

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

FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

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

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of Family Resource Center of South Florida, Inc., which comprise the statements of financial position as of June 30, 2018 and 2017, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our 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. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Family Resource Center of South Florida, Inc. as of June 30, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary schedules, as listed in the compliance section in the table of contents, as required by the Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance), *Audits of States, Local Governments, and Non-Profit Organizations*; and Chapter 10.650, Rules of the Auditor General, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2018, on our consideration of Family Resource Center of South Florida, Inc.'s internal control over financial reporting and on our tests of their compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Family Resource Center of South Florida, Inc.'s internal control over financial reporting and compliance.

Marcum LLP

Miami, FL
December 21, 2018

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

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2018 AND 2017

	2018	2017
Assets		
Current Assets		
Cash and cash equivalents	\$ 1,423,462	\$ 1,422,211
Restricted cash	7,543	7,182
Certificate of deposit	--	346,057
Grants, contracts and other receivables	584,430	454,480
Prepaid expenses	232,675	217,677
Total Current Assets	2,248,110	2,447,607
Fixed Assets, Net	518,670	618,320
Certificate of Deposit	346,486	--
Other Assets	40,000	40,000
Total Assets	\$ 3,153,266	\$ 3,105,927
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued expenses	\$ 313,604	\$ 389,431
Accrued payroll and related taxes	907,005	956,307
Deferred rent	214,634	46,041
Custodial accounts	7,543	7,182
Total Current Liabilities	1,442,786	1,398,961
Commitments and Contingencies		
Net Assets - Unrestricted	1,710,480	1,706,966
Total Liabilities and Net Assets	\$ 3,153,266	\$ 3,105,927

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

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

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

	2018	2017
Revenue, Other Support and Losses - Unrestricted		
Government grants and contracts	\$ 14,081,542	\$ 13,924,969
Individual and corporate contributions	376,725	145,322
Special events	103,599	74,090
United Way allocations	76,271	75,333
Foundation and private grants	48,864	41,436
Program service fees, interest and other	484	2,746
	14,687,485	14,263,896
Loss on disposal of fixed assets	(2,252)	(48,734)
Total Revenue, Other Support and Losses - Unrestricted	14,685,233	14,215,162
Expenses		
Program services:		
Family services	399,340	326,384
Full case management	12,386,986	12,156,188
Mental health services	359,057	473,527
Total program services	13,145,383	12,956,099
Supporting services:		
General and administrative	1,048,037	999,782
Fundraising	488,299	289,321
Total supporting services	1,536,336	1,289,103
Total Expenses	14,681,719	14,245,202
Change in Net Assets - Unrestricted	3,514	(30,040)
Net Assets - Unrestricted - Beginning	1,706,966	1,737,006
Net Assets - Unrestricted - Ending	\$ 1,710,480	\$ 1,706,966

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

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

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2018

	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	\$ 261,740	\$ 6,681,848	\$ 210,538	\$ 7,154,126	\$ 676,806	\$ 121,255	\$ 798,061	\$ 7,952,187
Benefits and taxes	57,278	1,675,008	42,350	1,774,636	125,285	27,619	152,904	1,927,540
Total Salaries and Related Expenses	319,018	8,356,856	252,888	8,928,762	802,091	148,874	950,965	9,879,727
Purchased services	--	1,546,695	--	1,546,695	--	--	--	1,546,695
Occupancy	30,645	763,571	34,446	828,662	40,504	8,256	48,760	877,422
Travel	1,788	385,642	2,349	389,779	13,322	1,253	14,575	404,354
Insurance	12,036	324,483	11,779	348,298	17,323	4,038	21,361	369,659
Program supplies	4,741	310,458	5,961	321,160	4,819	4,944	9,763	330,923
Equipment rental and maintenance	9,700	255,676	11,353	276,729	29,753	9,954	39,707	316,436
Events and activities	400	195	--	595	--	276,535	276,535	277,130
Office supplies, postage and printing	7,977	169,511	7,995	185,483	24,861	5,430	30,291	215,774
Professional and contractual fees	6,799	80,611	9,088	96,498	32,535	14,414	46,949	143,447
Depreciation and amortization	396	80,732	18,870	99,998	20,936	--	20,936	120,934
Telephone	3,462	63,744	2,356	69,562	7,420	1,927	9,347	78,909
Transportation	--	27,155	--	27,155	11,551	--	11,551	38,706
Conference training	1,808	8,198	764	10,770	14,455	1,332	15,787	26,557
Other expenses	570	5,891	1,060	7,521	13,064	5,012	18,076	25,597
Dues and subscriptions	--	5,175	148	5,323	15,403	3,608	19,011	24,334
Advertising	--	2,393	--	2,393	--	2,722	2,722	5,115
Total	\$ 399,340	\$ 12,386,986	\$ 359,057	\$ 13,145,383	\$ 1,048,037	\$ 488,299	\$ 1,536,336	\$ 14,681,719

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

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

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2017

	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	\$ 200,898	\$ 6,564,817	\$ 302,560	\$ 7,068,275	\$ 656,719	\$ 144,479	\$ 801,198	\$ 7,869,473
Benefits and taxes	45,927	1,593,192	64,726	1,703,845	116,852	26,659	143,511	1,847,356
Total Salaries and Related Expenses	246,825	8,158,009	367,286	8,772,120	773,571	171,138	944,709	9,716,829
Purchased services	--	1,140,410	--	1,140,410	--	--	--	1,140,410
Occupancy	19,411	638,386	31,167	688,964	35,286	6,664	41,950	730,914
Travel	5,665	520,312	9,392	535,369	17,762	2,513	20,275	555,644
Equipment rental and maintenance	12,364	387,401	25,084	424,849	29,892	6,586	36,478	461,327
Insurance	11,512	331,404	13,827	356,743	18,596	4,649	23,245	379,988
Program supplies	6,791	287,855	951	295,597	529	6,356	6,885	302,482
Other expenses	5,296	212,726	8,528	226,550	26,348	2,283	28,631	255,181
Office supplies, postage and printing	4,278	125,972	6,157	136,407	18,548	9,459	28,007	164,414
Professional and contractual fees	11,240	85,101	3,664	100,005	31,311	19,486	50,797	150,802
Transportation	--	118,548	--	118,548	12,546	--	12,546	131,094
Depreciation and amortization	443	72,132	4,637	77,212	13,000	47	13,047	90,259
Telephone	2,559	66,451	2,834	71,844	8,760	1,583	10,343	82,187
Events and activities	--	--	--	--	243	56,701	56,944	56,944
Conference training	--	8,986	--	8,986	5,325	336	5,661	14,647
Dues and subscriptions	--	2,495	--	2,495	8,065	299	8,364	10,859
Advertising	--	--	--	--	--	1,221	1,221	1,221
Total	<u>\$ 326,384</u>	<u>\$ 12,156,188</u>	<u>\$ 473,527</u>	<u>\$ 12,956,099</u>	<u>\$ 999,782</u>	<u>\$ 289,321</u>	<u>\$ 1,289,103</u>	<u>\$ 14,245,202</u>

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

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

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

	2018	2017
Cash Flows From Operating Activities		
Change in net assets	\$ 3,514	\$ (30,040)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	120,934	90,259
Loss on disposal of fixed assets	2,252	48,734
Change in operating assets and liabilities:		
Restricted cash	(361)	617
Grants, contracts and other receivables	(129,950)	(131,587)
Prepaid expenses	(14,998)	101,825
Other assets	--	(16,787)
Accounts payable and accrued expenses	(75,827)	100,120
Accrued payroll and related taxes	(49,302)	107,243
Deferred rent	168,593	46,041
Custodial accounts	361	(617)
Total Adjustments	21,702	345,848
Net Cash Provided by Operating Activities	25,216	315,808
Cash Flows From Investing Activities		
Acquisition of investments	(429)	(251,066)
Proceeds from sale of fixed assets	19,404	--
Purchase of fixed assets	(42,940)	(435,364)
Net Cash Provided Used in Investing Activities	(23,965)	(686,430)
Net Change in Cash and Cash Equivalents	1,251	(370,622)
Cash and Cash Equivalents - Beginning of Year	1,422,211	1,792,833
Cash and Cash Equivalents - End of Year	\$ 1,423,462	\$ 1,422,211
Supplemental Disclosure of Cash Flow Information		
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.**

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

NOTE 1 – THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

THE ORGANIZATION

Family Resource Center of South Florida, Inc. (the “Center” or “Organization”) was established and incorporated on February 1, 1978 under the laws of the State of Florida as a not-for-profit organization.

The Center is a Child Welfare Agency. 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 and parent education.

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, and Miami-Dade County Department of Grants.

FINANCIAL STATEMENT PRESENTATION

The 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.

Temporarily Restricted

Net assets used by the Organization which are limited by donor-imposed 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, 2018 and 2017.

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, 2018 and 2017.

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

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

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

CASH EQUIVALENTS

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

RESTRICTED CASH

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

CONCENTRATIONS OF CREDIT RISK

Financial instruments which potentially expose the Organization to concentrations of credit risk consist principally of cash and cash equivalents (including restricted cash), certificates of deposit and grants, contracts and other receivables.

Cash and Cash Equivalents (Including Restricted Cash) and Certificates of Deposit

Financial instruments that potentially subject the Organization to concentrations of credit risk consist of deposit accounts and certificates of deposit. The Organization had approximately \$1,521,000 and \$1,471,000 of balances in excess of insurance limits covered by the Federal Deposit Insurance Corporation (“FDIC”) as of June 30, 2018 and 2017, respectively. The Organization maintains these balances in what it believes to be high quality financial institutions, which it believes limits its risk.

Grants, Contracts and Other Receivables

Grants, contracts and other receivables consist principally of amounts due from grantor agencies pursuant to the terms of the respective grant agreements. Grants, contracts and other receivables are stated at net realizable value. Allowances are provided for amounts estimated to be uncollectible based on historical experience and any specific collection issues that the Organization has identified. It is the Organization’s policy to charge uncollectible receivables against the allowance when management determines that the related balance will not be collected. Management determined that an allowance for doubtful accounts was not necessary at June 30, 2018 and 2017.

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

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

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

CONCENTRATIONS OF CREDIT RISK (CONTINUED)

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>
Leasehold improvements	5-20
Furniture, fixtures and equipment	3-20
Automobiles	3-5

CONTRIBUTIONS

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

When donor restrictions expire or are fulfilled by actions of the Organization, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the accompanying Statements 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 Statements of Activities.

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

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

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

GRANTS FROM GOVERNMENT AGENCIES

Grants from governmental agencies are recognized as revenue when the grant funds have been expended or in the period in which the Organization provides the service in accordance with the grant provisions of the respective agreements.

DEFERRED REVENUE

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

PROGRAM SERVICE FEES

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

FUND-RAISING ACTIVITIES

The Organization's 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.

ADVERTISING EXPENSES

The Organization uses advertising to promote its Organization and to publicize its job postings. The costs of advertising are expensed as incurred. For the years ended June 30, 2018 and 2017, the Organization incurred approximately \$5,000 and \$1,000 respectively, on advertising expenses.

**FAMILY RESOURCE CENTER OF
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NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

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

FUNCTIONAL ALLOCATION OF EXPENSES

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

CONTRIBUTED GOODS AND SERVICES

Contributed goods and services are reflected in the 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, 2018 and 2017, there were no significant non-cash contributions.

Services provided by volunteers throughout the year are not recognized as contributions in the 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.

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

**FAMILY RESOURCE CENTER OF
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NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

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

FAIR VALUE MEASUREMENTS (CONTINUED)

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.

The Organization did not have any assets or liabilities requiring fair value measurement on a recurring basis as of June 30, 2018 and 2017.

INCOME TAXES

The Center received a determination from the Internal Revenue Service indicating that it is exempt from Federal income tax under Internal Revenue Code Section 501(c) (3) on all income except unrelated business income. For the years ended June 30, 2018 and 2017, the Center had no unrelated business income tax.

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

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

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

INCOME TAXES (CONTINUED)

The Organization accounts for uncertainty in income taxes in accordance with GAAP, which requires recognition in the accompanying 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 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 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 did not record any interest or penalties on uncertain tax positions in the accompanying Statements of Financial Position as of June 30, 2018 and 2017 or the accompanying Statements of Activities for the years then ended. If the Organization were to incur any income tax liability in the future, interest on any income tax liability would be reported as interest expense and penalties on any income tax liability would be reported as income taxes.

USE OF ESTIMATES

The preparation of 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 financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

RECENT ACCOUNTING PRONOUNCEMENTS

In February 2016, FASB issued Accounting Standards Updated (“ASU”) 2016-02, “*Lease (Topic 842)*”, to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. This ASU is applicable for the Trust for its annual reporting period beginning on July 1, 2020. Earlier application is permitted, however, the Trust did not early adopt the ASU. Management is in the process of evaluating the ASU for the potential impact on its financial statements upon adoption.

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

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

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

RECENT ACCOUNTING PRONOUNCEMENTS (CONTINUED)

In August 2016, the FASB issued Accounting Standards Updated (“ASU”) 2016-14, “Presentation of Financial Statements of Not-for-Profit Entities”, representing the completion of the first phase of a two-phase project to amend not-for-profit financial reporting requirements as set out in FASB ASC 958, Not-for-Profit Entities. The ASU eliminates the distinction between resources with permanent restrictions and those with temporary restrictions from the face of not-for-profit financial statements by reducing the current three net asset classes (unrestricted, temporarily restricted, and permanently restricted) to two classes: net assets with donor restrictions and net assets without donor restrictions. Further, the ASU requires enhanced disclosures and also allows not-for-profits to present operating cash flows on the statement of cash flows using either the direct method or the indirect method. This ASU is applicable for the Trust for its annual reporting period beginning on July 1, 2018. Reporting entities should apply the ASU retrospectively to all periods presented. Earlier application is permitted, however, the Organization did not early adopt the ASU. Management is in the process of evaluating the ASU for the potential impact on its financial statements upon adoption.

On June 21, 2018, the FASB issued ASU 2018-08, Not-for-Profit Entities (Topic 958) Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. This ASU applies to all entities, including business entities that receive or make contributions of cash and other assets (except for transfers of assets from government entities to business entities). This ASU provides guidance on determining whether a transaction should be accounted for as a contribution or as an exchange transaction. A primary aspect of this determination is whether the two parties receive and sacrifice commensurate value. Making this determination is important because distinguishing between contributions and exchange transactions determines which guidance is applied. For contributions, an entity should follow the guidance in FASB ASC 958-605, Not-for-Profit Entities – Revenue Recognition, whereas, for exchange transactions, an entity should follow other guidance. This ASU is applicable for the Trust for its annual reporting period beginning on July 1, 2019. Earlier application is permitted, however, the Trust did not early adopt the ASU. Management is in the process of evaluating the ASU for the potential impact on its financial statements upon adoption.

SUBSEQUENT EVENTS

The Organization has evaluated subsequent events and transactions for potential recognition or disclosure in the financial statements through December 31, 2018, the date the financial statements were available to be issued.

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

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

NOTE 2 – FIXED ASSETS

Fixed assets at June 30, 2018 and 2017 consist of the following:

	2018	2017
Leasehold improvements	\$ 125,876	\$ 119,918
Furniture, fixtures and equipment	743,892	783,649
Automobiles	441,997	449,612
	<u>1,311,765</u>	<u>1,353,179</u>
Less: accumulated depreciation and amortization	<u>(793,095)</u>	<u>(734,859)</u>
Total	<u>\$ 518,670</u>	<u>\$ 618,320</u>

Depreciation and amortization expense for the years ended June 30, 2018 and 2017 amounted to approximately \$121,000 and \$90,000, respectively.

NOTE 3 – OUR KIDS CONTRACT

The Center executed a contract, as amended, (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 and actual cost incurred reimbursement contract. Service fees earned by the Center under the Contract amounted to approximately \$13,690,000 and \$13,566,000, which amounts are included in government grants and contracts in the accompanying Statements of Activities, for the years ended June 30, 2018 and 2017, respectively.

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

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

NOTE 4 – LINE AND LETTER OF CREDIT

On August 10, 2016, the Organization executed an unsecured line of credit for \$350,000 with a financial institution. The line of credit bears interest at the prime rate plus one point (6% as of June 30, 2018). During the years ended June 30, 2018 and 2017, the Organization did not borrow against the line of credit. The line of credit expires in August 2019.

The Organization had a letter of credit for \$80,000 with a financial institution relating to its Our Kids Contract. During the years ended June 30, 2018 and 2017, the Organization did not draw against the letter of credit. One of the Organization's certificate of deposit (approximately \$95,000 as of June 30, 2018 and 2017) served as collateral to the letter of credit. The letter of credit expired in June 2018 and was not required to be renewed.

NOTE 5 – EMPLOYEE BENEFIT PLAN

The Organization offers a 403(b) Thrift Plan (the "Plan") to its employees. Employees may enroll into the Plan upon hiring. Employees become eligible for employer contributions after completing one year of service with 1,000 or more hours worked and obtaining the age of twenty-one. Under the Plan, the Organization can make discretionary employer contributions. For employees hired before September 1, 2017, all contributions made by the Organization on behalf of employees become fully vested upon completing three years of service. For employees hired after September 1, 2017, contributions made by the Organization on behalf of employees become vested over six years. For the years ended June 30, 2018 and 2017, the Organization contributed approximately \$175,000 and \$101,000, respectively, to the Plan.

NOTE 6 – COMMITMENTS

The Organization leased office space under non-cancellable operating leases, as amended, which expired in November 2015 and subsequently continued on a month-to-month basis until the Organization moved into their new office space in March 2017. The leases required monthly lease payments of approximately \$55,000.

In December 2015, the Organization signed a 10-year lease for new office space under a non-cancellable operating lease. The new lease requires monthly escalating payments ranging from approximately \$42,000 to \$60,000 starting in March 2017.

Additionally, the Organization leases office equipment under a non-cancelable operating lease, which expires in January 2022. The lease requires monthly lease payments of approximately \$11,000.

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

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

NOTE 6 – COMMITMENTS (CONTINUED)

As of June 30, 2018, the estimated minimum annual non-cancelable commitments on these leases are as follows:

For the Year Ending June 30,	Amount
2019	\$ 675,000
2020	703,000
2021	729,000
2022	685,000
2023	641,000
Thereafter	<u>2,532,000</u>
Total	<u><u>\$ 5,965,000</u></u>

Rent expense (including related maintenance costs) for all leases for the years ended June 30, 2018 and 2017 amounted to \$653,000 and \$572,000, respectively.

NOTE 7 – CONCENTRATIONS

The Center received approximately 97% of its government grant revenue from Our Kids for the years ended June 30, 2018 and 2017. 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 75% and 90% of grants, contracts and other receivables as of June 30, 2018 and 2017, respectively.

NOTE 8 – CONTINGENCIES

FEDERAL, STATE, AND LOCAL GRANT PROGRAMS

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 financial statements.

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

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

NOTE 8 – CONTINGENCIES (CONTINUED)

LEGAL MATTERS

The Organization is subject to legal proceedings and claims arising in the normal course of business. There are currently no pending legal proceedings to which the Organization is a party that management believes will have a material effect on the Organization's financial position or results of operations.

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Family Resource Center of South Florida, Inc. (the "Organization"), which comprise the statement of financial position as of June 30, 2018, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 21, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Family Resource Center of South Florida, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Family Resource Center of South Florida, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Family Resource Center of South Florida, Inc.'s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Family Resource Center of South Florida, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Family Resource Center of South Florida, Inc.'s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Marcum LLP

Miami, FL
December 21, 2018

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM AND STATE PROJECT AND ON
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY UNIFORM
GUIDANCE AND CHAPTER 10.650 RULES OF THE AUDITOR GENERAL**

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

Report on Compliance for Each Major Federal Program and State Project

We have audited the compliance of Family Resource Center of South Florida, Inc. with the types of compliance requirements described in the *OMB Compliance Supplement*, and the requirements described in the *Department of Financial Services' State Projects Compliance Supplement*, that could have a direct and material effect on each of Family Resource Center of South Florida, Inc.'s major Federal programs and State projects for the year ended June 30, 2018. Family Resource Center of South Florida, Inc.'s major Federal programs and State projects are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal and state statutes, regulations, and the terms and conditions of its Federal programs and State projects.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Family Resource Center of South Florida, Inc.'s major Federal programs and State projects based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), *Audits of States, Local Governments, and Non-Profit Organizations*; and Chapter 10.650, Rules of the Auditor General. Those standards, Uniform Guidance, and Chapter 10.650, Rule of the Auditor General require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal program or State project occurred. An audit includes examining, on a test basis, evidence about Family Resource Center of South Florida, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major Federal program and State project. However, our audit does not provide a legal determination of Family Resource Center of South Florida, Inc.'s compliance.

Opinion on Each Major Federal Program and State Project

In our opinion, Family Resource Center of South Florida, Inc., in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs and State projects for the year ended June 30, 2018.

Report on Internal Control Over Compliance

Management of Family Resource Center of South Florida, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Family Resource Center of South Florida, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major Federal program and State project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major Federal program and State project and to test and report on internal control over compliance in accordance with Uniform Guidance 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.'s internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a Federal program or State project on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a Federal program or State project will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a Federal program or State project that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

Marcum LLP

Miami, FL
December 21, 2018

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

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND
STATE FINANCIAL ASSISTANCE**

FOR THE YEAR ENDED JUNE 30, 2018

Federal/State Agency, Pass-through Entity	CFDA/ CSFA No.	Contract	Services
Federal Awards			
U.S. Department of Health and Human Services			
Indirect Programs Passed Through:			
Our Kids of Miami-Dade/Monroe, Inc. Cluster:			
Temporary Assistance for Needy Families Block Grant	93.558	N/A	\$ 1,423,608
Child Welfare Services State Grants	93.645	N/A	745,085
Promoting Safe and Stable Families	93.556	N/A	59,949
Foster Care - Title IV - E	93.658	N/A	3,302,587
Adoption Assistance	93.659	N/A	789,169
Social Services Block Grant	93.667	N/A	16,296
Independent Living	93.674	N/A	160,000
State Matching Funds for Federal Awards:			
Temporary Assistance for Needy Families Block Grant	93.558	N/A	1,017,593
Child Welfare Services State Grants	93.645	N/A	248,362
Promoting Safe and Stable Families	93.556	N/A	16,160
Foster Care - Title IV - E	93.658	N/A	3,292,880
Adoption Assistance	93.659	N/A	789,170
Independent Living	93.674	N/A	<u>40,001</u>
Total Our Kids of Miami-Dade/Monroe, Inc. Cluster:			11,900,860
Florida Department of Transportation			
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	N/A	<u>75,000</u>
Total Federal Awards			<u>11,975,860</u>
State Financial Assistance			
State of Florida Department of Children and Families			
Indirect Program Passed Through:			
Our Kids of Miami-Dade/Monroe, Inc. Cluster:			
State Department of Children and Families Out of Home Supports	60.074	N/A	1,610,807
State Department of Children and Families In-Home Supports	60.075	N/A	<u>178,344</u>
Total State Financial Assistance			<u>1,789,151</u>
Total Federal Awards and State Financial Assistance			<u>\$ 13,765,011</u>

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

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

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

FOR THE YEAR ENDED JUNE 30, 2018

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards and state financial assistance (the “Schedule”) includes the federal and state grant activity of Family Resource Center of South Florida, Inc. (the “Organization”) for the year ended June 30, 2018. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), Audits of States, Local Government, and Non-Profit Organizations and Chapter 10.650, Rules of the Auditor General. Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the consolidated financial position, changes in net assets, or cash flows of the Organization.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, Audits of States, Local Government, and Non-Profit Organizations and Chapter 10.650, Rules of the Auditor General, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3 – INDIRECT COST RATE

The Organization has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2018

SECTION I – SUMMARY OF AUDITORS’ RESULTS

FINANCIAL STATEMENTS

Type of auditors’ report issued:	<i>UNMODIFIED OPINION</i>	
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:	<i>UNMODIFIED OPINION</i>
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Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance and Chapter 10.656?	_____ Yes	___ <u>X</u> ___ No
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Identification of major Federal programs and State projects:

<u>CFDA NUMBER</u>	<u>NAME OF FEDERAL PROGRAM OR CLUSTER</u>
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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
93.556	Promoting Safe and Stable Families
93.658	Foster Care - Title IV – E
93.659	Adoption Assistance
93.667	Social Services Block Grant
93.674	Independent Living

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2018

SECTION I – SUMMARY OF AUDITORS’ RESULTS

CFDA NUMBER NAME OF FEDERAL PROGRAM OR CLUSTER

Our Kids of Miami-Dade/Monroe, Inc. Cluster - continued:

	State Matching Funds for Federal Awards:
93.558	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
93.674	Independent Living
93.556	Family Preservation and Support Services

CSFA NUMBER NAME OF STATE PROJECT

60.074	State of Florida Department of Children and Families: Out of Home Supports
60.075	State of Florida Department of Children and Families In-Home Supports

Dollar threshold used to distinguish between type A and type B Federal programs: \$750,000

Dollar threshold used to distinguish between type A and type B State projects: \$300,000

Auditee qualified as low-risk auditee pursuant to Uniform Guidance? X Yes No

SECTION II – FINANCIAL STATEMENT FINDINGS

None.

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

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

SECTION IV – PRIOR YEAR FINDINGS

None.