

CHILDREN FIRST, INC.

FINANCIAL REPORT

SEPTEMBER 30, 2019

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

We have audited the accompanying financial statements of Children First, Inc.(a nonprofit organization), which comprise the statement of financial position as of September 30, 2019 and 2018, and the related statements of activities, functional expenses, and cash flows for the fiscal 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 audits. We conducted our audits 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 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Children First, Inc. as of September 30, 2019 and 2018, and the changes in its net assets and its cash flows for the fiscal years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Report on Supplementary Information

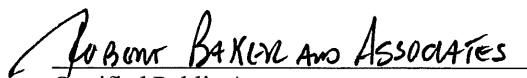
Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The comparative statement of actual revenues and expenditures to budget on page 13, and the state of contractual assistance on page 14, are presented for the purpose of additional analysis and are not 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 December 9, 2020, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Children First, Inc.'s 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

Handwritten signature of Robert Baker and Associates in cursive script, underlined.

Certified Public Accountants

Albany, Georgia

December 9, 2020

CHILDREN FIRST, INC.
STATEMENTS OF FINANCIAL POSITION
September 30, 2019 and 2018

ASSETS

| | <u>2019</u> | <u>2018</u> |
|------------------------------|--------------------------|--------------------------|
| CURRENT ASSETS | | |
| Cash | \$ 116,037 | \$ 55,014 |
| Grants Receivable | 75,105 | 76,225 |
| Accounts Receivable | <u>528</u> | <u>256</u> |
| Total Current Assets | \$ <u>191,670</u> | \$ <u>131,495</u> |
| PROPERTY AND EQUIPMENT | | |
| Buildings and Equipment, Net | \$ <u>195,222</u> | \$ <u>206,144</u> |
| TOTAL ASSETS | \$ <u><u>386,892</u></u> | \$ <u><u>337,639</u></u> |

LIABILITIES AND NET ASSETS

| | | |
|--|--------------------------|--------------------------|
| CURRENT LIABILITIES | | |
| Accounts Payable | \$ 7,287 | \$ 95 |
| Notes Payable | <u>117,330</u> | <u>124,820</u> |
| Total Current Liabilities | \$ <u>124,617</u> | \$ <u>124,915</u> |
| TOTAL LIABILITIES | \$ <u>124,617</u> | \$ <u>124,915</u> |
| NET ASSETS | | |
| Without Donor Restrictions: | | |
| Undesignated | \$ 184,383 | \$ 131,400 |
| Net Investment in Property and Equipment | <u>77,892</u> | <u>81,324</u> |
| Total Unrestricted Net Assets | \$ <u>262,275</u> | \$ <u>212,724</u> |
| TOTAL NET ASSETS | \$ <u>262,275</u> | \$ <u>212,724</u> |
| TOTAL LIABILITIES AND NET ASSETS | \$ <u><u>386,892</u></u> | \$ <u><u>337,639</u></u> |

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS STATEMENT.

CHILDREN FIRST, INC.

STATEMENTS OF ACTIVITIES

For The Fiscal Years Ended September 30, 2019 and 2018

| | <u>WITHOUT DONOR RESTRICTIONS</u> | |
|---------------------------------|---------------------------------------|--------------------------|
| | <u>2019</u> | <u>2018</u> |
| REVENUES | | |
| Donations | \$ 61,891 | \$ 50,842 |
| Fundraising | 14,852 | 3,174 |
| Grants | 524,106 | 472,198 |
| Client Fees | - | 930 |
| Other Income | <u>278</u> | <u>129</u> |
| TOTAL REVENUES | \$ <u>601,127</u> | \$ <u>527,273</u> |
| EXPENDITURES | | |
| Program Expenses | \$ <u>493,585</u> | \$ <u>483,125</u> |
| Supporting Services: | | |
| Fundraising | \$ 22,931 | \$ 13,798 |
| Administrative | <u>35,060</u> | <u>43,969</u> |
| Total Support Services | \$ <u>57,991</u> | \$ <u>57,767</u> |
| TOTAL EXPENDITURES | \$ <u>551,576</u> | \$ <u>540,892</u> |
| INCREASE/DECREASE IN NET ASSETS | \$ 49,551 | \$ (13,619) |
| NET ASSETS - BEGINNING OF YEAR | <u>212,724</u> | <u>226,343</u> |
| NET ASSETS - END OF YEAR | \$ <u><u>262,275</u></u> | \$ <u><u>212,724</u></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, 2019

| | <u>PROGRAM EXPENSES</u> | <u>SUPPORT SERVICES</u> | | | |
|------------------------------------|-------------------------|-------------------------|-----------------------|------------------|-------------------|
| | <u>PROGRAM SERVICES</u> | <u>FUND-RAISING</u> | <u>ADMINISTRATIVE</u> | <u>TOTAL</u> | <u>2019 TOTAL</u> |
| Personnel: | | | | | |
| Salaries | \$ 312,873 | \$ 6,300 | \$ 25,200 | \$ 31,500 | \$ 344,373 |
| Payroll Taxes | 24,293 | 489 | 1,957 | 2,446 | 26,739 |
| Health Insurance | 40,531 | 816 | 3,265 | 4,081 | 44,612 |
| Retirement | <u>3,864</u> | <u>78</u> | <u>311</u> | <u>389</u> | <u>4,253</u> |
| Total Salaries and Related Expense | <u>\$ 381,561</u> | <u>\$ 7,683</u> | <u>\$ 30,733</u> | <u>\$ 38,416</u> | <u>\$ 419,977</u> |
| Other Expenses: | | | | | |
| Bank Charges | \$ 1,219 | \$ - | \$ 185 | \$ 185 | \$ 1,404 |
| Computer and Software | 4,540 | - | 505 | 505 | 5,045 |
| Contracts | 455 | - | - | - | 455 |
| Depreciation Expense | 7,285 | - | 3,637 | 3,637 | 10,922 |
| Dues and Subscription | 1,011 | - | - | - | 1,011 |
| Fundraising | - | 99 | - | 99 | 99 |
| Insurance | 8,118 | - | - | - | 8,118 |
| Interest Expense | 5,264 | - | - | - | 5,264 |
| Marketing | - | 15,149 | - | 15,149 | 15,149 |
| Miscellaneous | 2,599 | - | - | - | 2,599 |
| Office Expense | 4,904 | - | - | - | 4,904 |
| Postage | 700 | - | - | - | 700 |
| Printing | 2,009 | - | - | - | 2,009 |
| Professional Fees | 950 | - | - | - | 950 |
| Program Expenses | 2,967 | - | - | - | 2,967 |
| Repairs and Maintenance | 25,245 | - | - | - | 25,245 |
| Staff Appreciation | 1,326 | - | - | - | 1,326 |
| Taxes and Licenses | 50 | - | - | - | 50 |
| Telephones and Internet | 5,319 | - | - | - | 5,319 |
| Training | 13,274 | - | - | - | 13,274 |
| Travel | 14,392 | - | - | - | 14,392 |
| Utilities | 4,113 | - | - | - | 4,113 |
| Vehicle Expense | 112 | - | - | - | 112 |
| Volunteer Expenses | 6,100 | - | - | - | 6,100 |
| Website Hosting | <u>72</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>72</u> |
| Total Other Expenses | <u>\$ 112,024</u> | <u>\$ 15,248</u> | <u>\$ 4,327</u> | <u>\$ 19,575</u> | <u>\$ 131,599</u> |
| Total Expenses | <u>\$ 493,585</u> | <u>\$ 22,931</u> | <u>\$ 35,060</u> | <u>\$ 57,991</u> | <u>\$ 551,576</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.

STATEMENTS OF CASH FLOWS

For The Fiscal Years Ended September 30, 2019 and 2018

| | <u>2019</u> | <u>2018</u> |
|---|--------------------------|-----------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Contributed Support Received | \$ 601,697 | \$ 508,845 |
| Earned Revenue Received | 278 | 1,059 |
| Cash Paid for Salaries and Benefits | (419,977) | (406,775) |
| Cash Paid for Interest | (5,264) | (7,029) |
| Cash Paid for Operating Expenses | (<u>108,221</u>) | (<u>116,792</u>) |
| NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | \$ <u>68,513</u> | \$ (<u>20,692</u>) |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Purchase of Equipment | \$ _____ | \$ (<u>702</u>) |
| NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES | \$ _____ | \$ (<u>702</u>) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Principal Payments | \$ (<u>7,490</u>) | \$ (<u>6,743</u>) |
| NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES | \$ (<u>7,490</u>) | \$ (<u>6,743</u>) |
| NET INCREASE (DECREASE) IN CASH | \$ 61,023 | \$ (28,137) |
| CASH AND CASH EQUIVALENTS - SEPTEMBER 30, 2018 | <u>55,014</u> | <u>83,151</u> |
| CASH AND CASH EQUIVALENTS - SEPTEMBER 30, 2019 | \$ <u><u>116,037</u></u> | \$ <u><u>55,014</u></u> |
| Reconciliation of Changes in Net Assets to Net Cash | | |
| Provided (Used) in Operating Activities | | |
| Change in Net Assets | \$ 49,551 | \$ (13,619) |
| Public Support and Revenue Over (Under) Expenses | | |
| Adjustments to Reconcile Change in Net Assets to | | |
| Net Cash Provided by Operating Activities: | | |
| Depreciation | 10,922 | 8,396 |
| (Increase)/Decrease in Grants Receivable | 1,120 | - |
| (Increase)/Decrease in Accounts Receivable | (272) | (17,369) |
| (Increase)/Decrease in Prepaid Expenses | - | 6,250 |
| Increase/(Decrease) in Accounts Payable | <u>7,192</u> | (<u>4,350</u>) |
| NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | \$ <u><u>68,513</u></u> | \$ (<u><u>20,692</u></u>) |

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.

FINANCIAL STATEMENT PRESENTATION

New Accounting Pronouncements

In August 2016, the FASB issued Accounting Standards Update ("ASU") No. 2016-14, *Presentation of Financial Statements for Not-for-Profit Entities*. The Organization adopted the provisions of this new standard during the year ended September 30, 2019. In addition to changes in terminology used to describe categories of net assets throughout the financial statements, the Organization will also present a statement of functional expenses and detailed information regarding liquidity and availability of resources.

The accompanying information from the 2019 financial statements has been adjusted to conform to the 2019 presentation and disclosure requirements of ASU No. 2016-14. This adjustment did not have an effect on total net assets or the change in net assets for 2018.

NET ASSETS

Net assets of the Organization are classified based on the presence or absence of donor-imposed restrictions. Net assets are comprised of two groups as follows:

Net Assets Without Donor Restrictions - Amounts that are not subject to usage restrictions based on donor-imposed requirements. This class also includes assets previously restricted where restrictions have expired or been met.

Net Assets With Donor Restrictions – Assets subject to usage limitations based on donor-imposed or grantor restrictions. These restrictions may be temporary or may be based on a particular use. Restrictions may be met by the passage of time or by actions of the Organization. Certain restrictions may need to be maintained in perpetuity.

Earnings related to restricted net assets will be included in net assets without donor-restrictions unless otherwise specifically required to be included in donor-restricted net assets by the donor or by applicable state law.

CHILDREN FIRST, INC.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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.

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.

CHILDREN FIRST, INC.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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, 2018. 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, 2019 are summarized as follows:

As reported in the Statement of Financial Position:

| | | |
|--|----|----------------|
| Cash | \$ | <u>116,037</u> |
| Cash deposited with financial institutions | \$ | <u>116,332</u> |

CHILDREN FIRST, INC.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 3 - GRANTS RECEIVABLE

At September 30, 2019, Children First, Inc. has accounts receivable for grants as follows:

| | |
|---|-------------------------|
| Criminal Justice Coordinating Council: VOCA #C17-8-075 | \$ 69,805 |
| Child Support Enforcement #42700-401-0000079218 | <u>5,300</u> |
| | \$ <u><u>75,105</u></u> |

NOTE 4 - CAPITAL ASSETS

Capital assets activity for the year ending September 30, 2019 was as follows:

| | <u>October 1, 2018</u> | <u>Additions</u> | <u>Deletions</u> | <u>September 30, 2019</u> |
|---------------------------|--------------------------|-----------------------------|--------------------|---------------------------|
| Building and Improvements | \$ 235,800 | \$ - | \$ - | \$ 235,800 |
| Furniture and Equipment | 40,072 | - | - | 40,072 |
| Vehicles | <u>10,500</u> | <u>-</u> | <u>-</u> | <u>10,500</u> |
| | \$ 286,372 | \$ - | \$ - | \$ 286,372 |
| Accumulated Depreciation | (<u>80,228</u>) | (<u>10,922</u>) | <u>-</u> | (<u>91,150</u>) |
| Net | \$ <u><u>206,144</u></u> | \$ (<u><u>10,922</u></u>) | \$ <u><u>-</u></u> | \$ <u><u>195,222</u></u> |

NOTE 5 - LONG-TERM DEBT

Long-term debt consists of the following at September 30, 2019:

Notes payable to First American Bank & Trust in monthly installments of \$1,127.75, including interest at an annual rate of 4.75%. The note has 60 payments and will mature with a balloon payment of \$76,208.28 due June 21, 2024. The note is secured by real estate located at 693 North Pope Street, Athens, Georgia.

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

| <u>September 30</u> | |
|---------------------|--------------------------|
| 2020 | \$ 8,027 |
| 2021 | 8,455 |
| 2022 | 8,866 |
| 2023 | 9,308 |
| 2024 | <u>82,674</u> |
| | \$ <u><u>117,330</u></u> |

CHILDREN FIRST, INC.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 6 - RETIREMENT PLAN

During FY2019, the agency started a simple IRA retirement plan for its employees. The agency matches employee contributions from 1% to 3% of salary each calendar year. Matching contributions for FY2019 total \$4,253.

NOTE 7 - 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 8 - SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through December 9, 2020, the date on which the financial statements were available to be issued.

SUPPLEMENTAL INFORMATION

CHILDREN FIRST, INC.

VOCA

#C17-8-075

COMPARATIVE STATEMENT OF ACTUAL REVENUES AND EXPENSES TO BUDGET

For The Period Beginning October 1, 2018 and Ending September 30, 2019

| | <u>ACTUAL</u> | <u>BUDGET</u> | <u>OVER (UNDER) BUDGET</u> |
|---------------------------------------|--------------------|--------------------|------------------------------------|
| REVENUES | | | |
| Criminal Justice Coordinating Council | | | |
| VOCA Contract | \$ 198,785 | \$ 200,000 | \$ (1,215) |
| Local Match | <u>50,000</u> | <u>50,000</u> | <u>-</u> |
| TOTAL REVENUES | \$ <u>248,785</u> | \$ <u>250,000</u> | \$ (<u>1,215</u>) |
| EXPENDITURES | | | |
| Personnel | \$ 155,390 | \$ 155,390 | \$ - |
| Supplies | 11,234 | 11,234 | - |
| Travel | 9,166 | 9,166 | - |
| Printing | 902 | 902 | - |
| Other Operating Expenditures | <u>72,093</u> | <u>73,308</u> | (<u>1,215</u>) |
| TOTAL EXPENDITURES | \$ <u>248,785</u> | \$ <u>250,000</u> | \$ (<u>1,215</u>) |
| EXCESS OF REVENUES OVER EXPENSES | \$ <u><u>-</u></u> | \$ <u><u>-</u></u> | \$ <u><u>-</u></u> |

CHILDREN FIRST, INC.

SCHEDULE OF STATE CONTRACTUAL ASSISTANCE

For The Fiscal Year Ended September 30, 2019

| <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 #C17-8-075 | 10-01-18 To 09-30-19 | \$ 200,000 | \$ 128,980 | \$ 198,785 | \$ 69,805 |
| Criminal Justice Coordinating Council - VOCA #C16-8-141 | 10-01-17 To 09-30-18 | \$ 200,000 | \$ 12,785 | \$ 12,785 | \$ - |
| Georgia Department of Human Services: | | | | | |
| PSSF-CASA #42700-040C-PSSF-19-020 | 10-01-18 To 09-30-19 | \$ 71,963 | \$ 71,959 | \$ 71,959 | \$ - |
| PSSF - Family Time #42700-040C-PSSF-19-041 | 10-01-18 To 09-30-19 | \$ 72,560 | \$ 30,174 | \$ 30,174 | \$ - |
| PSSF - Safe Care #42700-040C-PSSF-19-021 | 10-01-18 To 09-30-19 | \$ 74,966 | \$ 74,552 | \$ 74,552 | \$ - |
| Child Access and Visitation #42700-401-0000064047 | 07-01-18 To 06-30-19 | \$ 59,200 | \$ 49,500 | \$ 49,500 | \$ - |
| Child Support Enforcement #42700-401-0000079218 | 10-01-18 To 09-30-19 | \$ 59,200 | \$ 9,700 | \$ 15,000 | \$ 5,300 |
| Court Appointed Special Advocates | 07-01-18 To 06-30-19 | \$ 51,351 | \$ 51,351 | \$ 51,351 | \$ - |
| Volunteer Recruitment | 01-01-19 To 12-31-19 | \$ 20,000 | \$ 20,000 | \$ 20,000 | \$ - |
| TOTAL | | \$ 809,240 | \$ 449,001 | \$ 524,106 | \$ 75,105 |

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, 2019, 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 December 9, 2020.

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 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 have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2019-001 that we consider to be significant deficiencies.

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*.

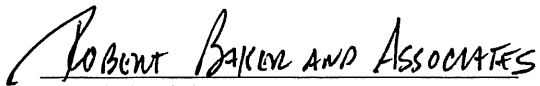
Children First, Inc.'s Response to Findings

Children First, Inc.'s response to the findings identified 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 considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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.

Certified Public Accountants
Albany, Georgia
December 9, 2020

CHILDREN FIRST, INC.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For The Fiscal Year Ended September 30, 2019

SIGNIFICANT DEFICIENCIES

Auditor's Reference
Number

2018-001 Segregation Of Duties - This finding was not corrected during FY2019.

CHILDREN FIRST, INC.

SCHEDULE OF FINDINGS AND RESPONSES

For The Fiscal Year Ended September 30, 2019

SIGNIFICANT DEFICIENCIES

Auditor's Reference
Number

2019-001 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.