

**ADVOCATES FOR BARTOW'S  
CHILDREN, INC.**

**D/B/A Advocates for Children**

**FINANCIAL STATEMENTS**

**December 31, 2015 and 2014**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
Advocates for Bartow's Children, Inc.  
D/B/A Advocates for Children

**Report on the Financial Statements**

We have audited the accompanying financial statements of Advocates for Bartow's Children, Inc. D/B/A Advocates for Children (a nonprofit organization), which comprise the statements of financial position as of December 31, 2015 and 2014, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

**Management's Responsibility for the Financial Statements**

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

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 above present fairly, in all material respects, the financial position of Advocates for Bartow's Children, Inc. D/B/A Advocates for Children as of December 31, 2015 and 2014 and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### *Other Information*

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules of state and federal funds expended, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, are presented for purposes 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 audits 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 June 28, 2016, on our consideration of Advocates for Bartow's Children, Inc. D/B/A Advocates for Children's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Advocates for Bartow's Children, Inc. D/B/A Advocates for Children's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "R L Jennings & Associates, PC".

R L Jennings & Associates, PC

Rome, Georgia

June 28, 2016

ADVOCATES FOR BARTOW'S CHILDREN, INC.  
D/B/A ADVOCATES FOR CHILDREN  
STATEMENTS OF FINANCIAL POSITION  
December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
ASSETS		
CURRENT ASSETS		
Cash	\$ 226,274	\$ 278,147
Investments	296,306	208,827
Grants Receivable	22,069	-
Per Diem Receivable	46,877	1,154
Prepaid Expenses	<u>6,619</u>	<u>10,915</u>
TOTAL CURRENT ASSETS	<u>598,145</u>	<u>499,043</u>
NONCURRENT ASSETS		
Other Assets	13,300	13,300
Property and Equipment (Net of Depreciation)	<u>424,129</u>	<u>446,940</u>
	<u>437,429</u>	<u>460,240</u>
TOTAL ASSETS	<u>\$ 1,035,574</u>	<u>\$ 959,283</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	<u>\$ 9,254</u>	<u>\$ 12,796</u>
TOTAL CURRENT LIABILITIES	<u>9,254</u>	<u>12,796</u>
NET ASSETS		
Unrestricted	749,020	667,102
Unrestricted - Board Designated	275,897	275,897
Temporarily Restricted	<u>1,403</u>	<u>3,488</u>
TOTAL NET ASSETS	<u>1,026,320</u>	<u>946,487</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,035,574</u>	<u>\$ 959,283</u>

See independent auditor's report and notes to financial statements.

ADVOCATES FOR BARTOW'S CHILDREN, INC.  
D/B/A ADVOCATES FOR CHILDREN  
STATEMENTS OF ACTIVITIES  
For the Years Ended December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
UNRESTRICTED NET ASSETS		
Revenue, Gains and Other Support:		
Federal Financial Assistance	\$ 1,169,470	\$ 899,150
State Grants and Contracts	26,450	3,800
Seminar and Counseling Fees	41,552	42,554
Contributions - Civic Organizations and Individuals	525,736	555,716
Interest Income and Dividend Income	14,686	2,757
Fund Raising	341,221	258,841
In Kind Support	143,609	169,476
TOTAL UNRESTRICTED SUPPORT AND REVENUE	<u>2,262,724</u>	<u>1,932,294</u>
Net Assets Released from Restrictions:		
Satisfaction of Purpose Restrictions	<u>2,085</u>	<u>-</u>
TOTAL UNRESTRICTED SUPPORT AND REVENUE AND RECLASSIFICATIONS	<u>2,264,809</u>	<u>1,932,294</u>
Expenses		
Program Services:		
Shelter	751,006	724,746
Divorce Seminar	26,445	33,678
Hope in Your Home	196,881	66,511
First Steps	17,468	10,500
A Better Way	118,837	66,990
C.A.S.A.	250,019	253,364
Rainbows	4,790	6,812
Peer Educators and Other Programs	131,242	194,413
Supporting Services:		
Management and General	468,202	350,545
Fund Raising	218,001	218,948
TOTAL EXPENSES	<u>2,182,891</u>	<u>1,926,507</u>
INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS	<u>81,918</u>	<u>5,787</u>

See independent auditor's report and notes to financial statements.

ADVOCATES FOR BARTOW'S CHILDREN, INC.  
D/B/A ADVOCATES FOR CHILDREN  
STATEMENTS OF ACTIVITIES  
For the Years Ended December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
TEMPORARILY RESTRICTED NET ASSETS		
Net Assets Temporarily Restricted	\$ -	\$ 204
Net Assets Released from Restrictions	<u>(2,085)</u>	<u>-</u>
INCREASE (DECREASE) IN TEMPORARILY RESTRICTED NET ASSETS	<u>(2,085)</u>	<u>204</u>
PERMANENTLY RESTRICTED NET ASSETS		
Net Assets Released from Restrictions	<u>-</u>	<u>-</u>
INCREASE (DECREASE) IN PERMANENTLY RESTRICTED NET ASSETS	<u>-</u>	<u>-</u>
CHANGE IN NET ASSETS	79,833	5,991
NET ASSETS AT BEGINNING OF YEAR	<u>946,487</u>	<u>940,496</u>
NET ASSETS AT END OF YEAR	<u>\$ 1,026,320</u>	<u>\$ 946,487</u>

See independent auditor's report and notes to financial statements.

ADVOCATES FOR BARTOW'S CHILDREN, INC.  
D/B/A ADVOCATES FOR CHILDREN  
STATEMENT OF FUNCTIONAL EXPENSES  
For the Year Ended December 31, 2015

	Program Services						Supporting Services			Totals	
	Children's Shelter	Divorce Seminar	Hope in Your Home	First Steps	A Better Way	C.A.S.A.	Rainbows	Peer Educators and Other Programs	Management and General		Fund Raising
Compensation and related expenses											
Compensation	\$ 480,004	\$ -	\$ 129,350	\$ 12,821	\$ 82,233	\$ 175,279	\$ -	\$ 69,468	\$ 256,819	\$ 45,321	\$ 1,251,295
Employee Benefits	36,639	-	9,642	964	6,749	13,499	-	5,784	20,248	2,893	96,418
Payroll taxes	34,681	-	9,127	913	6,389	12,777	-	5,476	19,166	2,738	91,267
Total Compensation	551,324	-	148,119	14,698	95,371	201,555	-	80,728	296,233	50,952	1,438,980
Accounting fees	-	-	-	-	-	-	-	-	10,417	-	10,417
Advertising	-	-	-	-	-	-	-	-	2,077	-	2,077
Charitable donations	-	-	-	-	-	-	-	-	-	-	-
Clothing, personal needs and tutoring	9,897	-	-	-	-	-	-	-	-	-	9,897
Conferences and training	2,757	-	19,816	-	3,310	2,129	-	16,156	514	-	44,682
Consultation fees	2,054	20,160	-	-	-	-	1,236	-	-	-	23,450
Brokerage Fees	-	-	-	-	-	-	-	-	2,052	-	2,052
Depreciation	25,445	-	-	-	-	-	-	-	6,361	-	31,806
Dues and subscriptions	-	-	-	-	-	-	-	-	8,181	-	8,181
Equipment rent and maintenance	-	-	-	-	-	-	-	-	7,720	-	7,720
Food	44,699	-	-	-	-	-	-	-	-	-	44,699
Gifts and awards	-	-	-	-	-	-	-	-	4,342	-	4,342
Insurance	-	-	-	-	-	-	-	-	-	-	-
Liability, Auto, Directors & Officers	6,933	-	-	-	-	-	-	-	6,933	-	13,866
Workers Compensation	6,648	-	-	-	-	-	-	-	7,236	-	7,236
Medical expense	-	-	-	-	-	-	-	-	-	-	6,648
Meetings	-	-	-	-	-	-	-	-	12,042	-	12,042
Miscellaneous	-	600	-	-	-	3,834	-	1,001	2,774	-	8,209
Net Investment Loss	-	-	-	-	-	-	-	-	24,499	-	24,499
Postage	-	-	-	-	191	366	-	-	3,281	-	3,838
Recreation	10,800	-	-	-	-	-	-	-	-	-	10,800
Rent	42,388	-	-	-	-	12,000	-	3,545	20,000	-	77,933
Repairs and maintenance	-	-	-	-	-	-	-	-	16,393	-	16,393
Security	-	1,500	-	-	216	-	-	-	-	-	1,716
Supplies	-	-	-	-	-	-	-	-	-	-	-
Household	4,177	-	-	-	-	-	-	-	-	-	4,177
Office and program materials	1,044	3,960	8,335	2,391	2,419	4,818	3,554	18,323	19,718	167,049	231,611
Technology	5,299	-	5,298	-	5,298	5,298	-	-	5,299	-	26,492
Telephone	5,383	-	-	-	7,448	6,522	-	8,959	5,384	-	33,696
Travel	8,002	225	12,466	379	1,637	8,278	-	1,613	1,490	-	34,090
Utilities	21,026	-	2,847	-	2,947	5,219	-	917	5,256	-	38,212
Vehicle	3,130	-	-	-	-	-	-	-	-	-	3,130
Total expenses	\$751,006	\$ 26,445	\$ 196,881	\$ 17,468	\$ 118,837	\$ 250,019	\$ 4,790	\$ 131,242	\$ 468,202	\$ 218,001	\$ 2,182,891

See independent auditor's report and notes to financial statements.

ADVOCATES FOR BARTOW'S CHILDREN, INC.  
D/B/A ADVOCATES FOR CHILDREN  
STATEMENT OF FUNCTIONAL EXPENSES  
For the Year Ended December 31, 2014

	Program Services						Supporting Services			Totals	
	Children's Shelter	Divorce Seminar	Supervised Visitation	First Steps	A Better Way	C.A.S.A.	Rainbows	Peer Educators and Other Programs	Management and General		Fund Raising
Compensation and related expenses											
Compensation	\$ 446,647	\$ -	\$ 45,100	\$ -	\$ 38,467	\$ 169,376	\$ -	\$ 140,224	\$ 204,031	\$ 41,104	\$ 1,084,949
Employee Benefits	48,917	-	4,939	-	4,213	18,550	-	15,357	22,345	4,502	118,823
Payroll taxes	33,748	-	3,450	-	2,422	12,432	-	10,762	17,040	3,144	82,998
Total Compensation	529,312	-	53,489	-	45,102	200,358	-	166,343	243,416	48,750	1,286,770
Accounting fees	-	-	-	-	-	-	-	-	5,733	-	5,733
Advertising	-	-	-	-	-	-	-	-	851	-	851
Charitable donations	-	-	-	-	-	-	-	-	-	-	-
Clothing, personal needs and tutoring	3,864	-	-	-	-	-	-	-	-	-	3,864
Conferences and training	1,685	-	7,062	-	-	1,429	-	3,855	-	-	14,031
Consultation fees	-	19,320	-	8,416	1,500	-	1,375	-	-	-	30,611
Depreciation	20,360	-	-	-	-	-	-	-	5,090	-	25,450
Dues and subscriptions	4,000	-	-	-	-	-	-	-	5,002	-	9,002
Equipment rent and maintenance	-	-	-	-	-	-	-	-	5,385	-	5,385
Food	31,005	-	-	-	-	-	-	-	-	-	31,005
Gain on sale of asset	-	-	-	-	-	-	-	-	(3,250)	-	(3,250)
Gifts and awards	1,952	-	-	-	-	-	-	-	469	-	2,421
Insurance	-	-	-	-	-	-	-	-	-	-	-
Liability, Auto, Directors & Officers	7,281	-	-	-	-	-	-	-	-	7,281	14,562
Workers Compensation	-	-	-	-	-	-	-	-	-	10,426	10,426
Medical expense	9,057	-	-	-	-	-	-	-	-	-	9,057
Meetings	-	-	-	-	-	-	-	-	8,255	-	8,255
Miscellaneous	1,155	550	-	-	-	6,016	-	1,001	2,776	-	11,498
Postage	-	-	-	-	63	144	-	-	5,952	-	6,159
Recreation	11,805	-	-	-	-	-	-	-	-	-	11,805
Rent	42,388	-	-	-	-	12,000	-	-	20,000	-	74,388
Repairs and maintenance	-	-	-	-	-	-	-	-	16,120	-	16,120
Security	-	1,500	-	-	84	-	-	-	-	-	1,584
Supplies	-	-	-	-	-	-	-	-	-	-	-
Household	4,587	-	-	-	-	-	-	-	-	-	4,587
Office and program materials	1,307	11,858	-	-	3,121	4,445	5,437	4,610	17,962	152,491	201,231
Technology	5,961	-	5,960	-	5,960	5,960	-	-	5,961	-	29,802
Telephone	4,431	-	-	-	6,940	7,081	-	4,592	4,432	-	27,476
Travel	21,313	450	-	2,084	2,006	10,186	-	11,278	1,523	-	48,840
Utilities	19,473	-	-	-	2,214	5,745	-	2,734	4,868	-	35,034
Vehicle	3,810	-	-	-	-	-	-	-	-	-	3,810
Total expenses	\$724,746	\$ 33,678	\$ 66,511	\$ 10,500	\$ 66,990	\$ 253,364	\$ 6,812	\$ 194,413	\$ 350,545	\$ 218,948	\$ 1,926,507

See independent auditor's report and notes to financial statements.

ADVOCATES FOR BARTOW'S CHILDREN, INC.  
D/B/A ADVOCATES FOR CHILDREN  
STATEMENTS OF CASH FLOWS  
For the Years Ended December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Increase (Decrease) in Net Assets	\$ 79,833	\$ 5,991
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:		
Depreciation	31,806	25,450
(Increase) Decrease in:		
Grants Receivable	(22,069)	7,886
Investments	28,276	(7,164)
Per Diem Receivable	(45,723)	15,940
Prepaid Expenses	(4,296)	(7,477)
(Decrease) Increase in:		
Accounts Payable	<u>3,542</u>	<u>5,185</u>
<b>NET CASH (USED) PROVIDED BY OPERATING ACTIVITIES</b>	<b>71,369</b>	<b>45,811</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of Investments	(140,336)	-
Proceeds from Sales of Investments	26,089	-
Cash Payments for the Purchase of Property	<u>(8,995)</u>	<u>(62,383)</u>
<b>NET CASH USED BY INVESTING ACTIVITIES</b>	<b><u>(123,242)</u></b>	<b><u>(62,383)</u></b>
<b>NET INCREASE (DECREASE) IN CASH AND EQUIVALENTS</b>	<b>(51,873)</b>	<b>(16,572)</b>
<b>CASH AND EQUIVALENTS, BEGINNING</b>	<b><u>278,147</u></b>	<b><u>294,719</u></b>
<b>CASH AND EQUIVALENTS, ENDING</b>	<b>\$ <u><u>226,274</u></u></b>	<b>\$ <u><u>278,147</u></u></b>
<b>SUPPLEMENTAL DISCLOSURES</b>		
In-Kind Donation of Operating Sources		
Facilities Rent, Utilities and Donated Materials	<u>\$ 143,609</u>	<u>\$ 169,476</u>

See independent auditor's report and notes to the financial statements.

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Nature of Business

Advocates for Bartow's Children, Inc. D/B/A Advocates for Children is a multi-purpose agency which deals with children and families who are in crisis or at risk of developing serious problems. It operates the Flowering Branch Children's Shelter, a 24-hour a day, 365-days a year temporary shelter for abused, abandoned, runaway or homeless children. In addition, the Organization runs a number of outreach and preventive programs designed to support families. These include Rainbows groups for grieving children, TransParenting classes for divorcing parents, Child Abuse and Awareness activities, Shelter Mentors, Project Safe Place, Peer Educators, Bartow County Court Appointed Special Advocates, Supervised Family Visitation Children's Advocacy Center, First Steps and others.

### Revenues

For fiscal years ended December 31, 2015 and 2014 the Organization received 52% and 47% of its revenue from federal grants, 47 % and 52.8% from other donor contributions, 1% and .2% from state grants, respectively.

### 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 fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

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

### Contributed Services

During the years ended December 31, 2015 and 2014, the value of contributed services meeting the requirements for recognition in the financial statements included the value of rent free occupation of the Organization's office building and Children's Shelter building and lease of an adjacent lot. Based on the fair market value of these services donated by the City of Cartersville, these contributions are material and therefore recorded in the

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

financial statements of the Organization as In-Kind Support. This donation is valued at \$62,388 and \$62,388 for the years ended December 31, 2015 and 2014, respectively.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Property and Equipment

Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated assets to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. On assets donated without donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time. Property and equipment are depreciated using the straight-line method.

All acquisitions of property and equipment in excess of \$2,000 and all expenditures for repairs, maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized.

Financial Statement Presentation

The Organization follows the recommendations of the Financial Accounting Standards Board in its Accounting Standards Codification 958 (ASC 958) formerly SFAS 117, Financial Statements of Not-for-Profit Organizations. Under ASC 958, the Organization is required to distinguish between contributions that increase permanently restricted net assets, temporarily restricted net assets, and unrestricted net assets. It also requires recognition of contributions, including contributed services meeting certain criteria, at fair values. ASC 958 establishes standards for general purpose external financial statements of not-for-profit organizations and requires a Statement of Financial Position, a Statement of Activities, and a Statement of Cash Flows. Information regarding its financial position and activities is required to be reported according to the three classes of net assets listed above.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

Uncertain Tax Positions

The Organization is exempt from federal and state income taxes under Internal Revenue Code Section 501(c)(3), except on income derived from unrelated business activities. The Organization had no unrelated business activities. The Organization believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

Investments

The Organization uses ASC 958, formerly SFAS No. 124, "Accounting for Certain Investments Held by Not-for-Profit Organizations." Under ASC 958, investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the Statement of Financial Position. Unrealized gains and losses are included in the change in net assets.

Cash and Cash Equivalents

For purposes of the Statement 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.

Compensated Absences

Employees of the Organization are entitled to paid vacation, paid sick days, and personal days off, depending on job classification, length of service, and other factors. It is impracticable to estimate the amount of compensation for future absences, and accordingly, no liability has been recorded in the accompanying financial statements. The Organization's policy is to recognize the costs of compensated absences when actually paid to employees

NOTE 2 – RESTRICTIONS ON ASSETS

Restrictions on assets at December 31, 2015 and 2014 relate to donor restrictions on assets.

Temporarily restricted net assets are available at December 31, 2015 and 2014 for the following purposes:

	<u>2015</u>	<u>2014</u>
Employee Medical Spending	\$ <u>1,403</u>	\$ <u>3,488</u>
	\$ <u>1,403</u>	\$ <u>3,488</u>

Permanently restricted net assets are endowment funds to be held indefinitely. The interest income generated by these assets can be used for the expenses of the individual assistance program.

NOTE 3 – PROPERTY AND EQUIPMENT

Property and equipment consist of the following as of December 31, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Vehicles	\$ 27,831	\$ 25,945
Leasehold Improvements	72,918	65,808
Buildings	442,735	442,735
Furniture and Fixtures	<u>102,700</u>	<u>102,700</u>
	646,184	637,188
Less: Accumulated Depreciation	<u>222,055</u>	<u>190,248</u>
Net Property and Equipment	<u>\$ 424,129</u>	<u>\$ 446,940</u>

NOTE 4 – CONCENTRATION OF CREDIT RISK

The Organization maintains bank accounts at numerous banks across Bartow County and the City of Cartersville. Accounts at these institutions are fully insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. As of December 31, 2015 and 2014, \$0 and \$0 were not covered by the FDIC, respectively.

NOTE 5 – ADVERTISING COSTS

The Organization uses advertising to promote its programs among the individuals it serves. These costs are expensed as incurred. During 2015 and 2014, advertising costs totaled \$2,077 and \$851, respectively.

NOTE 6 - INVESTMENTS

The Organization has unrestricted investments in mutual funds. The investments are presented in the financial statements at fair value based on quoted prices in active markets (level 1 measurements). The investments are subject to market risk exposure arising from changes in interest rates that ultimately affect the fair value of the investments in mutual funds. Investments held were unrestricted as of December 31, 2015 and consisted of the following:

	<u>Fair Value</u>	<u>Cost</u>
Mutual Fund	<u>\$ 296,306</u>	<u>\$ 93,639</u>

Unrestricted investments income (loss) from investment in mutual funds for the year ended December 31, 2015, consisted of the following:

Interest and dividends	\$ 14,029
Unrealized loss from changes in fair value of investment	<u>(22,447)</u>
Total unrestricted investment loss	<u>\$ (8,418)</u>

NOTE 6 – INVESTMENTS (Continued)

Investments held were unrestricted as of December 31, 2014 and consisted of the following:

	<u>Fair Value</u>	<u>Cost</u>
Mutual Fund	<u>\$ 208,827</u>	<u>\$ 88,226</u>

Unrestricted investments income (loss) from investment in mutual funds for the year ended December 31, 2014, consisted of the following:

Interest and dividends	\$ 8,884
Unrealized losses from changes in fair value of investment	<u>10,461</u>
Total unrestricted investment gain	<u>\$ 19,345</u>

Unrestricted interest and dividend income is used to purchase additional shares of the investment.

NOTE 7 – FAIR VALUE MEASUREMENT

FASB ASC 820, *Fair Value Measurement and Disclosures*, defines fair value, establishes a framework for measuring fair value under U.S. generally accepted accounting principles and enhances disclosures about fair value measurements. Fair value is defined under FASB ASC 820 as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs. The standard describes a fair value hierarchy based on three levels of inputs, of which the first two are considered observable and the last unobservable, that may be used to measure fair value which are the following:

Level 1- Quoted prices in active markets for identical assets of liabilities.

Level 2- Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

NOTE 7 – FAIR VALUE MEASUREMENT (Continued)

Level 3- Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

In accordance with FASB ASC 820, the Organization's fair value hierarchy for its financial assets (investments) measured at the fair value on a recurring basis.

Fair value as of December 31, 2015 was determined as follows:

<u>Description</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments, unrestricted	\$ 296,306	\$ -	\$ -

Fair value as of December 31, 2014 was determined as follows:

<u>Description</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments, unrestricted	\$ 208,827	\$ -	\$ -

NOTE 8 – EVALUATION OF SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through June 28, 2016, the date which the financial statements were available to be issued.

## **SUPPLEMENTARY DATA**

ADVOCATES FOR BARTOW'S CHILDREN, INC.  
D/B/A ADVOCATES FOR CHILDREN  
SCHEDULE OF STATE AND FEDERAL FUNDS EXPENDED  
For the Year Ended December 31, 2015

<u>Description of Funding Source</u>	<u>State</u>	<u>Federal</u>	<u>Total</u>
Direct payments from U.S. Dept. of Health and Human Services Runaway and Homeless Youth Program CFDA # 93.623 Award #90CY6469-03-00	\$ -	\$ 186,723	\$ 186,723
Office of the Governor Criminal Justice Coordinating Council CDFA #16.807 State Contract #C12-8-201	-	57,192	57,192
State Contract #C12-8-202	-	33,864	33,864
State of Georgia Dept. of Human Resources CFDA # 93.658 State Contract #427-040C-RBWO-16-004	-	406,686	406,686
State of Georgia Dept. of Human Services CFDA #93.558 State Contract # 42700-040-0000034922	-	3,000	3,000
State Contract # 42700-040-0000042736	-	174,974	174,974
State of Georgia Dept. of Human Services CFDA #93.558 State Contract # 42700-040C-PSSF-15-120	-	69,137	69,137
State Contract # 42700-040C-PSSF-16-027	-	18,000	18,000
State Contract # 42700-040C-PSSF-16-114	-	15,103	15,103
State Contract # 42700-040C-PSSF-15-066	-	51,514	51,514
State Contract # 42700-040C-PSSF-15-121	-	37,909	37,909
Governor's Office for Children and Families CFDA # 93.558 State Contract # 42700-040-0000037802	-	115,368	115,368
Total Expenditures of State and Federal Financial Assistance	\$ -	\$ 1,169,470	\$ 1,169,470

See independent auditor's report on supplementary data.

ADVOCATES FOR BARTOW'S CHILDREN, INC.  
D/B/A ADVOCATES FOR CHILDREN  
SCHEDULE OF STATE AND FEDERAL FUNDS EXPENDED  
For the Year Ended December 31, 2014

<u>Description of Funding Source</u>	<u>State</u>	<u>Federal</u>	<u>Total</u>
Direct payments from U.S. Dept. of Health and Human Services Runaway and Homeless Youth Program CFDA # 93.623			
Award #90CY6469-02-00	\$ -	\$ 131,594	\$ 131,594
Award #90CY6469-03-00	-	46,681	46,681
Office of the Governor Criminal Justice Coordinating Council CDFA #16.807			
State Contract #C12-8-001	-	42,194	42,194
State Contract #C12-8-201	-	14,998	14,998
State Contract #C12-8-202	-	25,398	25,398
State of Georgia Dept. of Human Resources CFDA # 93.658			
State Contract #427-040C-20075	-	391,718	391,718
State of Georgia Dept. of Human Services CFDA #93.558			
State Contract # 42700-040-0000034922	-	6,000	6,000
State of Georgia Dept. of Human Services CFDA #93.558			
State Contract # 42700-040C-25667	-	-	-
State Contract # 42700-040C-PSSF-15-120	-	87,482	87,482
State Contract # 42700-040C-25666	-	-	-
State Contract # 42700-040C-PSSF-15-066	-	63,191	63,191
State Contract # 42700-040C-PSSF-15-121	-	2,472	2,472
Governor's Office for Children and Families CFDA # 93.558			
Award # DSG14-01-001	-	87,422	87,422
Total Expenditures of State and Federal Financial Assistance	<u>\$ -</u>	<u>\$ 899,150</u>	<u>\$ 899,150</u>

See independent auditor's report on supplementary data.

**RL Jennings & Associates, PC**  
Certified Public Accountants

R. Lee Jennings, CFCA, CGMA, CPA  
Mona Evans, CPA  
Joe Sapp, CPA  
Thomas H. Evans, Jr., CPA  
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Sarah Dunn, CPA  
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Katherine S. Washington, CPA  
David E DeScalzo, CPA, CFE, PC

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 of  
Advocates for Bartow's Children, Inc.  
D/B/A Advocates for Children

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Advocates for Bartow's Children, Inc. D/B/A Advocates for Children (a nonprofit organization), which comprise the statement of financial position as of December 31, 2015, and the related statements of activities, functional expense and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 28, 2016.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Advocates for Bartow's Children, Inc. D/B/A Advocates for Children'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 Advocates for Bartow's Children, Inc. D/B/A Advocates for Children's internal control. Accordingly, we do not express an opinion on the effectiveness of Advocates for Bartow's Children, Inc. D/B/A Advocates for Children'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.

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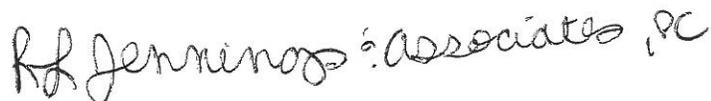
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As part of obtaining reasonable assurance about whether Advocates for Bartow's Children, Inc. D/B/A Advocates for Children financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, 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.

A handwritten signature in cursive script that reads "R L Jennings & Associates, PC".

R L Jennings & Associates, PC

Rome, Georgia

June 28, 2016

# RL Jennings & Associates, PC

## Certified Public Accountants

R. Lee Jennings, CFCA, CGMA, CPA  
Mona Evans, CPA  
Joe Sapp, CPA  
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Kevin Dover, CPA  
Katherine S. Washington, CPA  
David E DeScalzo, CPA, CFE, PC

### INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

To the Board of Directors of  
Advocates for Bartow's Children, Inc.  
D/B/A Advocates for Children

#### **Report on Compliance for Each Major Federal Program**

We have audited Advocates for Bartow's Children, Inc. D/B/A Advocates for Children's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Advocates for Bartow's Children, Inc. D/B/A Advocates for Children's major federal programs for the year ended December 31, 2015. Advocates for Bartow's Children, Inc. D/B/A Advocates for Children's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

#### **Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of Advocates for Bartow's Children, Inc. D/B/A Advocates for Children's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Advocates for Bartow's Children, Inc. D/B/A Advocates for Children's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Advocates for Bartow's Children, Inc. D/B/A Advocates for Children's compliance.

#### **Opinion on Each Major Federal Program**

In our opinion, Advocates for Bartow's Children, Inc. D/B/A Advocates for Children complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2015.

#### **Report on Internal Control Over Compliance**

Management of Advocates for Bartow's Children, Inc. D/B/A Advocates for Children is responsible for establishing and maintaining effective internal control over compliance with the types of compliance

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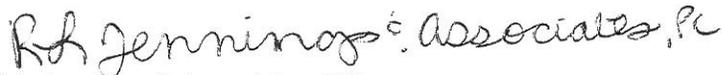
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Advocates for Bartow's Children, Inc. D/B/A Advocates for Children's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Advocates for Bartow's Children, Inc. D/B/A Advocates for Children's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



R L Jennings & Associates, PC

Rome, Georgia

June 28, 2016

**Advocates for Bartow's Children, Inc.**

**D/B/A Advocates for Children**

Schedule of Findings and Questioned Costs

For the Year Ended December 31, 2015

**Section I—Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued: *unqualified*

Internal control over financial reporting:

Material weakness(es) identified? \_\_\_\_\_ yes  X  no

Reportable condition(s) identified not considered to be material weaknesses? \_\_\_\_\_ yes  X  none reported

Noncompliance material to financial statements noted? \_\_\_\_\_ yes  X  no

**Federal Awards**

Internal Control over major programs:

Material weakness(es) identified? \_\_\_\_\_ yes  X  no

Reportable condition(s) identified not considered to be material weaknesses? \_\_\_\_\_ yes  X  none reported

Type of auditor's report issued on compliance for major programs:

*Unqualified*

Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)? \_\_\_\_\_ yes  X  no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
93.658	Foster Care, Title IV-E

