance	2,918	-	2,918	2,575	41,768	36,481
Utilities	4,952	221	5,173	9,558	87,461	72,265
Office and administrative:						
Printing and postage	2,729	12	2,741	2,606	19,505	21,029
Supplies	5,896	57	5,953	10,085	57,099	62,084
Legal and audit	(402)	-	(402)	90	29,249	22,500
Consulting and professional fees	6,490	177	6,667	33,076	101,346	134,080
Insurance	4,043	22	4,065	2,959	26,992	28,029
Other expenses:						
Conferences and travel	3,913	45	3,958	4,310	141,734	126,496
Special events	2,065	40,107	42,172	33,050	48,500	35,935
Dues and subscriptions	2,501	-	2,501	8,335	6,330	15,199
Training and development	35	-	35	255	4,588	3,515
Awards and grants	79,285	-	79,285	33,911	79,285	33,911
Miscellaneous expenses	3,154	2,825	5,980	5,568	10,428	12,913
Affiliated organizations	-	-	-	-	3,825	2,644
Bank charges and credit card fees	13,158	20	13,178	9,538	13,213	9,573
Depreciation and amortization expense	28,046	-	28,046	29,509	28,046	29,509
	<u>\$ 756,391</u>	<u>\$ 43,625</u>	<u>\$ 800,016</u>	<u>\$ 810,170</u>	<u>\$ 4,382,695</u>	<u>\$ 4,215,392</u>

**CHILDREN'S CASE MANAGEMENT ORGANIZATION, INC.
D/B/A FAMILIES FIRST OF PALM BEACH COUNTY AND
FAMILIES FIRST OF PALM BEACH COUNTY FOUNDATION, INC.**

**COMBINED STATEMENT OF CASH FLOWS
For the Year Ended September 30, 2017
(with comparative totals for 2016)**

	2017	2016
Cash flows from operating activities:		
Increase (decrease) in net assets	\$ 88,142	\$ (39,888)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	28,046	29,509
Realized/unrealized gain	(44,378)	(23,207)
Changes in operating assets and liabilities:		
Increase in program funds receivable	(106,487)	(365)
Increase in prepaid expenses	(58,937)	(8,511)
Increase in accounts payable and accrued expenses	41,138	47,373
Increase in deferred revenue	374	46,261
Net cash provided by (used in) operating activities	(52,102)	51,172
Cash flows from investing activities:		
Purchase of property and equipment	(40,873)	(4,048)
Purchase of investments, net	(25,970)	(144,006)
Net cash used in investing activities	(66,843)	(148,054)
Decrease in cash and cash equivalents	(118,945)	(96,882)
Cash and cash equivalents at beginning of year	538,162	635,044
Cash and cash equivalents at end of year	\$ 419,217	\$ 538,162

See notes to combined financial statements.

**CHILDREN'S CASE MANAGEMENT ORGANIZATION, INC.
D/B/A FAMILIES FIRST OF PALM BEACH COUNTY AND
FAMILIES FIRST OF PALM BEACH COUNTY FOUNDATION, INC.**

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 1 – Nature of Activities and Summary of Significant Accounting Policies

Nature of activities

Children's Case Management Organization, Inc. d/b/a Families First of Palm Beach County is a Florida non-profit corporation which has served our community for 27-years, and provides child abuse prevention, health, housing, and behavioral health services for families whose life circumstances impact child and family health and stability. Many of the families served by Families First of Palm Beach County struggle with domestic violence, homelessness, drug or alcohol abuse, mental or physical health issues or just a change in circumstance that has left them unable to cope.

With six programs, Families First of Palm Beach County helps them build on their strengths and designs individualized plans that meet each family's specific needs as follows:

The following are the programs of the Children's Case Management Organization, Inc. d/b/a Families First of Palm Beach County:

- **Healthy Families Florida** helps strengthen families and ensure healthy childhood development.
- **Child First** is an intensive early childhood home-visiting intervention that works within an early childhood system of care to decrease the incidence of serious emotional disturbance, developmental and learning problems, and abuse and neglect among high-risk, very young children and their families.
- **Behavioral Health Services** consists of the provision of individualized care, comprehensive, family-driven services, flexible treatment strategies for at-risk and high-risk children and their families across Palm Beach County.
- **Bridges to Success** is focused on providing safe and affordable housing for those addressing the frequently interrelated problems of chronic homelessness, drug addiction, mental illness, and other disabilities impairing functioning.
- **Kin Support** is designed to educate and empower grandparents, aunts, uncles, and siblings caring for a relative's child by increasing their knowledge and use of community resources and legal services.
- **Targeted Outreach for Pregnant Women** program assists high risk pregnant women with securing a medical home with the goal of healthy birth outcomes free from HIV and drug exposure.

In April 2012, Families First of Palm Beach County Foundation, Inc. (the Foundation) was created specifically to promote and support the mission, goals and activities of the Children's Case Management Organization, Inc. (the Corporation). The Corporation and the Foundation (combined, hereinafter referred to as the Organization) are presented in these financials on a combined basis.

**CHILDREN'S CASE MANAGEMENT ORGANIZATION, INC.
D/B/A FAMILIES FIRST OF PALM BEACH COUNTY AND
FAMILIES FIRST OF PALM BEACH COUNTY FOUNDATION, INC.**

NOTES TO COMBINED FINANCIAL STATEMENTS, CONTINUED

Note 1 – Nature of Activities and Summary of Significant Accounting Policies, Continued

Principles of combination

The accompanying combined financial statements include the accounts of the Corporation and the Foundation. Intercompany transactions, balances, and profits are eliminated in the combined financial statements.

Basis of presentation

The combined financial statements are prepared on the accrual basis of accounting and in accordance with the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-605-05, *Accounting for Contributions Received and Contributions Made*, and FASB ASC 958-205-05, *Financial Statements of Not-for-Profit Entities*.

FASB ASC 958-605 requires that unconditional promises to give (pledges) be recorded as contributions at fair value at the date the promises are received.

Under FASB ASC 958-205, net assets and revenue, expenses, gains and losses are classified as temporarily restricted, permanently restricted and unrestricted.

Unrestricted net assets – Net assets available for the support of the Organization's operations. The unrestricted net assets may be used at the discretion of the Organization's management and the Boards of Directors.

Temporarily restricted net assets – Net assets subject to specific, donor-imposed restrictions that must be met by actions of the Organization and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and are reported in the statement of activities as releases from restriction. Restricted contributions received in the same year in which the restrictions are met are recorded as an increase to unrestricted support.

Permanently restricted net assets – Net assets subject to donor-imposed restrictions requiring they be maintained permanently by the Organization. Such net assets are normally restricted to long-term investment, with income earned and appreciation available for specific or general Organization purposes.

Revenue is reported as an increase in unrestricted net assets unless use of the related asset is limited by donor-imposed restrictions. Expenses are reported as a decrease in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation. The expirations of temporary donor-imposed restrictions on net assets are reported as reclassifications to unrestricted net assets in the period in which the restriction expires. A restriction expires when the stipulated time period has elapsed and/or the stipulated purpose has been fulfilled. Unrestricted net assets are available for use by the Organization at the discretion of the Boards of Directors.

The amounts for each of the three classes of net assets are required to be displayed in a statement of financial position and the amounts of the change in each of the three classes of net assets are required to be displayed in a statement of activities.

**CHILDREN'S CASE MANAGEMENT ORGANIZATION, INC.
D/B/A FAMILIES FIRST OF PALM BEACH COUNTY AND
FAMILIES FIRST OF PALM BEACH COUNTY FOUNDATION, INC.**

NOTES TO COMBINED FINANCIAL STATEMENTS, CONTINUED

Note 1 – Nature of Activities and Summary of Significant Accounting Policies, Continued

Fair value measurements

FASB ASC 825, *Disclosure About Fair Value of Financial Instruments*, requires certain disclosures regarding the fair value of financial instruments. Cash and cash equivalents, receivables, other assets, and accounts payable and accrued liabilities are reflected in the financial statements at fair value due to the short-term maturity of these instruments.

Accounting estimates

The preparation of combined financial statements in conformity with accounting principles generally accepted in the United States 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 combined financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Functional classification of expenses

In the accompanying combined statement of activities, expenses are reported by their functional classification, a method of grouping expenses according to the purpose for which they were incurred. The primary functional classifications are program services and supporting activities. Program services are the activities that result in services being provided to members that fulfill the purposes or mission for which the Organization exists. Supporting activities are all activities of an organization other than program services or fundraising expenses and are included in the combined financial statements as management and general expenses.

Income taxes

The Corporation is a tax exempt, not-for-profit corporation under Internal Revenue Code (IRC) Section 501(c)(3). The Foundation is also tax exempt as a 501(c)(3) organization. Accordingly, no provision for income taxes has been made in the accompanying combined financial statements.

Both the Corporation and Foundation file income tax returns in the U.S. federal jurisdiction. Neither one is subject to U.S. federal income tax examinations by taxing authorities for years before 2014.

Accounting for uncertainty in income taxes

The Corporation and the Foundation have adopted ASC Topic 740-10 which prescribes measurement and disclosure requirements for current and deferred income tax provisions. The topic provides for a consistent approach in identifying and reporting uncertain tax provisions. It is management's belief that both the Corporation and the Foundation do not hold any uncertain tax positions.

Grants

Resources from government grants are recorded as revenue when the related costs are incurred. All other grants, unless restricted, are recorded as revenue when the grant is awarded as these are unconditional promises to give.

**CHILDREN'S CASE MANAGEMENT ORGANIZATION, INC.
D/B/A FAMILIES FIRST OF PALM BEACH COUNTY AND
FAMILIES FIRST OF PALM BEACH COUNTY FOUNDATION, INC.**

NOTES TO COMBINED FINANCIAL STATEMENTS, CONTINUED

Note 1 – Nature of Activities and Summary of Significant Accounting Policies, Continued

Concentrations of credit risk

The combined financial statements include cash and cash equivalents and program funds receivable that subject the Organization to concentrations of credit risk. While the Organization attempts to limit its financial exposure, its deposit balances have at times exceeded federally insured limits. The Organization has not experienced any losses on such balances. Additionally, the Organization is dependent on continued financial assistance by local government and other grantors.

Revenue recognition

Unconditional promises (contributions and grants) to give cash or other assets are reported at fair value at the date the agreement is entered into or promise is received. These amounts are reported as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Monies received in advance of an event are reflected as deferred revenue.

Property and equipment

Property and equipment is recorded at cost and depreciation is computed using the straight-line method over the estimated useful lives of the assets ranging from 5 to 7 years. The Organization follows the policy of capitalizing all expenditures for land, buildings and equipment in excess of \$500.

Pension plan accounting and funding

The Organization has a defined contribution pension plan that covers all employees. Pension costs include current service costs which are accrued and funded on a current basis.

Compensated absences

The Organization accrues vacation pay as a liability when benefits are earned by employees which occurs when (1) the employee has performed services that give rise to the vacation liability and (2) it is probable that the benefits will result in compensation in some manner such as in cash, termination payments or in time off, prior to retirement. The Organization allows employees to accumulate and carry over forty (40) hours of unused vacation leave.

Subsequent events

The Organization evaluated subsequent events through December 7, 2017, the date on which the combined financial statements were available to be issued, for events to record or disclose in these combined financial statements.

**CHILDREN'S CASE MANAGEMENT ORGANIZATION, INC.
D/B/A FAMILIES FIRST OF PALM BEACH COUNTY AND
FAMILIES FIRST OF PALM BEACH COUNTY FOUNDATION, INC.**

NOTES TO COMBINED FINANCIAL STATEMENTS, CONTINUED

Note 1 – Nature of Activities and Summary of Significant Accounting Policies, Continued

New accounting pronouncements

In February 2016, the FASB issued ASU No. 2016-02, *Leases* (Topic 842), which is intended to increase transparency and comparability of accounting for lease transactions. The ASU will require all leases to be recognized on the statement of financial position as lease assets and lease liabilities and will require both quantitative and qualitative disclosures regarding key information about leasing arrangements. Lessor accounting is largely unchanged. The new pronouncement is effective for years beginning after December 15, 2018. The Organization is currently evaluating the effects the ASU will have on its financial statements.

In August 2016, the FASB issued Accounting Standards Codification (ASU) 2016-14, *Not-for-Profit Entities* (Topic 958), *Presentation of Financial Statements for Not-for-Profit Entities*. ASU 2016-14 makes certain revisions that address many, but not all, of the identified issues about the current financial reporting for Not-for-Profit Entities. The ASU addresses the following key qualitative and quantitative matters:

- Net asset classes
- Investment return
- Expenses and related information
- Presentation of operating cash flows
- Liquidity and availability of resources

The amendments in ASU 2016-14 are effective for financial statements issued for fiscal years beginning after December 15, 2017. Early application of the amendments in this update are permitted. The amendments are applied on a retrospective basis in the year the update is first applied. In the period the update is first applied, the entity must disclose the nature of any reclassifications or restatements and their effects, if any, on changes in net assets for each period presented. The Organization is currently evaluating the effects the ASU will have on its financial statements.

Note 2 – Cash and Cash Equivalents

Cash and cash equivalents consist of non-interest bearing demand deposit accounts and interest-bearing money market accounts. Cash equivalents are short-term investments with a maturity date of three months or less from the date of purchase. The concentration of credit risk associated with cash and cash equivalents is considered low due to the credit quality of the financial institutions and the immediate availability of these financial instruments.

The Organization maintains cash accounts with three financial institutions located in Florida. Deposits held in these accounts are insured by the FDIC up to \$250,000. At September 30, 2017, the Organization had \$103,283 in excess of the basic FDIC insurance.

Note 3 – Investments

The Organization has adopted ASC No. 820, *Fair Value Measurement*. Under this standard, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

**CHILDREN’S CASE MANAGEMENT ORGANIZATION, INC.
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NOTES TO COMBINED FINANCIAL STATEMENTS, CONTINUED

Note 3 – Investments, Continued

Fair value measurements are broken down into three levels based on the reliability of inputs as follows:

Level 1 inputs are unadjusted quoted prices in active markets for identical assets or liabilities in active markets that the Organization has the ability to access. The valuation under this approach does not entail a significant degree of judgment.

Level 2 inputs are inputs other than quoted prices included within Level 1. Level 2 inputs include: quoted prices for similar assets or liabilities in active markets, quoted prices for identical assets or liabilities in inactive markets, inputs other than quoted prices that are observable for the asset or liability, and inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 inputs are unobservable inputs for the asset or liability. Unobservable inputs are used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, or any, market activity for the asset or liability at the measurement date.

The Organization utilizes the following fair value valuation methodology:

The donor advised account with Community Foundation for Palm Beach and Martin Counties is valued at the net asset value of the account at the end of the year.

Mutual funds and exchange traded funds are valued based upon quoted prices in active markets.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in different fair value measurements at the reporting date.

The following table summarizes the Organization’s investments based on the valuation methodology applied by the Organization as of September 30, 2017:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual funds	\$ 114,310	\$ -	\$ -	\$ 114,310
Corporate bonds	110,430	-	-	110,430
Exchange traded funds	<u>433,839</u>	<u>-</u>	<u>-</u>	<u>433,839</u>
Investment subtotal	658,579	-	-	658,579
Community Foundation	<u>-</u>	<u>-</u>	<u>78,807</u>	<u>78,807</u>
	<u>\$ 658,579</u>	<u>\$ -</u>	<u>\$ 78,807</u>	<u>\$ 737,386</u>

**CHILDREN'S CASE MANAGEMENT ORGANIZATION, INC.
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NOTES TO COMBINED FINANCIAL STATEMENTS, CONTINUED

Note 3 – Investments, Continued

The following is a schedule of Level 3 investment activity for the year ended September 30, 2017 measured on a recurring basis using significant unobservable inputs:

	Community Foundation
Balance as of October 1, 2016	\$ 53,716
Contributions	20,000
Realized/unrealized gain	5,091
Balance as of September 30, 2017	\$ 78,807

Note 4 – Program Funds Receivable

Program funds receivable are collectible in less than one year and consist of the following at September 30, 2017:

Health Care District of Palm Beach County	\$ 5,719
Children's Services Council	306,822
Ounce of Prevention Fund	44,057
The Florida Department of Health	25,833
Adopt-A-Family	34,599
Boys Town of South Florida, Inc.	9,700
Board of County Commissioners	31,752
Other	2,543
Total	\$ 461,025

Note 5– Property and Equipment

Property and equipment at September 30, 2017 consists of the following:

Computer equipment	\$ 332,519
Office equipment	137,900
Furniture and fixtures	26,317
	496,736
Less accumulated depreciation	(396,825)
Property and equipment, net	\$ 99,911

Depreciation and amortization expense for the year ended September 30, 2017 amounted to \$28,046.

**CHILDREN'S CASE MANAGEMENT ORGANIZATION, INC.
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NOTES TO COMBINED FINANCIAL STATEMENTS, CONTINUED

Note 6 – Temporarily Restricted Net Assets

At September 30, 2017, the Organization held temporarily restricted net assets available for the following specified purposes:

Child First	\$ 37,635
Targeted Outreach for Pregnant Women	69,459
Behavioral Health Services	210,052
Kin Support	45,622
Other	<u>55,232</u>
Temporarily restricted net assets as of September 30, 2017	<u>\$ 418,000</u>

During the year ended September 30, 2017, net assets were released from restrictions for the following purposes:

Healthy Families Florida	\$ 1,884,625
Child First	870,148
Behavioral Health Services	382,548
Bridges to Success	322,026
Kin Support	195,594
Targeted Outreach for Pregnant Women	336,017
Other	<u>124,793</u>
Total net assets released from restrictions	<u>\$ 4,115,751</u>

Note 7 – Permanently Restricted Net Assets

Permanently restricted net assets consist of fund assets to be held indefinitely. The Organization's endowment was established in May 2013 and consists of a fund held by the Community Foundation for Palm Beach and Martin Counties (hereafter "Community Foundation"). As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. These endowment funds are classified as permanently restricted because all contributions made to the Community Foundation become assets of the Community Foundation and are irrevocable. Distributions may be made from income and capital appreciation, but not from the endowment amount. The income from the assets can be used to support the Organization's general activities.

Note 8 – Lease Commitment

The Organization conducts its community service programs from facilities it leases in West Palm Beach, Belle Glade, and Wellington. The lease for the main offices in West Palm Beach is for 60 months and expires on December 31, 2018. The Organization leases the facility in Belle Glade on a month-to-month basis. The Organization also has a five year lease for the Wellington facility; which expires on August 31, 2020. The Organization also leases office equipment at \$1,599 per month through September 30, 2021. Total rent and equipment lease expenses for the year ended September 30, 2017 was \$282,199.

**CHILDREN’S CASE MANAGEMENT ORGANIZATION, INC.
D/B/A FAMILIES FIRST OF PALM BEACH COUNTY AND
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NOTES TO COMBINED FINANCIAL STATEMENTS, CONTINUED

Note 8 – Lease Commitment, Continued

Minimum future rental payments due under these leases as of September 30, 2017 are as follows:

<u>Year Ending September 30,</u>	<u>Amount</u>
2018	\$ 275,054
2019	145,928
2020	100,822
2021	<u>4,797</u>
	<u>\$ 526,601</u>

Note 9 – Contingencies

The Organization receives financial assistance from a local special district and other local governmental agencies in the form of grants. These activities are subject to audit by agents of the funding authority, the purpose of which is to ensure compliance with conditions precedent to providing such funds. Management believes that the liability, if any, for any reimbursement which may arise as the result of audits would not be material.

The Organization is subject to certain risks arising out of the ordinary course of business. It is the Organization’s policy to record the expense and associated liability whenever a loss becomes probable and estimable. Management does not believe it has any material loss contingency exposure at September 30, 2017.

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 of
Children's Case Management Organization, Inc.
d/b/a Families First of Palm Beach County
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 combined financial statements of Children's Case Management Organization, Inc. d/b/a Families First of Palm Beach County and Families First of Palm Beach County Foundation, Inc. (combined, the Organization), which comprise the combined statement of financial position as of September 30, 2017, and the related combined statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the combined financial statements, and have issued our report thereon dated December 7, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization'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 combined financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization'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 the Organization's combined 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.

Templeton & Company, LLP

West Palm Beach, Florida
December 7, 2017

**CHILDREN'S CASE MANAGEMENT ORGANIZATION, INC.
D/B/A FAMILIES FIRST OF PALM BEACH COUNTY AND
FAMILIES FIRST OF PALM BEACH COUNTY FOUNDATION, INC.**

**COMBINING SCHEDULE - STATEMENT OF FINANCIAL POSITION INFORMATION
For the Year Ended September 30, 2017**

	<u>Children's Case Management Organization, Inc.</u>	<u>Families First of Palm Beach County Foundation, Inc.</u>	<u>Eliminations</u>	<u>Combined Total</u>
Assets				
Current assets:				
Cash and cash equivalents	\$ 240,115	\$ 179,102	\$ -	\$ 419,217
Investments	544,269	193,117	-	737,386
Program funds receivable	491,262	-	(30,237)	461,025
Prepaid expenses	<u>95,630</u>	<u>26,059</u>	<u>-</u>	<u>121,689</u>
Total current assets	1,371,276	398,278	(30,237)	1,739,317
Property and equipment, net	<u>99,550</u>	<u>361</u>	<u>-</u>	<u>99,911</u>
Total assets	<u><u>\$ 1,470,826</u></u>	<u><u>\$ 398,639</u></u>	<u><u>\$ (30,237)</u></u>	<u><u>\$ 1,839,228</u></u>
Liabilities and Net Assets				
Current liabilities:				
Accounts payable and accrued expenses	\$ 159,194	\$ 33,867	\$ (30,237)	\$ 162,824
Deferred revenue	<u>-</u>	<u>46,635</u>	<u>-</u>	<u>46,635</u>
Total current liabilities	<u>159,194</u>	<u>80,502</u>	<u>(30,237)</u>	<u>209,459</u>
Net assets:				
Unrestricted	893,632	239,330	-	1,132,962
Temporarily restricted	418,000	-	-	418,000
Permanently restricted	<u>-</u>	<u>78,807</u>	<u>-</u>	<u>78,807</u>
Total net assets	<u>1,311,632</u>	<u>318,137</u>	<u>-</u>	<u>1,629,769</u>
Total liabilities and net assets	<u><u>\$ 1,470,826</u></u>	<u><u>\$ 398,639</u></u>	<u><u>\$ (30,237)</u></u>	<u><u>\$ 1,839,228</u></u>

**CHILDREN'S CASE MANAGEMENT ORGANIZATION, INC.
D/B/A FAMILIES FIRST OF PALM BEACH COUNTY AND
FAMILIES FIRST OF PALM BEACH COUNTY FOUNDATION, INC.**

**COMBINING SCHEDULE - STATEMENT OF ACTIVITIES INFORMATION
For the Year Ended September 30, 2017**

	Children's Case Management Organization, Inc.	Families First of Palm Beach County Foundation, Inc.	Eliminations	Combined Total
Revenue and support:				
Government support	\$ 3,429,116	\$ -	\$ -	\$ 3,429,116
Community support	183,375	-	-	183,375
Foundation grants	486,169	79,285	-	565,454
Other support	34,129	53,263	-	87,392
Fundraising	975	140,946	-	141,921
Investment income	15,588	3,613	-	19,201
Realized/unrealized income	28,531	15,847	-	44,378
Total revenue and support	<u>4,177,883</u>	<u>292,954</u>	<u>-</u>	<u>4,470,837</u>
Expenses:				
Program services:				
Healthy Families Florida	1,631,210	-	-	1,631,210
Child First	752,003	-	-	752,003
Behavioral Health				
Services	370,958	-	-	370,958
Bridges to Success	311,605	-	-	311,605
Kin Support	192,175	-	-	192,175
Targeted Outreach for				
Pregnant Women	324,285	-	-	324,285
Other program services	443	-	-	443
Supporting services:				
Management and general	625,908	130,483	-	756,391
Fundraising	3,075	40,550	-	43,625
Total expenses	<u>4,211,662</u>	<u>171,033</u>	<u>-</u>	<u>4,382,695</u>
Increase (decrease) in net assets	(33,779)	121,921	-	88,142
Net assets at beginning of year	<u>1,345,411</u>	<u>196,216</u>	<u>-</u>	<u>1,541,627</u>
Net assets at end of year	<u>\$ 1,311,632</u>	<u>\$ 318,137</u>	<u>\$ -</u>	<u>\$ 1,629,769</u>

**CHILDREN'S CASE MANAGEMENT ORGANIZATION, INC.
D/B/A FAMILIES FIRST OF PALM BEACH COUNTY AND
FAMILIES FIRST OF PALM BEACH COUNTY FOUNDATION, INC.
COMBINING SCHEDULE - STATEMENT OF CASH FLOWS INFORMATION
For the Year Ended September 30, 2017**

	Children's Case Management Organization, Inc.	Families First of Palm Beach County Foundation, Inc.	Eliminations	Combined Total
Cash flows from operating activities:				
Increase (decrease) in net assets	\$ (33,779)	\$ 121,921	\$ -	\$ 88,142
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used in) operating activities:				
Depreciation and amortization	27,742	304	-	28,046
Realized/unrealized gain	(28,531)	(15,847)	-	(44,378)
Changes in operating assets and liabilities:				
(Increase) decrease in program funds receivable	(57,564)	125	(49,048)	(106,487)
Increase in prepaid expenses	(40,378)	(18,559)	-	(58,937)
Increase in accounts payable and accrued expenses	42,124	(50,034)	49,048	41,138
Increase in deferred revenue	-	374	-	374
Net cash provided by (used in) operating activities	<u>(90,386)</u>	<u>38,284</u>	<u>-</u>	<u>(52,102)</u>
Cash flows from investing activities:				
Purchase of property and equipment	(40,873)	-	-	(40,873)
Purchase of investments, net	(4,820)	(21,150)	-	(25,970)
Net cash used in investing activities	<u>(45,693)</u>	<u>(21,150)</u>	<u>-</u>	<u>(66,843)</u>
Increase (decrease) in cash and cash equivalents	(136,079)	17,134	-	(118,945)
Cash and cash equivalents at beginning of year	<u>376,194</u>	<u>161,968</u>	<u>-</u>	<u>538,162</u>
Cash and cash equivalents at end of year	<u>\$ 240,115</u>	<u>\$ 179,102</u>	<u>\$ -</u>	<u>\$ 419,217</u>