

**FAMILY RESOURCE CENTER OF  
SOUTH FLORIDA, INC. AND SUBSIDIARY**

**CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED JUNE 30, 2012 AND 2011**

**FAMILY RESOURCE CENTER OF  
SOUTH FLORIDA, INC. AND SUBSIDIARY**

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## INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying consolidated statement of financial position of Family Resource Center of South Florida, Inc. and Subsidiary as of June 30, 2012, and the related consolidated statements of activities, functional expenses and cash flows for the year 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 audit. The consolidated financial statements of Family Resource Center of South Florida, Inc. and Subsidiary as of and for the year ended June 30, 2011, were audited by other auditors whose report dated December 21, 2011, expressed an unqualified opinion on those statements.

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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements, assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the 2012 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, 2012, and the changes in their net assets and their cash flows for the year 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 November 14, 2012 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 audit.

Our audit was conducted for the purpose of forming an opinion on the 2012 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; 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, are presented for purposes of additional analysis and are not a required part of the 2012 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 2012 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the 2012 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 2012 consolidated financial statements as a whole.

*Marcum LLP*

Fort Lauderdale, FL  
November 14, 2012

**FAMILY RESOURCE CENTER OF  
SOUTH FLORIDA, INC. AND SUBSIDIARY**

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

**JUNE 30, 2012 AND 2011**

	2012	2011
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 1,446,525	\$ 1,844,939
Restricted cash	6,065	6,030
Short-term investment	92,928	91,917
Grants, contracts and other receivables, net	383,217	421,359
Prepaid expenses	81,750	145,518
<b>Total Current Assets</b>	2,010,485	2,509,763
<b>Fixed Assets, Net</b>	408,324	447,794
<b>Other Assets</b>	23,213	23,213
<b>Total Assets</b>	\$ 2,442,022	\$ 2,980,770
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued expenses	\$ 248,798	\$ 235,478
Accrued payroll and related taxes	480,301	804,369
Deferred revenue	15,922	162,119
Deferred rent	43,185	18,262
Custodial accounts	6,065	6,030
<b>Total Current Liabilities</b>	794,271	1,226,258
<b>Commitments and Contingencies</b>		
<b>Net Assets - Unrestricted</b>	1,647,751	1,754,512
<b>Total Liabilities and Net Assets</b>	\$ 2,442,022	\$ 2,980,770

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

**FAMILY RESOURCE CENTER OF  
SOUTH FLORIDA, INC. AND SUBSIDIARY**

**CONSOLIDATED STATEMENTS OF ACTIVITIES**

**FOR THE YEARS ENDED JUNE 30, 2012 AND 2011**

	2012	2011
<b>Revenue, Other Support and Losses - Unrestricted</b>		
Government grants and contracts	\$ 10,849,455	\$ 10,168,781
Foundation and private grants	120,000	84,500
United Way allocations	55,120	52,224
Special events	77,779	30,940
Individual and corporate contributions	186,051	103,712
Program service fees and other	7,442	4,661
Interest income	1,035	962
	11,296,882	10,445,780
Loss on disposal of fixed assets	(685)	(516)
<b>Total Revenue, Other Support and Losses - Unrestricted</b>	<b>11,296,197</b>	<b>10,445,264</b>
<b>Expenses</b>		
Program services:		
Family services	196,958	150,680
Full case management	8,834,117	8,111,049
Mental health services	984,982	763,550
Total program services	10,016,057	9,025,279
Supporting services:		
General and administrative	1,035,399	1,078,175
Fundraising	351,502	278,559
Total supporting services	1,386,901	1,356,734
<b>Total Expenses</b>	<b>11,402,958</b>	<b>10,382,013</b>
<b>Change in Net Assets - Unrestricted</b>	(106,761)	63,251
<b>Net Assets - Unrestricted - Beginning</b>	1,754,512	1,691,261
<b>Net Assets - Unrestricted - Ending</b>	<b>\$ 1,647,751</b>	<b>\$ 1,754,512</b>

*The accompanying notes are an integral part of these 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			Total Program and Supporting Services
	Family Services	Full Case Management	Mental Health Services	Total Program Services	General and Administrative	Fundraising	Total 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
<b>Total</b>	<b>\$ 196,958</b>	<b>\$ 8,834,117</b>	<b>\$ 984,982</b>	<b>\$ 10,016,057</b>	<b>\$ 1,035,399</b>	<b>\$ 351,502</b>	<b>\$ 1,386,901</b>	<b>\$ 11,402,958</b>

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

**FAMILY RESOURCE CENTER OF  
SOUTH FLORIDA, INC. AND SUBSIDIARY**

**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**

**FOR THE YEAR ENDED JUNE 30, 3011**

	Program Expenses				Supporting Services			Total Program and Supporting Services
	Family Services	Full Case Management	Mental Health Services	Total Program Services	General and Administrative	Fundraising	Total Supporting Services	
Salaries	\$ 95,577	\$ 3,679,242	\$ 485,317	\$ 4,260,136	\$ 623,453	\$ 117,889	\$ 741,342	\$ 5,001,478
Benefits and taxes	26,429	965,107	112,554	1,104,090	132,875	25,641	158,516	1,262,606
Total salaries and related expenses	122,006	4,644,349	597,871	5,364,226	756,328	143,530	899,858	6,264,084
Advertising	--	--	--	--	65	50	115	115
Conference training	--	10,787	826	11,613	10,098	1,229	11,327	22,940
Depreciation and amortization	65	73,211	5,915	79,191	67,992	1,683	69,675	148,866
Dues and subscriptions	348	1,953	579	2,880	6,785	6,393	13,178	16,058
Equipment rental and maintenance	--	159,657	34,689	194,346	37,441	6,819	44,260	238,606
Events and activities	11,141	12,029	--	23,170	564	40,031	40,595	63,765
Insurance	--	74,334	7,798	82,132	8,139	1,326	9,465	91,597
Licenses and taxes	1,849	219	--	2,068	--	--	--	2,068
Occupancy	--	276,946	36,258	313,204	27,302	5,680	32,982	346,186
Office supplies, postage and printing	7,584	53,232	9,059	69,875	41,354	9,756	51,110	120,985
Other expenses	898	3,577	50	4,525	9,485	904	10,389	14,914
Provision for doubtful accounts	--	--	--	--	33,166	--	33,166	33,166
Professional and contractual fees	--	14,154	12,106	26,260	27,233	32,683	59,916	86,176
Program supplies	--	195,654	1,836	197,490	165	17,972	18,137	215,627
Purchased services	2,313	2,132,478	28,859	2,163,650	--	--	--	2,163,650
Telephone	--	79,513	12,909	92,422	16,501	3,862	20,363	112,785
Transportation	2,120	96,655	--	98,775	10,238	--	10,238	109,013
Travel	2,356	282,301	14,795	299,452	25,319	6,641	31,960	331,412
<b>Total</b>	<b>\$ 150,680</b>	<b>\$ 8,111,049</b>	<b>\$ 763,550</b>	<b>\$ 9,025,279</b>	<b>\$ 1,078,175</b>	<b>\$ 278,559</b>	<b>\$ 1,356,734</b>	<b>\$ 10,382,013</b>

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



**FAMILY RESOURCE CENTER OF  
SOUTH FLORIDA, INC. AND SUBSIDIARY**

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

**FOR THE YEARS ENDED JUNE 30, 2012 AND 2011**

	2012	2011
<b>Cash Flows from Operating Activities</b>		
Change in net assets	\$ (106,761)	\$ 63,251
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation and amortization	150,603	148,866
Provision for doubtful accounts	--	33,166
Loss on disposal of fixed assets	685	516
Change in operating assets and liabilities:		
Restricted cash	(35)	75
Grants, contracts and other receivables	38,142	(2,940)
Prepaid expenses	63,768	(9,377)
Accounts payable and accrued expenses	13,320	60,051
Accrued payroll and related taxes	(324,068)	278,272
Deferred revenue	(146,197)	160,213
Deferred rent	24,923	18,262
Custodial accounts	35	(75)
Total Adjustments	(178,824)	687,029
<b>Net Cash (Used in) Provided by Operating Activities</b>	(285,585)	750,280
<b>Cash Flows from Investing Activities</b>		
Acquisition of short-term investment	(1,011)	(910)
Purchase of fixed assets	(111,818)	(50,315)
<b>Net Cash Used in Investing Activities</b>	(112,829)	(51,225)
<b>Net Change in Cash and Cash Equivalents</b>	(398,414)	699,055
<b>Cash and Cash Equivalents - Beginning of Year</b>	1,844,939	1,145,884
<b>Cash and Cash Equivalents - End of Year</b>	\$ 1,446,525	\$ 1,844,939
<b>Supplemental Disclosure of Cash Flow Information</b>		
Cash paid during the year for interest	\$ --	\$ --

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

**FAMILY RESOURCE CENTER OF  
SOUTH FLORIDA, INC. AND SUBSIDIARY**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED JUNE 30, 2012 AND 2011**

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**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”), was established in 2003 to better protect and fund the Shepherd House Program facility (Note 4).

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.

**FAMILY RESOURCE CENTER OF  
SOUTH FLORIDA, INC. AND SUBSIDIARY**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED JUNE 30, 2012 AND 2011**

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**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, 2012 and 2011.

*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, 2012 and 2011.

*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 potential 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.

**FAMILY RESOURCE CENTER OF  
SOUTH FLORIDA, INC. AND SUBSIDIARY**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED JUNE 30, 2012 AND 2011**

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**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*

The Organization's deposit accounts and certificate of deposit were fully insured at June 30, 2012 under a temporary federal insurance program, which is in effect from December 31, 2010 through December 31, 2012. Under this program, there is no limit to the amount of insurance for eligible accounts. Beginning in 2013, the insurance coverage will revert back to the \$250,000 per depositor at each financial institution.

*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, 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:

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

**FAMILY RESOURCE CENTER OF  
SOUTH FLORIDA, INC. AND SUBSIDIARY**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED JUNE 30, 2012 AND 2011**

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**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 statement 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 statement 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 financial statements.

*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 under the Our Kids contract (Note 3) 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 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.

**FAMILY RESOURCE CENTER OF  
SOUTH FLORIDA, INC. AND SUBSIDIARY**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED JUNE 30, 2012 AND 2011**

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

***FUND-RAISING ACTIVITIES (CONTINUED)***

Directly identifiable 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 statement of functional expenses and is summarized on a functional basis in the consolidated statement 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, 2012 and 2011, there were no significant 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.

**FAMILY RESOURCE CENTER OF  
SOUTH FLORIDA, INC. AND SUBSIDIARY**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED JUNE 30, 2012 AND 2011**

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**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.

**FAMILY RESOURCE CENTER OF  
SOUTH FLORIDA, INC. AND SUBSIDIARY**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED JUNE 30, 2012 AND 2011**

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**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
<b>As of June 30, 2012</b>				
Certificate of deposit	\$ 92,928	\$ --	\$ --	\$ 92,928
<b>Assets at Fair Value</b>	<u>\$ 92,928</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 92,928</u>
<b>As of June 30, 2011</b>				
Certificate of deposit	\$ 91,917	\$ --	\$ --	\$ 91,917
<b>Assets at Fair Value</b>	<u>\$ 91,917</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 91,917</u>

***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). 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, 2012 and 2011, 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.



**FAMILY RESOURCE CENTER OF  
SOUTH FLORIDA, INC. AND SUBSIDIARY**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED JUNE 30, 2012 AND 2011**

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**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 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 years ended June 30, 2009 through June 30, 2012 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.

*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 November 14, 2012, the date the consolidated financial statements were available to be issued.

**FAMILY RESOURCE CENTER OF  
SOUTH FLORIDA, INC. AND SUBSIDIARY**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED JUNE 30, 2012 AND 2011**

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**NOTE 2 – FIXED ASSETS**

Fixed assets at June 30, 2012 and 2011 consist of the following:

	June 30,	
	2012	2011
Building and leasehold improvements	\$ 444,363	\$ 444,364
Furniture, fixtures and equipment	772,603	687,033
Automobiles	<u>191,416</u>	<u>167,421</u>
	1,408,382	1,298,818
Less: accumulated depreciation and amortization	<u>(1,061,658)</u>	<u>(912,624)</u>
	346,724	386,194
Land	<u>61,600</u>	<u>61,600</u>
<b>Total</b>	<b><u>\$ 408,324</u></b>	<b><u>\$ 447,794</u></b>

Depreciation and amortization expense for the years ended June 30, 2012 and 2011 amounted to approximately \$151,000 and \$149,000, 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 \$10,302,000 and \$9,866,000, which amounts are included in government grants and contracts in the accompanying consolidated statements of activities, for the years ended June 30, 2012 and 2011, respectively.

**FAMILY RESOURCE CENTER OF  
SOUTH FLORIDA, INC. AND SUBSIDIARY**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED JUNE 30, 2012 AND 2011**

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**NOTE 3 – OUR KIDS CONTRACT (CONTINUED)**

The Organization has an irrevocable standby letter of credit (“LOC”) of \$80,000, expiring in June 2013. The LOC was issued in favor of the Contract. No amounts have been drawn against the LOC.

**NOTE 4 – 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 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.

**NOTE 5 – LINES OF CREDIT**

The Organization executed an unsecured line of credit agreement for \$200,000 with a financial institution. The line of credit bears interest at the prime rate (3.25% as of June 30, 2012) plus 1%. The line of credit expires in March 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, 2012). The line of credit expires in May 2013.

The Organization did not borrow against the lines of credit during the years ended June 30, 2012 and 2011.

**NOTE 6 – EMPLOYEE BENEFIT PLANS**

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, 2012 and 2011, the Organization contributed approximately \$205,000 and \$176,000, respectively, to the Plan.

**FAMILY RESOURCE CENTER OF  
SOUTH FLORIDA, INC. AND SUBSIDIARY**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED JUNE 30, 2012 AND 2011**

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**NOTE 6 – EMPLOYEE BENEFIT PLANS (CONTINUED)**

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

**NOTE 7 - 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 and a vehicle under non-cancelable operating leases, expiring at various dates through November 2014.

As of June 30, 2012, the estimated minimum annual non-cancelable commitments on these leases are as follows:

For the Year Ending	
June 30,	Amount
2013	\$ 435,000
2014	444,000
2015	461,000
2016	<u>231,000</u>
<b>Total</b>	<b><u>\$ 1,571,000</u></b>

Rent expense for all leases for the year ended June 30, 2012 and 2011 amounted to \$444,000 and \$406,000, respectively.

**NOTE 8 - CONCENTRATIONS**

The Center received approximately 96% and 97% of its government grant revenue from Our Kids for the years ended June 30, 2012 and 2011, 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 84% and 92% of grants, contracts and other receivables as of June 30, 2012 and 2011, respectively.

**FAMILY RESOURCE CENTER OF  
SOUTH FLORIDA, INC. AND SUBSIDIARY**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED JUNE 30, 2012 AND 2011**

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**NOTE 9 - 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.

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## **SUPPLEMENTARY INFORMATION**

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**FAMILY RESOURCE CENTER OF  
SOUTH FLORIDA, INC. AND SUBSIDIARY**

**SCHEDULE OF STATE EARNINGS**

**FOR THE YEAR ENDED JUNE 30, 2012**

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<b>1 Total Expenditures</b>	\$ 11,402,958
2 Less: Other State and Federal Funds	(10,739,242)
3 Less: Non-Match SAMH Funds	(105,522)
4 Less: Unallowable costs per 65E-14, F.A.C.	<u>(3,450)</u>
5 Total Allowable Expenditures (Sum of Lines 1, 2, 3 and 4)	<u>554,744</u>
6 Maximum Available Earnings (Line 5 Times 75%)	416,058
7 Amount of State Funds Requiring Match	<u>4,691</u>
<b>8 Amount Due to Department (If Negative)</b>	<u><u>\$ 411,367</u></u>

*See notes to the schedule.*

**FAMILY RESOURCE CENTER OF  
SOUTH FLORIDA, INC. AND SUBSIDIARY**

**SCHEDULE OF PROGRAM / COST CENTER ACTUAL EXPENSES AND REVENUES**

**FOR THE YEAR ENDED JUNE 30, 2012**

AGENCY:  
CONTRACT #:

**Family Resource Center of South Florida, Inc.  
KD 228 11**

DATE PREPARED: **09/04/12**  
BUDGET PERIOD: **7/1/11 - 6/30/12**

**PART 1: ACTUAL FUNDING SOURCES & REVENUES**

FUNDING SOURCES & REVENUES  A	STATE-DESIGNATED SAMH COST CENTERS					Total for Non- State- Funded SAMH Cost Centers  E	Tot. for All State- Designated SAMH Cost Centers (D+E)  F	Non-SAMH Cost Center  G	Total Funding (F+G)  H
	STATE SAMH-FUNDED COST CENTERS								
	PROGRAM 1		PROGRAM 2						
	Assessment	Outpatient- Individual	Outreach	Outpatient- Group	Total for State SAMH- Funded Cost Centers  D				
B1-a	B1-b	B2-a	B2-b	D	E	F	G	H	
<b>IA. STATE SAMH FUNDING</b>									
(1) From the District Funding this Contract	\$ 13,650	\$ 65,824	\$ --	\$ 30,739	\$ 110,213	\$ --	\$ 110,213	\$ --	\$ 110,213
(2) N/A	--	--	--	--	--	--	--	--	--
(3) N/A	--	--	--	--	--	--	--	--	--
(4) N/A	--	--	--	--	--	--	--	--	--
(5) N/A	--	--	--	--	--	--	--	--	--
(6) From Other Districts	--	--	--	--	--	--	--	--	--
<b>TOTAL STATE SAMH FUNDING</b>	<u>13,650</u>	<u>65,824</u>	<u>--</u>	<u>30,739</u>	<u>110,213</u>	<u>--</u>	<u>110,213</u>	<u>--</u>	<u>110,213</u>
<b>IB. OTHER GOVT FUNDING</b>									
(1) Other State Agency Funding	--	--	--	--	--	126,823	126,823	5,011,289	5,138,112
(2) Medicaid	--	--	--	--	--	266,256	266,256	--	266,256
(3) Local Government	--	--	--	--	--	--	--	159,623	159,623
(4) Federal Grants and Contracts	--	--	--	--	--	--	--	5,175,251	5,175,251
(5) In-kind from Local Govt. Only	--	--	--	--	--	--	--	--	--
<b>TOTAL OTHER GOVT FUNDING</b>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>393,079</u>	<u>393,079</u>	<u>10,346,163</u>	<u>10,739,242</u>
<b>IC. ALL OTHER REVENUES</b>									
(1) 1st & 2nd Part Payments	--	--	--	--	--	--	--	--	--
(2) 3rd Party Payments (except Medicare)	--	--	--	--	--	--	--	--	--
(3) Medicare	--	--	--	--	--	--	--	--	--
(4) Contributions and Donations	--	--	--	--	--	13	13	37,720	37,733
(5) Other	--	--	--	--	--	--	--	260,691	260,691
(6) In-Kind	--	--	--	--	--	--	--	148,318	148,318
<b>TOTAL ALL OTHER REVENUES</b>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>13</u>	<u>13</u>	<u>446,729</u>	<u>446,742</u>
<b>TOTAL FUNDING</b>	<u>\$ 13,650</u>	<u>\$ 65,824</u>	<u>\$ --</u>	<u>\$ 30,739</u>	<u>\$ 110,213</u>	<u>\$ 393,092</u>	<u>\$ 503,305</u>	<u>\$ 10,792,892</u>	<u>\$ 11,296,197</u>

*See notes to the schedule.*



**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, 2012**

AGENCY:  
CONTRACT #:

**Family Resource Center of South Florida, Inc.  
KD 228 11**

DATE PREPARED: 09/04/12  
BUDGET PERIOD: 7/1/11 - 6/30/12

PART II: ACTUAL EXPENSES

EXPENSE CATEGORIES  A	STATE-DESIGNATED SAMH COST CENTERS										Total Expenses (F+G+H+I) J	
	STATE SAMH-FUNDED COST CENTERS											
	PROGRAM 1				PROGRAM 2				State- Funded AMH Cost Centers	Non- State- Funded SAMH Cost Centers		State- Designated SAMH Cost Centers (D+E) F
	Assessment B1-a	Outpatient- Individual B1-b	Outreach B2-a	Outpatient- Group B2-b	Non-SAMH Cost Center G	Support Costs H	Administration I					
<b>IIA. PERSONNEL EXPENSES</b>												
(1) Salaries	\$ 17,869	\$ 86,169	\$ --	\$ 40,240	\$ 144,278	\$ 514,590	\$ 658,868	\$ 4,158,228	\$ --	\$ 753,701	\$ 5,570,797	
(2) Fringe Benefits	4,314	20,801	--	9,714	34,829	124,221	159,050	1,148,185	--	173,550	1,480,785	
<b>TOTAL PERSONNEL EXPENSES</b>	<u>22,183</u>	<u>106,970</u>	<u>--</u>	<u>49,954</u>	<u>179,107</u>	<u>638,811</u>	<u>817,918</u>	<u>5,306,413</u>	<u>--</u>	<u>927,251</u>	<u>7,051,582</u>	
<b>IB. OTHER EXPENSES</b>												
(1) Building Occupancy	904	4,358	--	2,035	7,297	26,026	33,323	312,589	--	35,065	380,977	
(2) Professional Services	--	--	--	--	--	--	--	3,557	--	50,159	53,716	
(3) Travel	650	3,135	--	1,464	5,249	18,722	23,971	432,127	--	33,305	489,403	
(4) Equipment	933	4,501	--	2,102	7,536	26,880	34,416	230,791	--	55,569	320,776	
(5) Food Services	25	122	--	57	204	727	931	3,419	--	--	4,350	
(6) Medical and Pharmacy	415	2,002	--	935	3,352	11,957	15,309	34,671	--	--	49,980	
(7) Subcontracted Services	393	1,893	--	884	3,170	11,306	14,476	2,113,013	--	--	2,127,489	
(8) Insurance	229	1,104	--	515	1,848	6,590	8,438	78,190	--	8,855	95,483	
(9) Interest Paid	--	--	--	--	--	--	--	--	--	--	--	
(10) Operating Supplies & Expenses	696	3,357	--	1,568	5,621	20,042	25,663	396,644	--	81,814	504,121	
(11) Other	287	1,385	--	648	2,320	8,267	10,588	123,064	--	191,429	325,081	
(12) Donated Items	--	--	--	--	--	--	--	--	--	--	--	
<b>TOTAL OTHER EXPENSES</b>	<u>4,532</u>	<u>21,857</u>	<u>--</u>	<u>10,208</u>	<u>36,597</u>	<u>130,517</u>	<u>167,115</u>	<u>3,728,065</u>	<u>--</u>	<u>456,196</u>	<u>4,351,376</u>	
<b>TOTAL PERSONNEL &amp; OTHER EXPENSES</b>	<u>26,715</u>	<u>128,827</u>	<u>--</u>	<u>60,162</u>	<u>215,704</u>	<u>769,328</u>	<u>985,033</u>	<u>9,034,478</u>	<u>--</u>	<u>1,383,447</u>	<u>11,402,958</u>	
<b>IIC. DISTRIBUTED INDIRECT COSTS</b>												
(a) Other Support Costs(Optional)	--	--	--	--	--	--	--	--	--	--	--	
(b) Administration	1,672	8,062	--	3,765	13,498	48,142	61,640	1,321,807	--	(1,383,447)	--	
<b>TOTAL DISTR'D INDIRECT COSTS</b>	<u>1,672</u>	<u>8,062</u>	<u>--</u>	<u>3,765</u>	<u>13,498</u>	<u>48,142</u>	<u>61,640</u>	<u>1,321,807</u>	<u>--</u>	<u>(1,383,447)</u>	<u>--</u>	
<b>TOTAL ACTUAL OPERATING EXPENSES</b>	<u>28,387</u>	<u>136,889</u>	<u>--</u>	<u>63,927</u>	<u>229,202</u>	<u>817,470</u>	<u>1,046,673</u>	<u>10,356,285</u>	<u>--</u>	<u>--</u>	<u>11,402,958</u>	
<b>IID. UNALLOWABLE COSTS</b>												
	1	6	--	3	10	37	48	3,402	--	--	3,450	
<b>TOTAL ALLOWABLE OPERATING EXPENSES</b>	<u>\$ 28,386</u>	<u>\$ 136,883</u>	<u>\$ --</u>	<u>\$ 63,924</u>	<u>\$ 229,192</u>	<u>\$ 817,433</u>	<u>\$ 1,046,625</u>	<u>\$ 10,352,883</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 11,399,508</u>	
<b>III. CAPITAL EXPENDITURES</b>												
	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	

*See notes to the schedule.*

**FAMILY RESOURCE CENTER OF  
SOUTH FLORIDA, INC. AND SUBSIDIARY**

**SCHEDULE OF BED-DAY AVAILABILITY PAYMENTS**

**FOR THE YEAR ENDED JUNE 30, 2012**

Program	Cost Center	State Contracted Rate	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 Paid for Services by the Department	\$ Value of Units in Column F (F x C)	Amount Owed to Department (G-H or \$0, whichever is <u>greater</u> )
A	B	C	D	E	F	G	H	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								<u>\$ --</u>

Note: This schedule is not applicable as the entity did not provide such services for the year ended June 30, 2012.

*See notes to the schedule.*

**FAMILY RESOURCE CENTER OF  
SOUTH FLORIDA, INC. AND SUBSIDIARY**

**SCHEDULE OF RELATED PARTY TRANSACTIONS**

**FOR THE YEAR ENDED JUNE 30, 2012**

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

Note: This schedule is not applicable as the entity did not have any related party transactions for the year ended June 30, 2012.

*See notes to the schedule.*

**FAMILY RESOURCE CENTER OF  
SOUTH FLORIDA, INC. AND SUBSIDIARY**

**NOTE TO THE DEPARTMENT OF CHILDREN AND FAMILIES SCHEDULES**

**FOR THE YEAR ENDED JUNE 30, 2012**

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**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.

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## **COMPLIANCE SECTION**

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**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 the consolidated financial statements of Family Resource Center of South Florida, Inc. and Subsidiary (the "Organization"), as of and for the year ended June 30, 2012, and have issued our report thereon dated November 14, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

Management of Family Resource Center of South Florida, Inc. and Subsidiary is responsible for establishing and maintaining effective 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 opinions 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 the 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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, 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 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 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 or other matters that are required to be reported under *Government Auditing Standards*.

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

*Marcum LLP*

Fort Lauderdale, FL  
November 14, 2012

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS  
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH  
MAJOR FEDERAL PROGRAM AND STATE PROJECT AND ON INTERNAL  
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH 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

**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 *Department of Financial Services' State Projects Compliance Supplement*, that could have a direct and material effect on each of their major Federal programs and State projects for the year ended June 30, 2012. Family Resource Center of South Florida, Inc. and Subsidiary’s major Federal programs and State projects are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to their 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 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, Rules 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. Our audit does not provide a legal determination of 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 compliance requirements referred to above that could have a direct and material effect on their major Federal programs or State projects for the year ended June 30, 2012.

### **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 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 the requirements that could have a direct and material effect on a major Federal program or State project to determine the auditing procedures for the purpose of expressing our opinion on compliance 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.

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 deficiencies, 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 management, the Board of Directors, others within the entity, and Federal and State awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Marcum LLP*

Fort Lauderdale, FL  
November 14, 2012

**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, 2012**

Federal/State Agency, Pass-through Entity	CFDA/ CSFA No.	Contract	Expenditures
<b>Federal Awards</b>			
U.S. Department of Health and Human Services			
Indirect Program Passed Through:			
Temporary Assistance for Needy Families	93.558	KD-228	\$ 62,375
Block Grants for Prevention & Treatment of Substance Abuse	93.959	KD-228	52,433
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	932,795
Stephanie Tubbs Jones Child Welfare Services State Grants	93.645	N/A	182,198
Foster Care - Title IV - E	93.658	N/A	2,502,787
Adoption Assistance	93.659	N/A	376,738
Social Services Block Grant	93.667	N/A	491,885
Chafee Foster Care Independence Program	93.674	N/A	86,859
Promoting Safe and Stable Families	93.556	N/A	23,084
State Matching Funds for Federal Awards:			
Stephanie Tubbs Jones Child Welfare Services State Grants	93.645	N/A	60,733
Adoption Assistance	93.659	N/A	375,583
Chafee Foster Care Independence Program	93.674	N/A	21,714
Block Grants for Community Mental Health Services	93.958	N/A	108,917
Promoting Safe and Stable Families	93.556	N/A	<u>7,695</u>
<b>Total Federal Awards</b>			<u>\$ 5,285,796</u>
<b>State Financial Assistance</b>			
Indirect Program Passed Through:			
Our Kids of Miami-Dade/Monroe, Inc.:			
Community Based Care Support	60.094	N/A	<u>\$ 5,123,219</u>
<b>Total State Financial Assistance</b>			<u>\$ 5,123,219</u>
<b>Total Federal Awards and State Financial Assistance</b>			<u>\$ 10,409,015</u>

*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, 2012**

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**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, 2012.

**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, 2012**

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**SECTION I – SUMMARY OF AUDITOR’S RESULTS**

***CONSOLIDATED FINANCIAL STATEMENTS***

Type of auditors’ report issued:	<b><i>UNQUALIFIED OPINION</i></b>	
Internal control over financial reporting:		
Material weakness(es) identified?	_____ Yes	___ <u>X</u> ___ No
Significant deficiency(ies) identified that are not considered to be material weakness(es)?	_____ Yes	___ <u>X</u> ___ No
Noncompliance material to financial statement noted?	_____ Yes	___ <u>X</u> ___ No

***FEDERAL PROGRAMS AND STATE PROJECTS***

Internal control over major Federal programs and State projects:		
Material weakness(es) identified?	_____ Yes	___ <u>X</u> ___ No
Significant deficiency(ies) identified that are not considered to be material weakness(es)?	_____ Yes	___ <u>X</u> ___ No

Type of auditor’s report issued on compliance for major Federal programs and State projects:	<b><i>UNQUALIFIED OPINION</i></b>
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Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133 and Chapter 10.656?	_____ Yes	___ <u>X</u> ___ No
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Identification of major Federal programs and State projects:

<b><u>CFDA NUMBER</u></b>	<b><u>NAME OF FEDERAL PROGRAM OR CLUSTER</u></b>
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***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	Chafee Foster Care Independence Program
93.556	Promoting Safe and Stable Families

**FAMILY RESOURCE CENTER OF  
SOUTH FLORIDA, INC. AND SUBSIDIARY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**

**FOR THE YEAR ENDED JUNE 30, 2012**

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**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	Stephanie Tubbs Jones Child Welfare Services State Grants
93.659	Adoption Assistance
93.674	Chafee Foster Care Independence Program
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
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Dollar threshold used to distinguish between type A and type B Federal programs:	<u>\$300,000</u>
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Dollar threshold used to distinguish between type A and type B State projects:	<u>\$300,000</u>
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Auditee qualified as low-risk auditee pursuant to OMB Circular A-133?	<u>  X  </u> Yes <u>      </u> No
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**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.