

FOR THE CHILDREN INC.

INDEPENDENT AUDITOR'S REPORT
&
FINANCIAL STATEMENTS

For The Year Ended December 31, 2019
(with comparative totals for December 31, 2018)

DANIEL J. ALLEGRETTI, CPA, P.A.
Certified Public Accountant

FOR THE CHILDREN INC.

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DANIEL J. ALLEGRETTI, CPA, P.A.

Certified Public Accountant

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
For The Children Inc.
Lake Worth, FL

I have audited the accompanying financial statements of For The Children Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2019, 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

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my 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 I 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of For The Children Inc., as of December 31, 2019, 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 Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated June 2, 2020, on my consideration of For The Children Inc.'s internal control over financial reporting and on my 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 my 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 For The Children Inc.'s internal control over financial reporting and compliance.

Report on Summarized Comparative Information

I have previously audited For The Children Inc.'s financial statements for the year ended December 31, 2018, and I expressed an unmodified audit opinion on those audited financial statements in my report dated April 18, 2019. In my opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

DANIEL J. ALLEGRETTI, CPA, P.A.

Palm Beach Gardens, FL

June 2, 2020

FOR THE CHILDREN INC.
Statement of Financial Position
As of December 31, 2019
(with comparative totals for 2018)

	2019	2018
ASSETS		
Cash and cash equivalents	\$ 755,262	\$ 911,427
Short-term investments - other	358,565	354,839
Contributions receivable	331,407	89,338
Accounts receivable, net	18,196	31,140
Prepaid expenses and other assets	17,520	13,867
Property and equipment, net	102,646	49,247
TOTAL ASSETS	\$ 1,583,596	\$ 1,449,858
 LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable	\$ 19,643	\$ 10,998
Accrued expenses	9,701	6,551
Deferred revenue	8,333	7,076
Total Liabilities	37,677	24,625
 Net Assets:		
Without donor restrictions:		
Undesignated	445,784	337,439
Board designated emergency fund	101,635	101,635
Board designated for building project	946,750	946,750
Total net assets without donor restrictions	1,494,169	1,385,824
With donor restrictions	51,750	39,409
Total Net Assets	1,545,919	1,425,233
TOTAL LIABILITIES & NET ASSETS	\$ 1,583,596	\$ 1,449,858

See accompanying notes to financial statements.

FOR THE CHILDREN INC.
Statement of Activities
Year Ended December 31, 2019
(with comparative totals for 2018)

	Without Donor Restrictions	With Donor Restrictions	Total	2018
SUPPORT & REVENUE				
Government grants	\$ 860,980	\$ -	\$ 860,980	\$ 441,074
Program service fees	371,484	-	371,484	480,588
Contributions and grants	262,558	48,750	311,308	155,625
In-kind donations	295,841	-	295,841	241,310
Special events	26,610	-	26,610	24,035
Other revenue	8,307	-	8,307	6,757
Interest income	3,889	-	3,889	4,616
Net assets released from restrictions	36,409	(36,409)	-	-
Total Support & Revenue	1,866,078	12,341	1,878,419	1,354,005
EXPENSES				
Program services:				
Youth zone	844,045	-	844,045	442,937
Teen zone	344,213	-	344,213	308,172
Early learning	190,633	-	190,633	244,472
Community wellness	302,695	-	302,695	236,147
Supporting activities:				
Management and general	65,252	-	65,252	51,892
Fundraising	10,895	-	10,895	10,941
Total Expenses	1,757,733	-	1,757,733	1,294,561
Increase in net assets	108,345	12,341	120,686	59,444
CHANGES IN TOTAL NET ASSETS				
Increase in net assets	108,345	12,341	120,686	59,444
Net assets, beginning of year	1,385,824	39,409	1,425,233	1,365,789
Net assets, end of year	\$ 1,494,169	\$ 51,750	\$ 1,545,919	\$ 1,425,233

See accompanying notes to financial statements.

FOR THE CHILDREN INC.
Statement of Functional Expenses
Year Ended December 31, 2019
(with comparative totals for 2018)

	PROGRAM SERVICES				SUPPORTING SERVICES		Total	2018
	Youth Zone	Teen Zone	Early Learning	Community Wellness	Management and General	Fundraising		
Salaries and wages	\$ 437,634	\$ 191,200	\$ 86,939	\$ 177,121	\$ 35,904	\$ 2,973	\$ 931,771	\$ 650,603
Payroll taxes	33,808	14,482	6,670	13,022	2,872	227	71,081	53,049
Employee benefits	4,887	734	851	1,494	4,302	-	12,268	10,179
Total payroll expenses	\$ 476,329	\$ 206,416	\$ 94,460	\$ 191,637	\$ 43,078	\$ 3,200	\$ 1,015,120	\$ 713,831
Building rent	154,750	26,500	37,800	21,029	4,200	-	244,279	193,300
Professional fees	17,015	38,282	7,031	28,806	2,129	-	93,263	76,508
Food service and supplies	55,822	12,438	4,821	8,265	1,166	-	82,512	74,924
Program supplies	35,415	9,446	3,838	6,784	968	-	56,451	16,901
Sponsored events and activities	27,008	18,880	780	6,232	770	-	53,670	28,601
Insurance expense	13,369	8,038	3,565	16,938	1,769	-	43,679	36,828
Building maintenance	24,637	2,340	6,463	5,877	1,056	-	40,373	38,169
Communications and utilities	8,603	1,869	18,419	7,700	2,827	-	39,418	39,417
Depreciation expense	14,430	270	4,740	457	1,704	-	21,601	14,513
Transportation and travel	1,981	10,948	-	85	100	-	13,114	22,059
Printing and supplies	5,065	1,423	2,073	1,593	2,605	-	12,759	8,846
Dues and subscriptions	2,481	1,312	3,319	3,253	328	-	10,693	5,854
Background checks	2,712	4,417	493	985	77	-	8,684	3,205
Special event direct costs	-	-	-	-	-	7,695	7,695	6,950
Office expenses	2,202	874	816	2,870	631	-	7,393	5,595
Training and development	1,420	640	1,150	-	-	-	3,210	4,299
Merchant and bank fees	-	-	-	-	1,844	-	1,844	597
Equipment rental/maintenance	509	120	736	184	-	-	1,549	1,398
Miscellaneous	297	-	129	-	-	-	426	2,766
Total Expenses	<u>\$ 844,045</u>	<u>\$ 344,213</u>	<u>\$ 190,633</u>	<u>\$ 302,695</u>	<u>\$ 65,252</u>	<u>\$ 10,895</u>	<u>\$ 1,757,733</u>	<u>\$ 1,294,561</u>

See accompanying notes to financial statements.

FOR THE CHILDREN INC.
Statement of Cash Flows
Year Ended December 31, 2019
(with comparative totals for 2018)

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from grants and contributions	\$ 855,219	\$ 593,287
Cash received from program service fees	385,685	484,113
Cash received from fundraising events	26,610	24,035
Cash received from other revenue	8,307	6,757
Interest received in savings accounts	163	1,499
Cash paid to employees and vendors	(1,432,149)	(1,033,143)
Net cash provided by (used in) operating activities	(156,165)	76,548
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisitions of property and equipment	(75,000)	(4,559)
Investments in certificates of deposit	-	(250,000)
Net cash used in investing activities	(75,000)	(254,559)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Contributions restricted to purchase long-lived assets	75,000	-
Net cash provided by financing activities	75,000	-
Net decrease in cash and cash equivalents	(156,165)	(178,011)
Cash and cash equivalents, beginning of year	911,427	1,089,438
Cash and cash equivalents, end of year	\$ 755,262	\$ 911,427

See accompanying notes to financial statements.

FOR THE CHILDREN INC.
Notes to Financial Statements
December 31, 2019

NOTE 1 – NATURE OF ORGANIZATION’S ACTIVITIES

For The Children Inc. (the "Organization") is a Florida Not For Profit Corporation exempt from income tax under Section 501(c)(3) of the Internal Revenue Code, which provides educational, recreational, and developmental programs for children. The primary activities of its programs include afterschool care, youth empowerment, family counseling, and early childhood education.

Youth Zone

The Youth Zone ensures children, ages 5-12, can effectively transition from elementary to middle school. Programs are designed to ensure youth are meeting their academic goals and understand what is required of them as they enter this period of adolescence. Programs offer homework assistance, literacy activities, and recreational activities through partnerships with state and local government agencies. Funding is provided by the Early Learning Coalition of Palm Beach County and facilities are donated from The School District of Palm Beach County.

The 21st Century Community Learning Center provides children, grades 2-5, academic enrichment opportunities during afterschool to help students meet state and local standards in core academic subjects. This program offers students enrichment activities to complement regular academic programs. Funding is provided through the Florida Department of Education and facilities are donated from The School District of Palm Beach County.

Teen Zone

The Teen Zone serves children, ages 10-18, and consists primarily of the Youth Empowerment Center (YEC) and Teen Learning Center (TLC). The programs offer homework assistance, small group tutoring in reading and math, FCAT, ACT/SAT exam preparation, teen council/leadership development, arts programs, organized physical activities, and recreational activities through partnerships with local government and nonprofit agencies. Funding is provided through grants from the Palm Beach County Youth Services Department, the United Way of Palm Beach County, and use of facilities donated from The School District of Palm Beach County.

Early Learning

The Kids Zone is designed to ensure our children are socially, emotionally, and academically prepared to enter kindergarten. Our programs allow them to explore the worlds of art, music, math, science, and languages in a safe, nurturing environment through partnerships with state and local government agencies. Funding is provided by the Early Learning Coalition of Palm Beach County and use of facilities donated from The City of Lake Worth.

Community Wellness

The Children Community Wellness Center educates parents about child development issues and the importance of being involved in their child's education. Our counselors assist families with child development, child-rearing, family planning, violence in the home, drug and alcohol abuse, and other behavioral issues. Funding is provided by the Palm Beach County Community Services Department.

FOR THE CHILDREN INC.
Notes to Financial Statements
December 31, 2019

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Accounting & Presentation

The Organization's financial statements have been prepared using accrual basis accounting in accordance with generally accepted accounting principles (US GAAP). The Organization reports information regarding its activities and financial position according to separate classes of net assets based on the existence or absence of donor-imposed restrictions.

Net assets without donor restrictions - resources management and the governing Board has sole discretion to expend for any purpose towards its mission.

Net assets with donor restrictions - subject to donor-imposed stipulations that restrict the use of resources to specific purposes or future periods.

(b) Cash and Cash Equivalents

The Organization's cash balance consists of deposit accounts at FDIC-insured banks. For the purpose of financial statement presentation, money market funds or short-term investments with original maturities of three months or less are considered cash equivalents.

(c) Short-term Investments - other

Short-term investments are certificates of deposit held at FDIC-insured commercial banks that have original maturities of greater than three months and do not meet the definition of debt securities. Certificates of deposit are valued at amortized cost which approximates fair value.

(d) Contributions Receivable

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Conditional promises to give are not recognized until the conditions are met in accordance with terms of the award.

(e) Accounts Receivable

Accounts receivable are fees for services provided for which payment has not been received. The amount recorded equals uncollected balances less an allowance for doubtful accounts that management estimates based on past experience that affects collectability.

Management evaluates individual account balances to determine whether a customer may not be able to meet their financial obligations. The allowance for doubtful accounts is periodically adjusted to account for changes based upon that evaluation.

(f) Prepaid Expenses & Other Assets

Expenditures paid in advance are recorded as prepaid expenses until those expenses have been incurred in the following accounting period.

(g) Property & Equipment

Property and equipment includes acquisitions of \$500 or higher less accumulated depreciation. Purchased assets are recorded at cost and donated assets are recorded at estimated fair value. Depreciation is calculated using the straight-line method over the useful lives of the assets.

FOR THE CHILDREN INC.
Notes to Financial Statements
December 31, 2019

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Accounts Payable & Accrued Expenses

Accounts payable consists of expenses invoiced by vendors that are outstanding at the end of the accounting period. Accrued expenses are payroll liabilities and operating expenses incurred during the accounting period but not payable until the following fiscal year.

(i) Contributions and Grants

Contributions are recorded without donor restrictions if available for unrestricted use by the organization. Contributions are recorded with donor restrictions if required to spent for specific purposes or in future periods. If a donor restriction is satisfied within the same reporting period as the contribution received, the contribution is recorded without donor restrictions. Contributions received in prior periods for which donor restrictions have been satisfied in the current year are presented as net assets released from restrictions in the statement of activities.

(j) Revenue Recognition

Program service fees are recognized as revenue when school readiness and afterschool services have been provided in accordance with terms of the contracts with the Early Learning Coalition of Palm Beach County. The Organization receives monthly payments based on the attendance of eligible children and weekly tuition paid by parents of students who participate in the programs. A portion of monthly payments received from the Early Learning Coalition represent advances for services to be provided in a subsequent period. Therefore, advanced payments are recognized as deferred revenue until the performance obligations have been satisfied.

(k) In-kind Donations

The Organization recognizes in-kind contributions of food, services, and use of facilities based on the estimated fair value. Donated services are recognized as contributions if the services provided require specialized skills, are performed by individuals who possess those skills, and would be purchased if not otherwise donated.

(l) Functional Classification of Expenses

In the statement of activities, expenses are reported as program services or supporting activities. Program services are incurred for the primary activities that fulfill the Organization's mission. Supporting activities include administrative and fundraising expenses not directly identifiable as program services.

Indirect costs not directly identifiable with either function are allocated between program services and supporting activities. Payroll expenses of officers and administrative personnel are allocated based on time and effort. Building rent, maintenance, communications, and utilities incurred at the Osborne School are allocated based on square footage.

(m) Use of Estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates based on assumptions that affect specific reported amounts and disclosures. Significant estimates include the allowance for doubtful accounts, depreciable lives of property and equipment, functional allocation of expenses, and in-kind donations.

FOR THE CHILDREN INC.
Notes to Financial Statements
December 31, 2019

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) Income Taxes

The Organization is exempt from federal income tax under IRC Section 501(c)(3). For the year ended December 31, 2019, there were no activities that require recognition or disclosure in the financial statements of material uncertain tax liabilities for income taxes.

(o) Recent Accounting Pronouncements

On June 21, 2018, the Financial Accounting Standards Board (FASB) issued ASU 2018-08, Not-for-Profit Entities (Topic 958): *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*. FASB ASU 2018-08 clarifies existing guidance for evaluating whether a transfer of assets is considered a reciprocal revenue transaction (i.e., exchange) or a nonreciprocal transaction (i.e., contribution) and then further distinguishing contributions as conditional or unconditional. The Organization has adopted the standard as of January 1, 2019, but the guidance does not affect the amounts reported in the financial statements.

In May 2014, the Financial Accounting Standards Board (FASB) issued ASU 2014-09, Revenue from Contracts with Customers (Topic 606). This standard replaces prior revenue recognition guidance with a more comprehensive principles-based revenue measurement and recognition standard that includes expanded disclosure requirements. FASB ASU 2014-09 is effective for fiscal years beginning after December 15, 2018. The Organization has adopted the standard as of January 1, 2019, but the guidance does not have a material impact on revenue recognition.

(p) Comparative Financial Information

The financial statements include certain prior-year summarized comparative totals, which does not include changes in total net assets according to donor restrictions nor natural classification of expenses by function. The prior year comparative totals do not include detail sufficient to constitute a presentation in conformity with US GAAP. Accordingly, this information should be read together with the Organization's financial statements for the year ended December 31, 2018, from which the summarized information was derived.

NOTE 3 – CONCENTRATIONS OF CREDIT RISK

The Organization's cash deposits and certificates of deposit have been placed with high credit financial institutions insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 at each bank. During the year, the total balance at a financial institution may exceed insured limits. The organization has not experienced, nor does it anticipate, any losses with respect to its deposit accounts.

FOR THE CHILDREN INC.
Notes to Financial Statements
December 31, 2019

NOTE 4 - AVAILABILITY AND LIQUIDITY OF FINANCIAL ASSETS

As of December 31, 2019, the following financial assets are available for general expenditure over the subsequent year less amounts subject to internal designations and donor-imposed restrictions:

Financial assets:	
Cash and cash equivalents	\$ 755,262
Short-term investments - other	358,565
Contributions and accounts receivable	<u>349,603</u>
Total financial assets	1,463,430
Less amounts unavailable for general use:	
Board designated net assets for building project	(946,750)
Board designated net assets for emergency fund	(101,635)
Donor-restricted for specified program expenses	<u>(51,750)</u>
Financial assets available to meet cash needs for general expenditure within next 12 months	<u><u>\$ 363,295</u></u>

The Organization's liquidity management maintains financial assets to meet a minimum 90 days of operating expenditures in a checking account. Surplus cash is kept in savings accounts and certificates of deposit. The Board of Directors occasionally will designate a portion of an operating surplus to fund its building project or emergency reserve. In the event of unanticipated cash needs, the Organization could borrow up to \$110,000 from an available line of credit (Note 11).

NOTE 5 – CONTRIBUTIONS RECEIVABLE

As of December 31, 2019, contributions receivable include governmental grants totaling \$282,657 and unconditional promises to give of \$48,750 restricted for specific program expenses to be incurred next fiscal year. The organization expects to fully collect the contributions within one year.

Collectable within one year	<u><u>\$ 331,407</u></u>
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NOTE 6 – ACCOUNTS RECEIVABLE

Accounts receivable, less an allowance for doubtful accounts of \$12,923, for the year ended December 31, 2019, was from the following sources:

Early Learning Coalition of Palm Beach County	\$ 12,623
Parent Fees	<u>18,496</u>
	31,119
Allowance for doubtful accounts	<u>(12,923)</u>
Accounts receivable, net	<u><u>\$ 18,196</u></u>

FOR THE CHILDREN INC.
Notes to Financial Statements
December 31, 2019

NOTE 7 – PROPERTY & EQUIPMENT

As of December 31, 2019, the Organization's property and equipment consisted of the following major classes of depreciable assets. Depreciation expense recorded for the year ended December 31, 2019, totaled \$21,601.

Land	\$	16,775
Construction in Progress		13,617
Leasehold Improvements		131,426
Computers and Equipment		124,223
Vehicles		191,575
		477,616
Less: accumulated depreciation		(374,970)
Property and equipment, net	\$	102,646

NOTE 8 - NET ASSETS WITH DONOR RESTRICTIONS

For the year ended December 31, 2019, net assets with donor restrictions were available to be used for and were released from the following donor restrictions:

	12/31/2018	Increases	Releases	12/31/2019
Youth Empowerment Center	\$ 32,409	\$ 48,750	\$ (32,409)	\$ 48,750
Achieve PBC Mentoring	4,000	-	(4,000)	-
Painting of Unity Wall	3,000	-	-	3,000
Total	\$ 39,409	\$ 48,750	\$ (36,409)	\$ 51,750

NOTE 9 – DONATED SERVICES AND FOOD

For the year ended December 31, 2019, the estimated value of donated services received for teaching, tutoring, and counseling totaled \$21,430. The estimated value of food donated for its programs totaled \$51,161. Donated services and food are recorded as in-kind donations in the statement of activities and professional fees and food service and supplies in the statement of functional expenses.

NOTE 10 – CONCENTRATIONS OF SUPPORT & REVENUE

The Organization's primary sources of support and revenue are received from governmental agencies. For the year ended December 31, 2019, the percentage of support and revenue received was 58% from governmental agencies.

NOTE 11 – LINE OF CREDIT

On February 1, 2013, the Organization obtained a line of credit with a \$110,000 limit that is secured by the organization's assets and bears an interest rate of .600 percentage points over the lender's prime rate. As of December 31, 2019, the line of credit balance was \$0. The line of credit has been renewed and will mature on February 1, 2021.

FOR THE CHILDREN INC.
Notes to Financial Statements
December 31, 2019

NOTE 12 – EMPLOYEE BENEFIT PLAN

The Organization established a Savings Incentive Match Plan ("SIMPLE") IRA for all employees who are eligible after completing two consecutive years of employment. The organization matches employees dollar-for-dollar up to 2% of their salary-reduction contributions. Matching contributions paid by the organization to the SIMPLE plan were \$4,259 for the year ended December 31, 2019.

NOTE 13 – OPERATING LEASES

On July 26, 2010, the Organization entered into an agreement with the City of Lake Worth, authorized by Lake Worth Ordinance 2008-17, to lease the historic Osborne School and adjacent land located at 1718 South Douglas Street in Lake Worth, Florida for a term of 99 years. Use of the premises is for the sole purpose of educational, recreational, counseling, and family support services; the vacant portion shall be developed by the Organization to operate an educational and recreational center available for use by members of nearby communities and the general public. The lease is \$12 plus tax annually and cancelable by either party upon 30 days written notice. The Organization recognizes the fair rental value of use of facilities that exceeds lease payments as in-kind donations and building rent of \$42,000 for the year ended December 31, 2019.

On September 30, 2004, the organization entered into a memorandum of understanding with the School Board of Palm Beach County on behalf of Barton Elementary School to establish a partnership to provide educational, recreational, health, and human services to the residents of all ages in the local community. As part of the agreement, approximately 7,700 square feet was provided for the operation of the program. In-kind donations and building rent of \$154,750 has been recorded for the fair rental value of the use of facilities for the year ended December 31, 2019.

The Organization is provided use of facilities from the Palm Beach County Youth Services Department to operate the Youth Empowerment Center at 1701 Wingfield Street, Lake Worth, Florida. In addition, Lake Worth Community High School and South Intensive Transition School provide use of facilities for the Teen Learning Center. In-kind donations and building rent of \$26,500 has been recorded for the fair rental value of the use of facilities for the year ended December 31, 2019.

The Organization leases offices at 1712 South Dixie Highway, in Lake Worth, Florida to provide family counseling services for the Children Community Wellness Center, which is currently in effect month-to-month. Building rent was \$21,029 for the year ended December 31, 2019.

NOTE 14 – SUBSEQUENT EVENTS

In preparing the financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through June 2, 2020, the date which the financial statements were available to be issued.

DANIEL J. ALLEGRETTI, CPA, P.A.

Certified Public Accountant

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
For The Children Inc.
Lake Worth, FL

I 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 For The Children Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2019, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued my report thereon dated June 2, 2020.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered For The Children Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of For The Children Inc.'s internal control. Accordingly, I do not express an opinion on the effectiveness of For The Children Inc.'s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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.

My 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 my audit I did not identify any deficiencies in internal control that I 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 For The Children Inc.'s financial statements are free from material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my 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 my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of For The Children Inc.'s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering For The Children Inc.'s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

DANIEL I. ALLEGRETTI, CPA, P.A.

Palm Beach Gardens, FL

June 2, 2020