

CHILDREN FIRST, INC.  
FINANCIAL REPORT  
SEPTEMBER 30, 2021 and 2020

CHILDREN FIRST, INC.

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ROBERT BAKER  
& ASSOCIATES, CPAs

## 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 consolidated statements of financial position as of September 30, 2021 and 2020, 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 the 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 the financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audit 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, 2021 and 2020, 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**

#### *Other 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 15, and the schedule of state contractual assistance on page 16, 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 August 23, 2022, on our consideration of Children First, Inc.'s internal control over financial reporting and on our tests of their 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 & ASSOCIATES, CPAs

A handwritten signature in black ink that reads "ROBERT BAKER AND ASSOCIATES". The signature is written in a cursive, slightly slanted style.

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Certified Public Accountants  
Albany, Georgia  
August 23, 2022

CHILDREN FIRST, INC.

STATEMENTS OF FINANCIAL POSITION

September 30, 2021 and 2020

ASSETS

	<u>2021</u>	<u>2020</u>
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 141,671	\$ 213,785
Grants Receivable	80,505	89,477
Accounts Receivable	4,685	4,857
Investments	153,866	-
Total Current Assets	<u>\$ 380,727</u>	<u>\$ 308,119</u>
PROPERTY & EQUIPMENT		
Buildings and Equipment, net	<u>\$ 187,433</u>	<u>\$ 193,802</u>
TOTAL ASSETS	<u>\$ 568,160</u>	<u>\$ 501,921</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts Payable	\$ 8,084	\$ 13,417
Accrued Expenses	2,492	2,323
Current Maturities of Long-term Debt	8,866	8,455
Total Current Liabilities	<u>\$ 19,442</u>	<u>\$ 24,195</u>
LONG-TERM DEBT	<u>\$ 91,975</u>	<u>\$ 168,906</u>
TOTAL LIABILITIES	<u>\$ 111,417</u>	<u>\$ 193,101</u>
NET ASSETS		
Without Donor Restrictions:		
Undesignated	\$ 370,151	\$ 224,279
Net Investment in Property and Equipment	86,592	84,541
Total Without Donor Restrictions	<u>\$ 456,743</u>	<u>\$ 308,820</u>
TOTAL NET ASSETS	<u>\$ 456,743</u>	<u>\$ 308,820</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 568,160</u>	<u>\$ 501,921</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS STATEMENT.

CHILDREN FIRST, INC.

STATEMENTS OF ACTIVITIES

For the Fiscal Years Ended September 30, 2021 and 2020

	<u>WITHOUT DONOR RESTRICTIONS</u>	
	<u>2021</u>	<u>2020</u>
REVENUES		
Donations	\$ 99,424	\$ 105,834
Fundraising	165	7,088
Grants	495,407	467,768
Other Income	1,199	12,352
TOTAL REVENUES	<u>\$ 596,195</u>	<u>\$ 593,042</u>
EXPENDITURES		
Program Expenditures	\$ 516,520	\$ 480,507
Supporting Expenditures:		
Fundraising	28,039	28,046
Administrative	39,941	37,944
TOTAL EXPENDITURES	<u>\$ 584,500</u>	<u>\$ 546,497</u>
NON-OPERATING ACTIVITIES		
Gain on the Forgiveness of PPP Loans	<u>\$ 136,228</u>	<u>\$ -</u>
INCREASE IN NET ASSETS	\$ 147,923	\$ 46,545
NET ASSETS - BEGINNING OF YEAR	<u>308,820</u>	<u>262,275</u>
NET ASSETS - END OF YEAR	<u>\$ 456,743</u>	<u>\$ 308,820</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, 2021

	PROGRAM SERVICES	SUPPORT SERVICES			TOTAL EXPENSES
		FUND- RAISING	ADMINI- STRATIVE	TOTAL	
Salaries and Related Expenses:					
Salaries	\$ 324,269	\$ 6,646	\$ 26,585	\$ 33,231	\$ 357,500
Payroll Taxes	24,775	508	2,031	2,539	27,314
Health Insurance	50,540	1,036	4,144	5,180	55,720
Retirement	8,288	170	680	850	9,138
Total Salaries and Related Expenses	<u>\$ 407,872</u>	<u>\$ 8,360</u>	<u>\$ 33,440</u>	<u>\$ 41,800</u>	<u>\$ 449,672</u>
Other Expenses:					
Bank Charges	\$ 165	\$ -	\$ 18	\$ 18	\$ 183
Computer and Software	22,267	-	2,474	2,474	24,741
Contracts	1,213	-	-	-	1,213
Depreciation Expense	8,029	-	4,009	4,009	12,038
Dues and Subscriptions	2,132	-	-	-	2,132
Fundraising	-	431	-	431	431
Insurance	8,796	-	-	-	8,796
Interest Expense	5,223	-	-	-	5,223
Marketing	-	19,248	-	19,248	19,248
Miscellaneous	3,855	-	-	-	3,855
Office Expense	4,836	-	-	-	4,836
Postage	467	-	-	-	467
Printing	897	-	-	-	897
Professional Fees	11,325	-	-	-	11,325
Program Expenses	15,092	-	-	-	15,092
Repairs & Maintenance	5,681	-	-	-	5,681
Staff Appreciation	492	-	-	-	492
Taxes and Licenses	56	-	-	-	56
Training	4,012	-	-	-	4,012
Travel	2,190	-	-	-	2,190
Utilities	10,429	-	-	-	10,429
Vehicle Expense	61	-	-	-	61
Volunteer Expenses	1,024	-	-	-	1,024
Website Hosting	406	-	-	-	406
Total Other Expenses	<u>\$ 108,648</u>	<u>\$ 19,679</u>	<u>\$ 6,501</u>	<u>\$ 26,180</u>	<u>\$ 134,828</u>
TOTAL EXPENSES	<u>\$ 516,520</u>	<u>\$ 28,039</u>	<u>\$ 39,941</u>	<u>\$ 67,980</u>	<u>\$ 584,500</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, 2020

	PROGRAM SERVICES	SUPPORT SERVICES			TOTAL EXPENSES
		FUND- RAISING	ADMINI- STRATIVE	TOTAL	
Salaries and Related Expenses:					
Salaries	\$ 296,751	\$ 6,500	\$ 26,000	\$ 32,500	\$ 329,251
Payroll Taxes	22,889	501	2,005	2,506	25,395
Health Insurance	44,542	976	3,903	4,879	49,421
Retirement	7,978	175	699	874	8,852
Total Salaries and Related Expenses	<u>\$ 372,160</u>	<u>\$ 8,152</u>	<u>\$ 32,607</u>	<u>\$ 40,759</u>	<u>\$ 412,919</u>
Other Expenses:					
Bank Charges	\$ 175	\$ -	\$ 19	\$ 19	\$ 194
Computer and Software	14,459	-	1,607	1,607	16,066
Depreciation Expense	7,434	-	3,711	3,711	11,145
Dues and Subscriptions	986	-	-	-	986
Fundraising	-	340	-	340	340
Insurance	8,020	-	-	-	8,020
Interest Expense	5,694	-	-	-	5,694
Marketing	-	19,554	-	19,554	19,554
Miscellaneous	2,639	-	-	-	2,639
Office Expense	6,851	-	-	-	6,851
Postage	716	-	-	-	716
Printing	1,325	-	-	-	1,325
Professional Fees	13,770	-	-	-	13,770
Program Expenses	2,802	-	-	-	2,802
Repairs & Maintenance	23,670	-	-	-	23,670
Staff Appreciation	916	-	-	-	916
Taxes and Licenses	20	-	-	-	20
Telephone and Internet	2,644	-	-	-	2,644
Training	3,894	-	-	-	3,894
Travel	2,564	-	-	-	2,564
Utilities	8,778	-	-	-	8,778
Vehicle Expense	271	-	-	-	271
Volunteer Expenses	685	-	-	-	685
Website Hosting	34	-	-	-	34
Total Other Expenses	<u>\$ 108,347</u>	<u>\$ 19,894</u>	<u>\$ 5,337</u>	<u>\$ 25,231</u>	<u>\$ 133,578</u>
TOTAL EXPENSES	<u>\$ 480,507</u>	<u>\$ 28,046</u>	<u>\$ 37,944</u>	<u>\$ 65,990</u>	<u>\$ 546,497</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, 2021 and 2020

	<u>2021</u>	<u>2020</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Contributed Support Received	\$ 604,140	\$ 561,989
Earned Revenue Received	1,333	12,352
Cash Paid for Salaries and Benefits	(449,672)	(412,919)
Cash Paid for Interest	(5,223)	(5,694)
Cash Paid for Operating Expenses	<u>(122,731)</u>	<u>(108,286)</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>\$ 27,847</u>	<u>\$ 47,442</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of Equipment	\$ (5,669)	\$ (9,725)
Purchase of Investments	<u>(154,000)</u>	<u>-</u>
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<u>\$ (159,669)</u>	<u>\$ (9,725)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Loan Proceeds	\$ 68,128	\$ 68,100
Principle Payments	<u>(8,420)</u>	<u>(8,069)</u>
<b>NET CASH PROVIDED BY FINANCING ACTIVITIES</b>	<u>\$ 59,708</u>	<u>\$ 60,031</u>
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>\$ (72,114)</b>	<b>\$ 97,748</b>
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	<u>213,785</u>	<u>116,037</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u><u>\$ 141,671</u></u>	<u><u>\$ 213,785</u></u>
<b>RECONCILIATION OF CHANGES IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>		
Change in Net Assets	\$ 147,923	\$ 46,545
Adjustments to Reconcile Change in Net Assets to Cash Provided by Operating Activities:		
Depreciation	12,038	11,145
Interest and Dividend Income	(14)	-
Market Gains	148	-
Gain on the Forgiveness of PPP Loans	(136,228)	-
Changes in Assets and Liabilities:		
(Increase) Decrease in Grants Receivable	8,972	(14,372)
(Increase) Decrease in Accounts Receivable	172	(4,329)
Increase (Decrease) in Account Payable	(5,333)	6,130
Increase in Accrued Liabilities	<u>169</u>	<u>2,323</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u><u>\$ 27,847</u></u>	<u><u>\$ 47,442</u></u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS STATEMENT.

CHILDREN FIRST, INC.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - ORGANIZATION AND 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 areas. 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.

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.

CASH AND CASH EQUIVALENTS

For purposes of the statements of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

INVESTMENTS

The Organization follows the FASB ASC 958, *Not-For-Profit Entities*, which establishes external reporting standards for not-for-profit organizations. Standards for accounting for investments in equity securities and debt instruments are contained in FASB ASC 958-320, *Investments-Debt and Equity Securities*. Investments are stated at fair value. The fair value of debt securities and marketable equity securities are based on quoted market prices at the date of the financial statements. The investments are subject to various risks such as interest rate, credit and overall market volatility, which may substantially affect the value of the investments. Investments are stated at their current market value at September 30, 2021.

CHILDREN FIRST, INC.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

FAIR VALUE OF FINANCIAL INSTRUMENTS

The Organization adopted the provisions of FASB ASC 820, *Fair Value Measurements and Disclosure*. FASB ASC 820 defines fair value and establishes a hierarchy organized into three levels based upon the input assumptions used in pricing assets. Level 1 inputs have the highest reliability and are related to assets with unadjusted quoted prices in active markets. Level 2 inputs relate to assets with other than quoted prices in active markets that may include quoted prices for similar assets or liabilities or other inputs which are corroborated by observable market data. Level 3 inputs are unobservable inputs and are used to the extent that observable inputs do not exist.

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. Depreciation is computed using the straight-line method over the following estimated useful lives:

Building and Improvements	40 years
Furniture and Equipment	5-7 years
Vehicles	5 years

CONTRIBUTIONS

Transactions where the resource providers often receive value indirectly by providing a societal benefit, although the societal benefit is not considered to be of commensurate value, are deemed to be contributions. Contributions are classified as either conditional or unconditional. A conditional contribution is a transaction where the Organization has to overcome a barrier or hurdle to be entitled to the resource and the resource provider is released from the obligation to fund or has the right of return of any advanced funding if the Organization fails to overcome the barrier. The Organization recognizes the contribution revenue upon overcoming the barrier or hurdle. Any funding received prior to overcoming the barrier is recognized as a refundable advance. Unconditional contributions are recognized as revenue and receivable when the commitment to contribute is received. Unconditional contributions are recorded as either with donor restriction or without donor restriction. Contributions are recognized as contributions with donor restrictions if they are received with donor stipulations that limit the use of the donated asset. Contributions received with no donor stipulations are recorded as contributions without donor restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified as net assets without donor restrictions and are reported in the statement of activities as net assets released from restriction. Donor-restricted contributions whose restrictions expire during the same fiscal year are recognized as contributions without 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.

CHILDREN FIRST, INC.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

PROMISES TO GIVE

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the 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 restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

The Organization uses the allowance method to determine uncollectible unconditional promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises made.

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, 2021. 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 Organization 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.

CHILDREN FIRST, INC.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

LIQUIDITY INFORMATION

In order to provide information about liquidity, assets have been sequenced according to their nearness to conversion to cash, and liabilities have been sequenced according to the nearness of their resulting use of cash.

NOTE 2 - LIQUIDITY

The Organization regularly monitors liquidity required to meet its annual operating needs and other contractual commitments while also striving to maximize the return on investment of its funds not required to annual operations. As of September 30, 2021 and 2020, Children First, Inc. has the following financial assets available to meet annual operating needs for the 2022 and 2021 years as follows:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 141,671	\$ 213,785
Grants and accounts receivable	85,190	94,334
Investments	<u>153,866</u>	<u>-</u>
	<u>\$ 380,727</u>	<u>\$ 308,119</u>
Less amounts for:		
Accounts payable and accrued expenses	\$ 10,576	\$ 15,740
Current portion of long-term debt	<u>8,866</u>	<u>8,455</u>
	<u>\$ 19,442</u>	<u>\$ 24,195</u>
 TOTAL	 <u>\$ 361,285</u>	 <u>\$ 283,924</u>

NOTE 3 - DEPOSITS

Total deposits as of September 30, 2021 and 2020 are summarized as follows:

As reported in the Statement of Financial Position:

	<u>2021</u>	<u>2020</u>
Cash	<u>\$ 141,671</u>	<u>\$ 213,785</u>
Cash deposited with financial institutions	<u>\$ 152,098</u>	<u>\$ 214,695</u>

Interest rate risk. The Organization does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Custodial credit risk - deposits. Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the Organization will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. As of September 30, 2021 and 2020, the Organization no amounts held in deposit accounts exposed to custodial credit risk as uninsured.

CHILDREN FIRST, INC.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 4 - INVESTMENTS

The underlying assets included in the Organization's investments are mutual funds and considered Level 1 investments.

NOTE 5 - GRANTS RECEIVABLE

At September 30, 2021 and 2020, Children First, Inc. has accounts receivable for grants as follows:

	<u>2021</u>	<u>2020</u>
Criminal Justice Coordinating Council - VOCA	\$ 73,005	\$ 61,386
United Way	5,000	-
National Court Appointed Special	2,500	-
Child Support Enforcement	-	15,148
Court Appointed Special Advocates	-	12,943
	<u>\$ 80,505</u>	<u>\$ 89,477</u>

NOTE 6 - CAPITAL ASSETS

Capital assets activity for the year ending September 30, 2021 and 2020 was as follows:

	<u>September 30, 2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>September 30, 2021</u>
Building and Improvements	\$ 235,800	\$ -	\$ -	\$ 235,800
Furniture and Equipment	49,797	5,669	-	55,466
Vehicles	10,500	-	-	10,500
	<u>\$ 296,097</u>	<u>\$ 5,669</u>	<u>\$ -</u>	<u>\$ 301,766</u>
Accumulated Depreciation	(102,295)	(12,038)	-	(114,333)
Net	<u>\$ 193,802</u>	<u>\$ (6,369)</u>	<u>\$ -</u>	<u>\$ 187,433</u>

CHILDREN FIRST, INC.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 7 - LONG-TERM DEBT

Long-term debt consists of the following as of September 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Note payable to First American Bank, due in monthly installments of \$1,128, interest at 4.75%, matures with a balloon payment of \$76,208 on June 21, 2024, collateralized by real estate.	\$ 100,841	\$ 109,261
Note payable to First American Bank, fully guaranteed by the Small Business Administration through the Paycheck Protection Program, interest at 1%, all of the outstanding principal as of September 31, 2020 was forgiven under the terms of the SBA program during the year ended September 31, 2021.	-	68,100
	<u>\$ 100,841</u>	<u>\$ 177,361</u>
Less: Current Maturities	<u>(8,866)</u>	<u>(8,455)</u>
	<u>\$ 91,975</u>	<u>\$ 168,906</u>

The following is a summary of maturity of long-term debt for the years ended September 30, :

2022	\$ 8,866
2023	9,308
2024	<u>82,667</u>
	<u>\$ 100,841</u>

NOTE 8 - RETIREMENT PLAN

During the year ended September 30, 2019, 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 the years ended September 30, 2021 and 2020 totaled \$9,138 and \$8,852, respectively.

NOTE 9- FORGIVENESS OF DEBT INCOME

The Organization participated in the Paycheck Protection Program (“PPP”) established under the CARES Act of 2020. On March 21, 2020, the Organization applied for and received a loan in the amount of \$68,100 from First American Bank & Trust Company. The loan was fully guaranteed by the U.S. Small Business Administration (“SBA”), had a term of two years, and an interest rate of 1%. The proceeds from the loan were spent on eligible expenses within the covered period, as defined in the PPP. On February 16, 2021, the SBA paid off the loan to First American Bank & Trust Company in full, which results in forgiveness of debt income to the Organization.

On February 10, 2021, the Organization applied for and received a second loan in the amount of \$68,128 from First American Bank & Trust Company. The loan was fully guaranteed by the U.S. Small Business Administration

CHILDREN FIRST, INC.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 9- FORGIVENESS OF DEBT INCOME

(“SBA”), had a term of two years, and an interest rate of 1%. The proceeds from the loan were spent on eligible expenses within the covered period, as defined in the PPP. On August 13, 2021, the SBA paid off the loan to First American Bank & Trust Company in full, which results in forgiveness of debt income to the Organization.

The Organization has recognized \$136,228 in Non-Operating Income on its Statement of Activities for the year ending September 30, 2021.

NOTE 10 -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 11 -UNCERTAINTIES

As a result of COVID-19 coronavirus pandemic, economic uncertainties have arisen which could negatively impact Children First, Inc. The COVID-19 outbreak is disrupting supply chains and affecting production and sales across a range of industries. The extent of the impact of COVID-19 on the Organization’s operational and financial performance will depend on certain developments, including the duration and the spread of the outbreak, impact on the Organization’s consumers, donors, employees, and vendors, all of which are uncertain and cannot be predicted. At this point, the extent of which COVID-19 may impact the Organization’s financial condition, or results of operations is uncertain.

NOTE 12- SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through August 23, 2022, the date on which the financial statements were available to be issued.



SUPPLEMENTAL INFORMATION

CHILDREN FIRST, INC.

VOCA  
#C19-8-028

COMPARATIVE STATEMENT OF ACTUAL REVENUES AND EXPENSES TO BUDGET

For The Period Beginning October 1, 2020 and Ending September 30, 2021

	<u>ACTUAL</u>	<u>BUDGET</u>	<u>OVER (UNDER) BUDGET</u>
REVENUES			
Criminal Justice Coordinating Council:			
VOCA Contract	<u>\$ 198,923</u>	<u>\$ 200,000</u>	<u>\$ (1,077)</u>
EXPENDITURES			
Personnel	\$ 126,840	\$ 126,840	\$ -
Supplies	17,057	20,217	(3,160)
Travel	1,000	1,000	-
Printing	321	2,070	(1,749)
Other Operating Expenditures	<u>53,705</u>	<u>49,873</u>	<u>3,832</u>
TOTAL EXPENDITURES	<u>\$ 198,923</u>	<u>\$ 200,000</u>	<u>\$ (1,077)</u>
EXCESS OF REVENUES OVER EXPENDITURES	<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, 2021

<u>STATE OF GEORGIA PROGRAM/GRANT NUMBER</u>	<u>GRANT PERIOD</u>	<u>PROGRAM/ GRANT AMOUNT</u>	<u>REVENUE RECEIVED DURING FISCAL YEAR</u>	<u>EXPENDITURES DURING FISCAL YEAR</u>	<u>DUE (TO) FROM AT END OF FISCAL YEAR</u>
Criminal Justice Coordinating Council - VOCA #C19-8-028	10/1/2020 To 9/30/2021	\$ 200,000	\$ 125,918	\$ 198,923	\$ 73,005
Georgia Department of Human Services:					
PSSF - CASA #42700-040C-PSSF-21-111	10/1/2020 To 9/30/2021	\$ 86,310	\$ 67,657	\$ 67,657	\$ -
PSSF - SafeCare #42700-040C-PSSF-21-112	10/1/2020 To 9/30/2021	\$ 90,000	\$ 74,999	\$ 74,999	\$ -
Child Support Enforcement #42700-401-0000095777	10/1/2020 To 9/30/2021	\$ 67,500	\$ 67,500	\$ 67,500	\$ -
Court Appointed Special Advocates	10/1/2020 To 9/30/2021	\$ 51,770	\$ 51,770	\$ 51,770	\$ -
		<u>\$ 495,580</u>	<u>\$ 387,844</u>	<u>\$ 460,849</u>	<u>\$ 73,005</u>

## OTHER REPORTS



ROBERT BAKER  
& ASSOCIATES, CPAs

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, 2021, 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 August 23, 2022.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, 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 of Children First, 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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Organization's financial statements will not be prevented, or detected and corrected, on a timely basis. 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 2021-001 and 2021-002 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 & ASSOCIATES, CPAs

Handwritten signature of Robert Baker and Associates in black ink, written in a cursive style. The signature is positioned above a horizontal line.

Certified Public Accountants

Albany, Georgia

August 23, 2022

CHILDREN FIRST, INC.

SCHEDULE OF FINDINGS AND RESPONSES

For the Fiscal Year Ended September 30, 2021

SIGNIFICANT DEFICIENCIES

Auditor's Reference  
Number

2021-001 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 the auditor's recommendation and has taken immediate action to ensure that these controls are now in place.

CHILDREN FIRST, INC.

SCHEDULE OF FINDINGS AND RESPONSES - CONTINUED

For the Fiscal Year Ended September 30, 2021

SIGNIFICANT DEFICIENCIES

Auditor's Reference  
Number

2021-002 Recording of Grant Revenues and Receivables

Criteria:

Generally accepted accounting principles require the recording of revenue and receivables when the revenue is earned, not when the related cash is collected.

Condition:

Adjustments were required to properly record grant revenue and receivable as of September 30, 2021.

Cause:

Accounting staff did not properly record grant revenue and receivables as of September 30, 2021.

Effect:

Net adjustments of \$80,505 were required to properly record grant revenue and receivables as of September 30, 2021.

Recommendations:

We recommend that proper internal controls be put into place to ensure that grant revenue and receivables are properly recorded at the Organization's fiscal year end prior to the start of the audit.

View of Responsible Officials and Planned Corrective Actions:

Management agrees with the auditor's recommendation and has taken immediate action to ensure that these controls are now in place.



CHILDREN FIRST, INC.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For the Fiscal Year Ended September 30, 2021

SIGNIFICANT DEFICIENCIES

Auditor's Reference  
Number

2020-001    Segregation of Duties - This finding was not corrected during the fiscal year ended September 30, 2021.