

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

DBA Advocates for Children

FINANCIAL STATEMENTS

December 31, 2016 and 2015

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Advocates for Bartow's Children, Inc.
DBA Advocates for Children

Report on the Financial Statements

We have audited the accompanying financial statements of Advocates for Bartow's Children, Inc. DBA Advocates for Children (a nonprofit organization), which comprise the statements of financial position as of December 31, 2016 and 2015, 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 opinions 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 opinions.

Opinions

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. DBA Advocates for Children as of December 31, 2016 and 2015, 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 Matters

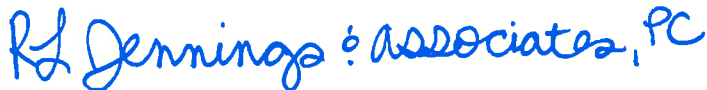
Other Information

Our audits were conducted for the purpose of an opinion on the financial statements as a whole. The schedules of expenditures of federal awards are presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and are also not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 26, 2017, on our consideration of Advocates for Bartow's Children, Inc. DBA 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. DBA Advocates for Children's internal control over financial reporting and compliance.



R L Jennings & Associates, PC

Rome, Georgia

June 26, 2017

ADVOCATES FOR BARTOW'S CHILDREN, INC.
 DBA ADVOCATES FOR CHILDREN
 STATEMENTS OF FINANCIAL POSITION
 December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
ASSETS		
CURRENT ASSETS		
Cash	\$ 223,158	\$ 226,274
Investments	263,993	296,306
Grants Receivable	47,155	22,069
Per Diem Receivable	35,551	46,877
Prepaid Expenses	41,117	6,619
	<u>610,974</u>	<u>598,145</u>
TOTAL CURRENT ASSETS		
NONCURRENT ASSETS		
Other Assets	-	13,300
Property and Equipment (Net of Depreciation)	396,279	424,129
	<u>396,279</u>	<u>437,429</u>
TOTAL ASSETS	<u>\$ 1,007,253</u>	<u>\$ 1,035,574</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 10,075	\$ 8,092
Other Current Liabilities	29,730	1,162
	<u>39,805</u>	<u>9,254</u>
TOTAL CURRENT LIABILITIES		
NET ASSETS		
Unrestricted	677,780	749,020
Unrestricted - Board Designated	284,598	275,897
Temporarily Restricted	5,070	1,403
	<u>967,448</u>	<u>1,026,320</u>
TOTAL NET ASSETS		
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,007,253</u>	<u>\$ 1,035,574</u>

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

ADVOCATES FOR BARTOW'S CHILDREN, INC.
 DBA ADVOCATES FOR CHILDREN
 STATEMENTS OF ACTIVITIES
 For the Years Ended December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
UNRESTRICTED NET ASSETS		
Revenue, Gains and Other Support:		
Federal Financial Assistance	\$ 1,336,796	\$ 1,169,470
State Grants and Contracts	38,580	26,450
Seminar and Counseling Fees	36,464	41,552
Contributions - Civic Organizations and Individuals	462,878	525,736
Interest Income and Dividend Income	9,449	14,686
Fund Raising	270,747	341,221
In Kind Support	108,770	143,609
TOTAL UNRESTRICTED SUPPORT AND REVENUE	<u>2,263,684</u>	<u>2,262,724</u>
Net Assets Released from Restrictions:		
Satisfaction of Purpose Restrictions	<u>-</u>	<u>2,085</u>
TOTAL UNRESTRICTED SUPPORT AND REVENUE AND RECLASSIFICATIONS	<u>2,263,684</u>	<u>2,264,809</u>
Expenses		
Program Services:		
Shelter	828,742	751,006
Divorce Seminar	26,608	26,445
Hope in Your Home	149,597	196,881
First Steps	43,215	17,468
A Better Way	117,150	118,837
C.A.S.A.	297,137	250,019
Rainbows	5,936	4,790
Peer Educators and Other Programs	264,677	131,242
Supporting Services:		
Management and General	454,727	468,202
Fund Raising	138,434	218,001
TOTAL EXPENSES	<u>2,326,223</u>	<u>2,182,891</u>
INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS	<u>(62,539)</u>	<u>81,918</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, 2016 and 2015

	<u>2016</u>	<u>2015</u>
TEMPORARILY RESTRICTED NET ASSETS		
Net Assets Temporarily Restricted	\$ 3,667	\$ -
Net Assets Released from Restrictions	<u>-</u>	<u>(2,085)</u>
INCREASE (DECREASE) IN TEMPORARILY RESTRICTED NET ASSETS	<u>3,667</u>	<u>(2,085)</u>
CHANGE IN NET ASSETS	(58,872)	79,833
NET ASSETS AT BEGINNING OF YEAR	<u>1,026,320</u>	<u>946,487</u>
NET ASSETS AT END OF YEAR	<u><u>\$ 967,448</u></u>	<u><u>\$ 1,026,320</u></u>

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

ADVOCATES FOR BARTOW'S CHILDREN, INC.
DBA ADVOCATES FOR CHILDREN
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2016

	Program Services						Supporting Services		
	Children's Shelter	Divorce Seminar	Hope in Your Home	First Steps	A Better Way	C.A.S.A.	Rainbows	Peer Educators and Other Programs	Totals
Compensation and related expenses									
Compensation	\$ 510,116	\$ -	\$ 109,806	\$ 36,611	\$ 67,792	\$ 222,127	\$ -	\$ 191,758	\$ 1,476,115
Employee benefits	103,469	-	-	-	-	-	-	-	103,469
Payroll taxes	35,913	-	8,337	-	7,537	16,322	-	15,880	108,387
Total Compensation	649,498	-	118,143	36,611	75,329	238,449	-	207,638	1,687,971
Accounting fees	-	-	-	-	-	-	-	-	11,417
Advertising	-	-	-	-	-	-	-	-	1,530
Charitable donations	-	-	-	-	-	-	-	-	-
Clothing, personal needs and tutoring	19,989	-	-	-	-	-	-	-	19,989
Conferences and training	1,118	-	4,152	-	6,944	1,728	-	6,005	21,282
Consultation fees	1,225	19,430	-	-	-	-	1,306	-	27,061
Brokerage fees	-	-	-	-	-	-	-	-	1,760
Depreciation	25,177	-	-	-	-	-	-	-	31,471
Dues and subscriptions	-	-	-	-	-	-	-	-	7,961
Equipment rent and maintenance	-	-	-	-	-	-	-	-	8,629
Food	20,313	-	-	-	-	-	-	-	20,313
Gifts and awards	-	-	-	-	-	-	-	-	1,497
Insurance	-	-	-	-	-	-	-	-	-
Liability, auto, directors & officers	13,275	-	-	-	-	-	-	-	26,551
Workers compensation	-	-	-	-	-	-	-	-	5,851
Loss on disposal of asset	-	-	-	-	-	-	-	-	1,208
Medical expense	4,259	-	-	-	-	-	-	-	4,259
Meetings	-	-	-	-	-	-	-	-	3,030
Miscellaneous	-	769	-	-	-	7,586	-	1,092	10,708
Net investment gain	-	-	-	-	-	-	-	-	(10,371)
Postage	-	-	-	-	51	314	-	-	3,534
Recreation	-	-	-	-	-	-	-	-	-
Rent	8,842	-	-	-	-	12,000	-	7,200	20,000
Repairs and maintenance	42,388	-	-	-	-	-	-	-	19,837
Security	-	1,375	-	-	84	-	-	-	1,459
Supplies	-	-	-	-	-	-	-	-	-
Household	3,185	-	-	-	-	-	-	-	3,185
Office and program materials	1,998	4,809	7,863	5,586	15,884	9,278	4,630	28,685	188,488
Technology	4,884	-	4,883	-	4,883	4,884	-	-	24,418
Telephone	-	-	2,571	-	9,109	9,237	-	4,346	32,433
Travel	7,648	225	8,844	1,018	1,462	7,934	-	6,217	34,593
Utilities	18,619	-	3,141	-	3,404	5,727	-	3,494	39,040
Vehicle	6,324	-	-	-	-	-	-	-	6,324
Total expenses	\$ 828,742	\$ 26,608	\$ 149,597	\$ 43,215	\$ 117,150	\$ 297,137	\$ 5,936	\$ 284,677	\$ 2,326,223

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

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

	Program Services						Supporting Services				
	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	Totals
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	-	-	-	-	-	-	-	-	7,236	-	7,236
Medical expense	6,648	-	-	-	-	-	-	-	-	-	6,648
Meetings	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous	-	600	-	-	-	3,834	-	1,001	12,042	-	12,042
Net investment loss	-	-	-	-	-	-	-	-	2,774	-	8,209
Postage	-	-	-	-	191	366	-	-	24,499	-	24,499
Recreation	10,800	-	-	-	-	-	-	-	3,281	-	3,838
Rent	42,388	-	-	-	-	12,000	-	3,545	20,000	-	10,800
Repairs and maintenance	-	-	-	-	-	-	-	-	77,933	-	77,933
Security	-	1,500	-	-	216	-	-	-	16,393	-	16,393
Supplies	-	-	-	-	-	-	-	-	-	-	1,716
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.
 DBA ADVOCATES FOR CHILDREN
 STATEMENTS OF CASH FLOWS
 For the Years Ended December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (Decrease) in Net Assets	\$ (58,872)	\$ 79,833
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:		
Depreciation	31,471	31,806
Loss on disposal of assets	1,208	-
(Increase) Decrease in:		
Grants Receivable	(25,086)	(22,069)
Investments	32,313	28,276
Per Diem Receivable	11,326	(45,723)
Prepaid Expenses	(34,498)	(4,296)
(Decrease) Increase in:		
Accounts Payable	<u>30,551</u>	<u>3,542</u>
NET CASH (USED) PROVIDED BY OPERATING ACTIVITIES	(11,587)	71,369
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Investments	(31,283)	(140,336)
Proceeds from Sales of Investments	44,884	26,089
Cash Payments for the Purchase of Property	<u>(5,130)</u>	<u>(8,995)</u>
NET CASH USED BY INVESTING ACTIVITIES	<u>8,471</u>	<u>(123,242)</u>
NET INCREASE (DECREASE) IN CASH AND EQUIVALENTS	(3,116)	(51,873)
CASH AND EQUIVALENTS, BEGINNING	<u>226,274</u>	<u>278,147</u>
CASH AND EQUIVALENTS, ENDING	\$ <u><u>223,158</u></u>	\$ <u><u>226,274</u></u>
SUPPLEMENTAL DISCLOSURES		
In-Kind Donation of Operating Sources		
Facilities Rent, Utilities and Donated Materials	\$ <u><u>108,770</u></u>	\$ <u><u>143,609</u></u>

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

ADVOCATES FOR BARTOW'S CHILDREN, INC.
DBA ADVOCATES FOR CHILDREN
NOTES TO FINANCIAL STATEMENTS
December 31, 2016 and 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business

Advocates for Bartow's Children, Inc. DBA Advocates for Children (the Organization) 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, 2016 and 2015 the Organization received 59% and 52% of its revenue from federal grants, 39% and 47% from other donor contributions, 2% and 1% 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, 2016 and 2015, 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

ADVOCATES FOR BARTOW'S CHILDREN, INC.
DBA ADVOCATES FOR CHILDREN
NOTES TO FINANCIAL STATEMENTS
December 31, 2016 and 2015

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, 2016 and 2015, 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.

ADVOCATES FOR BARTOW'S CHILDREN, INC.
DBA ADVOCATES FOR CHILDREN
NOTES TO FINANCIAL STATEMENTS
December 31, 2016 and 2015

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, 2016 and 2015, relate to donor restrictions on assets.

ADVOCATES FOR BARTOW'S CHILDREN, INC.
 DBA ADVOCATES FOR CHILDREN
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2016 and 2015

NOTE 2 – RESTRICTIONS ON ASSETS (Continued)

Temporarily restricted net assets are available at December 31, 2016 and 2015 for the following purposes:

	<u>2016</u>	<u>2015</u>
Employee Medical Spending	\$ <u>5,070</u>	\$ <u>1,403</u>
	\$ <u>5,070</u>	\$ <u>1,403</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, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Vehicles	\$ 25,945	\$ 27,831
Leasehold Improvements	74,546	72,918
Buildings	442,735	442,735
Furniture and Fixtures	<u>95,681</u>	<u>102,700</u>
	638,907	646,184
Less: Accumulated Depreciation	<u>242,628</u>	<u>222,055</u>
Net Property and Equipment	<u>\$ 396,279</u>	<u>\$ 424,129</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, 2016 and 2015, \$0 and \$0 were not covered by the FDIC, respectively.

ADVOCATES FOR BARTOW'S CHILDREN, INC.
 DBA ADVOCATES FOR CHILDREN
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2016 and 2015

NOTE 5 - 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, 2016 and consisted of the following:

	<u>Fair Value</u>	<u>Cost</u>
Mutual Funds	<u>\$ 263,993</u>	<u>\$ 190,715</u>

Unrestricted investments income (loss) from investment in mutual funds for the year ended December 31, 2016, consisted of the following:

Interest and dividends	\$ 9,076
Unrealized gain from changes in fair value of investment	<u>10,338</u>
Total unrestricted investment gain	<u>\$ 19,414</u>

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>

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

ADVOCATES FOR BARTOW'S CHILDREN, INC.
 DBA ADVOCATES FOR CHILDREN
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2016 and 2015

NOTE 6 – 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.

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, 2016, was determined as follows:

Description	Level 1	Level 2	Level 3
Investments, unrestricted	\$ 263,993	\$ -	\$ -

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

Description	Level 1	Level 2	Level 3
Investments, unrestricted	\$ 296,306	\$ -	\$ -

ADVOCATES FOR BARTOW'S CHILDREN, INC.
DBA ADVOCATES FOR CHILDREN
NOTES TO FINANCIAL STATEMENTS
December 31, 2016 and 2015

NOTE 7 – ADVERTISING COSTS

The Organization uses advertising to promote its programs among the individuals it serves. These costs are expensed as incurred. During 2016 and 2015, advertising costs totaled \$1,530 and \$2,077, respectively.

NOTE 8 – LITIGATION

The Organization has been named as a party to a lawsuit in which a proposed settlement has been reached. The settlement must be approved by the court which has jurisdiction before it can be finalized. At this time, the Organization is unable to disclose the proposed settlement amount due to confidentiality.

NOTE 9 – EVALUATION OF SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through June 26, 2017, the date which the financial statements were available to be issued.

SUPPLEMENTARY DATA

ADVOCATES FOR BARTOW'S CHILDREN, INC.
 DBA ADVOCATES FOR CHILDREN
 SCHEDULE OF STATE AND FEDERAL FUNDS EXPENDED
 For the Year Ended December 31, 2016

<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 #90CY6769-01-00	\$ -	\$ 140,042	\$ 140,042
Award #90CY6769-02-00	-	46,681	46,681
Office of the Governor Criminal Justice Coordinating Council CDFA #16.575			
State Contract #C15-8-025	-	96,916	96,916
State Contract #C15-8-202	-	17,989	17,989
State Contract #C15-8-020	-	83,703	83,703
State Contract #C15-8-195	-	11,392	11,392
State Contract #C15-8-348	-	884	884
State of Georgia Dept. of Human Services CFDA # 93.658			
State Contract #427-040C-RBWO-16-004	-	183,732	183,732
State Contract #427-040C-RBWO-17-004	-	221,821	221,821
State of Georgia Dept. of Human Services CFDA #93.505			
State Contract # 42700-040-0000053926	-	26,074	26,074
State Contract # 42700-040-0000042736	-	269,054	269,054
State of Georgia Dept. of Human Services CFDA #93.556			
State Contract # 42700-040C-PSSF-17-071	-	16,981	16,981
State Contract # 42700-040C-PSSF-16-114	-	47,827	47,827
State Contract # 42700-040C-PSSF-16-027	-	56,820	56,820
State Contract # 42700-040C-PSSF-17-001	-	22,630	22,630
State of Georgia Dept. of Human Services CFDA #93.590			
State Contract # 42700-040-0000034922	-	12,000	12,000
Governor's Office for Children and Families CFDA # 93.558			
State Contract # 42700-040-0000037802	-	82,250	82,250
Total Expenditures of State and Federal Financial Assistance	\$ -	\$ 1,336,796	\$ 1,336,796

See independent auditor's report on supplementary data.

ADVOCATES FOR BARTOW'S CHILDREN, INC.
 DBA 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 Services 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.
DBA ADVOCATES FOR CHILDREN
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
December 31, 2016 and 2015

NOTE 1 – BASIS OF PRESENTATION

The accompanying Schedules of Expenditures of Federal Awards (the Schedules) include the federal award activity of Advocates for Bartow's Children, Inc. DBA Advocates for Children under programs of the federal government for the years ended December 31, 2016 and 2015. The information in these Schedules are presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedules present only a selected portion of the operations of Advocates for Bartow's Children, Inc. D/B/A Advocates for Children, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Advocates for Bartow's Children, Inc. D/B/A Advocates for Children.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedules are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Advocates for Bartow's Children, Inc. DBA Advocates for Children has elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

RL Jennings & Associates, PC

Certified Public Accountants

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Mona Evans, CPA
Joe Sapp, CPA
Thomas H. Evans, Jr., CPA
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Sarah Dunn, CPA
Kevin Dover, CPA
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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.
DBA 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 Advocates for Bartow's Children, Inc. DBA Advocates for Children (a nonprofit organization), which comprise the statement of financial position as of December 31, 2016, and the related notes to the financial statements, and have issued our report thereon dated June 26, 2017.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Advocates for Bartow's Children, Inc. DBA 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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Advocates for Bartow's Children, Inc. DBA Advocates for Children's internal control. Accordingly, we do not express an opinion on the effectiveness of Advocates for Bartow's Children, Inc. DBA 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Advocates for Bartow's Children, Inc. DBA Advocates for Children'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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

R L Jennings & Associates, PC

R L Jennings & Associates, PC

Rome, Georgia

June 26, 2017

RL Jennings & Associates, PC

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors of
Advocates for Bartow's Children, Inc.
DBA Advocates for Children

Report on Compliance for Each Major Federal Program

We have audited Advocates for Bartow's Children, Inc. DBA Advocates for Children's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Advocates for Bartow's Children, Inc. DBA Advocates for Children's major federal programs for the year ended December 31, 2016. Advocates for Bartow's Children, Inc. DBA 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 federal statutes, regulations, and the terms and conditions of its federal awards 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. DBA 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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. DBA 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. DBA Advocates for Children.

Opinion on Each Major Federal Program

In our opinion, Advocates for Bartow's Children, Inc. DBA 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, 2016.

Report on Internal Control over Compliance

Management of Advocates for Bartow's Children, Inc. DBA Advocates for Children, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered

Advocates for Bartow's Children, Inc. DBA 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 the Uniform Guidance, 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 DBA 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



R L Jennings & Associates, PC

Rome, Georgia

June 26, 2017

Advocates for Bartow's Children, Inc.

DBA Advocates for Children

Schedule of Findings and Questioned Costs

For the Year Ended December 31, 2016

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>
93.505	Affordable Care Act (ACA) Maternal, Infant and Early Childhood Home Visiting Program.

Advocates for Bartow's Children, Inc.

DBA Advocates for Children

Schedule of Findings and Questioned Costs

For the Year Ended December 31, 2016

Dollar threshold used to distinguish between Type A and Type B \$ 750,000

Auditee qualified as low-risk auditee? yes X no

Section II—Financial Statement Findings

None reported.

Section III—Federal Award Findings and Questioned Costs

None reported.