

SCHAFFER, TSCHOPP, WHITCOMB, MITCHELL & SHERIDAN, LLP

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September 28, 2018

The Board of Directors
Center For Child Counseling, Inc.

Dear Members:

We have audited the financial statements of Center for Child Counseling, Inc. for the year ended May 31, 2018, and have issued our report thereon dated September 28, 2018. In planning and performing our audit of the financial statements of Center For Child Counseling, Inc., we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure. A material weakness is a condition in which the design or operation of the specific internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. However, we noted no matters involving the internal control structure and its operation that we consider to be material weaknesses as defined above.

This report is intended solely for the information and use of the Board of Directors, management, and others within the organization.

Very truly yours,

Schafer, Tschopp, Whitcomb, Mitchell & Sheridan, LLP

*Financial Statements and
Supplementary Information*

CENTER FOR CHILD COUNSELING, INC.

May 31, 2018

CENTER FOR CHILD COUNSELING, INC.

**Financial Statements and
Supplementary Information**

May 31, 2018

(With Independent Auditor's Report Thereon)

CENTER FOR CHILD COUNSELING, INC.

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Independent Auditor's Report

To the Board of Directors
Center For Child Counseling, Inc.

We have audited the accompanying financial statements of Center For Child Counseling, Inc. (a nonprofit organization), which comprise the statement of financial position as of May 31, 2018, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 financial statements referred to above present fairly, in all material respects, the financial position of Center For Child Counseling, Inc. as of May 31, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated September 28, 2018 on our consideration of the Center for Child Counseling, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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 Center for Child Counseling, Inc.'s internal control over financial reporting and compliance.

Schatz, Tschagg, Whiternut, Mitchell & Shuidan, LLP

September 28, 2018

CENTER FOR CHILD COUNSELING, INC.

Statement of Financial Position

May 31, 2018

Assets

Cash	\$ 764,830
Accounts receivable	207,112
Pledges receivable (note 2)	48,140
Inventory	1,538
Prepaid expenses	19,814
Deposits and other assets	17,307
Property and equipment (note 3)	55,431
	<hr/>
Total assets	\$ 1,114,172

Liabilities and Net Assets

Accounts payable and accrued expenses	\$ 58,973
	<hr/>
Total liabilities	58,973
Commitments (note 4)	
Net assets:	
Unrestricted	1,007,059
Temporarily restricted	48,140
	<hr/>
Total net assets	1,055,199
	<hr/>
Total liabilities and net assets	\$ 1,114,172

See accompanying notes to the financial statements.

CENTER FOR CHILD COUNSELING, INC.

Statement of Activities

For the year ended May 31, 2018

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support and revenue:			
Monthly reimbursement contracts	\$ 1,236,796	-	1,236,796
Government funds	227,691	-	227,691
Other grants	475,747	-	475,747
Contributions	80,257	-	80,257
In-kind contributions	918,172	-	918,172
Program fees	893,886	-	893,886
Other income	7,684	-	7,684
Special events	63,332	-	63,332
Interest and dividend income	6,436	-	6,436
Net assets released from restriction	51,860	(51,860)	-
Total support and revenue	<u>3,961,861</u>	<u>(51,860)</u>	<u>3,910,001</u>
Expenses and losses:			
Program services	3,150,896	-	3,150,896
Supporting services:			
Management and general	410,094	-	410,094
Fundraising	131,860	-	131,860
Total expenses	<u>3,692,850</u>	<u>-</u>	<u>3,692,850</u>
Change in net assets	269,011	(51,860)	217,151
Net assets at beginning of year	<u>738,048</u>	<u>100,000</u>	<u>838,048</u>
Net assets at end of year	<u>\$ 1,007,059</u>	<u>48,140</u>	<u>1,055,199</u>

See accompanying notes to the financial statements.

CENTER FOR CHILD COUNSELING, INC.

Statement of Functional Expenses

For the year ended May 31, 2018

	<u>Program Services</u>	<u>Management and General</u>	<u>Fund Raising</u>	<u>Total</u>
Payroll and related benefits	\$ 1,949,626	99,965	31,484	2,081,075
Contract labor	23,083	77,457	-	100,540
Program expenses	97,402	-	-	97,402
Rent	96,041	15,714	1,974	113,729
Utilities and maintenance	5,946	973	122	7,041
Telephone and computer	77,393	3,968	1,250	82,611
Accounting and Accreditation	5,973	306	96	6,375
Travel	71,132	15,342	-	86,474
Insurance	11,850	8,829	-	20,679
Office expense	7,954	10,000	10,000	27,954
Continuing education	20,000	3,947	-	23,947
Volunteer service	693,970	119,250	59,115	872,335
In-kind rent	45,837	-	-	45,837
Special event expense	7,854	-	23,561	31,415
Fundraising	-	-	3,983	3,983
Depreciation	-	15,050	-	15,050
Bad debt expense	12,597	-	-	12,597
Miscellaneous	24,238	39,293	275	63,806
	<u>\$ 3,150,896</u>	<u>410,094</u>	<u>131,860</u>	<u>3,692,850</u>

See accompanying notes to financial statements.

CENTER FOR CHILD COUNSELING, INC.

Statement of Cash Flows

For the year ended May 31, 2018

Cash flows from operating activities:	
Change in net assets	\$ 217,151
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	15,050
Loss on disposal of property and equipment	2,303
Changes in assets and liabilities:	
Accounts receivable	(32,601)
Pledges receivable	51,860
Inventory	(906)
Prepaid expenses	(1,666)
Deposits and other assets	7,728
Accounts payable and accrued expenses	<u>(30,694)</u>
Net cash provided by operating activities	<u>228,225</u>
Cash flows from investing activities:	
Acquisition of property and equipment	<u>(26,560)</u>
Net cash used in investing activities	<u>(26,560)</u>
Net increase in cash	201,665
Cash at beginning of year	<u>563,165</u>
Cash at end of year	<u>\$ 764,830</u>

See accompanying notes to financial statements.

CENTER FOR CHILD COUNSELING, INC.

Notes to Financial Statements

May 31, 2018

(1) **Organization and Summary of Significant Accounting Policies**

(a) **Organization**

The Center for Child Counseling, Inc. is building the foundation for playful, healthful, and hopeful living for children and families in Palm Beach County.

Infant and Early Childhood Mental Health (IECMH) has been the foundation of the Center for Child Counseling's mission in Palm Beach County since being founded in 1999, winning prestigious awards such as the Blue Foundation's Sapphire Award and the National Easter Seals Award of Excellence for increasing access to care for young, vulnerable children. Through implementation of best practice and evidence-based interventions, we focus on the youngest children in our community because research shows that this period of life (prenatal to age 6) provides the foundation for health and learning throughout the lifespan.

Due to our focused mission, we have cultivated a high level of expertise in Infant and Early Childhood Mental Health, including training and consultation. Through our Institute for Clinical Training we focus on providing clinical training community-wide, with the vision of building the capacity of Palm Beach County to work effectively with young children, positively impacting the system of care through provision of high-quality treatment. In 2016, we launched our Fighting ACEs (Adverse Childhood Experiences) Initiative which includes advocacy and education, with the overall goal of building caregiver and community capacity to promote health for the youngest children facing adversity in Palm Beach County.

Center for Child Counseling has developed programs based on the latest research about the impact of trauma on brain development in early childhood, providing multilayered prevention, early intervention, and mental health treatment for young children at-risk for or struggling with social-emotional difficulties related to abuse, violence, and other forms of toxic stress or trauma that impact healthy development and learning. Services focus on the timely identification, through screening and observation, of social-emotional concerns and provision of assessment, consultation, and support for young children exposed to a variety of factors, including:

- Use of harsh parent strategies, including physical abuse
- Exposure to domestic and/or community violence
- Caregiver arrest, incarceration, or absence from the home
- Caregiver or family history of substance abuse and/or mental illness

CENTER FOR CHILD COUNSELING, INC.

Notes to Financial Statements

May 31, 2018

(1) Organization and Summary of Significant Accounting Policies (Continued)

(a) Organization (Continued)

- Homelessness or lack of housing stability
- Family member's chronic illness or sudden death
- Separation from parent(s) or placement in foster care
- Exposure to chronic, toxic stress and Adverse Childhood Experiences (ACEs)

Key programs include...

Child First: A national, evidence-based model that works with vulnerable young children and their families, providing intensive, home-based services.

Child and Family Center: Provides a safe place for children and families to heal, resolve problems, learn new skills, and find the joy in being a family again.

Children's Behavioral Health Collaborative: Counseling and support for at-risk children and families in need of behavioral health services throughout Palm Beach County.

Childcare and Community Social-Emotional Wellness (CCSEW) Program: Prevention, early intervention, and treatment for young children in childcare centers and shelters throughout Palm Beach County.

Institute for Clinical Training: Clinical workshops for professionals, a year-long internship program for students, and community-wide workshops for parents and caregivers.

Fighting ACEs Initiative: Education, advocacy, outreach, and intervention that focuses on Adverse Childhood Experiences which impact physical and emotional health throughout the lifespan.

Childhood Trauma Response Program: Assessment and counseling for children, ages birth to 6 entering the foster care system.

Infant Mental Health Program: Counseling for pregnant women, new mothers, and young children experiencing stress and trauma.

CENTER FOR CHILD COUNSELING, INC.

Notes to Financial Statements

May 31, 2018

(1) **Organization and Summary of Significant Accounting Policies (Continued)**

(b) **Basis of Presentation**

The accompanying financial statements are presented on the accrual basis and represent the financial position and results of operations of the Organization.

The financial statements are prepared on an entity wide basis, focusing on the organization as a whole and present balances and transactions according to the existence or absence of donor-imposed restrictions. This has been accomplished by aggregating all funds into one set of financial statements and classifying fund balances and transactions into three classes of net assets - permanently restricted, temporarily restricted or unrestricted as follows:

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that may be maintained permanently by the Organization. There were no permanently restricted net assets as of May 31, 2018.

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that may or will be met by actions of the Organization and/or the passage of time. Temporarily restricted net assets consist of contributions received and restricted by the donors for specific purposes.

Unrestricted net assets - Net assets not subject to donor-imposed stipulations. The Organization reports donor-restricted contributions whose restrictions are met in the same reporting period as unrestricted support.

Contributions are generally recognized as revenue when the gift is made and are recorded as unrestricted, temporarily restricted or permanently restricted, depending on the presence or absence and type of donor-imposed restrictions or conditions.

(c) **Cash**

Cash is defined as amounts in the Organization's checking and savings accounts.

CENTER FOR CHILD COUNSELING, INC.

Notes to Financial Statements

May 31, 2018

(1) Organization and Summary of Significant Accounting Policies (Continued)

(d) Promises to Give

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Conditional promises to give are recognized as contribution revenue when the Organization meets or fulfills the condition which the donor established. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

(e) Donated Property and Equipment

Donated asset items for use directly by the Organization, such as office furniture and equipment, are recorded as contributions and as fixed assets. They are valued at their fair market value at the time of the donation. Such donations are reported as unrestricted support unless the donor has restricted the donated materials to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time. No donated property and equipment was received during the year ended May 31, 2018.

(f) Donated Services

Donated services for which there is an objective basis for valuation and meeting the requirements for recognition are recorded as a revenue and expense item in the accompanying financial statements at their stated fair market value. Such donated services are reported as unrestricted support. Donated services in the amount of \$872,335 were received during the year ended May 31, 2018, and were reported as contributions in the accompanying statement of activities.

CENTER FOR CHILD COUNSELING, INC.

Notes to Financial Statements

May 31, 2018

(1) **Organization and Summary of Significant Accounting Policies (Continued)**

(f) **Donated Services (Continued)**

Labor provided for fundraising events is obtained through the donated time of volunteers. The Organization does not pay fundraising volunteers. The estimated value of volunteer services was approximately \$59,000, for the year ended May 31, 2018.

Rent-In-Kind – dedicated space is provided, free of charge, at various locations (such as preschools) where agency services are provided on site. The rent-in-kind amounted to approximately \$45,800 for the year ended May 31, 2018.

(g) **Estimates**

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

Management estimates the fair market value of donated inventory, property and equipment, if not provided by the donor.

(h) **Income Taxes**

The Organization qualifies as a tax exempt Organization under Section 501(c)(3) of the Internal Revenue Code and is classified as a public charity. Therefore, the Organization makes no provision for federal income taxes.

The Organization adopted the provisions of the Income Tax Topic of the ASC. These provisions clarify the accounting for uncertainty in tax positions and prescribe guidance related to the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The tax benefit from an uncertain tax position is only recognized in the statement of financial position if the tax position is more likely than not to be sustained upon an examination, based on the technical merits of the position. Interest and penalties, if any, are included in expenses in the statement of activities. As of May 31, 2018, Center For Child Counseling, Inc. had no uncertain tax positions that qualify for recognition or disclosure in the financial statements.

CENTER FOR CHILD COUNSELING, INC.

Notes to Financial Statements

May 31, 2018

(1) **Organization and Summary of Significant Accounting Policies (Continued)**

(h) **Income Taxes (Continued)**

The Organization's income tax returns are subject to review and examination by federal authorities. The tax returns for the years ended 2015 to 2017 are open to examination by federal authorities.

(i) **Functional Allocation of Expenses**

The costs incurred by the Organization have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated between the program services and supporting services of the Organization. These allocations have been made based on considerations of time and space usage.

(j) **Subsequent Events**

In preparing these financial statements, the Organization has evaluated subsequent events and transactions for potential recognition and disclosure through September 28, 2018, which is the date the financial statements were available to be issued.

(2) **Pledge Receivable**

Pledge receivable, net of discount to present value and the final installment is due in 2019. Management believes the pledge is fully collectable, and therefore, there is no allowance for doubtful accounts.

(3) **Property and Equipment**

Property and equipment consist of the following at May 31, 2018:

Furniture and equipment	\$ 85,286
Less accumulated depreciation	<u>(29,855)</u>
	<u>\$ 55,431</u>

Depreciation expense amounted to \$15,050 for the year ended May 31, 2018.

CENTER FOR CHILD COUNSELING, INC.

Notes to Financial Statements

May 31, 2018

(4) Lease Commitment

The Organization leases three operating/administrative facilities under lease agreements accounted for as operating leases. Rent expense for the year ended May 31, 2018 was approximately \$114,000. Commitments under the existing operating lease agreement at May 31, 2018 are approximately as follows:

<u>Year ending May 31,</u>	<u>Woodbine Commons</u>	<u>Northlake</u>	<u>Northlake Number 2</u>	<u>Total</u>
2019	\$ 16,000	66,900	26,700	109,600
2020	-	68,900	27,500	96,400
2021	-	23,000	-	23,000

(5) Cash Basis Statement of Functional Expenses

The accompanying statements of functional expenses includes donated services and use of facilities as required by generally accepted accounting principles. For informational purposes, the following schedule presents the Organization's expenses on a functional basis without donated services and use of facilities:

	<u>Program Services</u>	<u>Management and General</u>	<u>Fund Raising</u>	<u>Total</u>
Payroll and related benefits	\$ 1,949,626	99,965	31,484	2,081,075
Contract labor	23,083	77,457	-	100,540
Program expenses	97,402	-	-	97,402
Rent	96,041	15,714	1,974	113,729
Utilities and maintenance	5,946	973	122	7,041
Telephone and computer	77,393	3,968	1,250	82,611
Accounting	5,973	306	96	6,375
Travel	71,132	15,342	-	86,474
Insurance	11,850	8,829	-	20,679
Office expense	7,954	10,000	10,000	27,954
Continuing education	20,000	3,947	-	23,947
Special event expense	7,854	-	23,561	31,415
Fundraising	-	-	3,983	3,983
Depreciation	-	15,050	-	15,050
Bad debt expense	12,597	-	-	12,597
Miscellaneous	24,238	39,293	275	63,806
	<u>\$ 2,411,089</u>	<u>290,844</u>	<u>72,745</u>	<u>2,774,678</u>

SUPPLEMENTARY INFORMATION

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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*

The Board of Directors
Center for Child Counseling, Inc.

We have audited, 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, the financial statements of Center for Child Counseling, Inc. Inc., which comprise the statement of financial position as of May 31, 2018, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 28, 2018.

Internal Control over Financial Reporting

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

Schatz, Tschagg, Whitcomb, Mitchell & Shuilen, LLP

Maitland, Florida
September 28, 2018