

CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2011 and 2010

FAMILY RESOURCE CENTER OF SOUTH FLORIDA, INC. AND SUBSIDIARY CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2011 and 2010

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying consolidated statements of financial position of Family Resource Center of South Florida, Inc. and Subsidiary as of June 30, 2011 and 2010, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended. These consolidated financial statements are the responsibility of the management of Family Resource Center of South Florida, Inc. and Subsidiary. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits 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 of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits provide a reasonable basis for our 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, 2011 and 2010, and the changes in their net assets and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated December 21, 2011 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 and should be considered in assessing the results of our audits.

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplemental information, as listed in the index on page 1, is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Government, and Non-Profit Organizations; Chapter 10.650, Rules of the Auditor General; and the State of Florida Department of Children and Families, and is 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. The 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 information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Berkeit Dir Palhel, Bent LLP

Miami, Florida December 21, 2011

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	June 30,					
		2011		2010		
ASSETS						
CURRENT ASSETS						
Cash and cash equivalents	\$	1,844,939	\$	1,145,884		
Restricted cash		6,030		6,105		
Short-term investment		91,917		91,007		
Grants, contracts and other receivables, net						
of allowance for doubtful accounts of \$33,166 and \$0						
as of June 30, 2011 and 2010, respectively		421,359		451,585		
Prepaid expenses		145,518		136,140		
TOTAL CURRENT ASSETS		2,509,763		1,830,721		
FIXED ASSETS, NET		447,794		546,859		
OTHER ASSETS		23,213		23,213		
TOTAL ASSETS	\$	2,980,770	\$	2,400,793		
LIABILITIES AND NET ASSETS						
CURRENT LIABILITIES						
Accounts payable and accrued expenses	\$	235,478	\$	175,427		
Accrued payroll and related taxes		804,369		526,094		
Deferred revenue		162,119		1,906		
Deferred rent		18,262		, <u>-</u>		
Custodial accounts		6,030		6,105		
TOTAL CURRENT LIABILITIES		1,226,258		709,532		
COMMITMENTS AND CONTINGENCIES						
NET ASSETS - UNRESTRICTED	****	1,754,512		1,691,261		
TOTAL LIABILITIES AND NET ASSETS	\$	2,980,770	\$	2,400,793		
See notes to consolidated financial statements.						

CONSOLIDATED STATEMENTS OF ACTIVITIES

	Years Ended June 30,			
	2011	2010		
REVENUE, OTHER SUPPORT AND LOSSES - UNRESTRICTED:				
Government grants and contracts	\$ 10,168,781	\$ 8,040,134		
Foundation and private grants	84,500	13,051		
United Way allocations	52,224	56,961		
Special events	30,940	36,554		
Individual and corporate contributions	103,712	89,563		
Program service fees	4,661	8,235		
Interest income	962	2,113		
	10,445,780	8,246,611		
Loss on disposal of fixed assets	(516)	(258,066)		
TOTAL REVENUE, OTHER SUPPORT AND LOSSES - UNRESTRICTED	10,445,264	7,988,545		
EXPENSES				
Program services:				
Family services	150,680	190,706		
Full case management	8,111,049	6,386,937		
Homeless programs	-	59,904		
Mental health services	763,550	455,653		
TOTAL PROGRAM SERVICES	9,025,279	7,093,200		
Supporting services:				
General and administrative	1,078,175	953,844		
Fundraising	278,559	270,860		
TOTAL SUPPORTING SERVICES	1,356,734	1,224,704		
TOTAL EXPENSES	10,382,013	8,317,904		
CHANGE IN NET ASSETS - UNRESTRICTED	63,251	(329,359)		
NET ASSETS - UNRESTRICTED - BEGINNING OF YEAR	1,691,261	2,020,620		
NET ASSETS - UNRESTRICTED - END OF YEAR	\$ 1,754,512	\$ 1,691,261		

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

Year ended June 30, 2011

	Total Program Porting and Supporting ces Services	741,342 \$ 5,001,478 128,516 1,262,606 899,838 6,764,084			69,675 149,149			40,595 52,624		- 219	32,982 353,770	51,110 114,299						20361			
	Total Supporting Services	64																			
SUPPORTING SERVICES	Fundraising	117,889 25,641 143,530		30	1,683	6,393	6,819	40,031	1,326	•	2,680	9,756	904	•	32,683	17.972	! '	3 867	3006	6 641	71.060
SUPP		69																			
	General and Administrative	\$ 623,453 132,875 756,328	¥,	10,098	67,992	6,785	37,441	564	8,139	•	27,302	41,354	9,485	33,166	27,233	165	•	16.501	10.238	25.319	
	Total Program Services	\$ 4,260,136 1,104,090 5,364,226	1	11,678	79,474	2,532	79,487	12,029	186,68	219	320,788	63,189	3,627	•	26,260	199,803	2,161,337	94.542	96,655	299,452	
- 1	Mental Health Services	\$ 485,317 112,554 597,871	,	826	5,915	579	34,009	, 00.7	06/1/	' ' ' ' ' '	30,238	9,039	2	• !	12,106	1,836	28,829	12,909	•	14,795	
PROGRAM SERVICES	Homeless Programs	89	•	•	•	•	•	• 1		•	•	•	•	•	•	•	•	•			•
Ŧ	Full Case Management	\$ 3,679,242 965,107 4,644,349	•	10,787	73,211	150 657	12,02	74.334	210	27.5	63 222	357,50	1100	, ,,,,	14,134	193,034	2,132,478	79,513	96,655	282,301	0.01
	Family Services	\$ 95,577 26,429 122,006	•	65	348	11.141	•	1.849		7 584	+00°		II	•	, ,	616,2	•	2,120	•	2,356	160,000
		Salaries Benefits and taxes Total salaries and related expenses	Advertising	Conference training	Dues and subscriptions	Equipment rental and maintenance	Events and activities	Insurance	Licenses and taxes	Occupancy	Office supplies, nostage, and printing	Other expenses	Provision for doubtful accounts	Professional and contractual fees	Program supplies	Disabood socies	r u citaseu services	lelephone	Iransportation	Iravel	Total

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

Year ended June 30, 2010

	Total Program and Supporting Services	\$ 4,079,179 994.162	5,073,341	4 170	7.763	161.388	21.221	149,832	45.537	92.499	247	316 773	130 262	51 387	88.322	165 474	1.541.427	130 671	88.807	239,775	\$ 8,317,904
	Total Supporting Services	693,497 147,295	840,792	3 378	2,572	74,111	17,242	40,105	21,553	11,382		48.446	34 590	33,770	44.022	105	'	22.190	10,018	20,919	1,224,704
		€9																			-∽
SUPPORTING SERVICES	Fundraising	114,950 22,357	137,307	3 378	455	4,936	15,158	7,171	20,989	1,802	•	6.350	14.347	17.474	34,022	105		3.513	•	3,853	270,860
SUPP(69																			€
	General and Administrative	\$ 578,547	703,485	•	2,117	69,175	2,084	32,934	564	0,580	ı	42,096	20,243	15,805	10,000		•	18,677	10,018	17,066	\$ 953,844
	Total Program Services	\$ 3,385,682	4,232,549	800	5,191	87,277	3,979	109,727	23,984	81,117	247	268,327	104,672	18,108	44,300	165,369	1,541,427	108,481	78,789	218,856	\$ 7,093,200
TCES	Mental Health Services	\$ 262,780	330,637	•	349	3,055	250	10,323	•	5,484	•	18,171	10,331	917	15,659	1,495	46,365	7,817	604	4,196	\$ 455,653
PROGRAM SERVICES	Homeless Programs	\$ 20,008	26,501	1	•	5,983		5,184	•	1,328	•	10,819	1,450	•	6,541	•	•	867	•	1,231	\$ 59,904
Д.	Full Case Management	\$ 2,985,653 740,208	3,725,861	800	4,922	77,865	3,729	90,238	23,984	70,436	247	222,090	86,865	16,380	22,100	162,943	1,495,062	94,720	78,185	210,510	\$ 6,386,937
	Family Services	\$ 117,241	149,550	•	(80)	374		3,982	' ;	3,869	• !	17,247	9700'9	811	•	931	•	2,077	•	2,919	\$ 190,706
		Salaries Benefits and taxes	lotal salaries and related expenses	Advertising	Conference training	Diegond and amortization	Fourteent south for the desired	Equipment rental and maintenance	Learnes and activities	Insurance Tiesmont	Licelises and taxes	Occupancy	Office supplies, postage and printing	Other expenses	Professional and contractual fees	Frogram supplies	Furchased services	Telephone	Iransportation	Iravel	l'otal

CONSOLIDATED STATEMENTS OF CASH FLOWS

		ne 30,		
		2011		2010
CASH FLOWS FROM OPERATING ACTIVITIES		•		
Change in net assets	\$	63,251	\$	(329,359)
Adjustments to reconcile change in net assets to				
net cash provided by (used in) operating activities:				
Depreciation and amortization		149,149		161,388
Provision for doubtful accounts		33,166		-
Loss on disposal of fixed assets		516		258,066
Change in operating assets and liabilities:				,
Restricted cash		75		3,959
Grants, contracts and other receivables		(2,940)		(99,167)
Prepaid expenses		(9,377)		(94,720)
Other assets		-		12,723
Accounts payable and accrued expenses		60,051		1,195
Accrued payroll and related taxes		278,272		(478)
Deferred revenue		160,213		(291)
Deferred rent		18,262		()
Custodial accounts		(75)		(3,959)
TOTAL ADJUSTMENTS		687,312		238,716
NET CASH PROVIDED BY (USED IN)				
OPERATING ACTIVITIES		750,563		(90,643)
		,	-	(>0,0.5)
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisition of short-term investment		(910)		(1,959)
Purchase of fixed assets		(50,598)		(11,989)
NET CASH USED IN INVESTING ACTIVITIES		(51,508)		(13,948)
NET CHANGE IN CASH AND CASH EQUIVALENTS		699,055		(104,591)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR		1,145,884		1,250,474
CASH AND CASH EQUIVALENTS - END OF YEAR	\$	1,844,939	\$	1,145,884
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION: Cash paid during the year for interest	<u>\$</u>	_	\$	_

See notes to consolidated financial statements.

FAMILY RESOURCE CENTER OF SOUTH FLORIDA, INC. AND SUBSIDIARY NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2011 and 2010

NOTE A--THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

<u>The Organization</u>: 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"), was established in 2003 to better protect and fund the Shepherd House Program facility (Note D).

The Center is a Child Welfare Agency and Community Mental Health Center. The corporate mission of the Center is to protect 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"), United Way of Miami-Dade, South Florida Behavioral Health Network, Inc., Miami-Dade County Department of Grants and Miami-Dade County Homeless Trust.

<u>Principles of Consolidation</u>: 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.

Basis of Accounting: 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, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions as follows:

- <u>Unrestricted</u>: Net assets which are free of donor-imposed restrictions; all revenues, expenses, gains, and losses that are not changes in permanently or temporarily restricted net assets.
- <u>Temporarily Restricted</u>: Net assets used by the Organization are limited by donorimposed stipulations that either expire 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, 2011 and 2010.

FAMILY RESOURCE CENTER OF SOUTH FLORIDA, INC. AND SUBSIDIARY NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--Continued

NOTE A--THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES--Continued

Basis of Accounting--Continued:

• <u>Permanently Restricted</u>: Net assets used by the Organization 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, 2011 and 2010.

<u>Cash Equivalents</u>: All highly liquid cash investments with original maturities of three months or less are considered to be cash equivalents.

<u>Restricted Cash:</u> Restricted cash represents child support payments collected from parents to be remitted to their respective children.

<u>Short-Term Investment</u>: Short-term investment consists of a certificate of deposit that has an original maturity of one year.

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. The allowance for doubtful accounts was approximately \$33,000 at June 30, 2011. Management determined that an allowance for doubtful accounts was not deemed necessary at June 30, 2010.

<u>Fixed Assets</u>: Fixed assets valued in excess of \$500 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.



FAMILY RESOURCE CENTER OF SOUTH FLORIDA, INC. AND SUBSIDIARY NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--Continued

NOTE A--THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES--Continued

<u>Fixed Assets--Continued:</u> The estimated useful lives of each asset group is as follows:

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

<u>Grants from Government Agencies</u>: 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.

<u>Contributions</u>: Contributions and gifts received with no restrictions or specified uses identified by the donor or grantor are included in unrestricted revenue in the consolidated statement of activities when received.

Contributions received with donor or grantor stipulations that limit the use of donated assets are reported as either temporarily or permanently restricted revenue in the consolidated statement of activities when received. When donor or grantor 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 financial statements.

<u>Program Service Fees:</u> Program service fees represent user charges for services offered by the Organization. Program service fees generally are recognized as revenue when received.

<u>Fund-Raising Activities</u>: The Organization's consolidated financial statements are presented in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 958, formerly known as Statement of Position 98-2, "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.



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--Continued

NOTE A--THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES--Continued

<u>Functional Allocation of Expenses:</u> The cost of providing the various programs and other activities has been detailed in the consolidated statements of functional expenses and are 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 on each specific program.

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, 2011 and 2010, there were no significant non-cash contributions.

<u>Deferred Revenue</u>: Deferred revenue represents advances under the Our Kids contract (Note C) to be used on future expenditures to upgrade the Organization's information technology infrastructure, hardware, and software. Deferred revenue is recognized as revenue when the funds are utilized.

<u>Deferred Rent Liability:</u> The Organization's office facilities are subject to scheduled rent increases throughout the term of the lease. Accordingly, the Organization records the related rent expense on a straight-line basis, resulting in a deferred rent liability of approximately \$18,000 as of June 30, 2011.

<u>Fair Value Measurements:</u> 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.

FAMILY RESOURCE CENTER OF SOUTH FLORIDA, INC. AND SUBSIDIARY NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--Continued

NOTE A--THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES--Continued

Fair Value Measurements--Continued:

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 and Cash Equivalents (certificate of deposit and money market account): Valued at cost plus accrued interest.

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 it's 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.



NOTE A--THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES--Continued

Fair Value Measurements--Continued:

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
\$	91,917 398 566	\$	-	\$	-	\$	91,917 398,566
\$	490,483	\$	_	<u>\$</u>	_	\$	490,483
\$ 	91,007 398,514 489,521	\$ 	<u>-</u>	\$ 	- 	\$ 	91,007 398,514 489,521
	\$ <u>\$</u>	398,566 \$ 490,483 \$ 91,007	Level 1 I \$ 91,917 \$ 398,566 \$ 490,483 \$ \$ 91,007 \$ 398,514	Level 1 Level 2 \$ 91,917 \$ - 398,566 - \$ 490,483 \$ - \$ 91,007 \$ - 398,514 -	Level 1 Level 2 I \$ 91,917 \$ - \$ \$ 398,566 - \$ \$ 490,483 \$ - \$ \$ 91,007 \$ - \$ \$ 398,514 \$	Level 1 Level 2 Level 3 \$ 91,917 \$ - \$ - \$ - \$ - \$ - \$ - \$ - \$ - \$ - \$ -	Level 1 Level 2 Level 3 \$ 91,917 \$ - \$ - \$ \$ 398,566 \$ \$ 490,483 \$ - \$ - \$ \$ 91,007 \$ - \$ - \$ 398,514

<u>Income Taxes</u>: 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). It is classified as an organization that is not a private foundation under Internal Revenue Code Section 509 (a); accordingly, no provision for income taxes has been recorded in the accompanying consolidated financial statements. For the years ended June 30, 2011 and June 30, 2010, the Center had no 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.

The Organization accounts for uncertainty in income taxes in accordance with GAAP, which requires recognition in the 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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--Continued

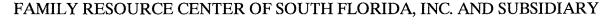
NOTE A--THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES--Continued

<u>Income Taxes (continued)</u>: 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 years ended June 30, 2008 through June 30, 2010 remain subject to examination by Federal and State tax jurisdictions. The Organization recognizes accrued interest and penalties, if any, related to uncertain tax positions as income tax expense.

<u>Use of Estimates</u>: 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, and gains and losses during the reporting periods. Actual results could differ from those estimates.

Recent Accounting Pronouncements: In September 2006, FASB issued new guidance which defines fair value, establishes a framework for measuring fair value, and requires expanded disclosures about fair value measurements. This guidance is included in ASC 820, "Fair Value Measurements and Disclosures". In February 2008, the FASB issued additional guidance which delayed the effective date by one year for nonfinancial assets and liabilities that are recognized or disclosed at fair value in the financial statements on a nonrecurring basis. These nonfinancial assets and liabilities include items such as goodwill, other intangible assets, and property, plant and equipment that are measured at fair value resulting from impairment, if deemed necessary. The provisions of this guidance related to nonfinancial assets and liabilities were adopted by the Organization on a prospective basis for the year ended June 30, 2011. The adoption of this guidance did not have a significant effect on the Organization's consolidated results of operations, financial position or cash flows.

In January 2010, the FASB issued Accounting Standards Update ("ASU") 2010-07, which amends ASC 958, "Not-for-Profit Entities". This ASU provides accounting guidance related to the combination of a not-for-profit entity with one or more other not-for-profit entities, businesses, or non-profit activities. The ASU also established accounting guidance related to goodwill and other intangible assets applicable to not-for-profit entities. The ASU is to be applied prospectively with early application prohibited and is effective for fiscal years beginning on or after December 15, 2009. The adoption of this guidance did not have a significant effect on the Organization's consolidated financial statements.



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--Continued

NOTE A--THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES--Continued

Recent Accounting Pronouncements--Continued:

In January 2010, the FASB issued ASU 2010-06, which amends ASC 820. ASU 2010-06 amends ASC 820 to add new requirements for disclosures about (1) the different classes of assets and liabilities measured at fair value, (2) the valuation techniques and inputs used, (3) the activity in Level 3 fair value measurements and (4) the transfers between Levels 1, 2 and 3 fair value measurements. ASU 2010-06 is effective for the first reporting period beginning after December 15, 2009, except for the requirement to provide the Level 3 activity of purchases, sales, issuances and settlements on a gross basis, which will be effective for fiscal years beginning after December 15, 2010, and for interim periods within those fiscal years. The adoption of applicable sections of ASU 2010-06 did not have a significant impact on the Organization's consolidated financial statements for the year ended June 30, 2011. The Organization does not believe the future adoption of the Level 3 measurement activity disclosures will have a significant impact on the Organization's consolidated financial statements.

<u>Subsequent Events:</u> The Organization has evaluated subsequent events and transactions for potential recognition or disclosure in the consolidated financial statements through December 21, 2011, the date the consolidated financial statements were available to be issued.

NOTE B--FIXED ASSETS

Fixed assets consists of the following:

	June 30,				
	2011	2010			
Building and leasehold improvements	\$ 444,364	\$ 423,183			
Furniture, fixtures and equipment	687,033	659,418			
Automobiles	<u>167,421</u>	<u>167,421</u>			
	1,298,818	1,250,022			
Less: accumulated depreciation and amortization	<u>(912,624</u>)	(764,763)			
	386,194	485,259			
Land	61,600	61,600			
	<u>\$ 447,794</u>	<u>\$ 546,859</u>			

FAMILY RESOURCE CENTER OF SOUTH FLORIDA, INC. AND SUBSIDIARY NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--Continued

NOTE B--FIXED ASSETS--Continued

Depreciation and amortization expense for the years ended June 30, 2011 and 2010 amounted to approximately \$149,000 and \$161,000, respectively.

NOTE C--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 \$9,866,000 and \$7,876,000, which amounts are included in government grants and contracts in the accompanying consolidated statements of activities, for the years ended June 30, 2011 and 2010, respectively.

The Organization has an irrevocable standby letter of credit ("LOC") of \$80,000, expiring in June 2012. The LOC was issued in favor of the Contract. No amounts have been drawn against the LOC.

NOTE D--SHEPHERD HOUSE PROGRAM FACILITY

The Organization entered into an agreement with Miami-Dade County to provide supportive housing to individuals and families (termed the "Shepherd House Program"). In connection with the agreement, the Center received land and building (the "Property") from Miami-Dade County to operate the Shepherd House Program. During the year ended June 30, 2010, management and the Board of Directors elected to not renew the agreement, which resulted in the transfer of the Property to another agency, pursuant to the terms of the agreement. Miami-Dade County has released the Organization from all present and future obligations under the terms of the agreement. The Organization did not receive any compensation from the Property transfer which resulted in a loss from disposal of approximately \$258,000 during the year ended June 30, 2010.



NOTE E--LINES OF CREDIT

The Organization executed an unsecured line of credit agreement, due on demand, for \$200,000 with a financial institution. The line of credit bears interest at the prime rate (3.25% as of June 30, 2011) plus 1%.

The Organization executed an unsecured line of credit, due on May 14, 2012, for \$80,000 with a financial institution. The line of credit bears interest at the prime rate (3.25% as of June 30, 2011).

The Organization did not borrow against the lines of credit during the years ended June 30, 2011 and 2010.

NOTE F--EMPLOYEE BENEFIT PLAN

The Organization sponsors a defined contribution retirement plan (the "Plan") covering substantially all of its full-time employees. 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. All contributions made on behalf of employees become fully vested upon completing three years of service. For the years ended June 30, 2011 and 2010, the Organization contributed \$176,207 and \$152,765, respectively, to the Plan.

NOTE G--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 \$25,000 to \$30,000. Additionally, the Organization leases office equipment and a vehicle under non-cancelable operating leases, expiring at various dates through November 2014. Rent expense for these leases for the year ended June 30, 2011 and 2010 amounted to \$321,270 and \$282,405.



NOTE G--COMMITMENTS--Continued

As of June 30, 2011, the estimated minimum annual non-cancelable commitments on these leases are as follows:

Year Ended June 30,	_Amount_
2012	\$ 414,000
2013	435,000
2014	444,000
2015	461,000
2016	<u>231,000</u>
Total	<u>\$1,985,000</u>

NOTE H--CONCENTRATIONS

From time to time, the Organization maintains its cash and cash equivalents in deposit accounts and short-term investments at financial institutions that exceed the Federal Deposit Insurance Corporation ("FDIC") limits. As of June 30, 2011, the Organization did not have amounts with these financial institutions in excess of FDIC limits.

The Center received approximately 97% and 98% of its government grant revenue from Our Kids for the year ended June 30, 2011 and 2010, 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 92% and 83% of grants, contracts and other receivables as of June 30, 2011 and 2010, respectively.

NOTE I--CONTINGENCIES

The Organization participates in federal and state 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.

·	SUPPLEMENTAL ACCOMPANYING INFORMATION	
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FAMILY RESOURCE CENTER OF SOUTH FLORIDA, INC. AND SUBSIDIARY SCHEDULE OF STATE EARNINGS

Year ended June 30, 2011

1	Total Expenditures	\$ 1	0,382,013
2	Less: Other State and Federal Funds	(1	0,058,327)
3	Less: Non-Match SAMH Funds		(110,454)
4	Less: Unallowable costs per 65E-14, F.A.C.		(9,043)
5	Total Allowable Expenditures (Sum of lines 1, 2, 3, and 4)		204,189
6	Maximum Available Earnings (Line 5 times 75%)		153,142
7	Amount of State Funds Requiring Match		3,674
8	Amount Due to Department (if negative)	<u>\$</u>	149,468

See accompanying independent auditors' report and notes to the schedules.



SCHEDULE OF PROGRAM / COST CENTER ACTUAL EXPENSES AND REVENUES

Year ended June 30, 2011

AGENCY:

Family Resource Center of South Florida, Inc.

DATE PREPARED: 12/21/11

CONTRACT #:

KD 228 11

BUDGET PERIOD: 7/1/10 - 6/30/11

PART 1: ACTUAL FUNDING SOURCES & REVENUES

								1	
	STATE-DESIGNATD SAMH COST CENTERS								
	STATE	SAMH-FUN	DED COST	CENTERS	_				
	PROG	RAM 1	PRO	OGRAM 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	SAMH Cost Centers (D+E)	Non-SAMH Cost Center	Total Funding (F+G)
Α	B1-a	BI-b	B2-a	B2-b	D	E	F	G	Н
IA. STATE SAMH FUNDING									
(1) From the District Funding this Contrac	t \$ 10,020	\$ 73,782	\$ -	\$ 26,652	\$ 110,454	\$ -	\$ 110,454	\$ -	\$ 110,454
(2)	-	-	-	-	-	-	-	-	-
(3)	-	-	-	-	-	-	-	-	-
(4)	-	-	-	-	-	-	-	-	-
(5)	-	-	-	-	-	-	-	-	-
(6) From Other Districts									
TOTAL STATE SAMH FUNDING	10,020	73,782		26,652	110,454		110,454		110,454
IB. OTHER GOVT FUNDING									
(1) Other State Agency Funding	•	_	_		-	78,963	78,963	4,398,200	4,477,163
(2) Medicaid	-	-	_	-	_	159,312	159,312	_	159,312
(3) Local Government	-	_	_	-	-			-	
(4) Federal Grants and Contracts	_	-	_	_	-	_	_	5,421,852	5,421,852
(5) In-kind from Local Govt. Only					-				-
TOTAL OTHER GOVT FUNDING						238,275	238,275	9,820,052	10,058,327
IC. ALL OTHER REVENUES									
(1) 1st & 2nd Part Payments	_	_	_	_	_	_	_	_	_
(2) 3rd Party Payments (except Medicare)	_	_	_		-	_	-	_	-
(3) Medicare		_	_		_	_	_	_	
(4) Contributions and Donations	_	_	_		_	_	-	52,751	52,751
(5) Other		_	_	_	_		_	173,287	173,287
(6) In-Kind					_			50,961	50,961
•									
TOTAL ALL OTHER REVENUES			-					276,999	276,999
TOTAL FUNDING	\$ 10,020	\$ 73,782	<u>s -</u>	\$ 26,652	\$ 110,454	\$ 238,275	\$ 348,729	\$ 10,097,051	\$ 10,445,780



${\tt SCHEDULE\ OF\ PROGRAM/\ COST\ CENTER\ ACTUAL\ EXPENSES\ AND\ REVENUES\ --CONTINUED}$

AGENCY: CONTRACT #: Family Resource Center of South Florida, Inc.

KD 228 11

DATE PREPARED: 12/21/11 BUDGET PERIOD: 7/1/10 - 6/30/11

PART II: ACTUAL EXPENSES

		Sì	ATE-DESI	GNATD SA	MH COST CE	NTERS		1			
	STATE S.	AMH-FUND	ED COST	CENTERS		1					
		RAM 1		FRAM 2	Total for State	Total for Non	· Tot. for All	1			
	1	Outpatient-	Ι	Outpatien		State-Funded		Non-SAMH	Support	I	
EXPENSE CATEGORIES	Assessment	Individual	Outreach	Group	Cost Centers	SAMH Cost		Cost	Costs	Administration	
A	B1-a	B1-b	B2-a	B2-b	D	Centers	SAMH Cost Centers	Center	н	ī	(F+G+H+I)
IIA. PERSONNEL EXPENSES											
(1) Salaries	\$ 13,945	\$ 102,680	\$ -	\$ 37,091	\$ 153,716	\$ 331,601	\$ 485,317	\$ 3,774,819	\$ -	\$ 741,342	\$ 5,001,478
(2) Fringe Benefits	3,234	23,814		8,602	35,650	76,904	112,554	991,536		158,516	1,262,606
TOTAL PERSONNEL EXPENSES	17,179	126,494		45,693	189,366	408,505	597,871	4,766,355		899,858	6,264,084
IB. OTHER EXPENSES											
(1) Building Occupany	1,042	7,671		2,771	11,484	24,774	36,258	284,530	_	32,982	353,770
(2) Professional Services	348	2,561	_	925	3,834	8,272	12,106	14,154	_	59,916	86,176
(3) Travel	425	3,130	_	1.131	4,686	10,109	14,795	381,312	_	42,198	438,305
(4) Equipment	997	7,339	_	2,651	10,987	23,702	34,689	170,798	_	44,260	249,747
(5) Food Services	8	58	_	21	86	187	273	5,979	_	-	6,252
(6) Medical and Pharmacy	355	2,616	-	945	3,916	8,449	12,365	40,910	-	-	53,275
(7) Subcontracted Services	474	3,490	_	1,261	5,224	11,270	16,494	2,091,568	_	-	2,108,062
(8) Insurance	224	1,650	-	596	2,470	5,328	7,798	76,183	-	9,465	93,446
(9) Interest Paid	-	-	-	-	-	-	-	-	-	-	
(10) Operating Supplies & Expenses	676	4,979	-	1,798	7,453	16,078	23,531	327,751	-	89,610	440,892
(11) Other	227	1,675	-	605	2,507	5,409	7,916	110,686		169,402	288,004
(12) Donated Items	:		-						-	-	
TOTAL OTHER EXPENSES	4,776	35,169		12,704	52,649	113,576	166,225	3,503,871		447,833	4,117,929
TOTAL PERSONNEL & OTHER EXPENSES	21,955	161,663		58,397	242,014	522,082	764,096	8,270,226		1,347,691	10,382,013
IIC. DISTRIBUTED INDIRECT COSTS											
(a) Other Support Costs(Optional)	-		_	_	-	_	_	-	_	-	-
(b) Administration	1,293	9,520		3,439	14,252	30,742	44,992	1,302,699		(1,347,691)	
TOTAL DISTR'D INDIRECT COSTS	1,293	9,520		3,439	14,252	30,742	44,992	1,302,699		(1,347,691)	-
TOTAL ACTUAL OPERATING EXPENSES	23,247	171,183		61,835	256,266	552,823	809,088	9,572,925		-	10,382,013
IID. UNALLOWABLE COSTS	16	116		42	173	373	546	8,497		-	9,043
TOTAL ALLOWABLE OPERATING EXPENSI	\$ 23,232	\$ 171,068	<u>\$ -</u>	\$ 61,794	\$ 256,093	\$ 552,450	\$ 808,542	\$ 9,564,428	<u>\$</u>	<u>\$</u>	\$ 10,372,970
IIE. CAPITAL EXPENDITURES	<u>s -</u>	<u>\$</u>	<u>s -</u>	<u>\$ -</u>	<u>\$</u>	<u>s -</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>



FAMILY RESOURCE CENTER OF SOUTH FLORIDA, INC. AND SUBSIDIARY SCHEDULE OF BED-DAY AVAILABILITY PAYMENTS

Year ended June 30, 2011

Program	Cost Center	State Contraci Rate	ted	Total Units of Service Provided	Total Units of Service Paid for by 3rd Party Contracts, Local Govt. or Other State Agencies	Maximum # of Units Eligible for Payment by Department (D-E)	Amount for Ser by th Departs	vices ne ment	Maxim Valu Un in Colu	e of its imn F	Amount Owed to Department (G-H or \$0, whichever is greater)
A	В	С		D	Ē	F	G		H	[I
Children's ME Adult MH Children's SA Adult SA Adult MH	Crisis Stabilization Unit Crisis Stabilization Unit Substance Abuse Detox Substance Abuse Detox Short-term Residential Treatmen	\$	-	- - - -	- - - -	- - - - Total Amoun	\$	- - -	•	-	\$ - - - - - - - - - - - -

Note: This schedule is not applicable as the entity did not provide such services for the year ended June 30, 2011.



SCHEDULE OF RELATED PARTY TRANSACTIONS

Year ended June 30, 2011

			Allocatio	n of Re	lated Pa	rty Transactio	ns Adjustm	ient
	Rel	lated						
Revenues From Grantee	Pa	arty	State-1	Designa	ted Cos	t Centers		
			1	T	2	3	T	otal
Rent	\$	_	\$ -	\$	-	\$	- \$	
Services		-	-		_		-	-
Interest		_	_		_		_	-
Other		~	 		-		-	_
Total Revenue From Grantee	\$		\$ 	\$	<u>-</u>	\$	- \$	_
Expenses Associated with Grantee Transactions								
Personnel Services	\$	-	\$ -	\$	_	\$	- \$	-
Depreciation		-	-		-		-	-
Interest		-	_		_		-	_
Other		<u>-</u>			-			_
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, 2011.



FAMILY RESOURCE CENTER OF SOUTH FLORIDA, INC. AND SUBSIDIARY NOTES TO THE DEPARTMENT OF CHILDREN AND FAMILIES SCHEDULES

Year Ended June 30, 2011

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 A of the consolidated financial statements.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS PROGRAMS AND STATE FINANCIAL ASSISTANCE PROJECTS

Year ended June 30, 2011

Federal/State Agency, Pass-through Entity	CFDA/CSFA No.	Contract	Expenditures	Transfers to Subrecipients	
Federal Awards Programs:					
U.S. Department of Health and Human Services					
Indirect Program Passed Through:					
Temporary Assistance for Needy Families	93.558	KD-228	\$61,762	\$ -	
Block Grants for Prevention & Treatment of Substance Abuse	93.959	KD-228	48,783	-	
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	1,043,202	-	
Stephanie Tubbs Jones Child Welfare Services State Grants	93.645	N/A	182,727	-	
Foster Care - Title IV - E	93.658	N/A	2,397,344	-	
Foster Care - Title IV - E - American Recovery and Reinv. Act	93.658	N/A	254,924	_	
Adoption Assistance	93.659	N/A	369,575	-	
Social Services Block Grant	93.667	N/A	537,171	-	
Child Abuse and Neglect State Grants	93.669	N/A	20,108	-	
Chafee Foster Care Independence Program	93.674	N/A	84,899	-	
Promoting Safe and Stable Families	93.556	N/A	27,808	-	
State Matching Funds for Federal Awards Programs:					
Stephanie Tubbs Jones Child Welfare Services State Grants	93.645	N/A	60,909	-	
Adoption Assistance	93.659	N/A	365,840	_	
Chafee Foster Care Independence Program	93.674	N/A	21,225	-	
Block Grants for Community Mental Health Services	93.958	N/A	92,991	-	
Promoting Safe and Stable Families	93.556	N/A	9,269		
TOTAL FEDERAL AWARDS PROGRAMS		:	\$ 5,578,537	\$ -	
State Financial Assistance Projects:					
Indirect Program Passed Through:					
Our Kids of Miami-Dade/Monroe, Inc.:					
Community Based Care Support	60.094	N/A	\$ 4,398,200	\$ -	
,					
TOTAL STATE FINANCIAL ASSISTANCE PROJECTS		-	\$ 4,398,200	<u> </u>	
TOTAL FEDERAL AWARDS PROGRAMS AND					
STATE FINANCIAL ASSISTANCE PROJECTS		=	\$ 9,976,737	<u> </u>	



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

Year Ended June 30, 2011

NOTE A--GENERAL

The accompanying Schedule of Expenditures of Federal Awards Programs and State Financial Assistance Projects (the "Schedule") presents the federal and state grant activity of the Organization for the year ended June 30, 2011.

NOTE B--BASIS OF ACCOUNTING

The Schedule is presented using GAAP, which is described in Note A 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.

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

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

We have audited the consolidated financial statements of Family Resource Center of South Florida, Inc. and Subsidiary as of and for the year ended June 30, 2011 and have issued our report thereon dated December 21, 2011. 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 of America.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Family Resource Center of South Florida, Inc. and Subsidiary's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Family Resource Center of South Florida, Inc. and Subsidiary's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the organization's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses.

We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance

As part of obtaining reasonable assurance about whether Family Resource Center of South Florida, Inc. and Subsidiary's consolidated financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of 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 that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of the Board of Directors, management, federal and state awarding agencies, and pass-through entities, and is not intended to be and should not be used by anyone other than those specified parties.

Berlang Dick Pollock , Brout LLP

Miami, Florida December 21, 2011 Please direct mail to Miami office: 200 South Biscayne Boulevard Sixth Floor Miami, Florida 33131-5310 Telephone: 305-379-7000 Toll Free: 800-999-1CPA (1272)

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER COMPLIANCE APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND STATE PROJECT

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

Compliance

We have audited the compliance of Family Resource Center of South Florida, Inc. and Subsidiary with the types of compliance requirements described in the U.S. Office of Management and Budget ("OMB") Circular A-133 Compliance Supplement, and the requirements described in the Executive Office of the Governor's State Projects Compliance Supplement that are applicable to each of its major federal programs and state projects for the year ended June 30, 2011. 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. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal programs and state projects is the responsibility of Family Resource Center of South Florida, Inc. and Subsidiary's management. Our responsibility is to express an opinion on Family Resource Center of South Florida, Inc. and Subsidiary's compliance based on our audit.

We conducted our audit 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 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above 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. Our audit does not provide a legal determination on Family Resource Center of South Florida, Inc. and Subsidiary's compliance with those requirements.

In our opinion, Family Resource Center of South Florida, Inc. and Subsidiary complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs and state projects for the year ended June 30, 2011.

Internal Control Over Compliance

The management of Family Resource Center of South Florida, Inc. and Subsidiary is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs and state projects. In planning and performing our audit, we considered Family Resource Center of South Florida, Inc. and Subsidiary's internal control over compliance with requirements that could have a direct and material effect on a major federal program or state project in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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 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.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.



This report is intended solely for the information and use of the Board of Directors, management, federal and state awarding agencies, and pass-through entities, and is not intended to be and should not be used by anyone other than those specified parties.

Berbuig Sich Polled y Brut LLA

Miami, Florida

December 21, 2011

FAMILY RESOURCE CENTER OF SOUTH FLORIDA, INC. AND SUBSIDIARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2011

I. Summary of Independent Auditors' Results

93.667

ř	1		
Consolidated Fina	ncial Statements		
Type of auditors' i	report issued:	Unqualified	
	ver financial reporting:		
	ess(es) identified?	Yes	X_No
	ciency(ies) identified that are		
not considered	I to be material weakness(es)?	Yes	X_N/A
Noncompliance m	aterial to financial statement noted?	Yes	X_No
Federal Programs	and State Projects		
Internal control ov	er major programs and projects:		
	ess(es) identified?	Yes	X_No
=	ciency(ies) identified that are not		
considered to l	be material weakness(es)?	Yes	X_No
Type of auditor's r	eport issued on compliance for		
major programs	and projects:	Unqualified	
Any audit findings	disclosed that are required to be		
reported in acco	rdance with OMB Circular A-133		
and Chapter 10.	656?	Yes	X_No
Identification of m	ajor programs and projects:		
CFDA Number	Name of Federal Program or Cluste	<u>er</u>	
Our Kids of Miami-	Dade/Monroe, Inc. Cluster:		
93.558	Temporary Assistance for Needy	Families Block Grant	
93.645	Child Welfare Services State Gra		
93.658	Foster Care - Title IV - E		
93.659	Adoption Assistance		
93.667	Social Services Block Grant		



FAMILY RESOURCE CENTER OF SOUTH FLORIDA, INC. AND SUBSIDIARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS--Continued

Name of Federal Program or Cluster

I. Summary of Independent Auditors' Results--Continued

CFDA Number

CI DA INIMOCI	Name of rederar riogram of Ci	<u>uster</u>				
Our Kids of Miami	Dade/Monroe, Inc. Cluster-Continu	ed:				
93.669	Child Abuse and Neglect Stat					
93.674	Chafee Foster Care Independ					
93.556	Promoting Safe and Stable Fa	amilies				
	State Matching Funds for Fed	leral Awards Programs:				
93.645	Stephanie Tubbs Jones Ch	ild Welfare Services Stat	e Grants			
93.659	Adoption Assistance					
93.674	Chafee Foster Care Indepe	endence Program				
93.958	Block Grants for Community Mental Health Services					
93.556	Family Preservation and Su	apport Services				
CSFA Number 60.094	Name of State Project State of Florida Department of Familiary Community Paged					
	Families: Community Based	Supports				
	ed to distinguish between B federal programs:	\$300,000				
Dollar threshold us type A and type I	ed to distinguish between B state projects:	\$300,000				
Auditee qualified a OMB Circular A-2	s low-risk auditee pursuant to 133?	X Yes	No			

- II. Findings Relating to the Consolidated Financial Statement Audit as Required to be Reported in Accordance with Generally Accepted Government Auditing Standards
 - A. Significant Deficiencies or Material Weaknesses in Internal Control

The audit of the consolidated financial statements of Family Resource Center of South Florida, Inc. and Subsidiary as of and for the year ended June 30, 2011 disclosed no significant deficiencies or material weaknesses relating to federal programs or state projects. Accordingly, a management letter was not issued.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS--Continued

- II. Findings Relating to the Consolidated Financial Statement Audit as Required to be Reported in Accordance with Generally Accepted Government Auditing Standards-Continued
 - B. Compliance Findings

The audit disclosed no instances of noncompliance which are material to the consolidated financial statements of Family Resource Center of South Florida, Inc. and Subsidiary as of and for the year ended June 30, 2011.

III. Findings and Questioned Costs for Federal Programs and State Projects

The audit of the consolidated financial statements of Family Resource Center of South Florida, Inc. and Subsidiary as of and for the year ended June 30, 2011 disclosed no findings or questioned costs relating to federal programs or state projects.

There were no findings or questioned costs noted during the audit of the June 30, 2010 consolidated financial statements of Family Resource Center of South Florida, Inc. and Subsidiary.