

**THE CHILDREN'S PLACE AT HOME SAFE, INC.
d/b/a HOMESAFE**

**REPORT ON AUDIT OF
FINANCIAL STATEMENTS**

**For the Year Ended June 30, 2015
(with comparable totals for 2014)**

TABLE OF CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT	1-2
FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of Activities	4
Statement of Cash Flows	5-6
Statement of Functional Expenses	7
NOTES TO FINANCIAL STATEMENTS	8-18
INTERNAL ACCOUNTING AND ADMINISTRATIVE CONTROL AND COMPLIANCE	
Report on internal control over financial reporting and on compliance and other matters based on an audit of Financial Statements performed in accordance with <i>Government Auditing Standards</i>	19-20
Report on compliance with requirements that could have a direct and material effect on each major program and on internal control over compliance in accordance with <i>OMB Circular A-133</i>	21-22
Schedule of Findings and Questioned Costs	23-24
SUPPLEMENTARY INFORMATION	
Schedule of Expenditures of Federal Awards	25
Notes to Schedule of Expenditures of Federal Awards	26



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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
The Children's Place at Home Safe, Inc.
Lake Worth, Florida

We have audited the accompanying financial statements of The Children's Place at Home Safe, Inc. (a nonprofit organization d/b/a HomeSafe), which comprise the statement of financial position as of June 30, 2015, and the related statements of activities, cash flows and functional expenses for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Children's Place at Home Safe, Inc. as of June 30, 2015, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 17, 2015, on our consideration of The Children's Place at Home Safe, Inc.'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 The Children's Place at Home Safe, Inc.'s internal control over financial reporting and compliance.

Report on Summarized Comparative Information

We have previously audited the June 30, 2014 financial statements, and our report dated December 15, 2014, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Holyfield & Thomas, LLC

West Palm Beach, Florida
November 17, 2015

THE CHILDREN'S PLACE AT HOME SAFE, INC.
d/b/a HOMESAFE
STATEMENT OF FINANCIAL POSITION
As of June 30, 2015
(with comparable totals for 2014)

	2015	2014
ASSETS		
Cash and cash equivalents	\$ 191,869	\$ 185,556
Accounts receivable	774,470	604,102
Pledges receivable, net	269,361	190,777
Prepaid expenses	2,854	3,649
Property and equipment, net	7,174,811	7,431,473
Split interest agreements	337,923	364,055
Deposits	7,445	7,445
Investments	2,391,355	2,471,033
Total assets	\$ 11,150,088	\$ 11,258,090
 LIABILITIES AND NET ASSETS		
Accounts payable	\$ 115,294	\$ 108,782
Accrued expenses	369,173	336,445
Other liabilities	55	11,628
Total liabilities	484,522	456,855
Net assets:		
Unrestricted	7,759,709	7,928,640
Temporarily restricted	674,163	555,954
Permanently restricted	2,231,694	2,316,641
Total net assets	10,665,566	10,801,235
Total liabilities and net assets	\$ 11,150,088	\$ 11,258,090

See accompanying notes to consolidated financial statements.

THE CHILDREN'S PLACE AT HOME SAFE, INC.
d/b/a HOMESAFE
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2015
(with comparable totals for 2014)

	Unrestricted	Temporarily Restricted	Permanently Restricted	2015 Totals	2014 Totals
Revenues and support:					
Program service	\$ 6,497,619	\$ -	\$ -	\$ 6,497,619	\$ 6,386,232
Grants	12,908	591,480	-	604,388	582,548
Contributions	281,790	61,478	-	343,268	305,263
Special event revenue	763,514	-	-	763,514	594,001
Investment income, net	1,273	6	25,735	27,014	29,498
Realized and change in unrealized gain (loss)	4,214	-	(10,682)	(6,468)	233,558
Change in value of split interest agreements	-	(26,131)	-	(26,131)	41,292
Other income	71	-	-	71	1,215
Total revenues and support	7,561,389	626,833	15,053	8,203,275	8,173,607
Net assets released from restrictions	608,624	(508,624)	(100,000)	-	-
	<u>8,170,013</u>	<u>118,209</u>	<u>(84,947)</u>	<u>8,203,275</u>	<u>8,173,607</u>
Expenses:					
Program services	7,148,842	-	-	7,148,842	7,003,665
Supporting services:					
Management and general	652,097	-	-	652,097	599,226
Fundraising	535,798	-	-	535,798	512,773
Total expenses	8,336,737	-	-	8,336,737	8,115,664
Loss on disposal of assets	2,207	-	-	2,207	1,150
Total expenses and loss	8,338,944	-	-	8,338,944	8,116,814
Change in net assets	(168,931)	118,209	(84,947)	(135,669)	56,793
Net assets, beginning	7,928,640	555,954	2,316,641	10,801,235	10,744,442
Net assets, end	<u>\$ 7,759,709</u>	<u>\$ 674,163</u>	<u>\$ 2,231,694</u>	<u>\$ 10,665,566</u>	<u>\$ 10,801,235</u>

See accompanying notes to consolidated financial statements.

THE CHILDREN'S PLACE AT HOME SAFE, INC.
d/b/a HOMESAFE
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2015
(with comparable totals for 2014)

	2015	2014
Cash flows from operating activities:		
Cash received from government grants and contracts	\$ 604,388	\$ 548,820
Cash received from program services	6,317,158	6,386,232
Cash received from contributions and support	1,028,198	868,711
Cash paid to suppliers and employees	(7,940,609)	(7,763,877)
Other income	71	1,215
Interest received	27,014	29,498
Interest paid	(9,079)	(10,405)
Net cash provided by operating activities	27,141	60,194
Cash flows from investing activities:		
Purchase of property and equipment	(94,038)	(79,487)
Purchase of investments	(113,020)	(100,801)
Proceeds from sale of investments	186,230	171,593
Net cash used in investing activities	(20,828)	(8,695)
Net change in cash and cash equivalents	6,313	51,499
Cash and cash equivalents, beginning	185,556	134,057
Cash and cash equivalents, end	\$ 191,869	\$ 185,556

See accompanying notes to consolidated financial statements.

THE CHILDREN'S PLACE AT HOME SAFE, INC.
d/b/a HOMESAFE
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2015
(with comparable totals for 2014)

	<u>2015</u>	<u>2014</u>
Reconciliation of change in net assets to net cash provided by operating activities:		
Change in net assets	\$ (135,669)	\$ 56,793
Adjustment to reconcile change in net assets to net cash provided by operating activities:		
Bad debt	10,093	-
Depreciation	348,493	350,909
Realized and change in unrealized (gain) loss	6,468	(233,558)
Change in value of split interest agreements	26,131	(41,292)
Loss on disposal of assets	2,207	1,150
Decrease (increase) in certain assets:		
Accounts receivable	(180,461)	(33,727)
Pledges receivable	(78,584)	(30,553)
Prepaid expenses	796	24,734
Increase (decrease) in certain liabilities:		
Accounts payable	6,512	(60,986)
Accrued expenses	32,783	37,314
Other liabilities	(11,628)	(10,590)
Net cash provided by operating activities	<u>\$ 27,141</u>	<u>\$ 60,194</u>

See accompanying notes to consolidated financial statements.

THE CHILDREN'S PLACE AT HOME SAFE, INC.
d/b/a HOMESAFE
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2015
(with comparable totals for 2014)

Program Services

	Enhanced Group Home	SafetyNet	Healthy Beginnings	Specialized Therapeutic Group Homes	Total Program Services	Management and General	Fundraising	2015 Totals	2014 Totals
Personnel expenses:									
Salaries and wages	\$ 508,484	\$ 162,926	\$ 1,725,619	\$ 2,102,301	\$ 4,499,330	\$ 290,682	\$ 250,360	\$ 5,040,372	\$ 4,958,104
Payroll taxes	39,818	11,909	135,658	163,161	350,546	27,462	18,272	396,280	409,565
Employee benefits	69,133	22,498	202,848	345,112	639,591	72,908	25,965	738,464	644,276
Total personnel expenses	617,435	197,333	2,064,125	2,610,574	5,489,467	391,052	294,597	6,175,116	6,011,945
Operating expenses:									
Advertising	-	-	663	-	663	285	-	948	2,770
Appreciation	7	-	68	209	284	16,178	12,499	28,961	24,361
Bad debt expense (recovery)	930	-	-	9,163	10,093	-	-	10,093	(755)
Travel and entertainment	7,599	1,106	59,623	35,976	104,304	7,065	41,088	152,457	174,026
Individual assistance	20,004	-	-	42,344	62,348	3,051	-	65,399	66,439
Insurance	32,176	6,399	84,772	125,913	249,260	32,620	7,700	289,580	288,791
Other expenses	2,129	303	2,903	9,834	15,169	6,191	2,637	23,997	64,748
Professional fees	31,626	19,147	52,024	123,863	226,660	38,178	74,071	338,909	301,587
Recruiting and retention	39	68	7,444	39	7,590	15,532	340	23,462	18,717
Rent	838	204	64,985	3,257	69,284	890	2,047	72,221	60,542
Repairs and maintenance	28,353	4,437	18,915	81,183	132,888	30,816	4,453	168,157	149,229
Service charges	869	211	2,708	3,394	7,182	4,272	3,571	15,025	16,102
Supplies	45,105	4,054	29,363	112,484	191,006	16,508	78,775	286,289	281,831
Utilities	43,363	8,453	96,653	130,256	278,725	49,756	9,148	337,629	304,422
Depreciation	93,358	8,214	22,720	179,627	303,919	39,703	4,872	348,494	350,909
Total expenses	\$ 923,831	\$ 249,929	\$ 2,506,966	\$ 3,468,116	\$ 7,148,842	\$ 652,097	\$ 535,798	\$ 8,336,737	\$ 8,115,664

See accompanying notes to consolidated financial statements.

THE CHILDREN'S PLACE AT HOME SAFE, INC.
d/b/a HOMESAFE
NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2015

1. Organization and Summary of Significant Accounting Policies

Organization and Nature of Activities: Since 1979, The Children's Place at Home Safe, Inc. (d/b/a "HomeSafe") has been serving Palm Beach County and South Florida's most vulnerable citizens – victims of child abuse and domestic violence. HomeSafe offers comprehensive prevention and intervention programs to prepare children and families for safer, more productive lives. It is nationally accredited by the Council on Accreditation (COA) and certified by Nonprofits First, signifying compliance with standards of excellence in operations and management. Annually, HomeSafe serves more than 16,000 children and families. HomeSafe is the only agency in Palm Beach County offering a complete array of mental health services for victims of childhood trauma through Enhanced Group Care and Specialized Therapeutic Group Care via Residential programs. HomeSafe is the exclusive entry agency (for newborns to age 5) for Healthy Beginnings, a program of the Children's Services Council of Palm Beach County.

On November 19, 2014, the board of directors of HomeSafe approved a joint merger agreement with The Children's Place at Home Safe Foundation, Inc. (the "Foundation") to merge the Foundation with and into HomeSafe. The Foundation was organized and operated exclusively for the benefit of HomeSafe. The merger was effective December 31, 2014.

Financial Statement Presentation: In accordance with FASB ASC 958-605, *Revenue Recognition*, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Under the standard, contributions that are initially restricted as to time or use are required to be reported as temporarily restricted support and are later reclassified to unrestricted net assets upon expiration of the time or use restriction.

Under FASB ASC 958-205, *Presentation of Financial Statements*, HomeSafe reports information regarding its financial position and activities according to three classes of net assets described as follows:

Unrestricted Net Assets: includes those net assets whose use is not restricted by donors, even though their use may be limited in other respects, such as by contract or by board designation. Changes in net assets arising from exchange transaction (except income and gains on assets that are restricted by donors or by law) are included in the unrestricted net assets.

Temporarily Restricted Net Assets: includes those net assets whose use by HomeSafe has been limited by donors to either a later period of time, or after specified dates, or for a specified purpose.

Permanently Restricted Net Assets: includes those net assets that must be maintained by HomeSafe in perpetuity. Permanently restricted net assets increase when HomeSafe receives contributions for which donor-imposed restrictions limiting HomeSafe's use of an asset or its economic benefits neither expire with the passage of time nor can be removed by HomeSafe meeting certain requirements.

THE CHILDREN'S PLACE AT HOME SAFE, INC.
d/b/a HOMESAFE
NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2015

1. Organization and Summary of Significant Accounting Policies, continued

Basis of Accounting: The financial statements of HomeSafe have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Revenues are recognized when they are earned, and expenses are recognized when they are incurred.

Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents: Cash and cash equivalents consist of cash held in checking and money market accounts, other than those held as a part of HomeSafe's investment portfolio.

Accounts Receivable: Accounts receivable consists of amounts due to HomeSafe under Medicaid, various state and local grants, promises to give from United Way, and other agencies. As of June 30, 2014, provisions for doubtful accounts were deemed unnecessary because the amounts are considered to be fully collectible.

Unconditional Promises to Give: Pledges receivable in the accompanying Statement of Financial Position consist of donors' unconditional promises to give which are recognized at their net realizable value at the time the promises are received.

Property and Equipment and Depreciation: Property and equipment are recorded at cost for financial reporting purposes and depreciated using the straight-line method over the following useful lives:

Buildings and leasehold improvements	25-30 years
Furniture and equipment	5-15 years
Vehicles	5 years
Donated property	5-39 years

Generally, all expenditures for land, buildings and equipment in excess of \$2,500 are capitalized. Exceptions to this policy result from requirements under grant agreements to capitalize property and equipment expenditures below the \$2,500 threshold. Expenditures for maintenance, repairs and minor renewals are charged to operations as incurred. Donated assets are recorded at their fair market value as unrestricted contributions, in the absence of donor-imposed restrictions, at the date of donation.

Impairment of Long-Lived Assets: In accordance with the provision of FASB ASC 360-10, *Property, Plant and Equipment*, HomeSafe reviews long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable.

THE CHILDREN'S PLACE AT HOME SAFE, INC.
d/b/a HOMESAFE
NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2015

1. Organization and Summary of Significant Accounting Policies, continued

Investments: Investments are comprised of publicly-traded mutual funds, common stocks, corporate bonds, and a bank money market fund. The funds are invested for long-term investment return. Under FASB ASC 958-320, *Investments - Debt and Equity Securities*, investments in marketable securities with readily-determinable fair values are reported at their fair values in the Statement of Financial Position, with the amount of unrealized gains or losses on investments not previously recognized shown in the Statement of Activities. Investment income includes interest and dividends of \$45,362 and investment fees of \$15,864.

Contributions: All contributions are considered available for the general programs of HomeSafe, unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily or permanently restricted support and increase the respective class of net assets. Investment income that is limited to specific uses by donor restrictions is reported as increases in unrestricted net assets if the restrictions are met in the same reporting period as the income is recognized.

In-kind Contributions and Contributed Services: In-kind contributions are reflected as contributions at their estimated fair value at date of donation. Non-monetary contributions are reported as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. HomeSafe recognizes the fair value of contributed services received if such services (a) create or enhance non-financial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not contributed. In addition, HomeSafe receives services from a large number of volunteers who give significant amounts of their time to HomeSafe's programs, fundraising campaigns, and management; however, such services do not meet the criteria for financial statement recognition and are therefore not included herein.

Functional Allocation of Expenses: The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and activities benefited.

Advertising Costs: Advertising costs are expensed as incurred. Total expense for the year ended June 30, 2015 was \$2,770, and consisted of advertising expenses for recruiting.

THE CHILDREN'S PLACE AT HOME SAFE, INC.
d/b/a HOMESAFE
NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2015

1. Organization and Summary of Significant Accounting Policies, continued

Income Taxes: HomeSafe is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and has been classified as publicly-supported organizations that is not private foundations under Section 509(a) of the Code. Income determined to be unrelated business taxable income (UBTI) would be taxable. There was no UBTI for the year ended June 30, 2015.

HomeSafe follows FASB ASC 740-10, *Accounting for Uncertainty in Income Taxes*. This pronouncement seeks to reduce the diversity in practice associated with certain aspects of measurement and recognition in accounting for income taxes. It prescribes a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position that an entity takes or expects to take in a tax return. An entity may only recognize or continue to recognize tax positions that meet a "more likely than not" threshold. HomeSafe assesses its income tax positions based on management's evaluation of the facts, circumstances and information available at the reporting date. HomeSafe uses the prescribed more likely than not threshold when making its assessment. HomeSafe has not accrued any interest expense or penalties related to tax positions. There are currently no open Federal or State tax years under audit.

Prior Year Summarized Information: The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with HomeSafe's financial statements for the year ended June 30, 2014, from which the summarized information was derived. Certain 2014 amounts have been reclassified to conform to 2015 classifications. Such reclassifications had no effect on the change in net assets as previously reported.

2. Program Services

The following is a description of current HomeSafe programs:

<i>Enhanced Group Home</i>	Provides an intensive, community-based, licensed residential group home setting for children and adolescent boys, ages 12 through 17, who have a combination of emotional and behavioral problems and/or delinquency involvement. The program provides mental health and supportive services designed to meet the behavioral health treatment needs of victims of childhood trauma. Also integrated into programming is a comprehensive life skills component.
<i>SafetyNet</i>	Offers a full spectrum of services for victims of domestic violence, including year-round adult, teen and child support groups, individual therapy, crisis intervention, preventive education and court advocacy.

THE CHILDREN'S PLACE AT HOME SAFE, INC.
d/b/a HOMESAFE
NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2015

2. Program Services, continued

Healthy Beginnings Program screens, assesses and provides early intervention services to at-risk children from birth to age five throughout Palm Beach County. It ensures identified needs are addressed through referrals to appropriate providers in the county.

Specialized Therapeutic Group Homes Provides an intensive, community-based, licensed residential group home setting for children and adolescents, ages 9 through 17, who have a moderate to severe emotional trauma. The program includes an array of mental health services that provide trauma-sensitive, innovative treatment to effectively respond to the complex and acute psychiatric and behavior issues brought about by the physical, sexual and emotional childhood trauma. Also integrated into programming is a comprehensive life skills component.

3. Concentration of Credit Risk

HomeSafe uses several financial institutions to maintain its cash, which at times may exceed FDIC insured limits. HomeSafe has not experienced any losses in such accounts and believes it is not exposed to any significant credit risks on such cash.

HomeSafe also holds investments in various accounts with financial and brokerage institutions. As of June 30, 2015, approximately 86% of HomeSafe's investments were held by one institution. Investment securities are exposed to various risks such as interest rate, market and credit risk. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the value of investment securities will occur in the near term and such changes could materially affect the amounts reported in the financial statements.

4. Fair Value Measurements

FASB ASC 820-10, *Fair Value Measurements and Disclosures*, requires assets and liabilities carried at fair value be classified and disclosed in one of the following three categories:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that HomeSafe has the ability to access.

Level 2 – Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly, and

Level 3 – Inputs that are unobservable for the asset or liability.

THE CHILDREN'S PLACE AT HOME SAFE, INC.
d/b/a HOMESAFE
NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2015

4. Fair Value Measurements, continued

Under FASB ASC 820-10, there are three general valuation techniques that may be used to measure fair value. There have been no changes in the methodology used as of June 30, 2015. The three approaches are as follows:

Market – Uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities. Prices may be indicated by pricing guides, sales transactions, market trades, or other sources.

Cost – Based on the amount that currently would be required to replace the service capacity of an asset (replacement cost); and

Income – Uses valuation techniques to convert future amounts to a single present amount based on current market expectations about the future amounts (includes present value techniques and option-pricing models). Net present value is an income approach where a stream of expected cash flows is discounted at an appropriate market interest rate.

The availability of observable inputs can vary and is affected by a wide variety of factors. To the extent that valuation is based on inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in Level 3.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following table sets forth by level, within the fair value hierarchy, HomeSafe's assets measured at fair value on a recurring basis as of June 30, 2015:

	Assets at Fair Value as of June 30, 2015			
	Level 1	Level 2	Level 3	Total
Investments:				
Cash equivalents	\$ 90,588	\$ -	\$ -	\$ 90,588
Mutual funds	159,661	-	-	159,661
Commodities	29,760	-	-	29,760
Equity securities	1,076,613	-	-	1,076,613
Fixed income securities	1,034,733	-	-	1,034,733
	2,391,355	-	-	2,391,355
Split interest agreements	-	-	337,923	337,923
	<u>\$ 2,391,355</u>	<u>\$ -</u>	<u>\$ 337,923</u>	<u>\$ 2,729,278</u>

THE CHILDREN'S PLACE AT HOME SAFE, INC.
d/b/a HOMESAFE
NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2015

4. Fair Value Measurements, continued

The table below sets forth a summary of changes in the fair value of HomeSafe's Level 3 assets, split interest agreements, for the year ended June 30, 2015.

Balance, beginning of year	\$ 364,054
Change in value	(26,131)
Contributions (settlements)	<u>-</u>
Balance, end of year	<u>\$ 337,923</u>

FASB ASC 820-10 requires disclosure of quantitative information about the unobservable inputs used to measure Level 3 assets and liabilities. The following table provides information about the split interest agreements:

<u>Valuation Techniques</u>	<u>Fair Value</u>	<u>Unobservable Inputs</u>
Discounted cash flows	\$ 337,923	Discount rate; life expectancy of income beneficiary

HomeSafe had no other financial instruments with recurring fair value measurements.

5. Accounts Receivable

Accounts receivable are deemed to be fully collectible by management and consist of the following as of June 30, 2015:

Medicaid/Managed Care	\$ 265,080
State of Florida, Office of Attorney General	4,712
Palm Beach County	6,797
City of West Palm Beach	1,154
Children's Services Council	213,681
ChildNet, Inc.	230,230
Other	<u>52,816</u>
Total accounts receivable	<u>\$ 774,470</u>

6. Pledges Receivable

Pledges receivable consist of the following as of June 30, 2015:

Restricted pledges receivable	\$ 233,654
Unrestricted pledges receivable	<u>35,707</u>
Total pledges receivable	<u>\$ 269,361</u>

THE CHILDREN'S PLACE AT HOME SAFE, INC.
d/b/a HOMESAFE
NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2015

6. Pledges Receivable, continued

Pledges receivable are collectible as follows:

In one year	\$ 134,361
In one to five years, net of discount	<u>135,000</u>
	<u>\$ 269,361</u>

7. Property and Equipment

Property and equipment consist of the following as of June 30, 2015:

Land	\$ 1,004,475
Buildings and leasehold improvements	8,864,564
Furniture and equipment	1,149,775
Vehicles	155,513
Donated property	<u>98,060</u>
Total	11,272,387
Less accumulated depreciation	<u>4,097,576</u>
Property and equipment, net	<u>\$ 7,174,811</u>

HomeSafe leases land in Lake Worth from Palm Beach County for \$1 a year under a lease that expires in 2025. Buildings were constructed on this land in prior years. Upon termination of the lease, HomeSafe must remove all personal property, removable fixtures, and equipment from the premises and surrender the premises to the County. Buildings and improvements for this property total \$1,546,362. Accumulated depreciation on these buildings and improvements was \$830,933 as of June 30, 2015.

8. Split Interest Agreements

HomeSafe has been named the remainder beneficiary of four charitable remainder trusts. Each of the charitable remainder trusts provides for the periodic payment of distributions of trust assets to the grantor's beneficiaries during their lifetime. Upon the death of the beneficiaries, a percentage of the remaining principal in the trusts will be distributed to HomeSafe. An asset for the charitable remainder trusts has been recognized at the present value of the expected future cash flows discounted at rates ranging from 6% to 9%. The expected future cash flow of \$337,923 is based on the fair market value of the trusts' principal as of June 30, 2015, along with the life expectancies of the income beneficiaries. Changes in the value of the trust have been reported in the Statement of Activities as increases (decreases) in temporarily restricted net assets.

THE CHILDREN'S PLACE AT HOME SAFE, INC.
d/b/a HOMESAFE
NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2015

9. Line of Credit

HomeSafe has a \$700,000 secured line of credit extended by a local bank. The line of credit is secured by a mortgage on HomeSafe's property located in Palm Beach County, Florida and is due and payable on June 17, 2016. The line of credit carried interest on the unpaid principal balance at the bank's prime rate, or 3.25% as of June 30, 2015. There was no outstanding balance on the line of credit as of June 30, 2015.

10. Commitments and Contingencies

Leases: HomeSafe conducts its operations from facilities that are leased under operating leases expiring at various dates through 2016. Additionally, HomeSafe leases office equipment under operating leases expiring in 2017. Future minimum lease payments under operating leases are as follows:

2016	\$ 69,820
2017	<u>67,582</u>
Total	<u>\$ 137,402</u>

Rent expense under operating leases amounted to \$70,174 for the year ended June 30, 2015.

Contingencies: HomeSafe is currently receiving, and has received in the past, grants, Medicaid, and other third party reimbursement funds, which are subject to special compliance audits by the grantor and other agencies that provided these reimbursements. These audits may result in disallowed expense amounts.

Disallowed amounts, if any, constitute a contingent liability of HomeSafe. HomeSafe believes any contingent liabilities that may exist are not material, and, therefore, are not reflected in the financial statements.

11. Retirement Plan

Eligible employees of HomeSafe may participate in an Internal Revenue Code 403(b) retirement savings plan. In addition to employee deferrals, the plan also allows for HomeSafe to make discretionary matching contributions to eligible participants. HomeSafe contributed \$45,537 to this plan during the year ended June 30, 2015.

THE CHILDREN'S PLACE AT HOME SAFE, INC.
d/b/a HOMESAFE
NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2015

12. Temporarily Restricted Net Assets

As of June 30, 2015, temporarily restricted net assets consisted of:

Use restrictions:	
HomeSafe programs	\$ 101,877
Time restrictions:	
Pledges receivable	234,363
Split interest agreements	<u>337,923</u>
Total temporarily restricted net assets	<u>\$ 674,163</u>

13. Permanently Restricted Net Assets

As of June 30, 2015, permanently restricted net assets consisted of:

Endowment for program operations	\$ 1,222,718
Endowment for property and plant renewal, renovation and maintenance of the Sylvester campus	<u>1,008,976</u>
Total permanently restricted net assets	<u>\$ 2,231,694</u>

14. Endowments

HomeSafe's endowments consist of several individual funds established for a variety of purposes. The endowments are donor-restricted to be held for a specific purpose or in perpetuity and earnings on the endowments are temporarily restricted based on the donors' intent. FASB ASC 958, *Not-for-Profit Entities*, provides guidance on the net asset classification of donor-restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA) and improves disclosures about an organization's endowment funds (both donor-restricted endowment funds and Board-designated endowment funds), whether or not the organization is subject to UPMIFA.

The State of Florida adopted the Florida Uniform Prudent Management of Institutional Funds Act (FUPMIFA), which became effective July 1, 2012, and provides a) consistent investment and spending standards to all forms of charitable funds, b) strengthens the concept of prudent investing, c) abandons historic dollar value as a floor for expenditures and provides more flexibility to the organization in making decisions about whether to expend any portion of an endowment fund, and d) provides a process for the release or modification of restrictions on a gift instrument. The adoption by HomeSafe of the provisions of the new law did not have a significant change in its management and investment policies of endowments.

THE CHILDREN'S PLACE AT HOME SAFE, INC.
d/b/a HOMESAFE
NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2015

14. Endowments, continued

As a result of this standard, HomeSafe classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

HomeSafe has adopted conservative investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowments, while seeking to maintain the purchasing power of the endowment assets. Under this policy, the endowment assets are invested in a manner that is intended to produce results while assuming a moderate level of investment risk.

To satisfy its long-term rate-of-return objectives, HomeSafe relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). HomeSafe utilizes the services of a financial advisor who provides input into the investment strategy policy.

HomeSafe's annual appropriations are at the discretion of the Board of Directors unless specific instructions are provided by the endowment donors.

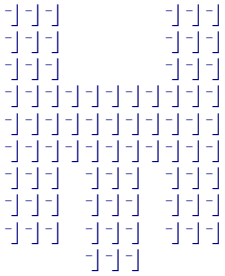
The changes in endowment net assets for the year ended June 30, 2015 are as follows:

Endowment net assets, beginning	\$ 2,316,641
Investment return:	
Investment income	41,149
Investment expenses	(15,414)
Realized and change in unrealized gains/(losses)	(10,682)
Appropriation for expenditure	<u>(100,000)</u>
Endowment net assets, ending	<u>\$ 2,231,694</u>

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level the donor requires HomeSafe to retain as a fund of perpetual duration. There were no such funds as of June 30, 2015 below the level required by donors.

15. Subsequent Events

HomeSafe has evaluated subsequent events through November 17, 2015, which is the date the financial statements were available to be issued. Management is not aware of any events that have occurred subsequent to the Statement of Financial Position date that would require adjustment to, or disclosure in, the financial statements.



Holyfield & Thomas, LLC

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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
The Children's Place at Home Safe, Inc.
Lake Worth, Florida

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 The Children's Place at Home Safe, Inc. (d/b/a HomeSafe) which comprise the statement of financial position as of June 30, 2015, and the related statements of activities and cash flows for the year ended, and the related notes to the financial statements, and have issued our report thereon dated November 17, 2015.

Internal Control Over Financial Reporting

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

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 deficiencies, significant deficiencies, or material weaknesses. Given those limitations, during an audit we did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether The Children's Place at Home Safe, Inc.'s financial statements are free of 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*.

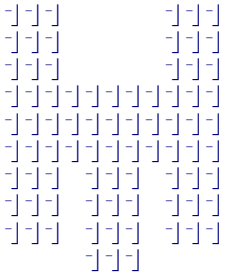
Purpose of this Report

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 in the effectiveness of The Children's Place at Home Safe internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering The Children's Place at Home Safe internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

This report is intended solely for the information and use of management, the audit committee, Board of Directors, and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

Holyfield & Thomas, LLC

West Palm Beach, Florida
November 17, 2015



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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Board of Directors of
The Children's Place at Home Safe, Inc. and
Lake Worth, Florida

Report on Compliance for Each Major Federal Program

We have audited The Children's Place at Home Safe, Inc.'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 The Children's Place at Home Safe, Inc.'s major federal programs for the year ended June 30, 2015. The Children's Place at Home Safe, Inc.'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 The Children's Place at Home Safe, Inc.'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 The Children's Place at Home Safe, Inc.'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 The Children's Place at Home Safe, Inc.'s compliance.

Opinion on Each Major Federal Program

In our opinion, The Children's Place at Home Safe, Inc. 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 June 30, 2015.

Report on Internal Control Over Compliance

Management of The Children's Place at Home Safe, Inc. 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 The Children's Place at Home Safe, Inc.'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 The Children's Place at Home Safe, Inc.'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.

Holyfield & Thomas, LLC

West Palm Beach, Florida
November 17, 2015

**THE CHILDREN'S PLACE AT HOME SAFE, INC.
d/b/a HOMESAFE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

For the Year Ended June 30, 2015

SECTION I – SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weakness identified?	No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	No
Noncompliance material to financial statements noted?	No

Federal and State Awards

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	No

Type of auditor's report issued on compliance on major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with section 501(a) of Circular A-133?	No

Major programs:	U.S. Department of Health and Human Services
CFDA Number	93.778
Name of Federal Program or Cluster:	Medical Assistance Program

Dollar Threshold used to distinguish between type A and type B programs:	\$ 300,000
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Auditee qualified as a low-risk auditee?	Yes
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**THE CHILDREN'S PLACE AT HOME SAFE, INC.
d/b/a HOMESAFE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

For the Year Ended June 30, 2015

SECTION II – FINANCIAL STATEMENT FINDINGS

There are no findings reported for the year ended June 30, 2015.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There are no findings or questioned costs for the year ended June 30, 2015.

CORRECTIVE ACTION PLAN

There is no corrective action plan required, as there are no findings or question costs reported for the year ended June 30, 2015.

PRIOR YEAR FINDINGS AND QUESTIONED COSTS

There were no prior audit findings or questioned costs for the year ended June 30, 2014, relative to federal awards requiring action on the part of the auditee for that fiscal year.

SUPPLEMENTARY INFORMATION

THE CHILDREN'S PLACE AT HOME SAFE, INC.
d/b/a HOMESAFE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2015

Federal Grantor Pass-through Entity Federal Program Title	CFDA Number	Award Number	Federal Expenditures
U.S. Department of Health and Human Services (DHHS)			
Pass-through ChildNet, Inc.:			
Foster Care Title IV-E	93.658	TCP14RGC; TCP14RGC2	\$ 193,556
Social Services Block Grant	93.667	TCP14RGC; TCP14RGC2	126,905
Block Grants for Community Mental Health Services	93.958	TCP14RGC; TCP14RGC2	8,640
Pass-through Devereux CBC of Okeechobee and Treasure Coast:			
Foster Care Title IV-E	93.658	DCBC221	54,897
Social Services Block Grant	93.667	DCBC221	23,703
Pass-through Children's Services Council:			
Medical Assistance Program (Medicaid; Title XIX)	93.778	609; 648	446,595
Maternal and Child Health Services Block Grant	93.994	609; 648	<u>126,007</u>
Total DHHS			980,303
U.S. Department of Justice (DOJ)			
Passed-through Florida Office of the Attorney General:			
Victims of Crime Act	16.575	V13135; V14135	<u>59,312</u>
Total expenditures of federal awards			<u>\$ 1,039,615</u>

See independent auditor's report.

THE CHILDREN'S PLACE AT HOME SAFE, INC.
d/b/a HOMESAFE
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2015

1. Basis of Presentation

The purpose of the accompanying schedule of expenditures of federal awards is to present, in summary form, total federal award expenditures of The Children's Place at HomeSafe, Inc. for the year ended June 30, 2015. The schedule is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

2. Scope of Audit Pursuant to OMB Circular A-133

All federal grant operations of The Children's Place at HomeSafe, Inc. are included in the scope of the Office of Management and Budget ("OMB") Circular A-133 Audit ("the Federal Single Audit"). The Federal Single Audit was performed in accordance with the provisions of the OMB Circular A-133 Compliance Supplement.

Programs tested as major federal programs were predominantly passed through Children's Service Council of Palm Beach County, and represent federal award programs with fiscal year 2015 expenditures totaling \$446,595. Programs tested ensure coverage of at least 25 percent of federally granted funds. Actual coverage is approximately 43 percent of total federal award program expenditures.

See independent auditor's report.