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

REPORT ON AUDIT OF CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended June 30, 2014
(with comparable totals for 2013)

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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 consolidated financial statements of The Children's Place at Home Safe, Inc. (a nonprofit organization d/b/a HomeSafe), which comprise the consolidated statement of financial position as of June 30, 2014, and the related consolidated statements of activities, cash flows and functional expenses for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of The Children's Place at Home Safe, Inc. as of June 30, 2014, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2014, 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.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by *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 consolidated financial statements. In addition, the consolidating financial statements are presented for purposes of additional analysis and are not a required part of the financial statements. The schedule of expenditures of federal awards and consolidating financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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.

Report on Summarized Comparative Information

We have previously audited the June 30, 2013 financial statements, and our report dated November 20 2013, expressed an unmodified opinion on those audited consolidated financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2013, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Holyfield & Thomas, LLC

West Palm Beach, Florida
December 15, 2014

THE CHILDREN'S PLACE AT HOME SAFE, INC.
d/b/a HOMESAFE
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As of June 30, 2014
(with comparable totals for 2013)

	2014	2013
ASSETS		
Cash and cash equivalents	$ 185,556	$ 134,057
Accounts receivable	604,102	570,374
Pledges receivable, net	190,777	160,224
Prepaid expenses	3,649	28,384
Property and equipment, net	7,431,473	7,704,045
Split interest agreements	364,055	322,763
Deposits	7,445	7,445
Investments	2,471,033	2,308,267
Total assets	$ 11,258,090	$ 11,235,559
LIABILITIES AND NET ASSETS		
Accounts payable	$ 108,782	$ 169,768
Accrued expenses	336,445	299,131
Other liabilities	11,628	22,218
Total liabilities	456,855	491,117
Net assets:		
Unrestricted	7,928,640	8,070,694
Temporarily restricted	555,954	495,602
Permanently restricted	2,316,641	2,178,146
Total net assets	10,801,235	10,744,442
Total liabilities and net assets	$ 11,258,090	$ 11,235,559

See accompanying notes to consolidated financial statements.

THE CHILDREN'S PLACE AT HOME SAFE, INC.
d/b/a HOMESAFE
CONSOLIDATED STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2014
(with comparable totals for 2013)

	Unrestricted	Temporarily Restricted	Permanently Restricted	2014 Totals	2013 Totals
Revenues and support:					
Program service	$ 6,386,232	$ -	$ -	$ 6,386,232	$ 6,524,510
Grants	73,290	509,258	-	582,548	346,083
Contributions	224,096	81,167	-	305,263	383,597
Special event revenue	594,001	-	-	594,001	494,835
Investment income, net	4,301	-	25,197	29,498	45,207
Realized and change in unrealized gain	20,260	-	213,298	233,558	109,106
Change in value of split interest agreements	-	41,292	-	41,292	(28,220)
Other income	65	-	-	65	698
Total revenues and support	7,302,245	631,717	238,495	8,172,457	7,875,816
Net assets released from restrictions	671,365	(571,365)	(100,000)	-	-
	7,973,610	60,352	138,495	8,172,457	7,875,816
Expenses:					
Program services	7,003,665	-	-	7,003,665	7,015,236
Supporting services:					
Management and general	599,226	-	-	599,226	549,997
Fundraising	512,773	-	-	512,773	489,407
Total expenses	8,115,664	-	-	8,115,664	8,054,640
Change in net assets	(142,054)	60,352	138,495	56,793	(178,824)
Net assets, beginning	8,070,694	495,602	2,178,146	10,744,442	10,923,266
Net assets, end	$ 7,928,640	$ 555,954	$ 2,316,641	$ 10,801,235	$ 10,744,442

See accompanying notes to consolidated financial statements.

THE CHILDREN'S PLACE AT HOME SAFE, INC.
d/b/a HOMESAFE
CONSOLIDATED STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2014
(with comparable totals for 2013)

	2014	2013
Cash flows from operating activities:		
Cash received from government grants and contracts	$ 548,820	$ 347,503
Cash received from program services	6,386,232	6,524,510
Cash received from contributions and support	868,711	818,087
Cash paid to suppliers and employees	(7,762,727)	(7,644,463)
Other income	65	698
Interest received	29,498	45,207
Interest paid	(10,405)	(7,319)
Net cash provided by operating activities	60,194	84,223
Cash flows from investing activities:		
Purchase of property and equipment	(79,487)	(124,093)
Purchase of investments	(100,801)	(974,579)
Proceeds from sale of investments	171,593	1,029,635
Net cash used in investing activities	(8,695)	(69,037)
Cash flows from financing activities:		
Net payments on line of credit	-	(98,766)
Net cash used in financing activities	-	(98,766)
Net change in cash and cash equivalents	51,499	(83,580)
Cash and cash equivalents, beginning	134,057	217,637
Cash and cash equivalents, end	$ 185,556	$ 134,057

See accompanying notes to consolidated financial statements.

THE CHILDREN'S PLACE AT HOME SAFE, INC.
d/b/a HOMESAFE
CONSOLIDATED STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2014
(with comparable totals for 2013)

	2014	2013
Reconciliation of change in net assets to net cash provided by operating activities:		
Change in net assets	$ 56,793	$ (178,824)
Adjustment to reconcile change in net assets to net cash provided by operating activities:		
Bad debt	-	22,998
Depreciation	350,909	348,831
Realized and change in unrealized gain	(233,558)	(109,106)
Change in value of split interest agreements	(41,292)	28,220
Loss on sale of asset	1,150	7,971
Decrease (increase) in certain assets:		
Accounts receivable	(33,727)	1,420
Pledges receivable	(30,553)	(60,345)
Prepaid expenses	24,734	22,216
Increase (decrease) in certain liabilities:		
Accounts payable	(60,986)	3,201
Accrued expenses	37,314	(14,794)
Other liabilities	(10,590)	12,435
Net cash provided by operating activities	$ 60,194	$ 84,223

See accompanying notes to consolidated financial statements.

THE CHILDREN'S PLACE AT HOME SAFE, INC.
d/b/a HOMESAFE
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2014
(with comparable totals for 2013)

	Program Services								
	Enhanced Group Home	SafetyNet	Healthy Beginnings	Specialized Therapeutic Group Homes	Total Program Services	Management and General	Fundraising	2014 Totals	2013 Totals
Personnel expenses:									
Salaries and wages	$ 529,981	$ 143,567	$ 1,739,189	$ 2,049,665	$ 4,462,402	$ 238,793	$ 256,909	$ 4,958,104	$ 4,829,386
Payroll taxes	43,396	11,626	142,976	167,519	365,517	24,928	19,120	409,565	378,634
Employee benefits	68,529	20,650	189,085	295,656	573,920	46,413	23,943	644,276	628,756
Total personnel expenses	641,906	175,843	2,071,250	2,512,840	5,401,839	310,134	299,972	6,011,945	5,836,776
Operating expenses:									
Advertising	-	-	1,895	-	1,895	875	-	2,770	4,413
Appreciation	1,636	46	-	4,522	6,204	9,769	8,388	24,361	20,002
Bad debt	(2,178)	-	-	1,423	(755)	-	-	(755)	22,998
Travel and entertainment	11,701	1,312	50,292	39,438	102,743	6,487	64,796	174,026	190,431
Individual assistance	18,225	-	-	41,965	60,190	6,249	-	66,439	69,522
Insurance	32,442	6,464	82,817	126,734	248,457	32,558	7,776	288,791	242,901
Other expenses	2,982	349	1,467	11,003	15,801	48,320	627	64,748	25,514
Professional fees	28,390	20,425	53,614	118,334	220,763	46,272	34,552	301,587	372,711
Recruiting and retention	449	135	1,610	1,836	4,030	14,291	396	18,717	22,374
Rent	788	191	50,764	3,062	54,805	784	4,953	60,542	55,301
Repairs and maintenance	30,975	5,098	16,725	69,022	121,820	23,019	4,390	149,229	201,054
Service charges	814	198	2,679	3,177	6,868	5,120	4,114	16,102	23,115
Supplies	42,589	4,325	29,923	123,302	200,139	11,936	69,756	281,831	292,454
Utilities	41,261	7,607	94,301	127,352	270,521	25,684	8,217	304,422	326,243
Depreciation	91,933	7,793	17,775	170,844	288,345	57,728	4,836	350,909	348,831
Total expenses	$ 943,913	$ 229,786	$ 2,475,112	$ 3,354,854	$ 7,003,665	$ 599,226	$ 512,773	$ 8,115,664	$ 8,054,640

See accompanying notes to consolidated financial statements.

1. Organization and Summary of Significant Accounting Policies

***Basis of Presentation*:** The accompanying financial statements reflect the consolidated financial statements of The Children's Place at Home Safe, Inc. (d/b/a "HomeSafe") and The Children's Place at Home Safe Foundation, Inc. (the "Foundation"), (collectively the "Organization"), for which HomeSafe has both control and economic interest, as defined in Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) 958-810, *Consolidation*, issued by the American Institute of Certified Public Accountants. All significant inter-organization accounts and transactions have been eliminated.

Organization and Nature of Activities: Since 1979, 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, and is the only agency in Palm Beach County offering a complete array of mental health services for victims of childhood trauma through Enhanced and Specialized Therapeutic 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.

The Foundation was organized and operates exclusively for the benefit of HomeSafe. To carry out the mission of HomeSafe, the objectives are to: promote the mission, services, programs and general non-profit charitable activities of HomeSafe, as well as to solicit and accept contributions and grants from individuals, corporations, foundations, civic organizations and government agencies.

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.

1. Organization and Summary of Significant Accounting Policies, continued

Under FASB ASC 958-205, *Presentation of Financial Statements*, the Organization 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 the Organization 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 the Organization in perpetuity. Permanently restricted net assets increase when the Organization receives contributions for which donor-imposed restrictions limiting the Organization's use of an asset or its economic benefits neither expire with the passage of time nor can be removed by the Organization meeting certain requirements.

Basis of Accounting: The consolidated financial statements of the Organizations 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 consolidated 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 consolidated 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 the Organization's investment portfolio.

Accounts Receivable: Accounts receivable consists of amounts due to the Organization 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 consolidated 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.

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

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.

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 consolidated statement of financial position, with the amount of unrealized gains or losses on investments not previously recognized shown in the consolidated statement of activities. Investment income includes interest and dividends of $45,362 and investment fees of $15,864.

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

Contributions: All contributions are considered available for the general programs of the Organization, 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.

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

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. The Organization 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, the Organization receives services from a large number of volunteers who give significant amounts of their time to the Organization'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 consolidated 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, 2014 was $2,770, and consisted of recruiting advertising expenses.

Income Taxes: Both organizations, HomeSafe and the Foundation, are exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and have been classified as publicly-supported organizations that are 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, 2014.

The Organization 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. The Organization assesses its income tax positions based on management's evaluation of the facts, circumstances and information available at the reporting date. The Organization uses the prescribed more likely than not threshold when making its assessment. The Organization 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 consolidated 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 the Organization's consolidated financial statements for the year ended June 30, 2013, from which the summarized information was derived. Certain 2013 amounts have been reclassified to conform to 2014 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:

Enhanced Group Home	Provides an intensive, community-based, licensed residential group home setting for children and adolescent boys, ages 13 through 18, 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 programing is a comprehensive life skills component.
SafetyNet	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.
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 18, 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 programing is a comprehensive life skills component.

3. *Concentration of Credit Risk*

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

The Organization also holds investments in various accounts with financial and brokerage institutions. As of June 30, 2014, approximately 86% of the Organization'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 consolidated 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 the Organization 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, 2014. 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.

4. ***Fair Value Measurements*, continued**

The following table sets forth by level, within the fair value hierarchy, the Organization's assets measured at fair value on a recurring basis as of June 30, 2014:

	Assets at Fair Value as of June 30, 2014			
	Level 1	Level 2	Level 3	Total
Investments:				
Cash equivalents	$ 67,766	$ -	$ -	$ 67,766
Mutual funds	154,392	-	-	154,392
Commodities	37,380	-	-	37,380
Equity securities	1,061,457	-	-	1,061,457
Fixed income securities	1,150,038	-	-	1,150,038
	2,471,033	-	-	2,471,033
Split interest agreements	-	-	364,055	364,055
	$ 2,471,033	$ -	$ 364,055	$ 2,835,088

The table below sets forth a summary of changes in the fair value of the Organization's Level 3 assets, split interest agreements, for the year ended June 30, 2014.

Balance, beginning of year	$ 322,763
Change in value	41,292
Contributions (settlements)	-
Balance, end of year	$ 364,055

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:

Valuation Techniques	Fair Value	Unobservable Inputs
Discounted cash flows	$ 364,055	Discount rate; life expectancy of income beneficiary

The Organization 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, 2014:

Medicaid/Magellan	$ 105,889
State of Florida, Office of Attorney General	9,688
Palm Beach County	18,914
City of West Palm Beach	14,160
Children's Services Council	210,492
ChildNet, Inc.	198,502
Other	46,457
Total accounts receivable	$ 604,102

6. *Pledges Receivable*

Pledges receivable consist of the following as of June 30, 2014:

Restricted pledges receivable	$ 90,028
Unrestricted pledges receivable	102,165
Total pledges receivable	192,193
Less discount on pledges	1,416
Net pledges receivable	$ 190,777
Pledges receivable are collectible as follows:	
In one year	$ 162,193
In one to five years, net of discount	28,584
	$ 190,777

Pledges receivable after one year have been discounted at a 6% annual rate of interest.

7. *Property and Equipment*

Property and equipment consist of the following as of June 30, 2014:

Land	$ 1,004,475
Buildings and leasehold improvements	8,860,180
Furniture and equipment	1,060,926
Vehicles	184,178
Donated property	98,060
Total	11,207,819
Less accumulated depreciation	3,776,346
Property and equipment, net	$ 7,431,473

7. Property and Equipment, continued

The Organization 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, the Organization 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 $787,652 as of June 30, 2014.

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 $364,055 is based on the fair market value of the trusts' principal as of June 30, 2014, 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.

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, 2014. There was no outstanding balance on the line of credit as of June 30, 2014.

10. Commitments and Contingencies

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

2015	$ 60,672
2016	24,626
2017	13,674
Total	$ 98,972

Rent expense under operating leases amounted to $54,186 for the year ended June 30, 2014.

10. Commitments and Contingencies, continued

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 consolidated financial statements.

11. Retirement Plan

Eligible employees of the Organization may participate in an Internal Revenue Code 403(b) retirement savings plan. In addition to employee deferrals, the plan also allows for the Organization to make discretionary matching contributions to eligible participants. The Organization contributed $45,537 to this plan during the year ended June 30, 2014.

12. Temporarily Restricted Net Assets

As of June 30, 2014, temporarily restricted net assets consisted of:

Use restrictions:	
HomeSafe programs	$ 101,871
Time restrictions:	
Pledges receivable	90,028
Split interest agreements	364,055
Total temporarily restricted net assets	$ 555,954

13. Permanently Restricted Net Assets

As of June 30, 2014, permanently restricted net assets consisted of:

Endowment for program operations	$ 1,260,509
Endowment for property and plant renewal, renovation and maintenance of the Sylvester campus	1,056,132
Total permanently restricted net assets	$ 2,316,641

14. Endowments

The Organization's endowments consist of several individual funds established for a variety of purposes and are all held within the Foundation. 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 Foundation 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, the Foundation 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.

The Foundation 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, the Foundation 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). The Foundation utilizes the services of a financial advisor who provides input into the investment strategy policy.

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

14. Endowments, continued

The changes in endowment net assets for the year ended June 30, 2014 are as follows:

Endowment net assets, beginning	$ 2,178,146
Investment return:	
Investment income	41,061
Investment expenses	(15,864)
Realized and change in unrealized gain	213,298
Appropriation for expenditure	(100,000)
Endowment net assets, ending	$ 2,316,641

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level the donor requires the Foundation to retain as a fund of perpetual duration. There were no such funds as of June 30, 2014 below the level required by donors.

15. Subsequent Events

The Organization has evaluated subsequent events through December 15, 2014, which is the date the consolidated financial statements were available to be issued. Management is not aware of any events that have occurred subsequent to the consolidated statement of financial position date that would require adjustment to, or disclosure in, the consolidated financial statements.

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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

We have audited the consolidated financial statements of The Children's Place at Home Safe, Inc. (d/b/a HomeSafe) as of and for the year ended June 30, 2014, and have issued our report thereon dated December 15, 2014. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered The Children's Place at Home Safe, Inc.'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the consolidated 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of The Children's Place at Home Safe, Inc.'s internal control over financial reporting.

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 consolidated financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

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 15, 2014

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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 *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 Office of Management and Budget (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, 2014. 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, 2014.

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
December 15, 2014

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	93.658
Name of Federal Program or Cluster:	Foster Care – Title IV
CFDA Number	93.667
Name of Federal Program or Cluster:	Social Services Block Grant
CFDA Number	93.994
Name of Federal Program or Cluster:	Maternal and Child Health Services Block Grant
Dollar Threshold used to distinguish between type A and type B programs:	$ 300,000
Auditee qualified as a low-risk auditee?	Yes

SECTION II – FINANCIAL STATEMENT FINDINGS

There are no findings reported for the year ended June 30, 2014.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There are no findings or questioned costs for the year ended June 30, 2014.

CORRECTIVE ACTIION PLAN

There is no corrective action plan required, as there are no findings or question costs reported for the year ended June 30, 2014.

PRIOR YEAR FINDINGS AND QUESTIONED COSTS

There were no prior audit findings or questioned costs for the year ended June 30, 2013, 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, 2014

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	TCP13RGC; TCP13RGC2	$ 470,484
Social Services Block Grant	93.667	TCP13RGC; TCP13RGC2	287,645
Pass-through Children Network of Southwest Florida:			
Foster Care Title IV-E	93.658	SAJ09	11,260
Social Services Block Grant	93.667	SAJ09	7,373
Pass-through Devereux CBC of Okeechobee and Treasure Coast:			
Foster Care Title IV-E	93.658	DCBC207	24,425
Social Services Block Grant	93.667	DCBC207	21,498
Pass-through Eckerd:			
Foster Care Title IV-E	93.658	ECA-RA-HIS-FY15	8,875
Social Services Block Grant	93.667	ECA-RA-HIS-FY15	5,808
Pass-through United for Families:			
Foster Care Title IV-E	93.658	UA445	13,097
Social Services Block Grant	93.667	UA445	11,527
Pass-through Children's Services Council:			
Medical Assistance Program (Medicaid; Title XIX)	93.778	609; 648	169,267
Maternal and Child Health Services Block Grant	93.994	609; 648	433,441
Total DHHS			1,464,700
U.S. Department of Justice (DOJ)			
Passed-through Florida Office of the Attorney General:			
Victims of Crime Act	16.575	V11135	47,024
Total expenditures of federal awards			$ 1,511,724

See independent auditor's report.

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, 2014. 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 consolidated 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 ChildNet, Inc. and Children's Service Council of Palm Beach County, and represent federal award programs with fiscal year 2014 expenditures totaling $1,295,433. Programs tested ensure coverage of at least 25 percent of federally granted funds. Actual coverage is approximately 86 percent of total federal award program expenditures.

THE CHILDREN'S PLACE AT HOME SAFE, INC.
d/b/a HOMESAFE
CONSOLIDATING STATEMENT OF FINANCIAL POSITION

As of June 30, 2014

	HomeSafe	Foundation	Eliminations	Totals
ASSETS				
Cash and cash equivalents	$ 99,824	$ 85,732	$ -	$ 185,556
Accounts receivable	604,102	-	-	604,102
Pledges receivable, net	-	190,777	-	190,777
Prepaid expenses	3,649	-	-	3,649
Property and equipment, net	7,406,168	25,305	-	7,431,473
Split interest agreements	364,055	-	-	364,055
Deposits	7,445	-	-	7,445
Inter-organizational receivable	959,298	-	(959,298)	-
Investments	11,945	2,459,088	-	2,471,033
Total assets	$ 9,456,486	$ 2,760,902	$ (959,298)	$ 11,258,090
LIABILITIES AND NET ASSETS				
Accounts payable	$ 98,163	$ 10,619	$ -	$ 108,782
Accrued expenses	323,248	13,197	-	336,445
Other liabilities	11,628	-	-	11,628
Inter-organizational payable	-	959,298	(959,298)	-
Total liabilities	433,039	983,114	(959,298)	456,855
Net assets				
Unrestricted	8,557,521	(628,881)	-	7,928,640
Temporarily restricted	465,926	90,028	-	555,954
Permanently restricted	-	2,316,641	-	2,316,641
Total net assets	9,023,447	1,777,788	-	10,801,235
Total liabilities and net assets	$ 9,456,486	$ 2,760,902	$ (959,298)	$ 11,258,090

See independent auditor's report.

THE CHILDREN'S PLACE AT HOME SAFE, INC.
d/b/a HOMESAFE
CONSOLIDATING STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2014

	HomeSafe	Foundation	Eliminations	Totals
Revenues and support:				
Program service	$ 6,386,232	$ -	$ -	$ 6,386,232
Grants	3,290	579,258	-	582,548
Contributions	1,379,398	305,263	(1,379,398)	305,263
Special event revenue	-	594,001	-	594,001
Investment income, net	202	29,296	-	29,498
Realized and change in unrealized gain	2,199	231,359		233,558
Change in value of split interest agreements	41,292	-	-	41,292
Other income	60,065	-	(60,000)	65
Total revenues and support	7,872,678	1,739,177	(1,439,398)	8,172,457
Net assets released from restrictions	-	-	-	-
	7,872,678	1,739,177	(1,439,398)	8,172,457
Expenses:				
Program services	7,003,665	1,379,398	(1,379,398)	7,003,665
Supporting services:				
Management and general	599,226	60,000	(60,000)	599,226
Fundraising	-	512,773	-	512,773
Total expenses	7,602,891	1,952,171	(1,439,398)	8,115,664
Change in net assets	269,787	(212,994)	-	56,793
Net assets, beginning	8,753,660	1,990,782	-	10,744,442
Net assets, end	$ 9,023,447	$ 1,777,788	$ -	$ 10,801,235

See independent auditor's report.