FAMILY RESOURCE CENTER OF SOUTH FLORIDA, INC. AND SUBSIDIARY

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2013 AND 2012

FAMILY RESOURCE CENTER OF
SOUTH FLORIDA, INC. AND SUBSIDIARY

CONTENTS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Family Resource Center of South Florida, Inc. and Subsidiary
Miami, Florida

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Family Resource Center of South Florida, Inc. and Subsidiary, which comprise the consolidated statements of financial position as of June 30, 2013 and 2012, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

MARCUMGROUP
MEMBER

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Family Resource Center of South Florida, Inc. and Subsidiary as of June 30, 2013 and 2012, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplementary schedules, as listed in the supplementary information and compliance section in the table of contents, as required by the State of Florida Department of Children and Families; Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations;* and Chapter 10.650, Rules of the Auditor General, are presented for purposes of additional analysis and are not a required part of the consolidated 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 consolidated financial statements. Such information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary schedules, as listed in the supplementary information and compliance section in the table of contents, are fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2013, on our consideration of Family Resource Center of South Florida, Inc. and Subsidiary'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 Family Resource Center of South Florida, Inc. and Subsidiary's internal control over financial reporting and compliance.

Marcum LLP

Miami, FL
December 20, 2013

FAMILY RESOURCE CENTER OF SOUTH FLORIDA, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2013 AND 2012

	2013	2012
Assets		
Current Assets		
Cash and cash equivalents	$ 1,600,240	$ 1,446,525
Restricted cash	6,065	6,065
Short-term investment	93,580	92,928
Grants, contracts and other receivables, net	699,480	383,217
Prepaid expenses	85,285	81,750
Total Current Assets	2,484,650	2,010,485
Fixed Assets, Net	346,461	408,324
Other Assets	23,213	23,213
Total Assets	$ 2,854,324	$ 2,442,022
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued expenses	$ 254,534	$ 248,798
Accrued payroll and related taxes	725,069	480,301
Deferred revenue	7,945	15,922
Deferred rent	51,823	43,185
Custodial accounts	6,065	6,065
Total Current Liabilities	1,045,436	794,271
Commitments and Contingencies		
Net Assets - Unrestricted		
Undesignated	1,661,888	1,647,751
Board designated	147,000	--
Total Net Assets - Unrestricted	1,808,888	1,647,751
Total Liabilities and Net Assets	$ 2,854,324	$ 2,442,022

The accompanying notes are an integral part of these consolidated financial statements.

FAMILY RESOURCE CENTER OF SOUTH FLORIDA, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED JUNE 30, 2013 AND 2012

	2013	2012
Revenue, Other Support and Losses - Unrestricted		
Government grants and contracts	$ 11,351,483	$ 10,849,455
Individual and corporate contributions	237,611	186,051
Foundation and private grants	106,000	120,000
Special events	67,469	77,779
United Way allocations	48,512	55,120
Program service fees, interest and other	24,650	8,477
	11,835,725	11,296,882
Loss on disposal of fixed assets	(1,371)	(685)
Total Revenue, Other Support and Losses - Unrestricted	11,834,354	11,296,197
Expenses		
Program services:		
Family services	215,540	196,958
Full case management	8,957,896	8,834,117
Mental health services	1,097,680	984,982
Total program services	10,271,116	10,016,057
Supporting services:		
General and administrative	1,065,104	1,035,399
Fundraising	336,997	351,502
Total supporting services	1,402,101	1,386,901
Total Expenses	11,673,217	11,402,958
Change in Net Assets - Unrestricted	161,137	(106,761)
Net Assets - Unrestricted - Beginning	1,647,751	1,754,512
Net Assets - Unrestricted - Ending	$ 1,808,888	$ 1,647,751

The accompanying notes are an integral part of these consolidated financial statements.

FAMILY RESOURCE CENTER OF SOUTH FLORIDA, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2013

	Program Expenses				Supporting Services			
	Family Services	Full Case Management	Mental Health Services	Total Program Services	General and Administrative	Fundraising	Total Supporting Services	Total Program and Supporting Services
Salaries	$ 142,007	$ 3,957,191	$ 752,957	$ 4,852,155	$ 691,531	$ 143,017	$ 834,548	$ 5,686,703
Benefits and taxes	37,033	948,858	137,422	1,123,313	126,839	29,655	156,494	1,279,807
Total Salaries and Related Expenses	179,040	4,906,049	890,379	5,975,468	818,370	172,672	991,042	6,966,510
Advertising	--	19,200	616	19,816	--	--	--	19,816
Conference training	246	7,720	17,602	25,568	1,151	367	1,518	27,086
Depreciation and amortization	697	76,389	10,022	87,108	57,143	2,853	59,996	147,104
Dues and subscriptions	--	813	--	813	3,601	995	4,596	5,409
Equipment rental and maintenance	5,863	242,614	37,921	286,398	34,592	7,674	42,266	328,664
Events and activities	--	9,730	--	9,730	--	93,196	93,196	102,926
Insurance	1,886	76,291	10,271	88,448	7,541	1,321	8,862	97,310
Licenses and taxes	--	211	--	211	--	--	--	211
Occupancy	8,707	307,929	35,476	352,112	31,739	5,236	36,975	389,087
Office supplies, postage and printing	5,385	60,104	19,585	85,074	36,638	4,388	41,026	126,100
Other expenses	100	21,199	800	22,099	11,550	375	11,925	34,024
Professional and contractual fees	--	8,715	2,723	11,438	18,070	34,036	52,106	63,544
Program supplies	7,862	247,110	3,420	258,392	100	8,644	8,744	267,136
Purchased services	--	2,537,249	17,848	2,555,097	--	--	--	2,555,097
Telephone	2,643	79,235	18,668	100,546	11,365	2,525	13,890	114,436
Transportation	--	74,437	--	74,437	10,143	--	10,143	84,580
Travel	3,111	282,901	32,349	318,361	23,101	2,715	25,816	344,177
Total	$ 215,540	$ 8,957,896	$ 1,097,680	$ 10,271,116	$ 1,065,104	$ 336,997	$ 1,402,101	$ 11,673,217

The accompanying notes are an integral part of these consolidated financial statements.

FAMILY RESOURCE CENTER OF SOUTH FLORIDA, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2012

	Program Expenses				Supporting Services			
	Family Services	Full Case Management	Mental Health Services	Total Program Services	General and Administrative	Fundraising	Total Supporting Services	Total Program and Supporting Services
Salaries	$ 129,115	$ 4,029,113	$ 658,868	$ 4,817,096	$ 621,628	$ 132,073	$ 753,701	$ 5,570,797
Benefits and taxes	34,653	1,113,533	159,049	1,307,235	143,347	30,203	173,550	1,480,785
Total Salaries and Related Expenses	163,768	5,142,646	817,917	6,124,331	764,975	162,276	927,251	7,051,582
Advertising	723	723	723	2,169	55	265	320	2,489
Conference training	268	14,382	4,257	18,907	4,543	1,722	6,265	25,172
Depreciation and amortization	441	79,394	4,262	84,097	65,402	1,104	66,506	150,603
Dues and subscriptions	--	2,971	127	3,098	3,370	4,528	7,898	10,996
Equipment rental and maintenance	7,886	222,904	34,416	265,206	41,690	13,880	55,570	320,776
Events and activities	--	3,811	--	3,811	252	97,814	98,066	101,877
Insurance	1,754	76,435	8,438	86,627	7,603	1,253	8,856	95,483
Licenses and taxes	--	300	--	300	--	--	--	300
Occupancy	8,529	304,060	33,324	345,913	30,099	4,965	35,064	380,977
Office supplies, postage and printing	1,796	84,481	9,678	95,955	42,687	14,475	57,162	153,117
Other expenses	--	16,648	1,169	17,817	15,608	219	15,827	33,644
Professional and contractual fees	--	3,557	--	3,557	17,768	32,391	50,159	53,716
Program supplies	6,481	245,592	5,989	258,062	225	10,568	10,793	268,855
Purchased services	--	2,147,685	29,784	2,177,469	--	--	--	2,177,469
Telephone	1,970	59,744	10,926	72,640	11,595	2,264	13,859	86,499
Transportation	--	122,692	206	122,898	10,440	--	10,440	133,338
Travel	3,342	306,092	23,766	333,200	19,087	3,778	22,865	356,065
Total	$ 196,958	$ 8,834,117	$ 984,982	$ 10,016,057	$ 1,035,399	$ 351,502	$ 1,386,901	$ 11,402,958

The accompanying notes are an integral part of these consolidated financial statements.

FAMILY RESOURCE CENTER OF SOUTH FLORIDA, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2013 AND 2012

	2013	2012
Cash Flows from Operating Activities		
Change in net assets	$ 161,137	$ (106,761)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	147,104	150,603
Loss on disposal of fixed assets	1,371	685
Change in operating assets and liabilities:		
Restricted cash	--	(35)
Grants, contracts and other receivables	(316,263)	38,142
Prepaid expenses	(3,535)	63,768
Accounts payable and accrued expenses	5,736	13,320
Accrued payroll and related taxes	244,768	(324,068)
Deferred revenue	(7,977)	(146,197)
Deferred rent	8,638	24,923
Custodial accounts	--	35
Total Adjustments	79,842	(178,824)
Net Cash Provided by (Used in) Operating Activities	240,979	(285,585)
Cash Flows from Investing Activities		
Acquisition of short-term investment	(652)	(1,011)
Purchase of fixed assets	(86,612)	(111,818)
Net Cash Used in Investing Activities	(87,264)	(112,829)
Net Change in Cash and Cash Equivalents	153,715	(398,414)
Cash and Cash Equivalents - Beginning of Year	1,446,525	1,844,939
Cash and Cash Equivalents - End of Year	$ 1,600,240	$ 1,446,525
Supplemental Disclosure of Cash Flow Information		
Cash paid during the year for interest	$ --	$ --

The accompanying notes are an integral part of these consolidated financial statements.

NOTE 1 –THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

THE ORGANIZATION

Family Resource Center of South Florida, Inc. (the "Center") was established and incorporated on February 1, 1978 under the laws of the State of Florida as a not-for-profit organization. The Center's wholly-owned subsidiary, FRC Homestead Housing, L.L.C. ("FRC"), had no activity as of and during the years ended June 30, 2013 and 2012.

The Center is a Child Welfare Agency and Community Mental Health Center. The corporate mission of the Center is to prevent and treat child abuse and neglect through the strengthening of families. The Center's goal is to prevent and change dysfunctional parent-child interaction patterns, promote positive self-concepts, and build healthy family relationships through full case management, family support, crisis intervention, family preservation, parent education and mental health counseling.

The Center receives its funding principally from Our Kids of Miami-Dade/Monroe, Inc. ("Our Kids"), the Children's Trust, United Way of Miami-Dade, South Florida Behavioral Health Network, Inc., and Miami-Dade County Department of Grants.

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the accounts of the Center and FRC (collectively, the "Organization"). All significant transactions and account balances between entities have been eliminated in consolidation.

FINANCIAL STATEMENT PRESENTATION

The consolidated financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("GAAP"). Net assets, revenues and expenses are classified based on the existence or absence of donor-imposed restrictions as follows:

Unrestricted

Net assets which are free of donor-imposed restrictions; all revenues and expenses that are not changes in permanently or temporarily restricted net assets are considered to be unrestricted net assets. As of June 30, 2013, the Board of Directors designated $147,000 of unrestricted net assets for 2014 employer contributions into the Organization's employee benefit plans. As of June 30, 2012, there were no board designations of unrestricted net assets.

NOTE 1 – THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FINANCIAL STATEMENT PRESENTATION (CONTINUED)

Temporarily Restricted
Net assets used by the Organization which are limited by donor-imposed stipulations that either expires with the passage of time or that can be fulfilled or removed by actions of the Organization pursuant to those stipulations. The Organization had no temporarily restricted net assets as of June 30, 2013 and 2012.

Permanently Restricted
Net assets used by the Organization which are limited by donor-imposed stipulations that neither expire with the passage of time nor can be fulfilled or otherwise removed by actions of the Organization. The Organization had no permanently restricted net assets as of June 30, 2013 and 2012.

CASH EQUIVALENTS

All highly liquid cash investments with original maturities of three months or less are considered to be cash equivalents.

RESTRICTED CASH

Restricted cash represents child support payments collected from parents to be remitted to their respective children.

SHORT-TERM INVESTMENT

Short-term investment consists of a certificate of deposit that has an original maturity of one year.

CONCENTRATIONS OF CREDIT RISK

Financial instruments which potentially expose the Organization to concentrations of credit risk consist principally of cash and cash equivalents (including restricted cash), a short-term investment and grants, contracts and other receivables.

NOTE 1 – THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

CONCENTRATIONS OF CREDIT RISK (CONTINUED)

Cash and Cash Equivalents (Including Restricted Cash) and Short-Term Investment
Financial instruments that potentially subject the Organization to concentrations of credit risk consist of deposit accounts and a certificate of deposit. The Organization maintains these balances in what it believes to be high quality financial institutions, which it believes limits its risk. As of June 30, 2013, the Organization had approximately $1,151,000 of balances in excess of insurance limits covered by the Federal Deposit Insurance Corporation ("FDIC"). As of June 30, 2012, the Organization did not have balances in excess of FDIC insurance limits.

Grants, Contracts and Other Receivables
Grants, contracts and other receivables consist principally of amounts due from grantor agencies pursuant to the terms of the respective grant agreements. Grants, contracts and other receivables are stated at net realizable value. Allowances are provided for amounts estimated to be uncollectible based on historical experience and any specific collection issues that the Organization has identified. It is the Organization's policy to charge uncollectible receivables against the allowance when management determines that the related balance will not be collected. Management determined that an allowance for doubtful accounts was not deemed necessary at June 30, 2013 and 2012.

FIXED ASSETS

Fixed assets valued in excess of $500 with a useful life over one year are capitalized. Fixed assets are recorded at cost or, if donated, at fair value at the date of donation. Major renewals and improvements are capitalized, while repairs and maintenance expenditures are expensed as incurred. When items are retired or otherwise disposed of, the related costs and accumulated depreciation or amortization are removed from the accounts and any resulting gains or losses are recognized. Depreciation is computed on the straight-line method over the estimated useful lives of the respective assets. Leasehold improvements are amortized over the lesser of the useful life or the term of the lease.

The estimated useful lives of each asset group are as follows:

Asset Group	Years
Building	15-40
Leasehold improvements	5-20
Furniture, fixtures and equipment	3-20
Automobiles	3-5

NOTE 1 – THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

CONTRIBUTIONS

Contributions and gifts received with no restrictions or specified uses identified by the donor are included in unrestricted revenue in the consolidated statements of activities when received. Contributions received with donor stipulations that limit the use of donated assets are reported as either temporarily or permanently restricted revenue in the consolidated statements of activities when received.

When donor restrictions expire or are fulfilled by actions of the Organization, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the consolidated statement of activities as net assets released from restriction. Donor restricted contributions whose restrictions are met within the same year as received are reflected as unrestricted revenue in the accompanying consolidated statements of activities.

GRANTS FROM GOVERNMENT AGENCIES

Grants from governmental agencies are recognized as revenue when the grant funds have been expended in accordance with the grant provisions of the respective agreements.

DEFERRED REVENUE

Deferred revenue represents advances to be used on future expenditures. Deferred revenue is recognized as revenue when the related expenditures are incurred.

PROGRAM SERVICE FEES

Program service fees represent user charges for services offered by the Organization. Program service fees generally are recognized as revenue when received.

FUND-RAISING ACTIVITIES

The Organization's consolidated financial statements are presented in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 958 "Accounting for Costs of Activities of Not-for-Profit Organizations and State and Local Government Entities that Included Fund Raising". FASB ASC 958 establishes criteria for accounting and reporting for any entity that solicits contributions.

NOTE 1 – THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FUND-RAISING ACTIVITIES (CONTINUED)

Directly identifiable fund-raising expenses are charged to programs and supporting services. Expenses related to more than one function are charged to programs and supporting services on the basis of periodic time and expense studies. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

FUNCTIONAL ALLOCATION OF EXPENSES

The cost of providing the various programs and other activities has been detailed in the consolidated statements of functional expenses and is summarized on a functional basis in the consolidated statements of activities. Salaries and other expenses, which are associated with a specific program, are charged directly to that program. Salaries and other expenses, which benefit more than one program, are allocated to the various programs based on the time spent.

CONTRIBUTED GOODS AND SERVICES

Contributed goods and services are reflected in the consolidated financial statements at their estimated fair value, if reasonably determined. The contributions of services are recognized if the services received (a) create or enhance non-financial assets, or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donations. For the years ended June 30, 2013 and 2012, there were no material non-cash contributions.

Services provided by volunteers throughout the year are not recognized as contributions in the consolidated financial statements since these services are not susceptible to objective measurement or valuation.

DEFERRED RENT

The Organization records rent payments from operating leases, which generally call for escalating payments and free rents over the terms of the leases, on a straight-line basis over the lease term, as required in FASB ASC No. 840, *Leases*. The difference between the rent payments and straight-line basis of such rent is recorded as deferred rent.

NOTE 1 – THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FAIR VALUE MEASUREMENTS

In accordance with GAAP, the Organization defines fair value as the price that would be received to sell an asset or the price paid to transfer a liability in an orderly transaction between market participants at the measurement date. GAAP establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are inputs that market participants would use in pricing the asset or liability based on market data obtained from sources independent of the Organization. Unobservable inputs are inputs that reflect the Organization's assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The hierarchy is broken down into three levels based on the reliability of inputs as follows:

Level 1
Observable inputs, such as quoted market prices in active markets for the identical asset or liability that are accessible at the measurement date.

Level 2
Inputs, other than quoted market prices included in Level 1, that are observable either directly or indirectly for the asset or liability.

Level 3
Unobservable inputs that reflect the entity's own assumptions about the exit price of the asset or liability. Unobservable inputs may be used if there is little or no market data for the asset or liability at the measurement date.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodology used for assets measured at fair value.

Short-Term Investment (certificate of deposit): Valued at cost plus accrued interest.

NOTE 1 – THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FAIR VALUE MEASUREMENTS (CONTINUED)

The method described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Fair value measurements and the fair value hierarchy level for the Organization's assets measured at fair value are as follows:

	Assets at Fair Value			
	Level 1	Level 2	Level 3	Total
As of June 30, 2013				
Certificate of deposit	$ 93,580	$ --	$ --	$ 93,580
Assets at Fair Value	$ 93,580	$ --	$ --	$ 93,580
As of June 30, 2012				
Certificate of deposit	$ 92,928	$ --	$ --	$ 92,928
Assets at Fair Value	$ 92,928	$ --	$ --	$ 92,928

INCOME TAXES

The Center received a determination from the Internal Revenue Service indicating that it is exempt from Federal income tax on all income except unrelated business income under Internal Revenue Code Section 501(c) (3); accordingly, no provision for income taxes has been recorded in the accompanying consolidated financial statements. For the years ended June 30, 2013 and 2012, the Center had no unrelated business income tax resulting from unrelated business income. FRC is a single member limited liability corporation and is disregarded for income tax purposes; therefore, net earnings or losses pass through to the Center.

NOTE 1 – THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

INCOME TAXES (CONTINUED)

The Organization accounts for uncertainty in income taxes in accordance with GAAP, which requires recognition in the accompanying consolidated financial statements of a tax position only after determining that the relevant tax authority would more likely than not sustain the position following an audit. For tax positions meeting the more likely than not threshold, the amount recognized in the consolidated financial statements is the largest benefit that has a greater than 50 percent likelihood of being realized upon ultimate settlement with the relevant tax authority. The Organization had no material unrecognized tax benefits and no adjustments to its consolidated financial position, activities or cash flows were required. The Organization does not expect that unrecognized tax benefits will increase within the next twelve months. The Organization's tax returns for the prior three years remain subject to examination by Federal and state tax jurisdictions.

The Organization did not record any interest or penalties on uncertain tax positions in the consolidated statements of financial position as of June 30, 2013 and 2012 or the consolidated statements of activities for the years then ended. If the Organization were to incur any income tax liability in the future, interest on any income tax liability would be reported as interest expense and penalties on any income tax liability would be reported as income taxes.

USE OF ESTIMATES

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

SUBSEQUENT EVENTS

The Organization has evaluated subsequent events and transactions for potential recognition or disclosure in the consolidated financial statements through December 20, 2013, the date the consolidated financial statements were available to be issued.

NOTE 2 – FIXED ASSETS

Fixed assets at June 30, 2013 and 2012 consist of the following:

	2013	2012
Building and leasehold improvements	$ 453,309	$ 444,363
Furniture, fixtures and equipment	815,227	772,603
Automobiles	216,568	191,416
	1,485,104	1,408,382
Less: accumulated depreciation and amortization	(1,200,243)	(1,061,658)
	284,861	346,724
Land	61,600	61,600
Total	$ 346,461	$ 408,324

Depreciation and amortization expense for the years ended June 30, 2013 and 2012 amounted to approximately $147,000 and $151,000, respectively.

NOTE 3 – OUR KIDS CONTRACT

In November 2009, the Center executed a contract (the "Contract") with Our Kids that is subordinate to a master agreement (the "Master Contract") between Our Kids and the Florida Department of Children and Families (the "Department"). Under the terms of the Master Contract, the Department appointed Our Kids as its agent for the oversight of foster care and related services in Miami-Dade and Monroe Counties. Pursuant to the Contract, the Center is one of the providers for such foster care and related services in Miami-Dade County.

The Contract is a fixed-price, unit cost contract based on full case management services, such as recruitment and study of adoptive families, child studies, placement and supervision prior to finalization of adoptions, and post adoptive support services, provided by the Center to all children referred by Our Kids. Service fees earned by the Center under the Contract amounted to approximately $10,612,000 and $10,302,000, which amounts are included in government grants and contracts in the accompanying consolidated statements of activities, for the years ended June 30, 2013 and 2012, respectively.

The Organization has an irrevocable standby letter of credit ("LOC") of $80,000, expiring in August 2014. The LOC was issued in favor of the Contract. No amounts have been drawn against the LOC.

NOTE 4 – LINES OF CREDIT

The Organization executed an unsecured line of credit agreement for $200,000 with a financial institution in prior years. The line of credit expired in March 2013 and was not renewed by the Organization during the year ended June 30, 2013.

The Organization executed an additional unsecured line of credit for $80,000 with another financial institution. The line of credit bears interest at the prime rate (3.25% as of June 30, 2013). The line of credit expires in August 2014.

The Organization did not borrow against the lines of credit during the years ended June 30, 2013 and 2012.

NOTE 5 – EMPLOYEE BENEFIT PLANS

The Organization sponsors a defined contribution retirement plan (the "Plan") covering substantially all of its full-time employees (Note 9). Employees become eligible for Plan participation after completing one year of service and obtaining the age of twenty one. The Organization contributes 5% of eligible employees' gross compensation to the Plan. In November 2012, the Organization suspended its contribution into the Plan. All contributions made on behalf of employees become fully vested upon completing three years of service. For the years ended June 30, 2013 and 2012, the Organization contributed approximately $78,000 and $205,000, respectively, to the Plan.

The Organization also sponsors a tax deferred annuity plan covering substantially all of its full-time employees (Note 9). Employees may enroll into this plan upon hiring. The Organization does not make contributions into this plan.

NOTE 6 - COMMITMENTS

The Organization leases office space under a non-cancellable operating lease, as amended, which expires in November 2015. The amended lease requires monthly lease payments ranging from approximately $28,000 to $33,000. Additionally, the Organization leases office equipment under non-cancelable operating leases, expiring at various dates through January 2018.

NOTE 6 – COMMITMENTS (CONTINUED)

As of June 30, 2013, the estimated minimum annual non-cancelable commitments on these leases are as follows:

For the Year Ending June 30,	Amount
2014	$ 375,000
2015	392,000
2016	167,000
2017	900
2018	500
Total	$ 935,400

Rent expense for all leases for the years ended June 30, 2013 and 2012 amounted to $389,000 and $444,000, respectively.

NOTE 7 - CONCENTRATIONS

The Center received approximately 93% and 96% of its government grant revenue from Our Kids for the years ended June 30, 2013 and 2012, respectively. As the revenue from Our Kids is significant to the overall operations of the Organization, any significant reduction or loss of funding from Our Kids may affect the Organization’s ability to operate in its present form. Receivables from Our Kids were approximately 81% and 84% of grants, contracts and other receivables as of June 30, 2013 and 2012, respectively. In addition, receivables from Magellan Behavior Health Systems, LLC were approximately 13% and 5% of grants, contracts and other receivables as of June 30, 2013 and 2012, respectively.

NOTE 8 - CONTINGENCIES

The Organization participates in federal, state and local grant programs that are subject to audit by the respective grantor agencies. Any disallowed funds received or to be received under these programs may constitute a liability in the amount of the disallowed funds. Management does not believe that any potential disallowed funds would have a significant effect on the consolidated financial statements.

NOTE 9 – SUBSEQUENT EVENTS

LEASES

In July 2013, the Organization executed an agreement to lease office equipment. The lease agreement requires monthly rental payments of $7,000 and expires in June 2018.

EMPLOYEE BENEFIT PLANS

In December 2013, the Board of Directors approved the termination the current employee benefit plans (Note 5) and to adopt a 403(b) Thrift Plan (the "Thrift Plan"). Presently, the Organization is in the process of implementing procedures to terminate the current plans and to adopt the Thrift Plan.

SUPPLEMENTARY INFORMATION

FAMILY RESOURCE CENTER OF SOUTH FLORIDA, INC. AND SUBSIDIARY

SCHEDULE OF STATE EARNINGS

FOR THE YEAR ENDED JUNE 30, 2013

1	**Total Expenditures**	$ 11,673,217
2	Less: Other State and Federal Funds	(11,237,867)
3	Less: Non-Match SAMH Funds	(108,925)
4	Less: Unallowable costs per 65E-14, F.A.C.	(2,447)
5	Total Allowable Expenditures (Sum of Lines 1, 2, 3 and 4)	323,978
6	Maximum Available Earnings (Line 5 Times 75%)	242,984
7	Amount of State Funds Requiring Match	4,691
8	**Amount Due to Department (If Negative)**	$ 238,293

See note to the schedules.

FAMILY RESOURCE CENTER OF
SOUTH FLORIDA, INC. AND SUBSIDIARY

SCHEDULE OF PROGRAM / COST CENTER ACTUAL EXPENSES AND REVENUES

FOR THE YEAR ENDED JUNE 30, 2013

AGENCY: **Family Resource Center of South Florida, Inc.** DATE PREPARED: **12/20/13**
CONTRACT #: **ME 225 3 11** BUDGET PERIOD: **7/1/12 - 6/30/13**

PART 1: ACTUAL FUNDING SOURCES & REVENUES

	STATE-DESIGNATED SAMH COST CENTERS								
	STATE SAMH-FUNDED COST CENTERS								
	PROGRAM 1		PROGRAM 2						
FUNDING SOURCES & REVENUES	Assessment	Outpatient-Individual	Outreach	Outpatient-Group	Total for State SAMH-Funded Cost Centers	Total for Non-State-Funded SAMH Cost Centers	Tot. for All State-Designated SAMH Cost Centers (D+E)	Non-SAMH Cost Center	Total Funding (F+G)
A	B1-a	B1-b	B2-a	B2-b	D	E	F	G	H
IA. STATE SAMH FUNDING									
(1) From the District Funding this Contract	$ 13,340	$ 65,941	$ --	$ 34,335	$ 113,616	$ --	$ 113,616	$ --	$ 113,616
(2) N/A	--	--	--	--	--	--	--	--	--
(3) N/A	--	--	--	--	--	--	--	--	--
(4) N/A	--	--	--	--	--	--	--	--	--
(5) N/A	--	--	--	--	--	--	--	--	--
(6) From Other Districts	--	--	--	--	--	--	--	--	--
TOTAL STATE SAMH FUNDING	13,340	65,941	--	34,335	113,616	--	113,616	--	113,616
IB. OTHER GOVT FUNDING									
(1) Other State Agency Funding	--	--	--	--	--	640,245	640,245	3,739,246	4,379,491
(2) Medicaid	10,028	49,570	--	25,811	85,409	339,338	424,747	--	424,747
(3) Local Government	--	--	--	--	--	--	--	179,992	179,992
(4) Federal Grants and Contracts	--	--	--	--	--	--	--	6,253,637	6,253,637
(5) In-kind from Local Govt. Only	--	--	--	--	--	--	--	--	--
TOTAL OTHER GOVT FUNDING	10,028	49,570	--	25,811	85,409	979,583	1,064,992	10,172,875	11,237,867
IC. ALL OTHER REVENUES									
(1) 1st & 2nd Part Payments	--	--	--	--	--	--	--	--	--
(2) 3rd Party Payments (except Medicare)	--	--	--	--	--	--	--	--	--
(3) Medicare	--	--	--	--	--	--	--	--	--
(4) Contributions and Donations	--	--	--	--	--	--	--	233,971	233,971
(5) Other	--	--	--	--	--	--	--	73,163	73,163
(6) In-Kind	--	--	--	--	--	--	--	177,108	177,108
TOTAL ALL OTHER REVENUES	--	--	--	--	--	--	--	484,242	484,242
TOTAL FUNDING	$ 23,368	$ 115,511	$ --	$ 60,146	$ 199,025	$ 979,583	$ 1,178,608	$ 10,657,117	$ 11,835,725

See note to the schedules.

FAMILY RESOURCE CENTER OF
SOUTH FLORIDA, INC. AND SUBSIDIARY

SCHEDULE OF PROGRAM / COST CENTER ACTUAL EXPENSES AND REVENUES (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2013

AGENCY: **Family Resource Center of South Florida, Inc.** DATE PREPARED: **12/20/13**
CONTRACT #: **ME 225 3 11** BUDGET PERIOD: **7/1/12 - 6/30/13**

PART II: ACTUAL EXPENSES

	STATE-DESIGNATED SAMH COST CENTERS										
	STATE SAMH-FUNDED COST CENTERS										
	PROGRAM 1		PROGRAM 2								
EXPENSE CATEGORIES A	Assessment B1-a	Outpatient-Individual B1-b	Outreach B2-a	Outpatient-Group B2-b	State-Funded AMH Cost Centers	Non-State-Funded SAMH Cost Centers	State-Designated SAMH Cost Centers (D+E) F	Non-SAMH Cost Center G	Support Costs H	Administration I	Total Expenses (F+G+H+I) J
IIA. PERSONNEL EXPENSES											
(1) Salaries	$ 14,957	$ 73,932	$ --	$ 38,496	$ 127,385	$ 626,980	$ 754,365	$ 4,098,601	$ --	$ 833,737	$ 5,686,703
(2) Fringe Benefits	2,725	13,468	--	7,013	23,206	114,216	137,422	985,891	--	156,494	1,279,807
TOTAL PERSONNEL EXPENSES	17,682	87,400	--	45,509	150,591	741,196	891,787	5,084,492	--	990,231	6,966,510
IB. OTHER EXPENSES											
(1) Building Occupancy	703	3,477	--	1,810	5,990	29,485	35,475	316,637	--	36,975	389,087
(2) Professional Services	54	267	--	139	460	2,263	2,723	8,715	--	52,106	63,544
(3) Travel	641	3,170	--	1,651	5,462	26,886	32,348	360,449	--	35,960	428,757
(4) Equipment	752	3,716	--	1,935	6,403	31,518	37,921	248,476	--	42,267	328,664
(5) Food Services	22	107	--	56	185	908	1,093	4,256	--	--	5,349
(6) Medical and Pharmacy	311	1,538	--	801	2,650	13,040	15,690	6,492	--	--	22,182
(7) Subcontracted Services	43	212	--	110	365	1,795	2,160	2,530,557	--	--	2,532,717
(8) Insurance	204	1,007	--	524	1,735	8,537	10,272	78,177	--	8,862	97,311
(9) Interest Paid	--	--	--	--	--	--	--	--	--	--	--
(10) Operating Supplies & Expenses	805	3,977	--	2,071	6,853	33,727	40,580	411,481	--	63,660	515,721
(11) Other	576	2,846	--	1,482	4,904	24,137	29,042	126,923	--	167,410	323,375
(12) Donated Items	--	--	--	--	--	--	--	--	--	--	--
TOTAL OTHER EXPENSES	4,111	20,317	--	10,579	35,007	172,296	207,304	4,092,163	--	407,240	4,706,707
TOTAL PERSONNEL & OTHER EXPENSES	21,793	107,717	--	56,088	185,598	913,492	1,099,091	9,176,655	--	1,397,471	11,673,217
IIC. DISTRIBUTED INDIRECT COSTS											
(a) Other Support Costs(Optional)	--	--	--	--	--	--	--	--	--	--	--
(b) Administration	1,577	7,794	--	4,058	13,429	66,093	79,522	1,319,320	--	(1,398,842)	--
TOTAL DISTR'D INDIRECT COSTS	1,577	7,794	--	4,058	13,429	66,093	79,522	1,319,320	--	(1,398,842)	--
TOTAL ACTUAL OPERATING EXPENSES	23,370	115,511	--	60,146	199,027	979,585	1,178,613	10,495,975	--	(1,371)	11,673,217
IID. UNALLOWABLE COSTS	--	--	--	--	--	--	--	2,447	--	--	2,447
TOTAL ALLOWABLE OPERATING EXPENSES	$ 23,370	$ 115,511	$ --	$ 60,146	$ 199,027	$ 979,585	$ 1,178,613	$ 10,493,528	$ --	$ (1,371)	$ 11,670,770
IIE. CAPITAL EXPENDITURES	$ --	$ --	$ --	$ --	$ --	$ --	$ --	$ --	$ --	$ --	$ --

See note to the schedules.

FAMILY RESOURCE CENTER OF SOUTH FLORIDA, INC. AND SUBSIDIARY

SCHEDULE OF BED-DAY AVAILABILITY PAYMENTS

FOR THE YEAR ENDED JUNE 30, 2013

Program A	Cost Center B	State Contracted Rate C	Total Units of Service Provided D	Total Units of Service Paid for by 3rd Party Contracts, Local Govt. or Other State Agencies E	Maximum # of Units Eligible for Payment by Department (D-E) F	Amount Paid for Services by the Department G	$ Value of Units in Column F (F x C) H	Amount Owed to Department (G-H or $0, whichever is greater) I
Children's MH	Crisis Stabilization Unit	$ --	--	--	--	$ --	$ --	$ --
Adult MH	Crisis Stabilization Unit	--	--	--	--	--	--	--
Children's SA	Substance Abuse Detox	--	--	--	--	--	--	--
Adult SA	Substance Abuse Detox	--	--	--	--	--	--	--
Adult MH	Short-term Residential Treatment	--	--	--	--	--	--	--
					Total Amount Owed to Department			$ --

Note: This schedule is not applicable as the entity did not provide such services for the year ended June 30, 2013.

See note to the schedules.

FAMILY RESOURCE CENTER OF SOUTH FLORIDA, INC. AND SUBSIDIARY

SCHEDULE OF RELATED PARTY TRANSACTIONS

FOR THE YEAR ENDED JUNE 30, 2013

		Allocation of Related Party Transactions Adjustment			
	Related	State-Designated Cost Centers			
	Party	1	2	3	Total
Revenues From Grantee					
Rent	$ --	$ --	$ --	$ --	$ --
Services	--	--	--	--	--
Interest	--	--	--	--	--
Other	--	--	--	--	--
Total Revenue From Grantee	$ --	$ --	$ --	$ --	$ --
Expenses Associated with Grantee Transactions					
Personnel Services	$ --	$ --	$ --	$ --	$ --
Depreciation	--	--	--	--	--
Interest	--	--	--	--	--
Other	--	--	--	--	--
Total Associated Expenses	$ --	$ --	$ --	$ --	$ --
Related Party Transaction Adjustment	$ --	$ --	$ --	$ --	$ --

Note: This schedule is not applicable as the entity did not have any related party transactions for the year ended June 30, 2013.

See notes to the schedule.

NOTE A – GENERAL

The accompanying Schedules of State Earnings, Program/Cost Center Actual Expenses and Revenues, Bed-Day Availability Payments and Related Party Transactions (collectively, the "Department of Children and Families Schedules") were prepared in accordance with the requirements of Chapter 65E-14 of the Florida Administrative Code. The Organization's reporting entity (the "Center") is described in Note 1 of the consolidated financial statements.

COMPLIANCE SECTION

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

Board of Directors
Family Resource Center of South Florida, Inc. and Subsidiary
Miami, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Family Resource Center of South Florida, Inc. and Subsidiary (the "Organization"), which comprise the consolidated statement of financial position as of June 30, 2013, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated December 20, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered Family Resource Center of South Florida, Inc. and Subsidiary'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 consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of Family Resource Center of South Florida, Inc. and Subsidiary's internal control. Accordingly, we do not express an opinion on the effectiveness of Family Resource Center of South Florida, Inc. and Subsidiary'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 consolidated 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.

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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 Family Resource Center of South Florida, Inc. and Subsidiary's consolidated 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 consolidated 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 Family Resource Center of South Florida, Inc. and Subsidiary'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.

Marcum LLP

Miami, FL
December 20, 2013

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND STATE PROJECT AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133 AND CHAPTER 10.650 RULES OF THE AUDITOR GENERAL

Board of Directors
Family Resource Center of South Florida, Inc. and Subsidiary
Miami, Florida

Report on Compliance for Each Major Federal Program and State Project

We have audited Family Resource Center of South Florida, Inc. and Subsidiary's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement*, and the requirements described in the *Department of Financial Services'* State Projects Compliance Supplement, that could have a direct and material effect on each of Family Resource Center of South Florida, Inc. and Subsidiary's major Federal programs and State projects for the year ended June 30, 2013. Family Resource Center of South Florida, Inc. and Subsidiary's major Federal programs and State projects 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 and State projects.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Family Resource Center of South Florida, Inc. and Subsidiary's major Federal programs and State projects 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; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations;* and Chapter 10.650, Rules of the Auditor General. Those standards, OMB Circular A-133, and Chapter 10.650, Rule of the Auditor General 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 or State project occurred. An audit includes examining, on a test basis, evidence about Family Resource Center of South Florida, Inc. and Subsidiary'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 Family Resource Center of South Florida, Inc.'s compliance.

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Opinion on Each Major Federal Program and State Project

In our opinion, Family Resource Center of South Florida, Inc. and Subsidiary 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 and State projects for the year ended June 30, 2013.

Report on Internal Control Over Compliance

Management of Family Resource Center of South Florida, Inc. and Subsidiary is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Family Resource Center of South Florida, Inc. and Subsidiary's internal control over compliance with the types of requirements that could have a direct and material effect on each major Federal program and State project 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 State project and to test and report on internal control over compliance in accordance with OMB Circular A-133 and Chapter 10.650, Rules of the Auditor General, 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 Family Resource Center of South Florida, Inc. and Subsidiary'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 or State project 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 or State project 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 or State project that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133 and Chapter 10.650, Rules of the Auditor General. Accordingly, this report is not suitable for any other purpose.

Marcum LLP

Miami, FL
December 20, 2013

FAMILY RESOURCE CENTER OF SOUTH FLORIDA, INC. AND SUBSIDIARY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

FOR THE YEAR ENDED JUNE 30, 2013

Federal/State Agency, Pass-through Entity	CFDA/ CSFA No.	Contract	Expenditures
Federal Awards			
U.S. Department of Health and Human Services			
Indirect Programs Passed Through:			
Temporary Assistance for Needy Families	93.558	KH-225	$ 62,375
Block Grants for Prevention & Treatment of Substance Abuse	93.959	KH-225	51,241
U.S. Department of Health and Human Services			
Indirect Programs Passed Through:			
Our Kids of Miami-Dade/Monroe, Inc.:			
Temporary Assistance for Needy Families Block Grant	93.558	N/A	1,271,117
Child Welfare Services State Grants	93.645	N/A	205,738
Foster Care - Title IV - E	93.658	N/A	2,922,598
Adoption Assistance	93.659	N/A	459,310
Social Services Block Grant	93.667	N/A	643,092
Child Abuse and Neglect State Grants	93.669	N/A	1,857
Independent Living	93.674	N/A	90,292
Promoting Safe and Stable Families	93.556	N/A	25,765
State Matching Funds for Federal Awards:			
Child Welfare Services State Grants	93.645	N/A	68,579
Adoption Assistance	93.659	N/A	456,115
Independent Living	93.674	N/A	22,573
Block Grants for Community Mental Health Services	93.958	N/A	78,013
Family Preservation and Support Services	93.556	N/A	8,588
Total Federal Awards			$ 6,367,253
State Financial Assistance			
State of Florida Department of Children and Families			
Indirect Program Passed Through:			
Our Kids of Miami-Dade/Monroe, Inc.:			
Community Based Care Support	60.094	N/A	$ 4,358,642
Total State Financial Assistance			$ 4,358,642
Total Federal Awards and State Financial Assistance			$ 10,725,895

See notes to the schedule of expenditures of federal awards and state financial assistance.

FAMILY RESOURCE CENTER OF SOUTH FLORIDA, INC. AND SUBSIDIARY

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

FOR THE YEAR ENDED JUNE 30, 2013

NOTE 1 - GENERAL

The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance (the “Schedule”) presents the federal and state grant activity of the Organization for the year ended June 30, 2013.

NOTE 2 – BASIS OF ACCOUNTING

The Schedule is presented using GAAP, which is described in Note 1 to the Organization’s consolidated financial statements. The information in the Schedule is presented in accordance with the requirements of U.S. Office of Management and Budget Circular A-133, Audits of States, Local Government, and Non-Profit Organizations, and Chapter 10.650, Rules of the Auditor General. Therefore, some amounts presented in the Schedule may differ from amounts presented in, or used in the preparation of the basic consolidated financial statements.

FAMILY RESOURCE CENTER OF SOUTH FLORIDA, INC. AND SUBSIDIARY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2013

SECTION I – SUMMARY OF AUDITOR'S RESULTS

CONSOLIDATED FINANCIAL STATEMENTS

Type of auditors' report issued:	***UNQUALIFIED OPINION***	
Internal control over financial reporting:		
Material weakness(es) identified?	_____Yes	__X__No
Significant deficiency(ies) identified that are not considered to be material weakness(es)?	_____Yes	__X__No
Noncompliance material to financial statement noted?	_____Yes	__X__No

FEDERAL PROGRAMS AND STATE PROJECTS

Internal control over major Federal programs and State projects:		
Material weakness(es) identified?	_____Yes	__X__No
Significant deficiency(ies) identified that are not considered to be material weakness(es)?	_____Yes	__X__No
Type of auditor's report issued on compliance for major Federal programs and State projects:	***UNQUALIFIED OPINION***	
Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133 and Chapter 10.656?	_____Yes	__X__No

Identification of major Federal programs and State projects:

CFDA NUMBER	***NAME OF FEDERAL PROGRAM OR CLUSTER***
Our Kids of Miami-Dade/Monroe, Inc. Cluster:	
93.558	Temporary Assistance for Needy Families Block Grant
93.645	Child Welfare Services State Grants
93.658	Foster Care - Title IV – E
93.659	Adoption Assistance
93.667	Social Services Block Grant
93.669	Child Abuse and Neglect State Grants
93.674	Independent Living
93.556	Promoting Safe and Stable Families

SECTION I – SUMMARY OF AUDITOR'S RESULTS

CFDA NUMBER	***NAME OF FEDERAL PROGRAM OR CLUSTER***
Our Kids of Miami-Dade/Monroe, Inc. Cluster-Continued:	
	State Matching Funds for Federal Awards:
93.645	Child Welfare Services State Grants
93.659	Adoption Assistance
93.674	Independent Living
93.958	Block Grants for Community Mental Health Services
93.556	Family Preservation and Support Services

CSFA NUMBER	***NAME OF STATE PROJECT***
60.094	State of Florida Department of Children and Families: Community Based Supports

Dollar threshold used to distinguish between type A and type B Federal programs:	$300,000	
Dollar threshold used to distinguish between type A and type B State projects:	$300,000	
Auditee qualified as low-risk auditee pursuant to OMB Circular A-133?	_X_ Yes	_____No

SECTION II – FINANCIAL STATEMENT FINDINGS

None.

SECTION III – FEDERAL PROGRAMS AND STATE PROJECTS FINDINGS AND QUESTIONED COSTS

None. A management letter was not issued because there were no items that were required to be reported related to Federal programs or State projects.

SECTION IV – PRIOR YEAR FINDINGS

None.