

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

**REPORT ON AUDIT OF
FINANCIAL STATEMENTS**

**For the Year Ended June 30, 2018
(with comparable totals for 2017)**

TABLE OF CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT	1-2
FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of Activities	4
Statement of Cash Flows	5-6
Statement of Functional Expenses	7
NOTES TO FINANCIAL STATEMENTS	8-20
INTERNAL ACCOUNTING AND ADMINISTRATIVE CONTROL AND COMPLIANCE	
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 <i>Government Auditing Standards</i>	21-22
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	23-24
Schedule of Findings and Questioned Costs	25-26
SUPPLEMENTARY INFORMATION	
Schedule of Expenditures of Federal Awards	27
Notes to Schedule of Expenditures of Federal Awards	28



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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, 2018, 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, 2018, 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 14, 2018, 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, 2017 financial statements, and our report dated December 21, 2017, 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, 2017, 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 14, 2017

THE CHILDREN'S PLACE AT HOME SAFE, INC.
d/b/a HOMESAFE
STATEMENT OF FINANCIAL POSITION
As of June 30, 2018
(with comparable totals for 2017)

ASSETS	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2018 Totals</u>	<u>2017 Totals</u>
Cash and cash equivalents	\$ 615,590	\$ 170,263	\$ -	\$ 785,853	\$ 651,772
Accounts receivable	728,040	-	-	728,040	885,272
Pledges receivable, current portion	81,845	-	-	81,845	89,420
Mortgage receivable, current portion	-	2,000,000	-	2,000,000	-
Prepaid expenses	416,408	-	-	416,408	427,283
Total current assets	1,841,883	2,170,263	-	4,012,146	2,053,747
Pledges receivable	-	-	-	-	55,000
Mortgage receivable	-	3,231,013	-	3,231,013	-
Property and equipment, net	3,206,935	-	-	3,206,935	7,714,880
Beneficial interest in trusts	-	104,776	50,000	154,776	147,902
Deposits	6,985	-	-	6,985	6,985
Investments	137,562	4,566,135	1,930,457	6,634,154	2,653,110
Total assets	\$ 5,193,365	\$ 10,072,187	\$ 1,980,457	\$ 17,246,009	\$ 12,631,624
LIABILITIES AND NET ASSETS					
Accounts payable	\$ 135,911	\$ -	\$ -	\$ 135,911	\$ 97,620
Accrued expenses	446,309	-	-	446,309	422,003
Note payable	-	-	-	-	359,923
Other liabilities	37,580	-	-	37,580	8,517
Total liabilities	619,800	-	-	619,800	888,063
Net assets	4,573,565	10,072,187	1,980,457	16,626,209	11,743,561
Total liabilities and net assets	\$ 5,193,365	\$ 10,072,187	\$ 1,980,457	\$ 17,246,009	\$ 12,631,624

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, 2018
(with comparable totals for 2017)

	Unrestricted	Temporarily Restricted	Permanently Restricted	2018 Totals	2017 Totals
Revenues and support:					
Program service	\$ 7,300,489	\$ -	\$ -	\$ 7,300,489	\$ 7,022,521
Grants	648,683	1,000	-	649,683	442,673
Contributions	558,823	-	-	558,823	451,971
Special event revenue	561,124	-	-	561,124	459,042
Investment income, net	2,671	185,428	37,129	225,228	39,760
Realized and change in unrealized gain	11,740	36,140	45,251	93,131	191,000
Change in value of beneficial interest in trusts	-	6,874	-	6,874	5,707
Other income	7,018	-	-	7,018	-
Total revenues and support	9,090,548	229,442	82,380	9,402,370	8,612,674
Net assets released from restrictions	1,185,748	(1,016,748)	(169,000)	-	-
	<u>10,276,296</u>	<u>(787,306)</u>	<u>(86,620)</u>	<u>9,402,370</u>	<u>8,612,674</u>
Expenses:					
Program services	7,696,701	-	-	7,696,701	7,553,216
Supporting services:					
Management and general	760,562	-	-	760,562	756,178
Fundraising	695,768	-	-	695,768	545,467
Total expenses	9,153,031	-	-	9,153,031	8,854,861
Gain on sale of assets	4,633,309	-	-	4,633,309	4,900
Change in net assets	5,756,574	(787,306)	(86,620)	4,882,648	(237,287)
Net assets, beginning	8,890,291	786,193	2,067,077	11,743,561	11,980,848
Transfers	(10,073,300)	10,073,300	-	-	-
Net assets, end	\$ 4,573,565	\$ 10,072,187	\$ 1,980,457	\$ 16,626,209	\$ 11,743,561

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, 2018
(with comparable totals for 2017)

	<u>2018</u>	<u>2017</u>
Cash flows from operating activities:		
Cash received from government grants and contracts	\$ 649,683	\$ 442,673
Cash received from program services	7,424,723	6,794,432
Cash received from contributions and support	1,001,546	987,157
Cash paid to suppliers and employees	(8,723,070)	(8,959,442)
Other income	7,018	-
Interest and dividends received	86,321	56,474
Interest paid	<u>(7,699)</u>	<u>(10,114)</u>
Net cash provided by (used in) operating activities	<u>438,522</u>	<u>(688,820)</u>
Cash flows from investing activities:		
Proceeds from sale of property and equipment	5,013,974	4,900
Purchase of property and equipment	(1,070,579)	(383,003)
Proceeds from beneficial interest in trusts	-	376,058
Contributions to beneficial interest in trusts	-	(25,000)
Proceeds from sale of investments	714,598	223,233
Purchase of investments	<u>(4,602,511)</u>	<u>(64,452)</u>
Net cash provided by investing activities	<u>55,482</u>	<u>131,736</u>
Cash flows from financing activities:		
Proceeds from note payable	-	359,923
Payment on note payable	<u>(359,923)</u>	<u>-</u>
Net cash provided by (used in) financing activities	<u>(359,923)</u>	<u>359,923</u>
Net change in cash and cash equivalents	134,081	(197,161)
Cash and cash equivalents, beginning	<u>651,772</u>	<u>848,933</u>
Cash and cash equivalents, end	<u><u>\$ 785,853</u></u>	<u><u>\$ 651,772</u></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, 2018
(with comparable totals for 2017)

	2018	2017
Reconciliation of change in net assets to net cash provided by (used in) operating activities:		
Change in net assets	\$ 4,882,648	\$ (237,287)
Adjustment to reconcile change in net assets to net cash provided by (used in) operating activities:		
Bad debt	36,277	57,803
Donated assets	(105,162)	-
Depreciation	229,721	348,558
Gain on sale of assets	(4,633,309)	(4,900)
Change in discount of mortgage receivable	(157,713)	-
Contributions to beneficial interest in trusts	-	(25,000)
Change in value of beneficial interest in trusts	(6,874)	(5,707)
Realized and change in unrealized gain	(93,131)	(191,000)
Decrease (increase) in certain assets:		
Accounts receivable	124,234	(285,892)
Pledges receivable	59,296	101,144
Prepaid expenses	10,875	(425,677)
Increase (decrease) in certain liabilities:		
Accounts payable	38,291	(56,879)
Accrued expenses	24,306	28,102
Other liabilities	29,063	7,915
	<u>\$ 438,522</u>	<u>\$ (688,820)</u>
Net cash provided by (used in) operating activities	<u>\$ 438,522</u>	<u>\$ (688,820)</u>

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, 2018
(with comparable totals for 2017)

	Program Services								2018 Totals	2017 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	\$ 552,107	\$ 161,506	\$ 1,924,496	\$ 2,075,582	\$ 57,857	\$ 4,771,548	\$ 268,507	\$ 293,662	\$ 5,333,717	\$ 5,296,644
Payroll taxes	40,100	11,765	141,387	152,311	4,237	349,800	19,422	20,961	390,183	394,599
Employee benefits	85,398	24,125	295,740	350,216	8,563	764,042	81,963	19,661	865,666	736,709
Total personnel expenses	677,605	197,396	2,361,623	2,578,109	70,657	5,885,390	369,892	334,284	6,589,566	6,427,952
Advertising	-	-	-	-	-	-	1,345	76,765	78,110	2,218
Appreciation	112	103	-	438	-	653	16,843	7,787	25,283	24,193
Bad debt expense	-	-	-	29,720	-	29,720	6,557	-	36,277	57,803
Individual assistance	15,974	1,400	-	46,462	-	63,836	9,314	-	73,150	85,842
Insurance	27,457	5,047	76,343	115,120	8,324	232,291	28,766	7,053	268,110	258,502
Other expenses	4,218	742	3,636	17,114	3,352	29,062	92,365	890	122,317	58,687
Professional fees	31,942	14,507	53,451	134,876	1,462	236,238	89,878	101,177	427,293	361,368
Recruiting and retention	35	-	2,669	-	-	2,704	11,984	1,287	15,975	19,692
Rent	29,116	206	79,256	31,561	75	140,214	7,280	284	147,778	87,369
Repairs and maintenance	36,651	7,880	27,076	86,193	18,497	176,297	41,988	6,805	225,090	201,755
Service charges	785	183	2,498	3,383	70	6,919	7,082	5,153	19,154	25,137
Supplies	52,162	5,479	73,974	116,547	2,521	250,683	12,553	60,677	323,913	290,972
Travel and entertainment	5,667	4,083	67,959	21,013	522	99,244	7,468	81,911	188,623	180,545
Utilities	52,486	8,552	123,910	129,957	15,810	330,715	42,499	9,457	382,671	424,269
Depreciation	33,634	1,826	26,041	123,172	28,062	212,735	14,748	2,238	229,721	348,557
Total expenses	\$ 967,844	\$ 247,404	\$ 2,898,436	\$ 3,433,665	\$ 149,352	\$ 7,696,701	\$ 760,562	\$ 695,768	\$ 9,153,031	\$ 8,854,861

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, 2018

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 14,000 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, 2018

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, 2018, 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	\$ 370,162
Prepaid special events	12,700
Prepaid expenses	<u>33,546</u>
	<u>\$ 416,408</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, 2018

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 \$244,034 and investment fees of \$18,806.

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. The total amount of donated services received during the year ended June 30, 2018, amounted to \$192,754. This amount is recognized as both revenue, under the caption of contributions, and as property and equipment (\$44,745) in the Statement of Financial Position, gain on sale of asset (\$60,417) in the Statement of Activities, and various expenses (\$87,592) in the Statement of Functional Expenses.

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, 2018 was \$78,110, and consisted of advertising and marketing expenses.

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

For the Year Ended June 30, 2018

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, 2018.

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, 2017, from which the summarized information was derived. Certain 2017 amounts have been reclassified to conform to 2018 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, 2018

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, 2018, HomeSafe had approximately \$550,000 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, 2018

3. Concentration of Credit Risk, continued

HomeSafe also holds investments in various accounts with financial and brokerage institutions. As of June 30, 2018, approximately 98% 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, 2018. 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, 2018

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, 2018:

	Assets at Fair Value as of June 30, 2018			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments:				
Cash equivalents	\$ 1,115,234	\$ -	\$ -	\$ 1,115,234
Certificate of deposits	2,992,328	-	-	2,992,328
Mutual funds	137,562	-	-	137,562
Commodities	73,943	-	-	73,943
Equity securities	827,954	-	-	827,954
Fixed income securities	<u>1,487,133</u>	<u>-</u>	<u>-</u>	<u>1,487,133</u>
	6,634,154	-	-	6,634,154
Beneficial interest in trusts	<u>-</u>	<u>-</u>	<u>154,776</u>	<u>154,776</u>
	<u>\$ 6,634,154</u>	<u>\$ -</u>	<u>\$ 154,776</u>	<u>\$ 6,788,930</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, 2018.

Balance, beginning of year	\$ 147,902
Change in value	6,874
Contributions (settlements)	<u>-</u>
Balance, end of year	<u>\$ 154,776</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	\$ 154,776	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, 2018

5. Accounts Receivable

Accounts receivable are deemed to be fully collectible by management and consist of the following as of June 30, 2018:

Medicaid/Managed Care	\$ 157,078
State of Florida, Office of Attorney General	4,823
Palm Beach County	4,349
City of West Palm Beach	2,925
Children's Services Council	244,267
ChildNet, Inc.	154,091
Other Community Based Care Agencies	<u>160,507</u>
Total accounts receivable	<u>\$ 728,040</u>

6. Pledges Receivable

Contributions are recognized in the period an unconditional promise to give is received. Pledges receivable are recorded at face value if due in less than one year, or at net realizable value, discounted as appropriate to reflect the estimated timing of receipt for contributions, if due more than one year after the date of receipt. As of June 30, 2018, all pledges receivable are expected to be collected in less than one year and, therefore, no discount or allowance for uncollectible receivables was considered necessary.

7. Mortgage Receivable

During the current year, HomeSafe received a mortgage receivable as a result of the sale of its Sylvester Family Campus. The mortgage has no stated interest rate and is due in October 2020. Mortgage receivable consisted of the following amounts as of June 30, 2017:

Receivable in less than one year	\$ 2,000,000
Receivable in one to five years	<u>3,500,000</u>
Total mortgage receivable	5,500,000
Discount to net present value of mortgage receivable in more than one year	<u>(268,987)</u>
Total mortgage receivable	<u>\$ 5,231,013</u>

For financial reporting purposes, the amount of mortgage receivable due in the upcoming year has been reflected as a current asset in the Statement of Financial Position. The amount due after one year has been discounted using an interest rate of 4.25% and has been reflected in the Statement of Financial Position as non-current asset. The amount of discount amortized during the year was \$157,713 as is included with investment income in the Statement of Activities.

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

For the Year Ended June 30, 2018

8. Property and Equipment

Property and equipment consist of the following as of June 30, 2018:

Land	\$ 1,316,555
Buildings and leasehold improvements	3,354,872
Furniture and equipment	1,292,153
Vehicles	209,801
Donated property	98,060
Construction in progress	<u>80,716</u>
	6,352,157
Less accumulated depreciation	<u>3,145,222</u>
Property and equipment, net	<u>\$ 3,206,935</u>

Construction in progress consisted of costs related to the Sylvester Campus project, which encompasses the development of a new Sylvester Campus Building located at Lyons Road, in West Palm Beach.

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 \$948,780 as of June 30, 2018.

9. 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.

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, 2018, HomeSafe did not receive any distributions from the Fund.

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

For the Year Ended June 30, 2018

9. Beneficial Interest in Trusts, continued

HomeSafe reports the fair value of the beneficial interest in charitable remainder trusts in the Statement of Financial Position at the expected future cash flows discounted at rates ranging from 7.5% to 9%. The expected future cash flow is based on the fair market value of the trusts' principal as of June 30, 2018, along with the life expectancies of the income beneficiaries. HomeSafe reports the fair value of the beneficial interest in Fund in the Statement of Financial Position at the amount reported to HomeSafe by the Foundation. 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.

10. 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 5.00% as of June 30, 2018. There was no outstanding balance on the line of credit as of June 30, 2018.

11. Commitments and Contingencies

Leases: HomeSafe conducts its operations from facilities that are leased under operating leases expiring at various dates through 2022. Additionally, HomeSafe leases office equipment under operating leases expiring in 2020. Future minimum lease payments under operating leases are as follows:

2019	\$ 90,878
2020	84,186
2021	42,580
2022	<u>10,226</u>
Total	<u>\$ 227,870</u>

Rent expense under operating leases amounted to \$147,778 for the year ended June 30, 2018.

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.

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

For the Year Ended June 30, 2018

12. Temporarily Restricted Net Assets

As of June 30, 2018, temporarily restricted net assets consisted of:

Use restrictions:	
HomeSafe programs	\$ 170,263
Expressive Arts Endowment	256,469
Jim Moran Endowment (Pond Place)	261,348
Sylvester Family Campus	9,279,331
Time restrictions:	
Beneficial interest in trusts	<u>104,776</u>
Total temporarily restricted net assets	<u>\$ 10,072,187</u>

In October 2017, HomeSafe sold its Sylvester Family Campus (the "Facility") for \$10,500,000. That Facility was originally developed with restricted funds that were deemed satisfied once the Facility was completed and placed in service. However, in order to sell the Facility, the donor was required to terminate a previously recorded Declaration of Restrictions, and agree to various terms that allow HomeSafe to acquire and develop one or two replacement campuses. The proceeds from this sale will be reported as a transfer from unrestricted net assets back to temporarily restricted net assets in Statement of Activities, until such time as a new facility is placed in service and the related restrictions deemed satisfied.

13. Permanently Restricted Net Assets

As of June 30, 2018, permanently restricted net assets consisted of:

Sylvester Endowment (HomeSafe programs)	\$ 965,232
Sylvester Endowment (property and plant renewal)	965,225
Beneficial interest in trust	<u>50,000</u>
Total permanently restricted net assets	<u>\$ 1,980,457</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 CHILDREN'S PLACE AT HOME SAFE, INC.
d/b/a HOMESAFE
NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2018

14. Endowments, continued

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.

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, 2018 are as follows:

	Temporarily <u>Restricted</u>	Permanently <u>Restricted</u>	<u>Total</u>
Endowment net assets, beginning	\$ 494,914	\$2,017,077	\$2,511,991
Investment return:			
Investment income	7,289	50,356	57,645
Investment expenses	(1,605)	(13,227)	(14,832)
Realized and change in unrealized gains	38,219	45,251	83,470
Appropriation for expenditure	<u>(21,000)</u>	<u>(169,000)</u>	<u>(190,000)</u>
Endowment net assets, ending	<u>\$ 517,817</u>	<u>\$1,930,457</u>	<u>\$2,448,274</u>

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

For the Year Ended June 30, 2018

14. Endowments, continued

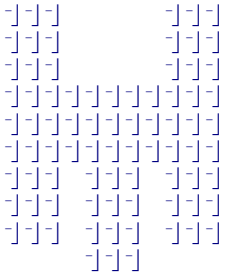
From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level the donor requires HomeSafe to retain as a fund of perpetual duration. In accordance with accounting principles generally accepted in the United States of America, deficiencies of this nature were \$69,543 as of June 30, 2018. These conditions resulted from unfavorable market fluctuations.

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 \$93,983 to this plan during the year ended June 30, 2018.

16. Subsequent Events

HomeSafe has evaluated subsequent events through December 14, 2018, which is the date the financial statements were available to be issued, and determined there were no further disclosures required to be presented in these financial statements



Holyfield & Thomas, LLC

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of The Children's Place at Home Safe, Inc. (d/b/a HomeSafe) which comprise the statement of financial position as of June 30, 2018, 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 14, 2018.

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*.

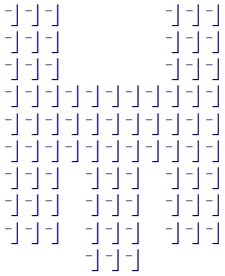
Purpose of this Report

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 14, 2018



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, 2018. 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, 2018.

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 14, 2018

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

For the Year Ended June 30, 2018

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, 2018

SECTION II – FINANCIAL STATEMENT FINDINGS

There are no findings reported for the year ended June 30, 2018.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There are no findings or questioned costs for the year ended June 30, 2018.

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, 2018.

PRIOR YEAR FINDINGS AND QUESTIONED COSTS

There were no prior audit findings or questioned costs for the year ended June 30, 2017, 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, 2018

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	RA	\$ 82,283
Social Services Block Grant	93.667	RA	57,777
Pass-through ChildNet – Palm Beach County:			
Foster Care Title IV-E	93.658	TCP17RGC; TCP17RGC2	226,967
Social Services Block Grant	93.667	TCP17RGC; TCP17RGC2	159,372
Pass-through Eekerd Community Alternatives, Inc - PASCO\PINELLAS:			
Foster Care Title IV-E	93.658	ECA-C6-RA-TCP-FY18	116,945
Social Services Block Grant	93.667	ECA-C6-RA-TCP-FY18	62,565
Pass-through Children's Network of Southwest FL:			
Foster Care Title IV-E	93.658	SAP12; SAP15	30,054
Social Services Block Grant	93.667	SAP12; SAP15	21,104
Pass-through Heartland for Children:			
Foster Care Title IV-E	93.658	RA-NCP01	39,066
Social Services Block Grant	93.667	RA-NCP01	27,431
Pass-through Devereux CBC of Okeechobee and Treasure Coast:			
Foster Care Title IV-E	93.658	DCBC221	1,891
Social Services Block Grant	93.667	DCBC221	1,328
Pass-through Children's Services Council:			
Maternal and Child Health Services Block Grant	93.994	609; 648	<u>29,220</u>
Total DHHS			856,003
U.S. Department of Justice (DOJ)			
Passed-through Florida Office of the Attorney General:			
Victims of Crime Act	16.575	VOCA-2017-Homesafe-0064	<u>93,710</u>
Total expenditures of federal awards			<u>\$ 949,713</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, 2018

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, 2018. 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 \$243,546 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 2018 expenditures totaling \$309,250. Programs tested ensure coverage of at least 20 percent of federally granted funds. Actual coverage is approximately 33 percent of total federal award program expenditures.