

Foster Care Review, Inc.
D/B/A Florida Foster Care Review
(Not-For-Profit Organization)
Financial Statements and Supplementary Information
June 30, 2018

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Independent Auditor's Report

To the Board of Directors of
Foster Care Review, Inc. D/B/A Florida Foster Care Review

Report on the Financial Statements

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We have audited the accompanying financial statements of Foster Care Review, Inc. D/B/A Florida Foster Care Review (a not-for-profit organization), hereafter referred to as the Organization, which comprise the statement of financial position as of June 30, 2018, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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





Opinion

In our opinion, the financial statements referred to on page 1 present fairly, in all material respects, the financial position of Foster Care Review, Inc. D/B/A Florida Foster Care Review as of June 30, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of financial assistance is presented for purposes of additional analysis and is 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.

Report on Summarized Comparative Information

We have previously audited Foster Care Review, Inc. D/B/A Florida Foster Care Review's 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated August 22, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 18, 2018 on our consideration of Foster Care Review, Inc. D/B/A Florida Foster Care Review's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Foster Care Review, Inc. D/B/A Florida Foster Care Review's internal control over financial reporting and compliance.

Prager Metis CPAs, LLC

Prager Metis CPAs, LL
Coral Gables, Florida
September 18, 2018

Foster Care Review, Inc. D/B/A Florida Foster Care Review
(Not-For-Profit Organization)
Statement of Financial Position
June 30, 2018
(With Summarized Comparative Totals for 2017)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Combined Totals</u>	
			2018	2017
Assets				
Current assets				
Cash and cash equivalents	\$ 176,353	\$ -	\$ 176,353	\$ 328,060
Grants and other receivables	212,789	-	212,789	67,481
Prepaid expenses	10,934	-	10,934	3,317
Total current assets	<u>400,076</u>	<u>-</u>	<u>400,076</u>	<u>398,858</u>
Property and equipment, net	33,961	-	33,961	29,895
Other assets				
Cash set aside for long-term savings purposes	<u>300,000</u>	<u>-</u>	<u>300,000</u>	<u>300,000</u>
Total assets	<u>\$ 734,037</u>	<u>\$ -</u>	<u>\$ 734,037</u>	<u>\$ 728,753</u>
Liabilities and net assets				
Liabilities				
Current liabilities				
Accounts payable and accrued expenses	<u>\$ 54,865</u>	<u>\$ -</u>	<u>\$ 54,865</u>	<u>\$ 43,750</u>
Net assets				
Other net assets	379,172	-	379,172	385,003
Board designated	<u>300,000</u>	<u>-</u>	<u>300,000</u>	<u>300,000</u>
Total net assets	<u>679,172</u>	<u>-</u>	<u>679,172</u>	<u>685,003</u>
Total liabilities and net assets	<u>\$ 734,037</u>	<u>\$ -</u>	<u>\$ 734,037</u>	<u>\$ 728,753</u>

The accompanying notes are an integral part of these financial statements.

Foster Care Review, Inc. D/B/A Florida Foster Care Review
(Not-For-Profit Organization)
Statement of Activities
Year Ended June 30, 2018
(With Summarized Comparative Totals for 2017)

	Unrestricted	Temporarily Restricted	Combined Totals	
			2018	2017
Public support				
Grants – Federal and State	\$ 765,160	\$ -	\$ 765,160	\$ 849,990
– Local	113,448	-	113,448	61,674
Private grants	71,714	-	71,714	73,000
Endowment fund (Note 7)	37,197	-	37,197	36,848
United Way	55,250	-	55,250	55,250
United Way – donor options	6,138	-	6,138	5,876
Special events (net of direct costs of \$35,503 for 2018 and \$36,122 for 2017)	120,790	-	120,790	101,780
Contributions	85,563	-	85,563	40,625
Interest and miscellaneous	2,000	-	2,000	1,930
In-kind services	352,155	-	352,155	324,559
Net assets released from restrictions	50,000	(50,000)	-	-
Total public support	<u>1,659,415</u>	<u>(50,000)</u>	<u>1,609,415</u>	<u>1,551,532</u>
Functional expenses				
Program services	1,455,083	-	1,455,083	1,437,301
General and support services	94,728	-	94,728	96,491
Fundraising	65,435	-	65,435	54,398
Total functional expenses	<u>1,615,246</u>	<u>-</u>	<u>1,615,246</u>	<u>1,588,190</u>
Net changes in net assets	44,169	(50,000)	(5,831)	(36,658)
Net assets – beginning of year	635,003	50,000	685,003	721,661
Net assets – end of year	<u>\$ 679,172</u>	<u>\$ -</u>	<u>\$ 679,172</u>	<u>\$ 685,003</u>

The accompanying notes are an integral part of these financial statements.

Foster Care Review, Inc. D/B/A Florida Foster Care Review
(Not-For-Profit Organization)
Statement of Functional Expenses
Year Ended June 30, 2018
(With Summarized Comparative Totals for 2017)

	Program Expenses			Supporting Services		Totals	
	Citizen Review Panel	Permanency Round Table	Total Program Expenses	Fundraising	General and Support Services	2018	2017
Personnel costs							
Salaries	\$ 568,418	\$ 186,979	\$ 755,397	\$ 44,244	\$ 30,541	\$ 830,182	\$ 778,448
Payroll taxes and fringe benefits	125,292	30,839	156,131	6,258	4,417	166,806	170,875
Total personnel costs	693,710	217,818	911,528	50,502	34,958	996,988	949,323
Other expenses							
Professional services	65,648	15,339	80,987	9,384	32,951	123,322	162,287
Advertising	5,401	-	5,401	3,937	9,215	18,553	15,534
Travel and conferences	4,193	3,050	7,243	297	1,608	9,148	7,991
Insurance	9,626	1,405	11,031	-	924	11,955	13,096
Licenses and fees	1,032	265	1,297	-	4,830	6,127	3,894
IT and other expenses	36,838	4,515	41,353	510	1,673	43,536	45,454
Occupancy costs	8,751	1,894	10,645	55	543	11,243	9,127
Telephone	16,804	3,797	20,601	750	2,404	23,755	26,046
Depreciation	8,106	954	9,060	-	476	9,536	20,696
Volunteer expenses	8,851	77	8,928	-	-	8,928	6,026
In-kind services and other	338,433	8,576	347,009	-	5,146	352,155	328,716
Total functional expenses	\$ 1,197,393	\$ 257,690	\$ 1,455,083	\$ 65,435	\$ 94,728	\$ 1,615,246	\$ 1,588,190

The accompanying notes are an integral part of these financial statements.

Foster Care Review, Inc. D/B/A Florida Foster Care Review
(Not-For-Profit Organization)
Statement of Cash Flows
Year Ended June 30, 2018
(With Summarized Comparative Totals for 2017)

	Unrestricted	Temporarily Restricted	Totals	
			2018	2017
Cash flows from operating activities				
Cash received from grants and revenues	\$ 1,111,952	\$ -	\$ 1,111,952	\$ 1,348,422
Cash paid to suppliers and employees	(1,250,057)	-	(1,250,057)	(1,250,344)
Net cash provided by (used in) operating activities	(138,105)	-	(138,105)	98,078
Cash flows used in investing activities				
Purchase of property and equipment	(13,602)	-	(13,602)	
Net increase (decrease) in cash and cash equivalents	(151,707)	-	(151,707)	98,078
Cash and cash equivalents – beginning of year	328,060	-	328,060	229,982
Cash and cash equivalents – end of year	\$ 176,353	\$ -	\$ 176,353	\$ 328,060
The net change in net assets may be reconciled to				
Net cash provided by (used in) operating activities as follows				
Change in net assets	\$ (5,831)	\$ -	\$ (5,831)	\$ (36,658)
Add items which do not affect cash				
Depreciation	9,536	-	9,536	20,696
Add or (deduct) changes in operating assets and liabilities				
Grant and other receivables	(145,308)	-	(145,308)	121,449
Prepaid expenses	(7,617)	-	(7,617)	6,999
Accounts payable and accrued expenses	11,115	-	11,115	(14,408)
Net cash provided by (used in) operating activities	\$ (138,105)	\$ -	\$ (138,105)	\$ 98,078

The accompanying notes are an integral part of these financial statements.

Note 1 Organization and Purpose

Foster Care Review, Inc. (the Organization) was incorporated in the state of Florida in 1989 as a not-for-profit organization. The Organization promotes the safety, well-being, and long-term success of abused and neglected children through volunteer-driven case reviews and system-level advocacy. The Organization's core program, the Citizen Review Panel Program, employs trained volunteers who conduct statutorily required case reviews of children involved with Miami's juvenile dependency (child welfare) court. In July 2014 the Organization began the Permanency Roundtable Program, a program based on a national model focused on strategically seeking and linking foster children and youth with adoptive or otherwise permanent families.

Note 2 Summary of Significant Accounting Policies

Basis of Financial Statements Presentation and Significant Estimates

The significant accounting policies described below have been identified as those which impact the reader's understanding of the Organization's basis of financial statement presentation and those that require significant estimates and judgment on the part of management.

Reporting Requirements

The accounts of the Organization are maintained on the accrual basis of accounting. In addition, the Organization is required to report information regarding its financial position and activities according to the following three classes of net assets:

Unrestricted	Unrestricted group reflects the Organization's unrestricted activities that are not subject to donor-imposed stipulations.
Temporarily Restricted	Temporarily restricted group reflects the Organization's activities and resulting net assets from donors' restricted contributions that the Organization feels will be met, either by the passage of time or by actions of the Organization.
Permanently Restricted	Permanently restricted group reflects the Organization's activities and resulting net assets from contributions and other inflows of assets whose use by the Organization is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the organizations. The Organization has no permanently restricted net assets.

Note 2 Summary of Significant Accounting Policies (continued)

In this connection, all donor-restricted support will be reported as an increase in temporarily restricted or permanently restricted net assets depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets will be classified to unrestricted net assets. The Organization's policy is that, support that is restricted by the donor will be reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized.

Uses of Estimates

In preparing the financial statements of the Organization, management must make estimates based on future events that affect the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities as of the statement of financial position date, and the revenues and expenses for the period then ended. Actual results could differ from those estimates. A description of some of the estimates used in the preparation of the financial statements is included in the following significant accounting policies.

Cash and Cash Equivalents

The Organization considers all highly liquid investments with initial maturities of three months or less to be cash equivalents.

Grant Receivable

The Organization considers the grant receivable to be collectible; accordingly, no allowance for doubtful accounts is required. When amounts are determined to be uncollectible, they are charged to operations.

Property and Equipment

Property and equipment is recorded at cost when purchased or constructed, or at fair market value when donated. The Organization capitalizes all expenditures in excess of \$1,000 for property and equipment at cost. Donations of property and equipment are reported as unrestricted support unless the donor has restricted the donated asset for a specific purpose. Expenditures for major renewals and betterment that extend the useful lives of property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred.

Depreciation is included in the statement of activities and is computed on the straight-line basis over the estimated useful life of the assets.

Long-lived assets are reviewed for impairment when circumstances indicate that the carrying value of an asset may not be recoverable. If the carrying value is impaired, the long-lived assets will be written down to their fair market value with a corresponding charge to earnings. No such impairment was recorded for the years ended June 30, 2018 and 2017.

Note 2 Summary of Significant Accounting Policies (continued)

Donated Space and Services

Donated space and services are reflected in the accompanying statement of activities at their fair value. Donated space absent donor restrictions are recorded as unrestricted. Donated services are reflected provided that they create or enhance non-financial assets or require specialized skills and would typically be purchased if not provided by donation as required for recognition under general accepted accounting principles (see Note 8).

Income Taxes

The Organization is organized as a not-for-profit entity and is exempt from income taxes under Section 501(c) (3) of the Internal Revenue Code. Unrelated business income, of which the Organization had none for the years ended June 30, 2018 and 2017, would be subject to federal income taxes. The Organization's information returns filed with the Internal Revenue Service have not been examined in the past. The Organization is not aware of any uncertainties that could jeopardize its not-for-profit status. Therefore, no provision or liability for income taxes is deemed necessary.

The Organization follows the provisions of uncertain tax provisions addressed by FAS ASC 740-10 *Accounting For Uncertainty in Income Taxes*. The Organization has no uncertain tax positions at June 30, 2018, for which the ultimate deductibility is highly certain but for which there are uncertainty about the timing of such deductibility. The Organization recognizes interest accrued related to unrecognized tax benefits in interest expense and penalties in operating expense. The Organization has determined that no amount is required to be accrued for taxes or related penalties and interest for any tax position taken through June 30, 2018.

Note 3 Property and Equipment

Property and equipment consist of the following:

	June 30,		Useful
	<u>2018</u>	<u>2017</u>	Lives
			(Years)
Furniture and fixtures	\$ 33,945	\$ 151,487	5
Computer equipment and software	69,944	196,400	3 to 5
Leasehold improvements	-	14,215	5
	<u>103,889</u>	<u>362,102</u>	
Less: accumulated depreciation	69,928	332,207	
	<u>\$ 33,961</u>	<u>\$ 29,895</u>	

Depreciation expense for the years ending June 30, 2018 and 2017 totaled \$9,536 and \$20,696, respectively.

Note 4 Commitments and Contingencies

Commitments

In April 2016 the Organization relocated its facilities and receive donated space at this new location. Rental expense for the years ended June 30, 2018 and 2017 amounted to \$71,373 and \$70,725, inclusive of approximately \$54,000 donated space for both years.

The Organization is obligated under a new equipment lease which expires in March 2021. The minimum rental commitment under this operating lease approximates the following:

Year Ending June 30,		
2019	\$	7,100
2020		7,100
2021		<u>5,900</u>
Total	\$	<u>20,100</u>

Contingencies

Expenses reflected in the accompanying financial statements relating to government programs are subject to audit by the respective grantor. The possible disallowance by the related Organization of any item charged to the program cannot be determined at this time. No provision for any liability that may result has been made to the financial statements. Management is of the opinion that no material liability will result from such audits.

Note 5 Credit Risk

At times during the year, the Organization’s cash balances were in excess of the federal insured limits of \$250,000. At June 30, 2018 and 2017, the Organization’s uninsured cash balances approximated \$13,000 and \$134,000, respectively. However, the Organization maintains its cash with a high quality financial institution which the Organization believes limits these risks.

Note 6 Employees’ 403(b) Plan

The Organization has a 403(b) Thrift Plan. This plan is a voluntary retirement savings program eligible to all full-time employees. Such plan provides for the Organization to match up to 3% of the employee’s annual salary providing that the employee is eligible for the plan benefits. The Organization contributed \$16,404 and \$20,427 for the years ended June 30, 2018 and 2017, respectively.

Note 7 Business and Credit Concentration

The Organization's services are substantially paid for by government grants. For the years ended June 30, 2018 and 2017, the Organization's revenues derived from federal, state and local grants approximate 70% and 74% of total revenues and contributions, net of donated services, for each respective year.

In December 2017, the Organization was granted approximately \$104,000 from the Department of Children and Families (DCF) to support the Citizen Review Panel Program for three months of the fiscal year. Subsequent to year end, DCF and the Organization are in the process of developing a new contract to support the Organization's work on behalf of children in the foster care system. Such contract is expected to be approximately \$275,000 and will commence on or around November 1, 2018.

Note 8 In-Kind Services and Other

The majority of in-kind services reflected as direct program costs in the accompanying Statement of Functional Expenses include the fair market value of volunteer hours for services required in order to operate the Citizen Review Panel. Such services are similar to those provided by Circuit Court General Masters and Judges whose mean hourly wage in the State of Florida approximates \$78. The value of these donated services for the years ended June 30, 2018 and 2017 amounted to \$294,981 and \$266,738, respectively.

The Organization also received contributed professional services during the years ended June 30, 2018 and 2017, with a fair value on the dates of donation of approximately \$3,200 and \$3,700, respectively. In addition, they received donated office space with a fair value of approximately \$54,000.

Note 9 Designated for Endowment Fund

The Organization has been named the beneficiary of an endowment fund held by North Dade Medical Foundation, Inc. Funds from this endowment are to be disbursed to the Organization at a minimum of 5% of the market value of the fund. Such funds are to be used for the general support of the Organization's programs.

Note 10 Subsequent Events

Subsequent events have been evaluated through September 18, 2018, which is the date the financial statements were available to be issued.

Supplementary Information

Foster Care Review, Inc. D/B/A Florida Foster Care Review
(Not-For-Profit Organization)
Schedule I – Schedule of Federal, State and Local Financial Assistance
Year Ended June 30, 2018

Federal/State/Local Agency Pass-Through Entity Federal Program/State/Local Project	CFDA/ CSFA Number	Contract Grant Number	Expenditures
Federal agency			
U.S. Department of Health and Human Services			
<i>Passed through State of Florida Department of Children and Families</i>			
Foster Care – Citizens Review Panel	93.658	KJ135	\$ 89,000
State agencies			
State of Florida Justice Administrative Commission			
Foster Care – Citizen Review Board	21.003	JACF6	618,160
Florida Department of Children and Families			
<i>Passed through Our Kids</i>			
Permanent Connections Roundtable Program	Unknown	OK/FFCR-5000-146	58,000
			<u>676,160</u>
Local agencies			
Miami-Dade County			
Citizen Review Program		15-FOST-PB/18-FOST-PB	33,300
The Children's Trust			
Permanent Connections Roundtable Program		1732-1850	33,163
Educate Tomorrow			
			46,985
			<u>113,448</u>
Total expenditures of financial assistance			<u><u>\$ 878,608</u></u>

Reporting Section

**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***

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To the Board of Directors of
Foster Care Review, Inc. D/B/A Florida Foster Care Review

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Foster Care Review, Inc. (a not-for-profit organization) (the Organization), which comprise the statement of financial position as of June 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 18, 2018.

Internal Control over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal



control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Prager Metis CPAs, LLC

Prager Metis CPAs, LLC
Coral Gables, Florida
September 18, 2018