

CHILDREN FIRST, INC.

FINANCIAL REPORT

SEPTEMBER 30, 2018

CHILDREN FIRST, INC.

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ROBERT BAKER and ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To The Board of Directors
Children First, Inc.
Athens, Georgia

Report on the Financial Statements

We have audited the accompanying financial statements of Children First, Inc. (a nonprofit organization), which comprise the statements of financial position as of September 30, 2018, and 2017, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

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 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 judgement, 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 organization'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 organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Children First, Inc. as of September 30, 2018 and 2017, and the changes in its net assets, functional expenses and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

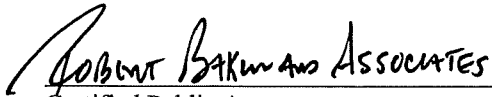
Supplemental Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The comparative statement of actual revenues and expenditures to budget on pages 13 and 14 are presented for the purpose of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 5, 2019, on our consideration of Children First, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulation, 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 *Governmental Auditing Standards* in considering Children First, Inc.'s internal control over financial reporting and compliance.

ROBERT BAKER and ASSOCIATES

A handwritten signature in black ink that reads "Robert Baker and Associates". The signature is written in a cursive, flowing style. Below the signature is a horizontal line.

Certified Public Accountants
Albany, Georgia
September 5, 2019

CHILDREN FIRST, INC.
STATEMENTS OF FINANCIAL POSITION
September 30, 2018 and 2017

ASSETS		
	<u>2018</u>	<u>2017</u>
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 55,014	\$ 83,151
Grants Receivable	76,225	44,997
Accounts Receivable	256	14,115
Prepaid Expenses	<u>-</u>	<u>6,250</u>
Total Current Assets	\$ <u>131,495</u>	\$ <u>148,513</u>
PROPERTY AND EQUIPMENT		
Buildings and Equipment, Net	\$ <u>206,144</u>	\$ <u>213,838</u>
TOTAL ASSETS	\$ <u>337,639</u>	\$ <u>362,351</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 95	\$ 4,445
Notes Payable	<u>124,820</u>	<u>131,563</u>
Total Current Liabilities	\$ <u>124,915</u>	\$ <u>136,008</u>
TOTAL LIABILITIES	\$ <u>124,915</u>	\$ <u>136,008</u>
NET ASSETS		
Unrestricted:		
Undesignated	\$ 131,400	\$ 144,068
Net Investment in Property and Equipment	<u>81,324</u>	<u>82,275</u>
Total Unrestricted Net Assets	\$ <u>212,724</u>	\$ <u>226,343</u>
TOTAL NET ASSETS	\$ <u>212,724</u>	\$ <u>226,343</u>
TOTAL LIABILITIES AND NET ASSETS	\$ <u>337,639</u>	\$ <u>362,351</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS STATEMENT.

CHILDREN FIRST, INC.

STATEMENTS OF ACTIVITIES

For The Fiscal Years Ended September 30, 2018 and 2017

	<u>UNRESTRICTED</u>	
	<u>2018</u>	<u>2017</u>
REVENUES		
Donations	\$ 50,842	\$ 50,470
Fundraising	3,174	20,642
Grants	472,198	471,319
Client Fees	930	2,135
Other Income	<u>129</u>	<u>182</u>
TOTAL REVENUES	\$ <u>527,273</u>	\$ <u>544,748</u>
EXPENDITURES		
Program Expenses	\$ <u>483,125</u>	\$ <u>427,038</u>
Supporting Services:		
Fundraising	\$ 13,798	\$ 9,520
Administrative	<u>43,969</u>	<u>44,886</u>
Total Support Services	\$ <u>57,767</u>	\$ <u>54,406</u>
TOTAL EXPENDITURES	\$ <u>540,892</u>	\$ <u>481,444</u>
INCREASE/DECREASE IN NET ASSETS	\$ (13,619)	\$ 63,304
NET ASSETS - BEGINNING OF YEAR	<u>226,343</u>	<u>163,039</u>
NET ASSETS - END OF YEAR	\$ <u>212,724</u>	\$ <u>226,343</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS STATEMENT.

CHILDREN FIRST, INC.

STATEMENT OF FUNCTIONAL EXPENSES

For The Fiscal Year Ended September 30, 2018

	<u>PROGRAM EXPENSES</u>	<u>SUPPORT SERVICES</u>			
	<u>PROGRAM SERVICES</u>	<u>FUND- RAISING</u>	<u>ADMINISTRATIVE</u>	<u>TOTAL</u>	<u>2018 TOTAL</u>
Personnel:					
Salaries	\$ 309,348	\$ 6,060	\$ 24,240	\$ 30,300	\$ 339,648
Payroll Taxes	24,026	471	1,883	2,354	26,380
Health Insurance	<u>37,112</u>	<u>727</u>	<u>2,908</u>	<u>3,635</u>	<u>40,747</u>
Total Salaries and Related Expense	\$ <u>370,486</u>	\$ <u>7,258</u>	\$ <u>29,031</u>	\$ <u>36,289</u>	\$ <u>406,775</u>
Other Expenses:					
Bank Charges	\$ -	\$ -	\$ 91	\$ 91	\$ 91
Computer and Software	4,468	-	496	496	4,964
Contracts	455	-	-	-	455
Depreciation Expense	5,600	-	2,796	2,796	8,396
Dues and Subscription	880	-	-	-	880
Fundraising	-	6,540	-	6,540	6,540
Insurance	6,867	-	763	763	7,630
Interest Expense	4,688	-	2,341	2,341	7,029
Marketing	13,671	-	-	-	13,671
Miscellaneous	2,317	-	258	258	2,575
Office Expense	4,667	-	519	519	5,186
Postage	755	-	84	84	839
Printing	1,256	-	-	-	1,256
Professional Fees	2,169	-	241	241	2,410
Program Expenses	7,097	-	-	-	7,097
Repairs and Maintenance	2,641	-	1,318	1,318	3,959
Staff Appreciation	-	-	1,235	1,235	1,235
Taxes and Licenses	-	-	30	30	30
Telephones and Internet	4,881	-	542	542	5,423
Training	16,731	-	-	-	16,731
Travel	23,993	-	2,666	2,666	26,659
Utilities	2,865	-	1,430	1,430	4,295
Vehicle Expense	407	-	-	-	407
Volunteer Expenses	6,231	-	-	-	6,231
Website Hosting	-	-	128	128	128
Total Other Expenses	\$ <u>112,639</u>	\$ <u>6,540</u>	\$ <u>14,938</u>	\$ <u>21,478</u>	\$ <u>134,117</u>
Total Expenses	\$ <u>483,125</u>	\$ <u>13,798</u>	\$ <u>43,969</u>	\$ <u>57,767</u>	\$ <u>540,892</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS STATEMENT.

CHILDREN FIRST, INC.

STATEMENT OF FUNCTIONAL EXPENSES

For The Fiscal Year Ended September 30, 2017

	PROGRAM EXPENSES		SUPPORT SERVICES		2017 TOTAL
	PROGRAM SERVICES	FUND- RAISING	ADMINISTRATIVE	TOTAL	
Personnel:					
Salaries	\$ 273,405	\$ 5,873	\$ 23,490	\$ 29,363	\$ 302,768
Payroll Taxes	21,666	465	1,861	2,326	23,992
Health Insurance	<u>31,848</u>	<u>684</u>	<u>2,736</u>	<u>3,420</u>	<u>35,268</u>
Total Salaries and Related Expense	\$ <u>326,919</u>	\$ <u>7,022</u>	\$ <u>28,087</u>	\$ <u>35,109</u>	\$ <u>362,028</u>
Other Expenses:					
Bank Charges	\$ -	\$ -	\$ 53	\$ 53	\$ 53
Computer and Software	1,383	-	154	154	1,537
Contracts	725	-	-	-	725
Depreciation Expense	8,743	-	4,366	4,366	13,109
Dues and Subscription	964	-	-	-	964
Fundraising	-	2,498	-	2,498	2,498
Insurance	6,577	-	731	731	7,308
Interest Expense	4,107	-	2,050	2,050	6,157
Marketing	5,466	-	-	-	5,466
Miscellaneous	-	-	2,370	2,370	2,370
Office Expense	4,402	-	489	489	4,891
Postage	909	-	101	101	1,010
Printing	2,730	-	-	-	2,730
Professional Fees	5,620	-	625	625	6,245
Program Expenses	18,830	-	-	-	18,830
Repairs and Maintenance	4,042	-	2,018	2,018	6,060
Staff Appreciation	-	-	580	580	580
Taxes and Licenses	-	-	20	20	20
Telephones and Internet	4,626	-	514	514	5,140
Training	5,457	-	-	-	5,457
Travel	12,728	-	1,414	1,414	14,142
Utilities	2,406	-	1,202	1,202	3,608
Vehicle Expense	2,030	-	-	-	2,030
Volunteer Expenses	8,374	-	-	-	8,374
Website Hosting	-	-	112	112	112
Total Other Expenses	\$ <u>100,119</u>	\$ <u>2,498</u>	\$ <u>16,799</u>	\$ <u>19,297</u>	\$ <u>119,416</u>
Total Expenses	\$ <u>427,038</u>	\$ <u>9,520</u>	\$ <u>44,886</u>	\$ <u>54,406</u>	\$ <u>481,444</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS STATEMENT.

CHILDREN FIRST, INC.

STATEMENTS OF CASH FLOWS

For The Fiscal Years Ended September 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Assets	\$ (13,619)	\$ 63,304
Public Support and Revenue Over (Under) Expenses		
Adjustments to Reconcile Change in Net Assets to		
Net Cash Provided by Operating Activities:		
Depreciation	8,396	13,109
(Increase)/Decrease in Accounts Receivable	(17,369)	(11,021)
(Increase)/Decrease in Prepaid Expenses	6,250	(6,250)
Increase/(Decrease) in Accounts Payable	(<u>4,350</u>)	<u>135</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ (<u>20,692</u>)	\$ <u>59,277</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of Equipment	\$ (<u>702</u>)	\$ (<u>2,503</u>)
NET CASH USED BY INVESTING ACTIVITIES	\$ (<u>702</u>)	\$ (<u>2,503</u>)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal Payments	\$ (<u>6,743</u>)	\$ (<u>7,568</u>)
NET CASH USED BY FINANCING ACTIVITIES	\$ (<u>6,743</u>)	\$ (<u>7,568</u>)
NET INCREASE (DECREASE) IN CASH	\$ (28,137)	\$ 49,206
CASH AND CASH EQUIVALENTS - SEPTEMBER 30, 2016	<u>83,151</u>	<u>33,945</u>
CASH AND CASH EQUIVALENTS - SEPTEMBER 30, 2017	\$ <u><u>55,014</u></u>	\$ <u><u>83,151</u></u>
Supplemental Disclosure:		
Interest Paid	\$ 7,029	\$ 6,157
Income Tax Paid	\$ -	\$ -

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS STATEMENT.

CHILDREN FIRST, INC.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION

Children First, Inc. is a Georgia Not-For-Profit corporation. The Organization is located in Athens, Georgia and operates primarily in the Athens and Oconee County, Georgia area. The Organization assists families in crisis through five (5) different programs: Athens-Oconee CASA (Court Appointed Special Advocates), Family Time Community Visitation, SPARC (Supportive Parenting and Access Resource Center), Guardians for Children, and Safe Care. Children First, Inc. engages families in the community and the courts to promote safe, stable and nurturing living environments for children by providing trained volunteer advocates to children in foster care, as well as supervised visitation, therapeutic and practical parenting, life skills, and other assistance to families dealing with Georgia's child welfare system. The major sources of funds of the Organization are government grants.

BASIS OF ACCOUNTING

The financial statements of the Organization have been prepared on the accrual basis of accounting and conform to accounting principles generally accepted in the United States of America.

BASIS OF PRESENTATION

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) No. 958, *Financial Statements of Not-for-Profit Organizations*. Under FASB ASC 958, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

Unrestricted Net Assets

Unrestricted net assets consist of resources available for the various programs and administration of the Organization which have not been restricted by a donor. Board designated net assets represent amounts established by the Board of Directors and represent unrestricted funds which are set aside for future needs of the Organization. Unrestricted, undesignated net assets are available for the various programs and administration of the Organization.

Temporarily Restricted Net Assets

Temporarily restricted net assets consist of donor restricted contributions. Amounts restricted by the donor for a particular purpose are recognized as revenue when received and such unexpended amounts are reported as temporarily restricted net assets at the end of the year. When a donor 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". The Organization does not imply a time restriction on gifts of long-lived assets.

There were no temporarily restricted assets for the year ended September 30, 2018.

CHILDREN FIRST, INC.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Permanently Restricted Net Assets

Permanently restricted net assets consist of donor restricted contributions which are required to be held in perpetuity. Income from the assets held is available for either general operations or specific purposes, in accordance with donor stipulations. There are no permanently restricted net assets at September 30, 2017.

CASH AND CASH EQUIVALENTS

The Organization maintains its cash in bank deposit accounts and brokerage accounts which at times may exceed federally insured limits. The Organization has not experienced any losses in such accounts. The Organization considers all highly liquid securities purchased with a maturity date of 3 months or less to be cash equivalents.

PROPERTY AND EQUIPMENT

Expenditures for property and equipment are capitalized at cost. Property and equipment are depreciated using the straight-line method. Maintenance and repairs are charged to expenses as incurred. Renewals and betterments, with historical cost greater than \$1,000, which materially increase the value of the property, are capitalized.

CONTRIBUTIONS

Contributions received are recorded as increases in unrestricted, temporarily restricted, or permanently restricted net assets, depending on the existence and/or nature of any donor restrictions.

MANAGEMENT ESTIMATES

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

PROMISES TO GIVE

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. All 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 and permanently restricted net assets are reclassified to unrestricted net assets and reported on the statement of activities as net assets released from restrictions. Substantially all promises to give are anticipated to be collected within the next year.

CHILDREN FIRST, INC.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

GRANT REVENUE RECOGNITION

Grant and contract agreement funds are received on a scheduled basis or a cost reimbursement basis. Funds received on a scheduled basis are recognized as revenue when received. Grant and contract funds received on a cost reimbursement basis are recognized as revenue when the related expenses are invoiced to the grantor. Management's experience with the grant administration agencies has shown there is no need for an allowance for doubtful accounts. Therefore, no allowance for doubtful accounts is recorded on the Statement of Financial Position.

INCOME TAXES

The Organization's activities are generally exempt from federal and state income taxes under Section 501 (c)(3) of the Internal Revenue Code. Since the Organization is exempt from federal and state income tax liability, no provision is made for current or deferred income tax expense.

Income tax benefits are recognized for income tax positions taken, or expected to be taken, in a tax return only when it is determined that the income tax position will more likely than not be sustained upon examination by taxing authorities. The Organization has analyzed its tax positions taken for filings with the Internal Revenue Service. The Organization believes that its income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse effect on the Organization's financial condition, results in operations, or cash flows. Accordingly, the Organization has not recorded any tax assets or liabilities, or related accruals for interest and penalties for uncertain income tax positions at September 30, 2017. The Organization would recognize interest and penalties, if any, related to unrecognized tax benefits in interest expense.

All tax exempt entities are subject to review and audit by federal, state and other applicable agencies. Such agencies may review the taxability of unrelated business income, or the qualification of the tax-exempt entity under the Internal Revenue Code and applicable state statutes. There currently are no audits of the Organization's returns in progress.

FUNCTIONAL ALLOCATION OF EXPENSES

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

NOTE 2 - DEPOSITS AND INVESTMENTS

Total deposits as of September 30, 2018 are summarized as follows:

As reported in the Statement of Financial Position:

Cash and cash equivalents	\$	<u>55,014</u>
Cash deposited with financial institutions	\$	<u>65,575</u>

CHILDREN FIRST, INC.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 3 - GRANTS RECEIVABLE

At September 30, 2018, Children First, Inc. has accounts receivable for grants as follows:

Criminal Justice Coordinating Council: VOCA #C16-8-141	\$ 65,800
Georgia Department of Human Services: #42700-040C-PSSF-18-035	5,825
Child Support Enforcement #42700-401-0000064047	<u>4,600</u>
	\$ <u><u>76,225</u></u>

NOTE 4 - CAPITAL ASSETS

Capital assets activity for the year ending September 30, 2018 was as follows:

	<u>October 1, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>September 30, 2018</u>
Building and Improvements	\$ 235,800	\$ -	\$ -	\$ 235,800
Furniture and Equipment	39,370	702	-	40,072
Vehicles	<u>10,500</u>	<u>-</u>	<u>-</u>	<u>10,500</u>
	\$ 285,670	\$ 702	\$ -	\$ 286,372
Accumulated Depreciation	(<u>71,832</u>)	(<u>8,396</u>)	<u>-</u>	(<u>80,228</u>)
Net	\$ <u><u>213,838</u></u>	\$ (<u><u>7,694</u></u>)	\$ <u><u>-</u></u>	\$ <u><u>206,144</u></u>

NOTE 5 - LONG-TERM DEBT

Long-term debt consists of the following at September 30, 2018:

Notes payable to First American Bank & Trust in monthly installments of \$1,132 including interest at an annual rate of 4.75%. The note will mature with a balloon payment due April 21, 2019. The note is secured by real estate located at 693 North Pope Street, Athens, Georgia. \$ 124,820

Summary of maturity of long-term debt for the year ended:

<u>September 30</u>	
2019	\$ <u>124,820</u>

CHILDREN FIRST, INC.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 6 - CONCENTRATION AND RISKS

The Organization's primary revenue sources are grants from various federal and state agencies. These grants are subject to periodic renewal. It is at least reasonably possible the grant amounts could be reduced or the grant not renewed.

NOTE 7 - SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through September 5, 2019, the date on which the financial statements were available to be issued.

SUPPLEMENTAL INFORMATION

CHILDREN FIRST, INC.

VOCA

#C16-8-141

COMPARATIVE STATEMENT OF ACTUAL REVENUES AND EXPENSES TO BUDGET

For The Period Beginning October 1, 2017 and Ending September 30, 2018

	<u>ACTUAL</u>	<u>BUDGET</u>	<u>OVER (UNDER) BUDGET</u>
REVENUES			
Criminal Justice Coordinating Council			
VOCA Contract	\$ 183,606	\$ 200,000	\$ (16,394)
Local Match	<u>50,000</u>	<u>50,000</u>	<u>-</u>
TOTAL REVENUES	\$ <u>233,606</u>	\$ <u>250,000</u>	\$ (<u>16,394</u>)
EXPENDITURES			
Personnel	\$ 158,932	\$ 157,801	\$ 1,131
Supplies	9,910	17,610	(7,700)
Travel	18,646	19,094	(448)
Printing	1,319	1,319	-
Other Operating Expenditures	<u>44,799</u>	<u>54,176</u>	(<u>9,377</u>)
TOTAL EXPENDITURES	\$ <u>233,606</u>	\$ <u>250,000</u>	\$ (<u>16,394</u>)
EXCESS OF REVENUES OVER EXPENSES	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>

CHILDREN FIRST, INC.

CHILD SUPPORT ENFORCEMENT

#42700-401-0000064047

COMPARATIVE STATEMENT OF ACTUAL REVENUES AND EXPENSES TO BUDGET

For The Period Beginning July 1, 2017 and Ending June 30, 2018

	<u>ACTUAL</u>	<u>BUDGET</u>	<u>OVER (UNDER) BUDGET</u>
REVENUES			
Georgia Department of Human Services Contract	\$ <u>55,000</u>	\$ <u>59,200</u>	\$ (<u>4,200</u>)
EXPENDITURES			
Intake and Assessment	\$ 24,000	\$ 24,000	\$ -
Group Education Sessions	-	1,200	(1,200)
Individual Education Session	13,000	13,000	-
Parenting Plan or Mediations	-	2,600	(2,600)
Parenting Time Visitation Sessions	15,600	16,000	(400)
Program Promotion	1,200	1,200	-
Program Reporting	<u>1,200</u>	<u>1,200</u>	<u>-</u>
TOTAL EXPENDITURES	\$ <u>55,000</u>	\$ <u>59,200</u>	\$ (<u>4,200</u>)
EXCESS OF REVENUES OVER EXPENSES	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>

CHILDREN FIRST, INC.

SCHEDULE OF STATE CONTRACTUAL ASSISTANCE

For The Fiscal Year Ended September 30, 2018

<u>STATE OF GEORGIA PROGRAM/GRANT NUMBER</u>	<u>GRANT PERIOD</u>	<u>PROGRAM/ GRANT AMOUNT</u>	<u>REVENUE RECEIVED DURING GRANT PERIOD</u>	<u>EXPENDITURES DURING GRANT PERIOD</u>	<u>DUE (TO) FROM @ END OF GRANT PERIOD</u>
Criminal Justice Coordinating Council - VOCA #C16-8-141	10-01-17 To 09-30-18	\$ 200,000	\$ 117,806	\$ 183,606	\$ 65,800
Georgia Department of Human Services:					
PSSF-CASA #42700-040C-PSSF-18-30	10-01-17 To 09-30-18	\$ 71,963	\$ 67,246	\$ 67,246	\$ -
PSSF - Family Time #42700-040C-PSSF-18-27	10-01-17 To 09-30-18	\$ 72,560	\$ 68,356	\$ 68,356	\$ -
PSSF - Safe Care #42700-040C-PSSF-18-28	10-01-17 To 09-30-18	\$ 74,441	\$ 67,762	\$ 73,587	\$ 5,825
Child Support Enforcement #42700-401-0000064047	07-01-17 To 06-30-18	\$ 59,200	\$ 40,900	\$ 40,900	\$ -
Child Support Enforcement #42700-401-0000064047	07-01-18 To 06-30-19	\$ 59,200	\$ 5,100	\$ 9,700	\$ 4,600
Georgia Department of Community Affairs:					
Athens - Clarke County Georgia Nancy Travis Grant	10-01-17 To 09-30-18	\$ -	\$ 2,500	\$ 2,500	\$ -
TOTAL		\$ <u>537,364</u>	\$ <u>369,670</u>	\$ <u>445,895</u>	\$ <u>76,225</u>

OTHER REPORTS

ROBERT BAKER and ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

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
Children First, Inc.
Athens, Georgia

We have audited, in accordance with the auditing standard generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Children First, Inc. (a nonprofit organization), which comprise the statement of financial position as of September 30, 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 5, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Children First, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Children First, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness on 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 over financial reporting 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses that we consider to be significant deficiencies. This finding is listed as item 2018-001.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Children First, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.


Children First, Inc.'s Response to Findings

Children First, Inc.'s response to the findings in our audit is described in the accompanying schedule of findings and responses. Children First, Inc.'s response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 consideration of the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

ROBERT BAKER and ASSOCIATES



Certified Public Accountants

Albany, Georgia

September 5, 2019

CHILDREN FIRST, INC.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For The Fiscal Year Ended September 30, 2018

SIGNIFICANT DEFICIENCIES

Auditor's Reference
Number

2017-001 Segregation Of Duties - This finding was not corrected during FY2018.

CHILDREN FIRST, INC.

SCHEDULE OF FINDINGS AND RESPONSES

For The Fiscal Year Ended September 30, 2018

SIGNIFICANT DEFICIENCIES

Auditor's Reference
Number

2018-001 Segregation Of Duties

Criteria:

An employee should not complete multiple phases of cash receipt, cash disbursement or recording phases of transactions.

Condition:

Certain employees perform duties that are conflicting for internal control purposes. These areas include but are not limited to cash receipts, cash disbursements and bank reconciliations.

Cause:

The agency has a limited number of personnel involved in handling accounting duties.

Effect:

Overlapping duties with accounting transactions present opportunities where unauthorized use of assets could occur and not be detected within a timely period.

Recommendations:

We recommend that duties be segregated when cost beneficial and practical. Otherwise, compensating controls should be put in place for adequate administrative or Board review of transactions.

View of Responsible Officials and Planned Corrective Actions:

Management agrees with this finding and has in place administrative and Board review of accounting transactions as deemed cost beneficial and practical.