

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

**REPORT ON AUDIT OF  
FINANCIAL STATEMENTS**

**For the Year Ended June 30, 2017  
(with comparable totals for 2016)**

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# Holyfield & Thomas, LLC

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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

#### Report on the Financial Statements

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, 2017, 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, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, 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*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2017, 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, 2016 financial statements, and our report dated November 16, 2016, 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, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Holyfield & Thomas, LLC*

West Palm Beach, Florida  
December 21, 2017

**THE CHILDREN'S PLACE AT HOME SAFE, INC.**  
**d/b/a HOMESAFE**  
**STATEMENT OF FINANCIAL POSITION**  
**As of June 30, 2017**  
**(with comparable totals for 2016)**

<b>ASSETS</b>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2017 Totals</u>	<u>2016 Totals</u>
Cash and cash equivalents	\$ 461,274	\$ 190,498	\$ -	\$ 651,772	\$ 848,933
Accounts receivable	885,272	-	-	885,272	657,183
Pledges receivable, current portion	86,541	2,879	-	89,420	175,564
Prepaid expenses	427,283	-	-	427,283	1,606
<b>Total current assets</b>	<b>1,860,370</b>	<b>193,377</b>	<b>-</b>	<b>2,053,747</b>	<b>1,683,286</b>
Pledges receivable	55,000	-	-	55,000	70,000
Property and equipment, net	7,714,880	-	-	7,714,880	7,680,435
Beneficial interest in trusts	-	97,902	50,000	147,902	468,253
Deposits	6,985	-	-	6,985	6,985
Investments	141,119	494,914	2,017,077	2,653,110	2,620,891
<b>Total assets</b>	<b>\$ 9,778,354</b>	<b>\$ 786,193</b>	<b>\$ 2,067,077</b>	<b>\$ 12,631,624</b>	<b>\$ 12,529,850</b>
<b>LIABILITIES AND NET ASSETS</b>					
Accounts payable	\$ 97,620	\$ -	\$ -	\$ 97,620	\$ 154,499
Accrued expenses	422,003	-	-	422,003	393,901
Note payable	359,923	-	-	359,923	-
Other liabilities	8,517	-	-	8,517	602
<b>Total liabilities</b>	<b>888,063</b>	<b>-</b>	<b>-</b>	<b>888,063</b>	<b>549,002</b>
<b>Net assets</b>	<b>8,890,291</b>	<b>786,193</b>	<b>2,067,077</b>	<b>11,743,561</b>	<b>11,980,848</b>
<b>Total liabilities and net assets</b>	<b>\$ 9,778,354</b>	<b>\$ 786,193</b>	<b>\$ 2,067,077</b>	<b>\$ 12,631,624</b>	<b>\$ 12,529,850</b>

*See accompanying notes to financial statements.*

**THE CHILDREN'S PLACE AT HOME SAFE, INC.**  
**d/b/a HOMESAFE**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2017**  
**(with comparable totals for 2016)**

	Unrestricted	Temporarily Restricted	Permanently Restricted	2017 Totals	2016 Totals
Revenues and support:					
Program service	\$ 7,022,521	\$ -	\$ -	\$ 7,022,521	\$ 7,030,341
Grants	166,085	276,588	-	442,673	550,570
Contributions	388,527	38,444	25,000	451,971	1,656,263
Special event revenue	459,042	-	-	459,042	543,849
Investment income, net	2,084	4,866	32,810	39,760	28,745
Realized and change in unrealized gain (loss)	20,822	49,772	120,406	191,000	(8,695)
Change in value of beneficial interest in trusts	-	5,707	-	5,707	130,330
Other income	4,900	-	-	4,900	973
<b>Total revenues and support</b>	<b>8,063,981</b>	<b>375,377</b>	<b>178,216</b>	<b>8,617,574</b>	<b>9,932,376</b>
Net assets released from restrictions	1,288,566	(1,150,566)	(138,000)	-	-
	<u>9,352,547</u>	<u>(775,189)</u>	<u>40,216</u>	<u>8,617,574</u>	<u>9,932,376</u>
Expenses:					
Program services	7,553,216	-	-	7,553,216	7,372,421
Supporting services:					
Management and general	756,178	-	-	756,178	700,210
Fundraising	545,467	-	-	545,467	544,463
<b>Total expenses</b>	<b>8,854,861</b>	<b>-</b>	<b>-</b>	<b>8,854,861</b>	<b>8,617,094</b>
Change in net assets	497,686	(775,189)	40,216	(237,287)	1,315,282
Net assets, beginning	8,417,605	1,561,382	2,001,861	11,980,848	10,665,566
Transfer among funds	(25,000)	-	25,000	-	-
<b>Net assets, end</b>	<b>\$ 8,890,291</b>	<b>\$ 786,193</b>	<b>\$ 2,067,077</b>	<b>\$ 11,743,561</b>	<b>\$ 11,980,848</b>

*See accompanying notes to financial statements.*

**THE CHILDREN'S PLACE AT HOME SAFE, INC.**  
**d/b/a HOMESAFE**  
**STATEMENT OF CASH FLOWS**  
**For the Year Ended June 30, 2017**  
**(with comparable totals for 2016)**

	<u>2017</u>	<u>2016</u>
Cash flows from operating activities:		
Cash received from government grants and contracts	\$ 442,673	\$ 550,570
Cash received from program services	6,794,432	7,147,628
Cash received from contributions and support	987,157	1,973,909
Cash paid to suppliers and employees	(8,942,728)	(8,189,470)
Other income	-	3,577
Interest received	39,760	28,745
Interest paid	<u>(10,114)</u>	<u>(8,904)</u>
Net cash provided by (used in) operating activities	<u>(688,820)</u>	<u>1,506,055</u>
Cash flows from investing activities:		
Purchase of property and equipment	(383,003)	(862,360)
Purchase of investments	(64,452)	(652,109)
Contributions to beneficial interest in trusts	(25,000)	-
Proceeds from sale of property and equipment	4,900	1,600
Proceeds from sale of investments	223,233	413,878
Proceeds from beneficial interest in trusts	<u>376,058</u>	<u>-</u>
Net cash provided by (used in) investing activities	<u>131,736</u>	<u>(1,098,991)</u>
Cash flows from financing activities:		
Proceeds from contributions restricted for endowment	-	250,000
Proceeds from note payable	<u>359,923</u>	<u>-</u>
Net cash used in financing activities	<u>359,923</u>	<u>250,000</u>
Net change in cash and cash equivalents	(197,161)	657,064
Cash and cash equivalents, beginning	<u>848,933</u>	<u>191,869</u>
Cash and cash equivalents, end	<u>\$ 651,772</u>	<u>\$ 848,933</u>

*See accompanying notes to financial statements.*

**THE CHILDREN'S PLACE AT HOME SAFE, INC.**  
**d/b/a HOMESAFE**  
**STATEMENT OF CASH FLOWS**  
**For the Year Ended June 30, 2017**  
**(with comparable totals for 2016)**

	2017	2016
Reconciliation of change in net assets to net cash provided by (used in) operating activities:		
Change in net assets	\$ (237,287)	\$ 1,315,282
Adjustment to reconcile change in net assets to net cash provided by (used in) operating activities:		
Bad debt	57,803	9,580
Depreciation	348,558	352,532
Realized and change in unrealized (gain) loss	(191,000)	8,695
Contributions to beneficial interest in trusts	(25,000)	-
Change in value of beneficial interest in trusts	(5,707)	(130,330)
(Gain) loss on disposal of assets	(4,900)	2,604
Decrease (increase) in certain assets:		
Accounts receivable	(285,892)	107,707
Pledges receivable	101,144	23,797
Prepaid expenses	(425,677)	1,248
Deposits	-	460
Increase (decrease) in certain liabilities:		
Accounts payable	(56,879)	39,205
Accrued expenses	28,102	24,673
Other liabilities	7,915	602
Contributions restricted for endowment	-	(250,000)
Net cash provided by (used in) operating activities	\$ (688,820)	\$ 1,506,055

*See accompanying notes to financial statements.*

**THE CHILDREN'S PLACE AT HOME SAFE, INC.**  
**d/b/a HOMESAFE**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**For the Year Ended June 30, 2017**  
**(with comparable totals for 2016)**

	Program Services								2017 Totals	2016 Totals
	Enhanced Group Home	SafetyNet	Healthy Beginnings	Specialized Therapeutic Group Homes	Independent Living Program	Total Program Services	Management and General	Fundraising		
Personnel expenses:										
Salaries and wages	\$ 562,553	\$ 162,714	\$ 1,893,064	\$ 1,993,011	\$ 52,824	\$ 4,664,166	\$ 332,937	\$ 299,541	\$ 5,296,644	\$ 5,240,680
Payroll taxes	41,950	12,237	140,965	150,342	3,953	349,447	24,281	20,871	394,599	398,942
Employee benefits	69,326	23,295	250,632	297,271	7,624	648,148	73,168	15,393	736,709	752,220
Total personnel expenses	673,829	198,246	2,284,661	2,440,624	64,401	5,661,761	430,386	335,805	6,427,952	6,391,842
Operating expenses:										
Advertising	-	-	-	-	-	-	1,804	414	2,218	1,737
Appreciation	343	216	-	1,002	19	1,580	13,796	8,817	24,193	30,716
Bad debt expense	5,093	-	-	52,710	-	57,803	-	-	57,803	9,580
Individual assistance	21,664	21	-	56,649	-	78,334	7,508	-	85,842	104,650
Insurance	27,148	5,027	71,865	107,269	5,887	217,196	34,771	6,535	258,502	277,926
Other expenses	5,034	557	8,583	18,485	13,987	46,646	10,053	1,988	58,687	22,476
Professional fees	29,816	14,566	50,221	125,565	1,592	221,760	75,636	63,972	361,368	317,604
Recruiting and retention	50	110	2,713	175	205	3,253	16,314	125	19,692	20,143
Rent	758	182	75,995	3,074	55	80,064	2,073	5,232	87,369	76,283
Repairs and maintenance	36,558	5,460	21,911	83,439	16,901	164,269	32,646	4,840	201,755	179,963
Service charges	1,116	299	3,219	4,716	100	9,450	10,040	5,647	25,137	18,641
Supplies	44,552	4,768	60,475	134,560	972	245,327	18,047	27,597	290,971	288,578
Travel and entertainment	5,580	2,234	78,610	18,986	782	106,192	5,225	69,128	180,545	167,282
Utilities	63,436	9,935	124,363	145,389	17,881	361,004	52,510	10,755	424,269	357,141
Depreciation	89,779	3,074	24,884	164,212	16,628	298,577	45,369	4,612	348,558	352,532
Total expenses	\$ 1,004,756	\$ 244,695	\$ 2,807,500	\$ 3,356,855	\$ 139,410	\$ 7,553,216	\$ 756,178	\$ 545,467	\$ 8,854,861	\$ 8,617,094

*See accompanying notes to financial statements.*

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

**For the Year Ended June 30, 2017**

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**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.

**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.

**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.

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

For the Year Ended June 30, 2017

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1. **Organization and Summary of Significant Accounting Policies, continued**

**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, 2017, 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.

**Prepaid Expenses:** Prepaid expenses represent costs incurred that benefit future periods. These costs include the following:

Prepaid insurance	\$ 357,613
Prepaid marketing	67,000
Prepaid expenses	<u>2,670</u>
	<u>\$ 427,283</u>

**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.

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

**For the Year Ended June 30, 2017**

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**1. Organization and Summary of Significant Accounting Policies, continued**

**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.

**Investments:** Investments are comprised of publicly-traded mutual funds, common stocks, corporate bonds, and money market funds. 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 \$56,474 and investment fees of \$16,714.

**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, 2017 was \$2,218, 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, 2017**

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**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, 2017.

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.

**Recent Accounting Pronouncements:** The Financial Accounting Standards Board recently issued several Accounting Standards Updates (ASUs) that affect the accounting and reporting of not-for-profit entities. The FASB issued ASU 2016-02, *Leases (Topic 842)*, which does not take effect until HomeSafe's fiscal year ending June 30, 2021, and provides new guidance for leases, such that virtually all leases will be capitalized and create "right of use" assets along with associated liabilities. This standard will impact the interpretation of certain HomeSafe transactions, and management is evaluating the effect that the updated standard will have on the financial statements. ASU 2016-14, *Not-for-Profit Entities (Topic 958)*, imposes new requirements for the presentation and disclosure of not-for-profit financial statements, including a reduction in the number of net asset categories from 3 classes to 2 classes, a requirement to present a statement of functional expenses, a requirement to disclose the quantitative and qualitative aspects of its liquidity, in addition to other provisions. This ASU will be effective for HomeSafe's fiscal year ending June 30, 2019, with early implementation permitted. As with the new guidance on leasing, management is evaluating the effect that this updated standard will have on the financial statements.

**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, 2016, from which the summarized information was derived. Certain 2016 amounts have been reclassified to conform to 2017 classifications. Such reclassifications had no effect on the change in net assets as previously reported.

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

**For the Year Ended June 30, 2017**

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**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.
<i>Healthy Beginnings</i>	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.
<i>Specialized Therapeutic Group Homes</i>	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.
<i>Independent Living Housing Program (Pond Place)</i>	Provides safe, affordable housing for clients, ages 18-23, who have "aged out" of foster care. In return for an apartment, clients make a low monthly contribution. Clients must maintain their Post-secondary Education Services & Support (PESS) eligibility and follow the rules set by HomeSafe to stay in the program. A licensed clinical therapist works with clients on an individualized treatment plan.

**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. As of June 30, 2017, HomeSafe had approximately \$494,000 uninsured deposits held in banks.

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

**For the Year Ended June 30, 2017**

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**3. Concentration of Credit Risk, continued**

HomeSafe also holds investments in various accounts with financial and brokerage institutions. As of June 30, 2017, 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.

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, 2017. 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 CHILDREN'S PLACE AT HOME SAFE, INC.**  
**d/b/a HOMESAFE**  
**NOTES TO FINANCIAL STATEMENTS**

**For the Year Ended June 30, 2017**

**4. Fair Value Measurements, continued**

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, 2017:

	Assets at Fair Value as of June 30, 2017			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments:				
Cash equivalents	\$ 44,334	\$ -	\$ -	\$ 44,334
Mutual funds	141,764	-	-	141,764
Commodities	58,283	-	-	58,283
Equity securities	1,400,645	-	-	1,400,645
Fixed income securities	<u>1,008,084</u>	<u>-</u>	<u>-</u>	<u>1,008,084</u>
	2,653,110	-	-	2,653,110
Beneficial interest in trusts	<u>-</u>	<u>-</u>	<u>147,902</u>	<u>147,902</u>
	<u>\$ 2,653,110</u>	<u>\$ -</u>	<u>\$ 147,902</u>	<u>\$ 2,801,012</u>

The table below sets forth a summary of changes in the fair value of HomeSafe's Level 3 assets, beneficial interest in trusts, for the year ended June 30, 2017.

Balance, beginning of year	\$ 468,253
Change in value	5,707
Contributions	50,000
Settlements	<u>(376,058)</u>
Balance, end of year	<u>\$ 147,902</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 beneficial interest in trusts:

<u>Valuation Techniques</u>	<u>Fair Value</u>	<u>Unobservable Inputs</u>
Discounted cash flows	\$ 147,902	Discount rate; life expectancy of income beneficiary

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

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

**For the Year Ended June 30, 2017**

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**5. Accounts Receivable**

Accounts receivable are deemed to be fully collectible by management and consist of the following as of June 30, 2017:

Medicaid/Managed Care	\$ 114,502
State of Florida, Office of Attorney General	41,973
Palm Beach County	5,831
City of West Palm Beach	3,344
Children's Services Council	473,464
ChildNet, Inc.	131,408
Other Community Based Care Agencies	<u>114,750</u>
Total accounts receivable	<u>\$ 885,272</u>

**6. Pledges Receivable**

Pledges receivable consist of the following as of June 30, 2017:

Unrestricted pledges receivable	\$ 141,541
Restricted pledges receivable	<u>2,879</u>
Total pledges receivable	<u>\$ 144,420</u>

Pledges receivable are collectible as follows:

In one year	\$ 89,420
In one to five years	<u>55,000</u>
	<u>\$ 144,420</u>

Management believes that contributions receivable are fully collectible and, therefore, no allowance for uncollectible receivables was considered necessary. No discount is recorded for receivables due in more than one year as the amount of such discount is considered immaterial.

**7. Property and Equipment**

Property and equipment consist of the following as of June 30, 2017:

Land	\$ 1,363,780
Buildings and leasehold improvements	9,552,965
Furniture and equipment	1,294,225
Vehicles	152,254
Donated property	<u>98,060</u>
	12,461,284
Less accumulated depreciation	<u>(4,746,404)</u>
Property and equipment, net	<u>\$ 7,714,880</u>

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

**For the Year Ended June 30, 2017**

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**7. Property and Equipment, continued**

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 \$912,034 as of June 30, 2017.

**8. Beneficial Interest in Trusts**

HomeSafe has been named the remainder beneficiary of various 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.

During the year ended June 30, 2017, HomeSafe received \$376,058 from one of these charitable remainder trusts due to the death of the income beneficiary. This amount has been reported in the Statement of Activities as asset released from restrictions.

HomeSafe is also the income beneficiary of a perpetual trust, whose assets are held by the Community Foundation for Palm Beach and Martin Counties (the "Foundation") as an endowed component fund ("Fund"). Under the terms of the Fund, the Foundation's Board of Directors has a variance power to modify any restriction or condition on the distribution of funds for any specific charitable purpose or to specified organizations, if in their sole judgement (without the approval of any trustee, custodian, or agent), such restriction or conditions becomes, in effect, unnecessary, incapable of fulfillment or inconsistent with the charitable needs of the community or the area served by the Foundation. The Fund is subject to the Foundation's investment and spending policies. During the year ended June 30, 2017, HomeSafe did not receive any distributions from the Fund.

HomeSafe reports the fair value of the beneficial interest in trusts in the Statement of Financial Position at the expected future cash flows discounted at rates ranging from 6% to 9%. The expected future cash flow is based on the fair market value of the trusts' principal as of June 30, 2017, along with the life expectancies of the income beneficiaries. Changes in the value of beneficial interest in trusts have been reported in the Statement of Activities as increases (decreases) in temporarily restricted net assets.

**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, 2019. The line of credit carried interest on the unpaid principal balance at the bank's prime rate, or 4.25% as of June 30, 2017. There was no outstanding balance on the line of credit as of June 30, 2017.

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

**For the Year Ended June 30, 2017**

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**10. Note Payable**

Note payable as of June 30, 2017, consists of the amount due to an insurance premium finance company. The note requires monthly payments of \$33,210, including interest at a rate of 4.693%. The note matures on May 1, 2018.

**11. Commitments and Contingencies**

**Leases:** HomeSafe conducts its operations from facilities that are leased under operating leases expiring at various dates through 2020. Additionally, HomeSafe leases office equipment under operating leases expiring in 2020. Future minimum lease payments under operating leases are as follows:

2018	\$ 81,248
2019	66,452
2020	67,932
2021	<u>15,557</u>
Total	<u>\$ 231,189</u>

Rent expense under operating leases amounted to \$87,369 for the year ended June 30, 2017.

**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.

**12. Temporarily Restricted Net Assets**

As of June 30, 2017, temporarily restricted net assets consisted of:

Use restrictions:	
HomeSafe programs	\$ 190,498
Expressive Arts Endowment	228,903
Jim Moran Endowment (Pond Place)	266,011
Time restrictions:	
Pledges receivable	2,879
Beneficial interest in trusts	<u>97,902</u>
Total temporarily restricted net assets	<u>\$ 786,193</u>

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

**For the Year Ended June 30, 2017**

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**13. Permanently Restricted Net Assets**

As of June 30, 2017, permanently restricted net assets consisted of:

Sylvester Endowment (HomeSafe programs)	\$ 1,008,861
Sylvester Endowment (property and plant renewal)	1,008,216
Beneficial interest in trust	<u>50,000</u>
Total permanently restricted net assets	<u>\$ 2,067,077</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.

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.

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

**For the Year Ended June 30, 2017**

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**14. Endowments, continued**

HomeSafe's annual appropriations are determined 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, 2017 are as follows:

	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning	\$ 458,392	\$2,001,861	\$2,460,253
Investment return:			
Investment income	6,410	47,864	54,274
Investment expenses	(1,660)	(15,054)	(16,714)
Realized and change in unrealized gains	49,772	120,406	170,178
Appropriation for expenditure	<u>(18,000)</u>	<u>(138,000)</u>	<u>(156,000)</u>
Endowment net assets, ending	<u>\$ 494,914</u>	<u>\$2,017,077</u>	<u>\$2,511,991</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, 2017 below the level required by donors.

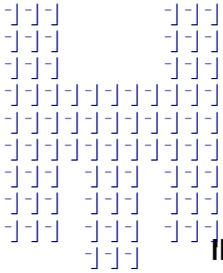
**15. Retirement Plan**

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 \$69,634 to this plan during the year ended June 30, 2017.

**16. Subsequent Events**

HomeSafe has evaluated subsequent events through December 21, 2017, which is the date the financial statements were available to be issued, and determined the following additional disclosures was required to be presented in these financial statements.

Subsequent to year end, HomeSafe sold the Sylvester Family Campus located in West Palm Beach. They are currently leasing the facility back from the new owners for a period not to exceed three years. During that time, HomeSafe will construct new facilities to replace the programs operating on that campus.



# Holyfield & Thomas, LLC

Certified Public Accountants & Advisors

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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, 2017, 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 December 21, 2017.

### ***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 our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### ***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether The 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*.

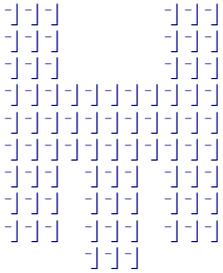
### ***Purpose of this Report***

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, 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 The Children's Place at Home Safe, Inc.'s 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  
December 21, 2017



# Holyfield & Thomas, LLC

## Certified Public Accountants & Advisors

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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  
The Children's Place at Home Safe, Inc.  
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 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, 2017. 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 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 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, 2017.

## 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 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 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Holyfield & Thomas, LLC*

West Palm Beach, Florida  
December 21, 2017

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

**For the Year Ended June 30, 2017**

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**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 2 CFR section 200.516(a)?	No
Major programs:	U.S. Department of Health and Human Services
CFDA Number	93.658
Name of Federal Program or Cluster:	Foster Care – Title IV
Dollar Threshold used to distinguish between type A and type B programs:	\$ 750,000
Auditee qualified as a low-risk auditee?	Yes

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

**For the Year Ended June 30, 2017**

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**SECTION II – FINANCIAL STATEMENT FINDINGS**

There are no findings reported for the year ended June 30, 2017.

**SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

There are no findings or questioned costs for the year ended June 30, 2017.

**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, 2017.

**PRIOR YEAR FINDINGS AND QUESTIONED COSTS**

There were no prior audit findings or questioned costs for the year ended June 30, 2016, 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, 2017**

Federal/State Grantor Pass-through Grantor Program or Project Title	CFDA Number	Award Number	Total Expenditures
U.S. Department of Health and Human Services (DHHS)			
Pass-through ChildNet, Inc.:			
Foster Care Title IV-E	93.658	POS	\$ 75,891
Social Services Block Grant	93.667	POS	53,702
Pass-through ChildNet – Palm Beach County:			
Foster Care Title IV-E	93.658	TCP16RGC; TCP16RGC2	204,539
Social Services Block Grant	93.667	TCP16RGC; TCP16RGC2	144,735
Pass-through Devereux CBC of Okeechobee and Treasure Coast:			
Foster Care Title IV-E	93.658	DCBC221	25,836
Social Services Block Grant	93.667	DCBC221	18,282
Pass-through Brevard Family Partnership:			
Foster Care Title IV-E	93.658	OHC RA-1614	1,335
Social Services Block Grant	93.667	OHC RA-1614	945
Pass-through Children's Services Council:			
Maternal and Child Health Services Block Grant	93.994	609; 648	<u>180,138</u>
Total DHHS			705,403
U.S. Department of Justice (DOJ)			
Passed-through Florida Office of the Attorney General:			
Victims of Crime Act	16.575	VA015-14135/00685	<u>74,976</u>
Total expenditures of federal awards			<u><u>\$ 780,379</u></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, 2017**

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**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 Home Safe, Inc. for the year ended June 30, 2017. The schedule is presented on the accrual basis of accounting. The information in this schedule is 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). 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 the Uniform Guidance**

All federal grant operations of The Children's Place at Home Safe, Inc. are included in the scope of the audit under the Uniform Guidance except for \$273,491 of Medicaid Federal Funding passed through Children's Service Council of Palm Beach County. Medicaid payments for providing patient care services to Medicaid-eligible individuals are not considered Federal awards expended under the Uniform Guidance.

Programs tested as major federal programs were predominantly passed through ChildNet, Inc. and ChildNet – Palm Beach County, and represent federal award programs with fiscal year 2017 expenditures totaling \$280,430. Programs tested ensure coverage of at least 20 percent of federally granted funds. Actual coverage is approximately 36 percent of total federal award program expenditures.