

*Financial Statements and
Supplementary Information*

CENTER FOR CHILD COUNSELING, INC.

September 30, 2023

CENTER FOR CHILD COUNSELING, INC.

**Financial Statements and
Supplementary Information**

September 30, 2023

(With Independent Auditor's Report Thereon)

CENTER FOR CHILD COUNSELING, INC.

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SCHAFFER, TSCHOPP, WHITCOMB, MITCHELL & SHERIDAN, LLP

Certified Public Accountants

Michael R. Schafer, CPA
Thomas R. Tschopp, CPA
Tom V. Whitcomb, CPA

541 S. Orlando Avenue, Suite 312
Maitland, Florida 32751
(407) 875-2760

Joseph P. Mitchell, CPA
Stephen J. Sheridan, CPA
Daniel M. Hinson, CPA

Independent Auditor's Report

To the Board of Directors
Center For Child Counseling, Inc.

Opinion

We have audited the accompanying financial statements of Center For Child Counseling, Inc. (a nonprofit corporation), which comprise the statement of financial position as of September 30, 2023, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Center For Child Counseling, Inc. as of September 30, 2023, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Center For Child Counseling, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Center For Child Counseling, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Center For Child Counseling, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Center For Child Counseling, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated December 19, 2023 on our consideration of the Center for Child Counseling, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants 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 the 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 Center for Child Counseling, Inc.'s internal control over financial reporting and compliance.

Report on Summarized Comparative Information

We have previously audited the Center for Child Counseling, Inc.'s 2022 financial statements, and our report dated January 4, 2023, 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 September 30, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Schaefer, Tschoy, Whittemut, Mitchell & Shuilen, LLP

Maitland, Florida
December 19, 2023

CENTER FOR CHILD COUNSELING, INC.

Statements of Financial Position

September 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
<u>Assets</u>		
Cash	\$ 3,824,786	3,013,154
Accounts receivable	530,520	485,798
Deposits and other assets	20,023	27,699
Property and equipment (note 3)	1,702	5,875
Beneficial interest in assets held by Community Foundation (note 4)	209,109	197,058
Right of use asset, operating lease (note 6)	1,135,054	-
Total assets	<u>\$ 5,721,194</u>	<u>3,729,584</u>
<u>Liabilities and Net Assets</u>		
Accounts payable and accrued expenses	\$ 137,866	124,353
Lease liability, operating lease (note 6)	1,135,054	-
Total liabilities	<u>1,272,920</u>	<u>124,353</u>
Commitments (note 4)		
Net assets:		
Without donor restrictions	4,353,274	3,519,398
With donor restrictions	95,000	85,833
Total net assets	<u>4,448,274</u>	<u>3,605,231</u>
Total liabilities and net assets	<u>\$ 5,721,194</u>	<u>3,729,584</u>

See accompanying notes to the financial statements.

CENTER FOR CHILD COUNSELING, INC.

Statement of Activities

For the year ended September 30, 2023

(With summarized comparative information for the year ended September 30, 2022)

	Without Donor Restrictions	With Donor Restrictions	2023 Total	2022
Support and revenue:				
Monthly reimbursement contracts	\$3,264,829	-	3,264,829	2,417,796
Government funds	244,957	-	244,957	315,866
Other grants	1,624,026	95,000	1,719,026	1,168,414
Contributions	225,526	-	225,526	148,978
In-kind contributions	525,712	-	525,712	464,822
Program fees	723,652	-	723,652	789,428
Special events	31,572	-	31,572	3,600
Other income	9,715	-	9,715	9,290
Investment income (loss)	6,766	-	6,766	(15,191)
Net assets released from restriction	85,833	(85,833)	-	-
Total support and revenue	6,742,588	9,167	6,751,755	5,303,003
Expenses and losses:				
Program services	5,279,171	-	5,279,171	4,141,660
Supporting services:				
Management and general	1,019,857	-	1,019,857	767,465
Fundraising	123,103	-	123,103	135,010
Total expenses	6,422,131	-	6,422,131	5,044,135
Change in net assets	320,457	9,167	329,624	258,868
Increase in net assets due to acquisition (note 7)	513,419	-	513,419	-
Net assets at beginning of period	3,519,398	85,833	3,605,231	3,346,363
Net assets at end of period	\$4,353,274	95,000	4,448,274	3,605,231

See accompanying notes to the financial statements.

CENTER FOR CHILD COUNSELING, INC.

Statement of Functional Expenses

For the year ended September 30, 2023

(With summarized comparative information for the year ended September 30, 2022)

	Program Services	Management and General	Fund Raising	2023 Total	2022
Payroll and related benefits	\$ 3,959,029	533,648	102,526	4,595,203	3,622,431
Contract labor	119,466	9,355	-	128,821	23,486
Program supplies	23,748	2,135	-	25,883	68,139
Rent	242,405	30,655	3,017	276,077	251,355
Utilities and maintenance	65,751	8,270	657	74,678	57,651
Telephone and computer	193,032	68,414	2,235	263,681	196,487
Professional fees	22,152	5,364	-	27,516	18,604
Travel	100,112	41,369	2,313	143,794	79,814
Insurance	33,068	2,871	530	36,469	33,732
Office expense	55,883	22,870	-	78,753	60,261
Continuing education	7,621	1,752	-	9,373	12,581
Donated services and rent	325,336	200,150	225	525,711	464,822
Public relations	84,154	51,123	11,293	146,570	80,742
Depreciation	3,547	626	-	4,173	10,265
Credit card fees	2,185	1,239	202	3,626	2,032
Bad debt expense	3,905	-	-	3,905	(5,310)
Specific assistance to clients	1,610	1,092	-	2,702	1,913
Miscellaneous	36,167	38,924	105	75,196	65,130
	<u>\$ 5,279,171</u>	<u>1,019,857</u>	<u>123,103</u>	<u>6,422,131</u>	<u>5,044,135</u>

See accompanying notes to financial statements.

CENTER FOR CHILD COUNSELING, INC.

Statements of Cash Flows

For the years ended September 30, 2023 and 2022

	2023	2022
Cash flows from operating activities:		
Change in net assets	\$ 329,624	258,868
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	4,173	10,265
Changes in assets and liabilities:		
Accounts receivable	(44,722)	(146,891)
Deposits and other assets	7,676	(10,419)
Accounts payable and accrued expenses	13,513	33,924
Net cash provided by operating activities	310,264	145,747
Cash flows from investing activities:		
Investment in community foundation	(12,051)	(67,497)
Cash received in acquisition of KidSafe	513,419	-
Net cash used in investing activities	501,368	(67,497)
Net increase in cash	811,632	78,250
Cash at beginning of period	3,013,154	2,934,904
Cash at end of period	\$ 3,824,786	3,013,154

See accompanying notes to financial statements.

CENTER FOR CHILD COUNSELING, INC.

Notes to Financial Statements

September 30, 2023

(1) Organization and Summary of Significant Accounting Policies

(a) Organization

Center for Child Counseling (CFCC) is building the foundation for playful, healthful, and hopeful living for children, families, and communities. The organization's vision is healthy, resilient children and families through ACEs (Adverse Childhood Experiences) aware and trauma-informed communities.

To achieve this mission, Center for Child Counseling is building the capacity of caregivers, families, schools, and communities to address the issue of ACEs (Adverse Childhood Experiences and Adverse Community Environments) and trauma through an equity lens and healing-centered approach. The overarching goal is to promote Positive Childhood Experiences (PCEs), resilience, and safety.

Main Organizational Goals

- Improve the mental health, resilience, and safety of children through a public health approach that includes an array of evidence-based prevention education, early intervention services, and clinical treatment.
- Improve adult caregivers' use of positive, trauma-informed strategies that promote resilience, relational health, and safe environments leading to healthy outcomes for children.
- Educate mental health, pediatric, and school professionals on effective clinical and trauma-informed models and strategies for working with children and families.

Organizational Approach

Research shows that in the absence of healthy, buffering relationships, adversity and toxic stress in childhood can lead to disruption in the brain that impacts mental and physical health throughout the lifespan. Early, effective intervention creates healthy outcomes that can change the course of a child's life.

Center for Child Counseling's programs focus on care for underserved and vulnerable infants, children, adolescents, and their adult caregivers. The organization leads the community in education and awareness of the prevention, intervention, and treatment of Adverse Childhood Experiences (ACEs) and trauma.

Center for Child Counseling brings the science to practice, with a data-to-action approach, Theory of Change (TOC), and evaluation framework based on cutting edge, national research and best practices. The organization aims to break the intergenerational cycles of adverse experiences, which research has linked to societal issues such as addiction, abuse, and violence.

CENTER FOR CHILD COUNSELING, INC.

Notes to Financial Statements

September 30, 2023

(1) Organization and Summary of Significant Accounting Policies - Continued

(a) Organization - Continued

Awards and Publications

Over the past twenty-four years Center for Child Counseling has been recognized for excellence in programming including being the recipient of the following awards and recognition:

- 2005 National Easter Seals Award of Excellence.
- 2008 Florida Blue Foundation's Sapphire Award.
- 2018 Nonprofits First "Hats Off" Award Nonprofit of the Year.
- 2018 Palm Beach County Medical Society "Heroes in Medicine" Award: Best Community Organization.
- 2018 four programs highlighted in 'A Showcase of Florida's Cutting Edge Trauma Initiatives' published by Florida State University's Center for Prevention and Early Intervention.
- 2018 Impact the Palm Beaches Award Recipient
- 2019 Published White Paper A Public Health Approach to Fighting ACEs in Palm Beach County.
- 2019 Impact Palm Beach County Award Recipient
- 2021 5th publication of A Way of Being with Children: A Trauma-Informed Approach to Building Resilience, a manual and curriculum offering practical, insightful information, strategies, and activities for educators, parents, and adult caregivers of children.
- 2022/2023 Impact the Palm Beaches Award Recipient
- 2023 publication of A Way of Being with Children: A Trauma-Informed Approach to Building Safety and Resilience in Elementary School.
- 2023 recipient of the ATHENA Organizational Award from the Chamber of the Palm Beaches.
- Center for Child Counseling is accredited by Nonprofits First (excellence standards), has a platinum rating on Candid, and 4-star rating on Charity Navigator, highlighting the organization's commitment to transparency and excellence.

Programs

Center for Child Counseling has developed programs based on the latest research about the impact of trauma on brain development in childhood, providing multilayered prevention, early intervention, and mental health treatment for children, adolescents, and families.

Services focus on the timely identification of concerns and provision of screening and assessment, mental health consultation, and support for children exposed to a variety of factors, including:

CENTER FOR CHILD COUNSELING, INC.

Notes to Financial Statements

September 30, 2023

(1) Organization and Summary of Significant Accounting Policies - Continued

(a) Organization - Continued

- Use of harsh parent strategies, including physical abuse
- Exposure to domestic and/or community violence
- Caregiver arrest, incarceration, or absence from the home
- Caregiver or family history of substance abuse and/or mental illness
- Homelessness or lack of housing stability
- Family member's chronic illness or sudden death
- Separation from parent(s) or placement in foster care
- Exposure to chronic, toxic stress and Adverse Childhood Experiences (ACEs)

The organization's programs include:

- Child and Family Center. A safe place for children and families to heal, resolve problems, learn new skills, and find joy in being a family again.
- Child First. National, evidence-based model that works with vulnerable young children and their families, providing intensive, home-based services.
- Infant Mental Health. Counseling for pregnant women, new mothers, and young children experiencing stress and trauma.
- Childhood Trauma Response. Assessment and counseling for children, ages birth to 18 entering foster and relative caregiving in the child welfare system.
- Childcare and Community Social-Emotional Wellness. Prevention, early intervention, and treatment for children in childcare centers and schools throughout Palm Beach County. Includes Stop Now and Plan (SNAP®), an evidence-based intervention to increase prosocial skills in 6–11-year-olds.
- School-Based Mental Health. Co-located counseling and crisis support for students in Palm Beach County elementary schools.
- Stay KidSafe!™. Sexual abuse, human trafficking, and exploitation prevention, education, and awareness for K-5th grade.
- Pediatric Integration. Integration of prevention, early intervention, and mental health services within primary care setting. Therapists and Care Coordinators are embedded and work seamlessly as part of the pediatric team.
- Fighting ACEs Initiative. Advocacy, outreach, and awareness that focuses on using a public health approach to mitigate the impact of Adverse Childhood Experiences and trauma.
- Education and Prevention Services. Building capacity of adult caregivers and communities to effectively address the impact of trauma and adversity on children and adolescents. This includes local, statewide, and national training – in-person, virtually, and through CFC's online learning system at www.bekidsafe.org.

CENTER FOR CHILD COUNSELING, INC.

Notes to Financial Statements

September 30, 2023

(1) Organization and Summary of Significant Accounting Policies - Continued

(b) Basis of Presentation

The accompanying financial statements are presented on the accrual basis and represent the financial position and results of operations of the Organization.

Unconditional promises to give (pledges) are recorded as receivables and revenue, and the Organization distinguishes between promises received for each net asset category in accordance with donor restrictions, if any.

Net assets and revenue, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

- ◆ Net assets without donor restrictions---Net assets that are not subject to donor-imposed stipulations.
- ◆ Net assets with donor restrictions---Some donors impose restrictions that are temporary in nature, for example, stipulating that resources be used after a specified date, for particular programs or services, or to acquire buildings or equipment. Other donors impose restrictions that are perpetual in nature, for example, stipulating that resources be maintained in perpetuity. Laws may extend those limits to investment returns from those resources and to other enhancements (diminishments) of those resources. Thus, those laws extend donor-imposed restrictions.

(c) Cash

Cash is defined as amounts in the Organization's checking and savings accounts.

(d) Promises to Give

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Conditional promises to give are recognized as contribution revenue when the Organization meets or fulfills the condition which the donor established. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

(e) Donated Property and Equipment

Donated asset items for use directly by the Organization, such as office furniture and equipment, are recorded as contributions and as fixed assets. They are valued at their fair

CENTER FOR CHILD COUNSELING, INC.

Notes to Financial Statements

September 30, 2023

(1) Organization and Summary of Significant Accounting Policies - Continued

(e) Donated Property and Equipment - Continued

market value at the time of the donation. Such donations are reported as unrestricted support unless the donor has restricted the donated materials to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time. No donated property and equipment was received during the years ended September 30, 2023 and 2022.

(f) Donated Services

Donated services for which there is an objective basis for valuation and meeting the requirements for recognition are recorded as a revenue and expense item in the accompanying financial statements at their stated fair market value. Such donated services are reported as unrestricted support. Donated services in the amount of \$398,127 and \$369,776 for program and management were received during the years ended September 30, 2023 and 2022, respectively, and were included as in-kind contributions in the accompanying statement of activities.

Rent-In-Kind – dedicated space is provided, free of charge, at various locations (such as preschools) where agency services are provided on site. The rent-in-kind amounted to approximately \$127,584 and \$95,046 for the years ended September 30, 2023 and 2022, respectively.

(g) Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

Management estimates the fair market value of donated inventory, property and equipment, if not provided by the donor.

(h) Income Taxes

The Organization qualifies as a tax-exempt Organization under Section 501(c)(3) of the Internal Revenue Code and is classified as a public charity. Therefore, the Organization makes no provision for federal income taxes.

CENTER FOR CHILD COUNSELING, INC.

Notes to Financial Statements

September 30, 2023

(1) Organization and Summary of Significant Accounting Policies - Continued

(h) Income Taxes - Continued

The Organization adopted the provisions of the Income Tax Topic of the ASC. These provisions clarify the accounting for uncertainty in tax positions and prescribe guidance related to the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The tax benefit from an uncertain tax position is only recognized in the statement of financial position if the tax position is more likely than not to be sustained upon an examination, based on the technical merits of the position. Interest and penalties, if any, are included in expenses in the statement of activities. As of September 30, 2023, Center For Child Counseling, Inc. had no uncertain tax positions that qualify for recognition or disclosure in the financial statements.

The Organization's income tax return is subject to review and examination by federal authorities. The tax returns for the years ended 2020 to 2022 are open to examination by federal authorities.

(i) Beneficial Interest in Assets Held by Community Foundation

The Organization has an interest in the Community Foundation for Palm Beach and Martin Counties (CF) which carried investments in marketable securities with readily determinable fair values and all investments in debt securities are at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying statement of activities.

(j) Revenue Recognition

Revenue and support are recognized as they are earned. Contributions, including unconditional promises to give, are recognized as revenue in the period made or received. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Program fees and monthly reimbursement contracts are fees earned by the performance of services and are recognized as the services are provided. Revenue is reported as an increase in unrestricted net assets unless use of the asset is limited by donor imposed or contractual restrictions. Income received for future periods is recorded as deferred revenue and recognized as income as earned. Expenses are reported as decreases in unrestricted net assets. Expirations of the temporary donor imposed or contractual restrictions on net assets are reported as reclassifications to unrestricted net assets in the period in which the restrictions expired. A restriction expires when the stipulated time period has lapsed and/or the stipulated purpose has been fulfilled.

CENTER FOR CHILD COUNSELING, INC.

Notes to Financial Statements

September 30, 2023

(1) Organization and Summary of Significant Accounting Policies - Continued

(k) Functional Allocation of Expenses

The costs incurred by the Organization have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated between the program services and supporting services of the Organization. These allocations have been made based on considerations of time and space usage.

(l) Prior year Comparative Data

The financial statements include certain prior year summarized comparative information. This information has been presented in order to provide an understanding of changes in the Organization's financial position and activities. The prior year information in the statement of activities is presented in total but not by net asset class and, as such, does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. In addition, certain amounts have been reclassified in order to conform with the current year's presentation.

(m) Recently Adopted Accounting Standard

Effective October 1, 2022, the Organization adopted FASB Accounting Standards Codification (ASC) Topic 842, Leases using the practical expedient method and, accordingly, did not record a cumulative effect adjustment to beginning Net Assets balance and did not restate prior periods. The Organization elected the package of practical expedients which allowed them to carry forward their historical lease classification. The new standard established a right of use (ROU) model that requires a lessee to record an ROU asset and corresponding lease liability on the balance sheet for all leases with terms longer than 12 months. Leases are classified as either finance or operating, with classification affecting the pattern of expense recognition in the operating statement. Leases with a term of less than 12 months or are immaterial in nature will not record a right of use asset and lease liability and the payments will be recognized into profit or loss on a straight-line basis over the lease term.

(n) Subsequent Events

In preparing these financial statements, the Organization has evaluated subsequent events and transactions for potential recognition and disclosure through December 19, 2023, which is the date the financial statements were available to be issued.

(2) Liquidity and Availability

As of September 30, 2023, the Organization has \$4,355,306 of financial assets available within one year of the balance sheet date to meet cash needs for general expenditure. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

CENTER FOR CHILD COUNSELING, INC.

Notes to Financial Statements

September 30, 2023

(2) Liquidity and Availability - Continued

The following table reflects the Organization’s financial assets as of September 30, 2023 available to meet general expenditures within one year of the statement of financial position date.

Cash and cash equivalents	\$ 3,824,786
Accounts receivable	<u>530,520</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 4,355,306</u>

(3) Property and Equipment

Property and equipment consist of the following at September 30:

	<u>2023</u>	<u>2022</u>
Furniture and equipment	\$ 99,497	99,497
Less accumulated depreciation	<u>(97,795)</u>	<u>(93,622)</u>
	<u>\$ 1,702</u>	<u>5,875</u>

Depreciation expense amounted to \$4,173 and \$10,265 for the years ended September 30, 2023 and 2022, respectively.

(4) Beneficial Interest in Assets Held by Community Foundation for Palm Beach and Martin Counties

The Organization has transferred funds to Community Foundation for Palm Beach and Martin Counties (the “Foundation”) which is holding them as an investment fund for the benefit of the Organization. The Organization has not granted the Foundation variance power which gives the Foundation’s Board of Trustees the power to use the Fund for other purposes in certain circumstances. The Organization reports the fair value of the Fund as Beneficial Interest in Assets Held at the Foundation in the statement of financial position and reports distributions received as investment income. Changes in the value of the Fund are reported as gains or losses in the statement of activities. Changes in the Fund for the year ended September 30, 2023 were \$12,051.

The fund is presented in the statements of financial position as beneficial interests in assets held by CF and are considered Level 3 financial instruments, as they are pooled into various investment funds held by CF.

(5) Cash Basis Statement of Functional Expenses

The accompanying statements of functional expense includes donated services and use of facilities as required by generally accepted accounting principles. For informational purposes, the following schedule presents the Organization’s expenses on a functional basis without donated services and use of facilities:

CENTER FOR CHILD COUNSELING, INC.

Notes to Financial Statements

September 30, 2023

(5) Cash Basis Statement of Functional Expenses - Continued

	<u>Program Services</u>	<u>Management and General</u>	<u>Fund Raising</u>	<u>Total</u>
Payroll and related benefits	\$ 3,959,029	533,648	102,526	4,595,203
Contract labor	119,466	9,355	-	128,821
Program supplies	23,748	2,135	-	25,883
Rent	242,405	30,655	3,017	276,077
Utilities and maintenance	65,751	8,270	657	74,678
Telephone and computer	193,032	68,414	2,235	263,681
Professional fees	22,152	5,364	-	27,516
Travel	100,112	41,369	2,313	143,794
Insurance	33,068	2,871	530	36,469
Office expense	55,883	22,870	-	78,753
Continuing education	7,621	1,752	-	9,373
Public relations	84,154	51,123	11,293	146,570
Depreciation	3,547	626	-	4,173
Credit card fees	2,185	1,239	202	3,626
Bad debt expense	3,905	-	-	3,905
Specific assistance to clients	1,610	1,092	-	2,702
Miscellaneous	36,167	38,924	105	75,378
	<u>\$ 4,953,835</u>	<u>819,707</u>	<u>122,878</u>	<u>5,896,420</u>

(6) Adoption of FASB ASC 842

Effective October 1, 2022, the Organization adopted FASB ASC 842, Leases. The new standard establishes a right of use (ROU) model that requires a lessee to record an ROU asset and a lease liability on the balance sheet for all leases with terms longer than 12 months. Leases are classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. Leases with a term of less than 12 months will not record a right of use asset and lease liability and the payments will be recognized into profit or loss on a straight-line basis over the lease term.

The Organization elected to adopt FASB ASC 842, Leases, using the optional transition method that allows the Organization to initially apply the new leases standard at the adoption date and recognize a cumulative effect adjustment to the opening balance of retained earnings in the period of adoption. As a result, the Organization reporting for the comparative period presented in the financial statements is in accordance with FASB ASC 840.

The Organization elected to adopt the package of practical expedients available under the transition guidance with the new standard. This package includes the following: relief from determination of lease contracts included in existing or expiring leases at the point of adoption, relief from having to reevaluate the classification of leases in effect at the point of adoption, and relief from reevaluation of existing leases that have initial direct costs associated with the execution of the lease contract. The Organization also elected to adopt the practical expedient to use hindsight to determine the lease term and assess the impairment of the right of use assets.

CENTER FOR CHILD COUNSELING, INC.

Notes to Financial Statements

September 30, 2023

(6) Adoption of FASB ASC 842 - Continued

The Organization has lease arrangements for certain facilities and equipment. These leases typically has an original term not exceeding 5 years and generally contain multiyear renewal options, some of which are reasonably certain of exercise. The Organization's lease arrangements may contain both lease and non-lease components. The Organization has elected to combine and account for lease and non-lease components as a single lease component for its lease.

The following table shows ROU assets and lease liabilities, and the associated financial statement line items as of September 30, 2023:

<u>Lease-Related Assets and Liabilities</u>	
Right-of-use assets:	
Operating leases	\$ 1,135,054
Total right-of-use assets	<u>1,135,054</u>
Lease liabilities:	
Operating leases:	
Other current liabilities	<u>\$ 1,135,054</u>

Lease liability maturities as of September 30, 2023, are as follows:

	<u>Operating Leases</u>
2024	\$ 276,196
2025	293,027
2026	269,243
2027	183,040
2028	<u>113,548</u>
Total lease liabilities	<u>\$ 1,135,054</u>

(7) Acquisition

On October 1, 2022, Center for Child Counseling, Inc. acquired KidSafe through an asset purchase agreement which was consummated by the votes of the respective Boards of Directors. The acquisition was accounted for as a purchase transaction and the accompanying financial statements include the results of operations of the KidSafe program from October 1, 2022 through September 30, 2023.

SUPPLEMENTARY INFORMATION

Michael R. Schafer, CPA
Thomas R. Tschopp, CPA
Tom V. Whitcomb, CPA

541 S. Orlando Avenue, Suite 312
Maitland, Florida 32751
(407) 875-2760

Joseph P. Mitchell, CPA
Stephen J. Sheridan, CPA
Daniel M. Hinson, CPA

**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***

The Board of Directors
Center for Child Counseling, Inc.

We have audited, 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, the financial statements of Center for Child Counseling, Inc. Inc., which comprise the statement of financial position as of September 30, 2023, and the related statements of activities, and cash flows for the period then ended, and the related notes to the financial statements, and have issued our report thereon dated December 19, 2023.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Center for Child Counseling, 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 Center for Child Counseling, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Center for Child Counseling, 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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the organization'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 material weaknesses or significant deficiencies. Given these 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 Center for Child Counseling, 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 on the effectiveness of the organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Schaefer, Tschoeg, Whitcomb, Mitchell & Shuidan, LLP

Maitland, Florida
December 19, 2023