

For The Children Inc.

Financial Statements

For the year ended December 31, 2007

For The Children, Inc;

Financial Statements

For the year ended December 31, 2007

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LAMN, KRIELOW DYTRYCH & CO.

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

CHARLES L. LAMN, CPA
GARY R. KRIELOW, CPA
MARTIN A. DYTRYCH, CPA
GARTH E. ROSENKRANCE,
CPA JOANN L. WAGNER, CPA
MICHAEL R. DILLON, CPA

500 University Blvd., Suite 215 Jupiter,
FL 33458 (561) 694-1040 Fax (561)
626-2158 www.lkdcpa.com

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
For The Children, Inc.
Lake Worth, Florida

We have audited the accompanying statement of financial position of For The Children, Inc. (a nonprofit organization) as of December 31, 2007, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. 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 of the United States. Those standards require we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of For The Children, Inc. as of December 31, 2007, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

To the Board of Directors of
For The Children, Inc.
Page 2

In accordance with *Government Auditing Standards*, we have also issued our report dated June 24, 2008, on our consideration of For The Children, 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 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* and important for assessing the results of our audit.

LAMN, KRIELOW, DYTRYCH
Certified Public Accountants

June 24, 2008

For The Children, Inc.
Statement of Financial Position

December 31,2007

Assets

Current Assets

Cash and cash equivalents	\$	173,647
Certificate of deposit		100,758
Grants receivable		52,007
Prepaid expenses		10,059
Total current assets		336,471

Property and Equipment

Leasehold improvements	\$	105,189
Equipment		74,255
Vehicles		116,575
Total property and equipment		296,019
Less accumulated depreciation		(144,508)
Net property and equipment		151,511
Total assets	\$	487,982

Liabilities

Current Liabilities

Accounts payable	\$	5,222
Grant advance		88,984
Total current liabilities		94,206

Net Assets

Unrestricted		393,776
Total liabilities and net assets	\$	487,982

Read the accompanying notes and the independent auditors' report.

For The Children, Inc.**Statement of Activities****For the year ended December 31,2007**

	Unrestricted	Temporarily Restricted	Total
Support and Revenue			
Contributions and grants	\$ 1,020,734	\$ -0-	\$ 1,020,734
Program fees	83,358	-0-	83,358
In-kind contributions	259,360	-0-	259,360
Hurricane assistance	20,846	-0-	20,846
Other	1,037	-0-	1,037
Net assets released from restrictions	8,519	(8,519)	-0-
Total support and revenue	1,393,854	(8,519)	1,385,335
Functional Expenses			
Program services	1,248,371	-0-	1,248,371
General and administrative	60,802	-0-	60,802
Fundraising	1,745	-0-	1,745
Total functional expenses	1,310,918	-0-	1,310,918
Other Income (Expenses)			
Interest income	858	-0-	858
Loss on disposal of property and equipment	(111)	-0-	(111)
Total other income (expenses)	747	-0-	747
Change in net assets	83,683	(8,519)	75,164
Net assets at beginning of year	310,093	8,519	318,612
Net assets at end of year	\$ 393,776	\$ -0-	\$ 393,776

Read the accompanying notes and independent auditors' report.

For The Children, Inc.
Statement of Cash Flows
For the year" ended December 31, 2007

Operating Activities

Cash received from support and revenue	\$ 1,097,310
Hurricane assistance received	20,846
Cash paid for program services, general and administrative and fundraising costs	<u>(1,005,568)</u>
Net cash provided by operating activities	<u>112,588</u>

Investing Activities

Purchase of certificate of deposit	(99,900)
Purchases of property and equipment	<u>(1,573)</u>
Net cash used by investing activities	<u>(101,473)</u>

Net increase in cash and cash equivalents	11,115
Cash and cash equivalents, beginning of year	<u>162,532</u>
Cash and cash equivalents, end of year	\$ 173,647

Reconciliation of change in net assets to net cash provided by operating activities:

Change in net assets	\$ 75,164
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	43,498
Reinvested interest on certificate of deposit	(858)
Loss on disposal of property and equipment	111
(Increase) decrease in:	
Grants receivable Prepaid expenses Increase	(2,569)
(deuease) in:	46
Accounts payable	2,446
Grant advance	<u>(5,250)</u>
Net cash pr"ovided by oper"ating activities	\$ 112,588

Read the accompanying notes and independent auditors' report.

For The Children, Inc.
Notes to Financial Statements
As of and for the year ended December 31, 2007

Nature of Operations

For The Children, Inc. (the "Organization") located in Lake Worth, Florida, is a Florida nonprofit corporation incorporated in September 1999 and began operations on April 1, 2000. The Organization was formed to provide educational, recreational and developmental programs for children. The Organization's primary funding source is grants from state and local government agencies and foundations.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

This summary of significant accounting policies of the Organization is presented to assist in understanding the financial statements. The financial statements and notes are representations of management, who is responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles and have been applied on a consistent basis.

Basis of Accounting

The Organization prepares its financial statements on the accrual basis of accounting in accordance with generally accepted accounting principles.

Basis of Presentation

The financial statement presentation follows the recommendations of the Financial Accounting Standard Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements for Not-for-Profit Organizations*. Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: Unrestricted Net Assets, Temporarily Restricted Net Assets, and Permanently Restricted Net Assets. At December 31, 2007, the Organization did not have Temporarily or Permanently Restricted Net Assets.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

For The Children, Inc.

Notes to Financial Statements

As of and for the year ended December 31, 2007

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Cash and Cash Equivalents

For purposes of financial statement presentation, the Organization considers all money market funds and highly liquid debt instruments with initial maturities of three months or less to be cash equivalents.

Property and Equipment

Acquisitions of property and equipment in excess of \$500 are capitalized. Property and equipment is stated at cost for purchased assets. Contributed property and equipment is recorded at approximate fair market value at the date of donation. If donors stipulate how long the property and equipment must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as unrestricted support. Depreciation on all property and equipment is provided using the straight-line method over the estimated useful lives of the assets.

Contributions and Grants

All contributions and grants are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are restricted by the donor for future periods or for specific purposes are reported as temporarily restricted or permanently restricted support, depending on the nature of the restrictions. If a restriction is fulfilled in the same time period in which the contribution is received, the Organization reports the support as unrestricted. Otherwise, when a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Donated Services

Donated services are recognized as contributions in accordance with SF AS No. 116, *Accounting for Contributions Received and Contributions Made*, if the services (a) create or enhance nonfinancial assets or (b) require specialized skills that are performed by people with those skills, and would otherwise be purchased by the Organization. They are recorded at their fair values in the period received. Volunteers also provided other services throughout the year that are not recognized as contributions in the financial statements since the recognition criteria under SFAS No. 116 were not met.

For The Children, Inc.

Notes to Financial Statements

As of and for the year ended December 31, 2007

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Functional Allocation of Expenses

The cost of providing various programs and other activities has been summarized on a functional basis in the Statement of Activities and in the Schedule of Functional Expenses. Accordingly, certain costs have been allocated among programs and supporting services based on management's estimate of the benefit to the related program and supporting service and certain expenses are allocated to program, general and administrative and fundraising based on a percentage of administrative wages to total wages.

Income Taxes

The Organization is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code and therefore, has made no provision for federal income taxes in the accompanying financial statements. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509 (a)(2).

2. CONCENTRATION OF CREDIT RISK:

The Organization maintains its cash balances at banks in Palm Beach County, Florida. Accounts at the bank are insured by the Federal Deposit Insurance Corporation up to \$100,000. The uninsured balance at December 31, 2007 was approximately \$85,000.

3. GRANTS RECEIVABLE:

Grants receivable of \$52,007 represent program expenses incurred for which payment was not received by December 31, 2007, and amounts due on previously awarded grants.

For The Children, Inc.
Notes to Financial Statements
As of and for the year ended December 31, 2007

4. GRANT ADVANCE:

During 2007, the Organization received \$88,984 from local government agencies for contracted services to be provided in 2008. The advance payments are reflected as a current liability in the accompanying statement of financial position and will be recognized as grant revenue when the services are provided.

5. DONATED SERVICES:

The value of donated services received in 2007 for teaching and counseling totaled **\$43,110**. These donated services have been recorded as in-kind contribution support and revenue, as well as, program services and general and administrative expenses in the accompanying Statement of Activities.

6. CONCENTRATION OF CONTRIBUTIONS:

The Organization receives approximately 60% of its support from the Children's Services Council of Palm Beach County.

For The Children, Inc.

Notes to Financial Statements

As of and for the year ended December 31, 2007

7. OPERATING LEASE:

On April 8, 2002, the Organization entered into an 180-month lease agreement with the City of Lake Worth for use of the Osborne After School Care premises located on South Douglas Street in Lake Worth, Florida. The lease agreement stipulates that the premises must be used solely for the purpose of educational, recreational, counseling and family support programs. The annual lease payment is \$1 plus tax and is cancelable by either party, upon 30 days prior written notice.

In-kind contribution support and revenue, as well as, rent expense of \$150,000 has been recognized in the accompanying financial statements for the difference between the lease payments and the fair rental value of the leased facilities.

8. COMMITMENTS:

On May 15, 2007, the City of Lake Worth and the Organization entered into a memorandum of understanding to establish a partnership which would provide a comprehensive, integrated, accessible, and respectable delivery system of educational, recreational, health, and human services that are responsive to the needs of 50-60 middle and high school aged teens in the City of Lake Worth. As part of the agreement, the Organization agreed to provide after school services using approximately 2,000 square feet of the Osbome Community Center located on Wingfield Street in Lake Worth, Florida for the operation of the program. As part of the agreement, the Organization received \$50,000 to provide the after school services.

On September 30, 2004, the Organization and Barton Elementary School entered into a memorandum of understanding to establish a partnership which would provide a comprehensive, integrated, accessible, and respectable delivery system of educational, recreational, health, and human services that are responsive to the residents of all ages in the local community. As part of the agreement, space of approximately 7,700 square feet was provided for the operation of the program. The agreement is renewable annually.

9. RETIREMENT PLAN:

The Organization sponsors a 403(b) retirement plan for eligible employees. All full-time employees are eligible after 30 days of service. The Organization contributes an amount equal to 5% of employees' salary to the plan. The retirement benefit expense for 2007 is \$13,278.

For The Children, Inc.
Notes to Financial Statements
As of and for the year ended December 31, 2007

10. RELATED PARTY TRANSACTION:

During 2007, a relative of an employee provided janitorial services to the Organization. The individual was paid \$5,736 and there was no amount due at December 31,2007.

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FL 33458 (561) 694-1040 Fax (561)
626-2158 www.lkdcpa.com

INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION

To the Board of Directors
For The Children, Inc.
Lake Worth, Florida

Our report on our audit of the basic financial statements of For The Children, Inc. for the year ended December 31, 2007 appears on page one. We conducted our audit in accordance with auditing standards generally accepted in the United States of America for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedule of functional expenses is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

LAMN, KRIELOW, DYTRYCH & CO.
Certified Public Accountants

June 24, 2008

For The Children, Inc.
Schedule of Functional Expenses
For the year ended December 31, 2007

	Program Services	General and Administrative	Fundraising	Total
Awards and scholarships	\$ 145	\$ -0-	\$ -0-	\$ 145
Building maintenance	18,794	682	-0-	19,476
Depreciation	41,976	1,522	-0-	43,498
Dues and subscriptions	2,544	92	-0-	2,636
Food service	83,566	-0-	-0-	83,566
Insurance	43,374	1,576	-0-	44,950
Office expense	16,970	615	-0-	17,585
Personnel cost	517,292	47,899	1,745	566,936
Professional fees	196,926	1,810	-0-	198,736
Rent	147,289	5,346	-0-	152,635
Supplies	26,622	-0-	-0-	26,622
Sponsored events	101,537	-0-	-0-	101,537
Telephone	11,126	404	-0-	11,530
Training and development	4,587	165	-0-	4,752
Travel	16,924	-0-	-0-	16,924
Utilities	13,553	491	-0-	14,044
Miscellaneous	5,146	200	-0-	5,346
Total functional expenses	\$ 1,248,371	\$ 60,802	\$ 1,745	\$ 1,310,918

Read the independent auditors' report on supplementary information.

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500 University Blvd., Suite 215
Jupiter, FL 33458 (561) 694-1040 Fax
(561) 626-2158 www.lkdcpa.com

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

To the Board of Directors of
For The Children, Inc.
1718 South Douglas Street
Lake Worth, FL 33460

Dear Board of Directors:

We have audited the financial statements of For The Children, Inc. (a nonprofit organization) as of and for the year ended December 31, 2007, and have issued our report thereon dated June 24, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Organization's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the Organization's financial statements that is more than inconsequential will not be prevented or detected by the Organization's internal control. We consider the deficiencies described in the accompanying schedule of findings to be significant deficiencies in internal control over financial reporting. See Findings I, II and III.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Organization's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described above is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether For The Children, 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*.

We noted certain other matters described in the accompanying schedule of other matters.

This report is intended solely for the information and use of management, board of directors, others within the entity, and is not intended to be and should not be used by anyone other than these specified parties.

LAMN, KRIELOW, DYTRYC& CO
Certified Public Accountants

June 24, 2008