

THE CHILDREN'S CABINET, INC.

REPORTING PACKAGE

JUNE 30, 2018

THE CHILDREN'S CABINET, INC.
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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of
The Children's Cabinet, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of The Children's Cabinet, Inc. (a nonprofit organization) which comprise the statement of financial position as of June 30, 2018, and the related statements of activities, functional expenses, and cash flows 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.

Auditors' 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 Cabinet, Inc. as of June 30, 2018, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited The Children's Cabinet's 2017 financial statements and we expressed an unmodified opinion on those financial statements in our report dated January 17, 2018. 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.

Other Matters

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 November 21, 2018, on our consideration of The Children's Cabinet, 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 Cabinet, Inc.'s internal control over financial reporting and compliance.

Kohn & Company CP

Reno, Nevada
November 21, 2018



THE CHILDREN'S CABINET, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2018
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2017)

	2018			2017
	Unrestricted	Temporarily Restricted	Total	Total (Memorandum Only)
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	\$ 870,209	\$ 876,486	\$ 1,746,695	\$ 1,128,973
Investments	696,797	-	696,797	638,562
Grants and contract receivable	2,993,494	-	2,993,494	3,042,907
Prepaid expenses	767	-	767	12,391
Total current assets	4,561,267	876,486	5,437,753	4,822,833
PROPERTY AND EQUIPMENT, net	2,230,108	-	2,230,108	2,397,968
OTHER ASSETS				
Intangible assets	593,700	-	593,700	593,700
Total assets	\$ 7,385,075	\$ 876,486	\$ 8,261,561	\$ 7,814,501
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Accounts payable	\$ 1,359,640	\$ -	\$ 1,359,640	\$ 1,329,017
Funds held on behalf of Kellogg Foundation	492,620	-	492,620	276,598
Accrued compensated absences	184,604	-	184,604	225,056
Accrued expenses	501,498	-	501,498	424,964
Deferred revenue	176,686	-	176,686	208,918
Total current liabilities/total liabilities	2,715,048	-	2,715,048	2,464,553
NET ASSETS				
Unrestricted				
Invested in property and equipment, net	2,230,108	-	2,230,108	2,397,968
Invested in intangible assets	593,700	-	593,700	593,700
Designated for reserve	721,312	-	721,312	668,110
Undesignated	1,124,907	-	1,124,907	979,390
Temporarily restricted	-	876,486	876,486	710,780
Total net assets	4,670,027	876,486	5,546,513	5,349,948
Total liabilities and net assets	\$ 7,385,075	\$ 876,486	\$ 8,261,561	\$ 7,814,501

See accompanying notes

THE CHILDREN'S CABINET, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2017)

	2018			2017
	Unrestricted	Temporarily Restricted	Total	Total (Memorandum Only)
PUBLIC AND GOVERNMENTAL SUPPORT, REVENUE AND RECLASSIFICATIONS				
Grants, contracts and contributions	\$ 20,861,197	\$ 416,605	\$ 21,277,802	\$ 21,041,626
Other contributions and donations	1,214,395	-	1,214,395	1,340,816
Program income and fees	320,112	-	320,112	204,897
Total public and governmental support	22,395,704	416,605	22,812,309	22,587,339
Net special event income	290,271	-	290,271	215,299
Other income	71,180	-	71,180	113,659
Net assets released due to satisfaction of program restriction	250,899	(250,899)	-	-
Total public and governmental support, revenue, and reclassifications	23,008,054	165,706	23,173,760	22,916,297
EXPENSES				
Program services				
Supporting early education and development	14,524,103	-	14,524,103	13,812,801
Family and youth interventions	6,951,361	-	6,951,361	7,820,563
Total program services	21,475,464	-	21,475,464	21,633,364
Supporting services				
General and administrative	1,364,498	-	1,364,498	1,625,704
Fundraising	196,709	-	196,709	131,746
Total supporting services	1,561,207	-	1,561,207	1,757,450
Total expenses	23,036,671	-	23,036,671	23,390,814
OTHER INCOME				
Net investment income	59,476	-	59,476	102,035
CHANGE IN NET ASSETS	30,859	165,706	196,565	(372,482)
NET ASSETS , beginning of year	4,639,168	710,780	5,349,948	5,722,430
NET ASSETS , end of year	\$ 4,670,027	\$ 876,486	\$ 5,546,513	\$ 5,349,948

See accompanying notes

THE CHILDREN'S CABINET, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2018
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2017)

	2018						2017	
	Program Services			Supporting Services			Total	
	Supporting Early Education and Development	Family and Youth Interventions	Total Program Services	General and Administrative	Fundraising	Total Supporting Services	Total Expenses	
Salaries	\$ 2,544,392	\$ 4,364,794	\$ 6,909,186	\$ 703,689	\$ 85,879	\$ 789,568	\$ 7,698,754	\$ 7,951,951
Employee taxes	204,454	357,340	561,794	60,916	7,249	68,165	629,959	645,558
Employee benefits and other costs	369,310	510,908	880,218	50,711	1,573	52,284	932,502	964,557
Total personnel costs	3,118,156	5,233,042	8,351,198	815,316	94,701	910,017	9,261,215	9,562,066
Bad debt	632	9	641	10,000	-	10,000	10,641	954
Bank service charge	9,475	-	9,475	12,720	-	12,720	22,195	23,294
Board expenses	-	-	-	1,439	-	1,439	1,439	3,687
Childcare subsidies	10,316,596	-	10,316,596	-	-	-	10,316,596	9,749,786
Client services	3,987	493,189	497,176	9,137	27,524	36,661	533,837	743,421
Computer equipment and software, including in-kind software of \$0 and \$244,948	85,306	10,121	95,427	44,080	4,783	48,863	144,290	411,471
Contract services	181,702	115,264	296,966	63,683	49,304	112,987	409,953	399,543
Copier	27,648	-	27,648	25,170	-	25,170	52,818	48,917
Depreciation	101,661	53,340	155,001	11,893	966	12,859	167,860	165,586
Disposal services	6,400	-	6,400	10,041	-	10,041	16,441	16,013
Dues and subscriptions	9,327	8,120	17,447	4,890	312	5,202	22,649	22,734
Food	1,996	53,825	55,821	9,361	450	9,811	65,632	39,224
Grants to other agencies	17,053	-	17,053	-	-	-	17,053	109,577
Insurance	19,687	-	19,687	37,973	1,022	38,995	58,682	53,689
Internet services	56,482	-	56,482	42,503	-	42,503	98,985	89,094
Janitorial services	2,010	-	2,010	36,409	-	36,409	38,419	42,315
Legal expenses	-	-	-	4,828	-	4,828	4,828	4,890
Miscellaneous	2,679	5,204	7,883	20,527	11,267	31,794	39,677	55,159
Office equipment and supplies	27,916	3,538	31,454	14,401	1,403	15,804	47,258	78,394
Postage	13,626	640	14,266	2,950	201	3,151	17,417	17,294

See accompanying notes

THE CHILDREN'S CABINET, INC.
STATEMENT OF FUNCTIONAL EXPENSES (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2018
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2017)

	2018						2017	
	Program Services			Supporting Services			Total	
	Supporting Early Education and Development	Family and Youth Interventions	Total Program Services	General and Administrative	Fundraising	Total Supporting Services	Total Expenses (Memorandum Only)	
Printing	\$ 19,983	\$ 18	\$ 20,001	\$ 225	\$ 807	\$ 1,032	\$ 21,033	\$ 19,393
Program supplies	85,007	91,209	176,216	5,595	1,008	6,603	182,819	193,607
Rent expense, including in-kind rent expense of \$792,988 and \$770,632, respectively	175,559	601,414	776,973	60	1,418	1,478	778,451	797,207
Repairs and maintenance	11,852	1,226	13,078	17,649	107	17,756	30,834	71,626
Scholarships	-	123,837	123,837	-	-	-	123,837	28,932
Security	2,716	-	2,716	3,101	-	3,101	5,817	3,782
Technology contract services	14,824	-	14,824	27,149	-	27,149	41,973	54,706
Telephone	51,046	29,463	80,509	61,843	436	62,279	142,788	134,355
Training	17,736	8,290	26,026	3,702	-	3,702	29,728	52,648
Travel	117,519	94,492	212,011	40,402	60	40,462	252,473	311,984
Utilities	9,709	-	9,709	23,492	-	23,492	33,201	31,895
Volunteer expense	-	-	-	-	537	537	537	731
Worker compensation	15,813	25,120	40,933	3,959	403	4,362	45,295	52,840
Total expenses	\$ 14,524,103	\$ 6,951,361	\$ 21,475,464	\$ 1,364,498	\$ 196,709	\$ 1,561,207	\$ 23,036,671	\$ 23,390,814

See accompanying notes

THE CHILDREN'S CABINET, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2018
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2017)

	2018	2017 (Memorandum Only)
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from grants, contracts and contributions	\$ 22,498,559	\$ 22,498,520
Cash received from special events	472,979	363,654
Cash received from program income and fees	320,112	204,897
Cash received from other income	71,180	114,004
Other cash received from Kellogg Foundation	1,000,000	500,000
Cash paid to vendors and employees	(22,973,190)	(23,301,572)
Other cash paid on behalf of Kellogg Foundation	(783,978)	(464,151)
Interest and dividends received	10,819	9,936
Net cash flows from operating activities	616,481	(74,712)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	(298,267)	177,916
Purchase of investments	299,508	(174,974)
Purchase of property and equipment	-	(98,155)
Net cash flows from investing activities	1,241	(95,213)
NET CHANGE IN CASH AND CASH EQUIVALENTS	617,722	(169,925)
CASH AND CASH EQUIVALENTS, beginning of year	1,128,973	1,298,898
CASH AND CASH EQUIVALENTS, end of year	\$ 1,746,695	\$ 1,128,973
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 196,565	\$ (372,482)
Adjustments to reconcile change in net assets to to net cash flows from operating activities		
Depreciation	167,860	165,930
Net realized and unrealized gain on investments	(48,657)	(92,099)
Reinvested interest and dividends	(10,819)	(9,936)
(Increase)/decrease in:		
Grants and contract receivable	49,413	(155)
Prepaid expenses	11,624	12,042
Increase/(decrease) in:		
Accounts payable	30,623	(1,995)
Funds held on behalf of Kellogg Foundation	216,022	35,849
Accrued compensated absences	(40,452)	15,937
Accrued expenses	76,534	46,028
Deferred revenue	(32,232)	126,169
Net cash flows from operating activities	\$ 616,481	\$ (74,712)

SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES

None

See accompanying notes

NOTES TO FINANCIAL STATEMENTS

THE CHILDREN'S CABINET, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The Children's Cabinet, Inc. (Organization) was incorporated on December 18, 1985, as a non-profit corporation under Nevada Revised Statutes Section 81.290, et seq., and received tax exempt status on October 20, 1986.

The Organization was established to keep children safe and families together by offering services and resources that address unmet needs through a unique and effective cooperative effort between the private sector and governmental agencies of Northern Nevada. These services and resources include the following:

Family and Youth Interventions

- Cabinet Ink
- Case Management
- Center for Aspiring Youth (CAY)
- Cottage of Change
- Differential Response (DR)
- Education Training Vouchers (ETV)
- Family Counseling
- Food Pantry
- Independent Living Program (ILP)
- Mobile Assessment and Response (MARP)
- Out of School Youth (OSY)
- Redfield Academy
- Washoe Face Forward
- Washoe YouthBuild
- Safe Place
- Safe Schools/Healthy Students (SS/HS)
- Safety Intervention and Permanency System (SIPS)
- Transition Specialist Program (TSP)

Supporting Early Education and Development (SEED)

- Subsidy Administration (Northern NV - All counties except for Clark, Nye & Lincoln)
- Resource & Referral (Northern NV - All counties except for Clark, Nye & Lincoln)
- Quality Rating Improvement System Coaching (Statewide)
- Provider Training (Statewide)
- Parent Education & Engagement (Statewide)
- Community Engagement (Statewide)
- Early Childhood Support Network (ECSN – Washoe County & Clark County)
- Home Instruction for Parents of Preschool Youngsters (HIPPIY – Elko County)
- Exceptional Family Member Program (EFMP) Respite – (Nellis & City of Fallon)
- Technical Assistance Center for Social Emotional Intervention (TACSEI)
- Coaching & Training (Statewide)
- Connecting Kids to Coverage (Statewide)
- Child Care and Development Fund Evaluation Project (Statewide)

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP).

Basis of Presentation

The Organization's financial statements are presented in accordance with ASC Topic 958, *Financial Statements for Not-for-Profit Organizations*. The statement provides standards for financial reporting by not-for-profit organizations and requires the classification of net assets as follows:

Permanently Restricted Net Assets – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization.

THE CHILDREN'S CABINET, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018

NOTE 1 – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

Temporarily Restricted Net Assets – Net assets subject to donor-imposed stipulations that either expire by the passage of time or can be fulfilled and removed by actions of the Organization pursuant to those stipulations.

Unrestricted Net Assets – Net assets not subject to donor-imposed restrictions.

Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law.

Cash and Cash Equivalents

The Organization considers financial instruments with a fixed maturity date of less than three months to be cash equivalents.

Investments

Investments consist of stocks and mutual funds held in a brokerage account with readily determinable fair values which are reported at their fair value with realized and unrealized gains and losses included as investment income in the accompanying statement of activities. Donated securities are reported at their estimated fair values at the date of donation.

Grants and Contract Receivable

Support reported under grants and contracts is recorded when the related amounts are due from grantor agencies. The Organization does not anticipate any collection losses with respect to the receivable balances. Management has deemed the entire amount to be fully collectible; therefore, no allowance for doubtful accounts is reflected in the accompanying financial statements.

Property and Equipment

Property and equipment of the Organization, exceeding the capitalization threshold of \$5,000, are capitalized and recorded as fixed assets. Property and equipment are recorded at cost. Donated property is recorded as its estimated fair market value at the date received. Depreciation is calculated using the straight-line method over the estimated lives of three to thirty-nine years.

Maintenance and repairs are charged to expenses as incurred. Renewals and betterments that materially extend the lives of assets are capitalized.

Intangible Assets

The intangible asset consists of mineral rights donated to the Organization and is reflected at the estimated fair value based upon a subsequent lease agreement with a third party as discussed in Note 5. This asset has a projected indefinite period of benefit and, therefore, is not amortized. Management annually assesses qualitative factors to determine if circumstances indicate that it is more likely than not that the asset's value has been impaired. In the event such impairment would be considered likely, an impairment assessment is performed and the value may be adjusted.

Questions were raised by a third party during the year ended June 30, 2018 about the percentage of the mineral rights ownership actually donated to the Organization which could potentially impair the value of the intangible asset. No determination has been made as to the likelihood of any such impairment and management believes that the value reflected in the statement of net position represents the fair value of the intangible asset based on all information available.

THE CHILDREN'S CABINET, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018

NOTE 1 – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition

The Organization's revenue is derived primarily from state, federal and third-party contracts and grants. Under these contracts and grants, the Organization is reimbursed for substantially all of its expenditures. The Organization recognizes contract and grant revenue when the related expenditure is incurred. Third party grants are recognized as revenue when the grant criteria are met.

Contributed Facilities and Services

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Contributions received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net assets' classes. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted support.

The Organization reports gifts of furniture and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the acquired long-lived assets are placed in service.

The Organization receives donated services from unpaid volunteers who assist in fundraising, programming and special projects. Generally accepted accounting principles require that the Organization recognize revenue and related expense for services if the services received created or enhanced nonfinancial assets or require specialized skills. Contributed services that do not meet these criteria will not be recognized. No amounts have been recognized in the Statement of Activities because the criteria for recognition have not been satisfied.

Compensated Absences

Employees of the Organization are entitled to paid vacation depending on job classification, length of service and other factors. Accrued compensated absences represent the Organization's liability for the cost of unused employee vacation at year-end.

Deferred Income

Deferred revenue consists of funds received for fundraising events occurring in the subsequent year and funds received for a royalties lease related to mineral rights held by the Organization.

Functional Expense Allocation

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the programs and supporting services on the basis of actual expenses and estimates made by the Organization's management.

Income Taxes

The Organization is exempt from federal income taxes under Internal Revenue Code Section 501(c)(3) as a public charity. Management annually reviews its tax positions, which are summarized as follows:

- it has not engaged in activities that would jeopardize its tax-exempt status.
- it has not engaged in any activities that would result in unrelated business income tax.
- it has determined that there are no material uncertain tax positions that require recognition in the financial statements.

THE CHILDREN'S CABINET, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018

NOTE 1 – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accordingly, no provision for income taxes has been made. In addition, the Organization does not expect any material change in uncertain tax positions within the next twelve months.

Use of 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 of assets and liabilities and disclosures of contingent assets and liabilities as of the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Reclassifications

Certain items on the 2017 financial statements have been reclassified to conform to the 2018 presentation.

Subsequent Events

Subsequent events have been evaluated through November 21, 2018 which represents the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.

Memorandum Only – Total Columns

Total columns in the financial statements are captioned "memorandum only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, changes in net assets or cash flows in conformity with generally accepted accounting principles.

NOTE 2 – CONCENTRATION OF CREDIT RISK AND REVENUE

The Organization maintains its cash balances in one financial institution and one investment brokerage account. Cash balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per financial institution and the brokerage accounts are guaranteed by the Securities Investor Protection Corporation (SIPC) up to \$500,000. In the event of financial institution failure, the Organization was at risk in the amount of \$1,612,367 at June 30, 2018. The brokerage accounts exceeded the SIPC insurance by \$183,416 at June 30, 2018.

The Organization is significantly dependent on certain state contracts and federal grants. The Organization's ability to continue operations is significantly dependent upon this revenue. Most of the contracts and grants are subject to spending restrictions. If it were ultimately determined by the contractor or the grantor that the funds had not been expended for the purposes intended, the Organization could be liable for a refund of part or all of such funds.

NOTE 3 – INVESTMENTS AND FAIR VALUE

The following is a summary of investments at fair value for the years ended June 30:

	2018	2017
Equity securities		
Domestic		
Stocks	\$ 547,909	\$ 498,772
Mutual Funds	148,888	139,790
	\$ 696,797	\$ 638,562

Generally accepted accounting principles requires disclosures regarding fair value measurements which establish a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of observable inputs other

THE CHILDREN'S CABINET, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018

NOTE 3 – INVESTMENTS AND FAIR VALUE (Continued)

than quoted prices for identical assets, and Level 3 inputs have the lowest priority. The Organization has no investments valued using Level 2 or 3 inputs for the years ended June 30, 2018 or 2017.

Investment returns are comprised of the following for the years ended June 30:

	<u>2018</u>	<u>2017</u>
Investment income		
Dividends and interest	\$ 10,819	\$ 9,936
Realized gain	24,385	8,547
Unrealized gain	24,272	83,552
	<u>\$ 59,476</u>	<u>\$ 102,035</u>

NOTE 4 – PROPERTY AND EQUIPMENT, NET

Property and equipment consists of the following for the years ended June 30:

	<u>2018</u>	<u>2017</u>
Fixed assets being depreciated		
Building and improvements	\$ 3,109,238	\$ 3,109,238
Land improvements	42,906	42,906
Furniture and fixtures	607,285	607,285
Solar panels	172,267	172,267
Machinery and equipment	209,070	209,070
	<u>4,140,766</u>	<u>4,140,766</u>
Less accumulated depreciation	<u>(2,240,432)</u>	<u>(2,072,572)</u>
	1,900,334	2,068,194
Fixed assets not being depreciated		
Land	259,274	259,274
Software development in progress	70,500	70,500
	<u>\$ 2,230,108</u>	<u>\$ 2,397,968</u>

NOTE 5 – LESSOR COMMITMENT AND DEFERRED REVENUE

The Organization leased mineral rights to a third party under an original three-year lease that was extended for an additional two years until December 13, 2018. Lease income of \$63,336 and \$50,974, respectively, for the years ended June 30, 2018 and 2017, is included in other income on the statement of activities and \$31,704 and \$95,040, respectively, is included in deferred revenue on the statement of financial position. Future minimum lease payments for the remaining term of the lease through December 31, 2018 total \$31,704.

THE CHILDREN'S CABINET, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018

NOTE 6 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes for the years ended June 30:

	2018	2017
Temporarily restricted net assets:		
Administration	\$ 18,691	\$ 28,948
Supporting early education and development	207,399	216,012
Family and youth interventions	638,496	458,556
Fundraising	11,900	7,264
	\$ 876,486	\$ 710,780

NOTE 7 – SPECIAL EVENTS

The Organization holds an annual fundraising event to help assist current operations. The revenue and expenses from this event are summarized as follows for the years ended June 30:

	2018	2017
Art of Childhood		
Special events revenue	\$ 422,408	\$ 284,218
Contributions at event	50,571	79,437
Special events expense	(182,708)	(148,356)
Net special event income	\$ 290,271	\$ 215,299

NOTE 8 – OPERATING LEASES

The Organization has non-cancellable operating leases for office equipment. The terms of those lease agreements require monthly payments ranging from \$148 to \$1,958 per month with terms of 60 to 63 months maturing between March 2020 and June 2020.

The Organization also leases office space on a month-to-month basis for \$1,228 per month and leases a storage unit on a month-to-month basis for \$250 per month.

At June 30, 2018, remaining future minimum operating lease payments are as follows:

Year ending	Amount
June 30,	
2019	\$ 25,272
2020	24,828

Lease expense for the years ended June 30, 2018 and 2017 totals \$67,089 and \$65,815, respectively.

NOTE 9 – RELATED PARTIES

In the normal course of business, and given the level of the Organization's Board of Trustees within the community, the Organization sometimes obtains grants from employers or governments with whom certain Board members are associated or employed. The Organization has conflict of interest policies in place and believes that all transactions are appropriate in the ordinary course of business.

NOTE 10 – IN-KIND CONTRIBUTIONS

The Organization utilized office space provided by the State of Nevada under a multi-year agreement. The Organization also used office space at other facilities where staff worked during the year. The total in-kind contribution is included in revenue as "Other contributions and donations" on the statement of activities.

THE CHILDREN'S CABINET, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018

NOTE 10 – IN-KIND CONTRIBUTIONS (Continued)

In-kind rent of \$770,632 is included under Supporting Early Education and Development and Family and Youth Interventions Program Services on the statement of functional expenses.

In 2017, The Organization received donated software which is included in revenue as "Other contributions and donations" on the statement of activities and is expensed under the computer equipment and software on the statement of functional expenses.

NOTE 11 – COMMITMENTS AND CONTINGENCIES

In August 2015, the Organization entered into a fiscal agent agreement with the W.K. Kellogg Foundation. The Foundation approved a grant of \$1,500,000 to the Organization to be used to expand Nevada's Quality Rating Improvement System to include pre-K programs operated by local school districts. The Organization acts as a financial agent for the project and maintains custody of the funds. As of June 30, 2018, \$1,500,000 had been received and \$1,007,380 had been expended leaving \$492,620 to be expended. The funds are held in the Organization's operating bank account and are reflected as funds held on behalf of Kellogg Foundation in the accompanying statement of financial position. Additionally, the Organization recognized revenue and recorded expenses of \$58,295 and \$7,110 related to services performed for administration of the above expenditures during the years ended June 30, 2018 and 2017, respectively.

SUPPLEMENTARY INFORMATION

THE CHILDREN'S CABINET, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2018

Federal Grantor/ Pass Through Grantor Program Title	Identifying Number	Grant Period	CFDA Number	Expenditures	Subrecipients
United States (U.S.) Department of Health and Human Services					
Direct Programs					
Basic Center Grant	90CY6714-03-00	9/30/16-9/29/17	93.623	\$ 80,403	\$ -
	90CY7002-01-01	9/30/17-9/29/18	93.623	109,554	-
	Subtotal CFDA No. 93.623			189,957	-
Child Care and Development Fund (CCDF) Cluster					
Passed through State of Nevada, Department of Health and Human Services, Division of Welfare & Supportive Services					
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	CC1802	7/1/16-6/30/18	93.596	9,245,592	-
Child Care and Development Block Grant	CC1802	7/1/16-6/30/18	93.575	2,289,641	-
Passed through State of Nevada, Department of Education, Office of Early Learning and Development					
Child Care and Development Block Grant	17-793-95000	8/1/17-3/29/18	93.575	12,540	-
Child Care and Development Block Grant	18-794-95000	7/1/17-6/30/18	93.575	1,403,745	-
	Subtotal CFDA No. 93.575			3,705,926	-
	Subtotal CCDF Cluster			12,951,518	-
Passed through State of Nevada, Department of Education Office of Early Learning and Development					
Temporary Assistance for Needy Families	18-797-95000	10/23/17-6/30/18	93.558	167,802	-
Passed through State of Nevada, Department of Health and Human Services, Division of Child and Family Services					
Promoting Safe and Stable Families	93556-17-015	7/1/17-6/30/18	93.556	89,041	-
Chafee Education and Training Vouchers Program (ETV)	ETV-15-005	7/1/16-6/30/17	93.599	53,948	-
	93599-17-001	7/1/17-9/30/18	93.599	347,931	-
	Subtotal CFDA No. 93.599			401,879	-
Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED)	SOC-3646-FY17-KR23	10/1/16-9/30/17	93.104	30,180	-
	SOC-3646-FY17-KR15	10/1/16-9/30/17	93.104	124,971	-
	SOC-3646-FY18-SE07	10/1/17-9/30/18	93.104	18,516	-
	SOC-3646-FY-18-SE05	10/1/17-12/31/17	93.104	207,040	-
	Subtotal CFDA No. 93.104			380,707	-

See accompanying notes to this schedule

THE CHILDREN'S CABINET, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2018

Federal Grantor/ Pass Through Grantor Program Title	Identifying Number	Grant Period	CFDA Number	Expenditures	Subrecipients
U.S. Department of Health and Human Services (Continued)					
Passed through State of Nevada, Department of Health and Human Services, Division of Public & Behavioral Health					
Affordable Care Act (ACA) Maternal, Infant, and Early Childhood Home Visiting Program	HD 15945	4/1/17-9/30/17	93.505	\$ 50,099	\$ -
	HD 15944	4/1/17-9/30/17	93.505	17,691	-
	Subtotal CFDA No. 93.505			67,790	-
State and Local Public Health Actions to Prevent and Control Diabetes, Heart Disease, Obesity, and Associated Risk Factors and Promote School Health Financed in part by Prevention and Public Health Funding (PPHF)	16058	6/30/17-6/29/18	93.757	49,760	-
Children's Health Insurance Program	16029	7/1/17-6/30/18	93.767	154,821	-
Block Grants for Community Mental Health Services	MHBG-3145-15-FY17-KR20	10/1/16-9/30/17	93.958	113,677	-
	MHBG-3145-15-FY18-KR01	10/1/17-4/30/18	93.958	292,273	-
	Subtotal CFDA No. 93.958			405,950	-
Block Grants for Prevention and Treatment of Substance Abuse	16410	2/1/18-9/30/18	93.959	6,579	-
	15969	5/3/17-9/30/17	93.959	59,978	-
	Subtotal CFDA No. 93.959			66,557	-
Maternal and Child Health Services Block Grant to the States	15945	4/1/17-9/30/17	93.994	15,821	-
	15811	1/1/17-12/31/17	93.994	18,568	-
	16343	1/1/18-6/30/18	93.994	16,855	-
	15944	4/1/17-9/30/17	93.994	10,390	-
	Subtotal CFDA No. 93.994			61,634	-
Maternal, Infant and Early Childhood Home Visiting Grant Program	16191	10/1/17-9/30/18	93.870	146,309	-
	16190	10/1/17-9/30/18	93.870	90,257	-
	Subtotal CFDA No. 93.870			236,566	-
Substance Abuse and Mental Health Services - Projects of Regional and National Significance (PRNS)	16378	12/30/17-9/29/18	93.243	26,784	-
Passed through State of Nevada, Department of Education, Office for a Safe and Respectful Learning Environment					
Substance Abuse and Mental Health Services - Projects of Regional and National Significance (PRNS)	17-779-95000	9/30/16-9/29/17	93.243	127,677	-
	17-779-95000	9/30/17-9/29/18	93.243	327,091	-
	16-779-95000	3/1/16-9/29/16	93.243	12,876	-
	Subtotal CFDA No. 93.243			494,428	-

See accompanying notes to this schedule

THE CHILDREN'S CABINET, INC.
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
 FOR THE YEAR ENDED JUNE 30, 2018

Federal Grantor/ Pass Through Grantor Program Title	Identifying Number	Grant Period	CFDA Number	Expenditures	Subrecipients
<u>U.S. Department of Health and Human Services</u> (Continued)					
Passed through State of Nevada, Department of Health and Human Services, Division of Public & Behavioral Health					
Chafee Foster Care Independence Program	CH-15-001	10/1/16-9/30/17	93.674	\$ 23,730	\$ -
	9367417-001	7/1/17-6/30/18	93.674	42,372	-
Passed through Washoe County School District					
Chafee Foster Care Independence Program	6500002371	7/1/17-6/30/18	93.674	225,000	-
	Subtotal CFDA No. 93.674			291,102	-
Passed through State of Nevada, Department of Health and Human Services, Office of Community Partnership and Grants - Title XX					
Social Services Block Grant	11007	7/1/17-6/30/18	93.667	127,903	-
Passed Through Catholic Charities of Northern Nevada					
Social Services Block Grant	93667	7/1/17-6/30/18	93.667	15,826	-
	Subtotal CFDA No. 93.667			143,729	-
	Subtotal U.S. Department of Health and Human Services			16,153,241	-
<u>U.S. Department of Education</u>					
Passed through State of Nevada, Department of Education, Office of Special Education and Rehabilitative Services					
Special Education - Grants for Infants and Families	N/A	7/1/17-6/30/18	84.181A	13,356	-
Passed through State of Nevada, Department of Education, Office of Early Learning and Development					
Preschool Development Grants	18-795-95000	7/1/17-6/30/18	84.419A	159,072	-
	18-796-95000	7/1/17-6/30/18	84.419A	268,627	-
	Subtotal CFDA No. 84.419A			427,699	-
Passed through Nevada System of Higher Education, University of Nevada Reno					
Special Education Grants to States	AWD-01-00001346	7/1/17-6/30/18	84.027	14,893	-
Passed through Washoe County School District					
Title I State Agency Program for Neglected and Delinquent Children and Youth	519314	9/1/17-6/30/18	84.013	54,305	-
	Subtotal U.S. Department of Education			510,253	-

THE CHILDREN'S CABINET, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2018

Federal Grantor/ Pass Through Grantor Program Title	Identifying Number	Grant Period	CFDA Number	Expenditures	Subrecipients
<u>U.S. Department of Labor, Office of Employment Training Administration</u>					
Direct Programs					
YouthBuild	YB-30109-17-60A-32	10/1/16-2/16/20	17.274	\$ 375,282	\$ -
Reintegration of Ex-Offenders	YF-25921-14-60-A-32	7/1/14-6/30/18	17.270	216,048	-
Passed through Institute for Educational Leadership					
Reintegration of Ex-Offenders	YF-27297-15-60A-11	1/1/17-12/31/17	17.270	95,644	-
	YF-27297-15-60-A-11	1/1/18-12/31/18	17.270	92,264	-
	Subtotal CFDA No. 17.270			403,956	-
Passed through Community Services Agency					
WIA Cluster					
WIA Youth Activities	OSY	7/1/17-6/30/18	17.259	48,391	-
	Subtotal CFDA No. 17.259 / Subtotal WIA/WIOA Cluster			48,391	-
	Subtotal U.S. Department of Labor			827,629	-
<u>U.S. Department of Justice</u>					
Passed through State of Nevada, Department of Health and Human Services, Division of Child and Family Services					
Crime Victim Assistance	16575-16-007	7/1/16-6/30/18	16.575	1,116,788	-
	16575-15-064	9/17-9/30/2018	16.575	21,431	-
Passed through Washoe County Social Services					
Crime Victim Assistance	5500022478	7/1/17-6/30/18	16.575	511,430	-
	Subtotal CFDA No. 16.575			1,649,649	-
Passed through Many Mentoring+ Juvenile Mentoring Program					
Juvenile Mentoring Program	2016-JU-FX-0004	3/1/18-3/31/20	16.726	9,959	-
	Subtotal U.S. Department of Justice			1,659,608	-
<u>U.S. Department of Homeland Security</u>					
Passed through United Way of Northern Nevada and the Sierra					
Emergency Food and Shelter National Board Program	Phase 33	1/1/17-1/31/18	97.024	34,750	-
	Total federal expenditures			\$ 19,185,481	\$ -

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THE CHILDREN'S CABINET, INC.
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2018

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (Schedule) includes the federal grant activity of The Children's Cabinet, Inc. under programs of the federal government for the year ended June 30, 2018. 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). Because the Schedule presents only a selected portion of the operations of The Children's Cabinet, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported in the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

The Organization has an approved indirect cost rate and has elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

REPORTS ON COMPLIANCE AND INTERNAL CONTROL

**INDEPENDENT AUDITORS' 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 Trustees of
The Children's Cabinet, Inc.

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 Cabinet, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2018, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 21, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered The Children's Cabinet, 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 Cabinet, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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 The Children's Cabinet, Inc.'s financial statements are free from 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.

Kohn & Company

Reno, Nevada
November 21, 2018

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Trustees of
The Children's Cabinet, Inc.

Report on Compliance for Each Major Federal Program

We have audited The Children's Cabinet, 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 Cabinet, Inc.'s major federal programs for the year ended June 30, 2018. The Children's Cabinet, Inc.'s major federal programs are identified in the summary of auditors' 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.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of The Children's Cabinet, 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 Cabinet, 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 Cabinet, Inc.'s compliance.

Opinion on Each Major Federal Program

In our opinion, The Children's Cabinet, 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 Cabinet, 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, we considered The Children's Cabinet, Inc.'s internal control over compliance with 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 Cabinet, 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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.

Kohn & Company CP

Reno, Nevada
November 21, 2018



SCHEDULE OF FINDINGS AND QUESTIONED COSTS

THE CHILDREN'S CABINET, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018

SECTION I – SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued:		<u>Unmodified</u>		
Internal control over financial reporting:				
Material weakness(es) identified?	_____	yes	<u> X </u>	no
Significant deficiency(ies) identified that are not considered to be material weaknesses?	_____	yes	<u> X </u>	no
Noncompliance material to financial statements noted?	_____	yes	<u> X </u>	no

Federal Awards

Internal control over major programs:				
Material weakness(es) identified?	_____	yes	<u> X </u>	no
Significant deficiency(ies) identified that are not considered to be material weaknesses?	_____	yes	<u> X </u>	no
Type of auditors' report issued on compliance for major programs:			<u>Unmodified</u>	
Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance	_____	yes	<u> X </u>	no

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
93.575/93.596 17.270	CCDF Cluster Reintegration of Ex Offenders

Dollar threshold used to distinguish between type A and type B programs:		<u>\$750,000</u>		
Auditee Qualified As Low-Risk Auditee?	<u> X </u>	yes	_____	no

SECTION II - FINANCIAL STATEMENT FINDINGS

None.

SECTION III - FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

None.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS AND CORRECTIVE ACTION PLAN

THE CHILDREN'S CABINET, INC.
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS AND CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED JUNE 30, 2018

Prior Audit Findings

There were no prior audit findings.

Corrective Action Plan

A Corrective Action Plan is not applicable as there are no findings in the current period.