

HIS HOUSE, INC.  
FINANCIAL STATEMENTS  
JUNE 30, 2010

**HIS HOUSE, INC.**  
**FINANCIAL STATEMENTS**  
**AND ADDITIONAL INFORMATION**

**JUNE 30, 2010**

TABLE OF CONTENTS

Independent Auditor's Report.....	1 - 2
Statement of Financial Position.....	3
Statement of Activities.....	4
Statement of Cash Flows .....	5
Statement of Functional Expenses.....	6
Notes to Financial Statement .....	7 – 11

SUPPLEMENTAL INFORMATION

Schedule of Expenditures of Federal Awards.....	12
Schedule of State Financial Assistance.....	13

INTERNAL CONTROLS AND COMPLIANCE

Independent Auditor's Report on Internal Control over Financial Reporting and On Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <u>Government Auditing Standards</u> .....	14 - 15
Independent Auditor's Report on Compliance with Requirements Applicable to 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.....	16 -17
Schedule of Findings and Questioned Costs.....	18 - 19

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## INDEPENDENT AUDITOR'S REPORT

The Board of Directors  
His House, Inc.  
Miami, Florida

I have audited the accompanying statement of financial position of His House, Inc. (a nonprofit organization) (the organization) as of June 30, 2010 and the related statements of activities, cash flows and functional expenses, for the year then ended. These financial statements are the responsibility of the organization's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of His House, Inc. (a nonprofit organization) as of June 30, 2010 and the changes in its net assets and 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 and the Florida Single Audit Act*, I have also issued a report dated December 22, 2010 on my consideration of His House, Inc.'s internal control over financial reporting and my 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 my testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. Those reports are an integral part of an audit performed in accordance with *Government Auditing Standards and the Florida Single Audit Act* and should be considered in assessing the results of my audit.

My audit was performed for the purpose of forming an opinion on the basic financial statements of His House, Inc. taken as a whole. The accompanying schedules of expenditures of Federal awards and expenditures of state financial assistance are presented for purposes of additional analysis as required by U. S. Office of Management of Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and the Florida Single Audit Act, and are not a required part of the basic financial statements. All supplemental information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Richard Henneforth, CPA

December 22, 2010

HIS HOUSE, INC.

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2010

ASSETS

ASSETS

Cash	\$ 1,442,559
Certificates of deposits	506,676
Grants and program fees receivable (net of allowance of \$10,000)	1,102,084
Prepaid expenses and other receivables	99,524
Pledges receivables	85,139
Property and equipment – net	412,996
Other assets	<u>15,508</u>

Total Assets \$ 3,664,486

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts payable	\$ 253,500
Accrued expenses	372,201
Deferred revenue	89,312
Notes payable	<u>76,995</u>

Total Liabilities 792,008

NET ASSETS

Unrestricted net assets:	
Operating	1,646,817
Board designated	1,000,000
Temporarily restricted	<u>225,661</u>

Total Net Assets 2,872,478

Total Liabilities and Net Assets \$ 3,664,486

See notes to financial statements

HIS HOUSE, INC.

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2010

	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	<u>Total</u>
SUPPORT AND REVENUE			
Grants and contracts for client services	\$ 5,991,494	\$ -	\$ 5,991,494
Contributions	491,484	259,878	751,362
Fund raising events (net of direct costs of \$ 29,033)	43,872	-	43,872
In-kind contributions	398,625	-	398,625
Investment income	16,348	-	16,348
Other income	<u>22,483</u>	<u>-</u>	<u>22,483</u>
 Total	 <u>6,964,306</u>	 <u>259,878</u>	 <u>7,224,184</u>
 Net assets released from restriction	 <u>83,961</u>	 <u>(83,961)</u>	 <u>-</u>
EXPENSES			
Program services	5,768,807	-	5,768,807
Management & general & fundraising	<u>1,356,319</u>	<u>-</u>	<u>1,356,319</u>
 Total	 <u>7,125,126</u>	 <u>-</u>	 <u>7,125,126</u>
 Changes in Net Assets	 (76,859)	 175,917	 99,058
NET ASSETS			
 BEGINNING OF YEAR	 <u>2,723,676</u>	 <u>49,744</u>	 <u>2,773,420</u>
 END OF YEAR	 <u>\$ 2,646,817</u>	 <u>\$ 225,661</u>	 <u>\$ 2,872,478</u>

See notes to financial statements

HIS HOUSE, INC.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2010

CASH FLOWS FROM OPERATING ACTIVITIES:

Increase in net assets	\$ 99,058
Adjustments to reconcile net income to net cash provided by operating activities:	
Decrease (increase) in certificates of deposits	499,647
Depreciation and amortization	132,502
Decrease (increase) in grant and programs fees receivables	(458,724)
Decrease (increase) prepaid expenses and other receivables	(15,184)
Decrease (increase) pledged receivable	39,927
Increase (decrease) accounts payable	130,528
Increase (decrease) in other payables and accrued expenses	83,966
Increase (decrease) in deferred revenues	(34,785)
Donated equipment/other assets	<u>(13,400)</u>
Net cash used by operating activities	<u>463,535</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchase of property and equipment	<u>(91,754)</u>
Net cash used by investing activities	<u>(91,754)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:	
Payments on capitalized leases	<u>(26,097)</u>
Net cash used by financing activities	<u>(26,097)</u>
Net increase in cash and cash equivalents	345,684
Cash and cash equivalents beginning of year	<u>1,096,875</u>
Cash and cash equivalents end of year	<u>\$1,442,559</u>
Supplemental cash flow information:	
Interest paid	<u>\$ 5,892</u>
Supplemental disclosure of non-cash transactions	
In-kind contributions – program and service fees	<u>\$ 385,225</u>
In-kind contributions – donated equipment	<u>\$ 13,400</u>

See notes to financial statements

**HIS HOUSE, INC.**

**STATEMENT OF FUNCTIONAL EXPENSES**

**FOR THE YEAR ENDED JUNE 30, 2010**

	Program Service					Supporting Services			
	Full Case Management	Residential	Foster Family -UAC	Academy	Total Program	Fund- raising	Manage- ment & General	Facilities Costs	Total
Compensation and related expenses:									
Salaries	\$1,455,142	\$ 736,026	\$ 567,976	\$ 269,687	\$3,028,831	\$227,382	\$395,475	\$290,064	\$3,941,752
Payroll taxes and benefits	<u>127,129</u>	<u>95,909</u>	<u>49,404</u>	<u>23,601</u>	<u>296,043</u>	<u>22,952</u>	<u>80,322</u>	<u>24,196</u>	<u>423,513</u>
	1,582,271	831,935	617,380	293,288	3,324,874	250,334	475,797	314,260	4,365,265
Bad Debts		7,000			7,000				7,000
Depreciation and Amortization	28,268	28,268			56,536		75,966		132,502
Dues and subscriptions	576	471			1,047	1,223	17,359		19,629
Equipment rentals	397	1,139	8,876		10,412	1,058	4,038		15,508
Field trips		4,392	3,665	358	8,415				8,415
Food and household supplies		75,651	62,035	9,820	147,506	166			147,672
Foster family subsidies	387,837		575		388,412				388,412
Insurance	49,864	52,438	7,005	6,714	116,021	7,367	144,591		267,979
Licenses and taxes							3,437		3,437
Meeting and continuing education	269	80			349		539		888
Miscellaneous expenses	951	3,281	171		4,403		6,240	14	10,657
Occupancy	31,314	309,939	149,205	42,860	533,318		102,768	48,319	684,405
Office supplies and expense	15,316	133,887	114,604	17,133	280,940	25,688	38,607	7,041	352,276
Other client services	87,480	3,943	3,586	17,942	112,951				112,951
Postage	2,843	1,475	913		5,231	6,713	4,464		16,408
Professional fees	38,381	102,632	86,360	10,525	237,898	42,494	17,258		297,650
Public relations	4,636	1,252	1,063		6,951	11,474	1,132		19,557
School and daycare			10,774		10,774				10,774
Screenings	13,581	2,113	5,518	1,691	22,903	2,283	452		25,638
Telephone	20,396	22,309	11,877	5,120	59,702	5,050	23,154		87,906
Training	2,906	2,871	2,104	1,306	9,187		475		9,662
Travel	537		15,102		15,639		572		16,211
Uniforms		3,350		1,344	4,694		601		5,295
Vehicle expense	59,959	27,453	14,956	3,458	105,826	1,490	18	11,695	119,029
Facilities costs	<u>68,258</u>	<u>129,652</u>	<u>47,666</u>	<u>52,242</u>	<u>297,818</u>	<u>8,389</u>	<u>75,122</u>	<u>(381,329)</u>	<u>0</u>
	<u>\$2,396,040</u>	<u>\$1,745,531</u>	<u>\$1,163,435</u>	<u>\$ 463,801</u>	<u>\$5,768,807</u>	<u>\$363,729</u>	<u>\$992,590</u>	<u>\$ 0</u>	<u>\$7,125,126</u>

See notes to financial statements



**HIS HOUSE, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2010**

**1. Nature of Activities and Summary of Significant Accounting Policies**

His House, Inc., (the Organization) is a not-for-profit Florida Corporation incorporated on February 28, 1989. The purposes of the Organization are to provide an immediate, safe, home-like atmosphere for abused, neglected and drug exposed children; and to recruit, train, cultivate and retain foster parents in the south Florida area.

The Organization's operations are principally funded by private grants, contracts from federal and state government agencies, and program service fees.

The Organization was recognized by the Internal Revenue Service as a 501(c)(3) on September 13, 1990, and thereby it qualifies as a tax-exempt organization.

**Basis of Accounting:** The financial statements have been prepared on the accrual basis of accounting. Classification of the Organization's net assets and its revenues and expenses are based on the existence or absence of donor-imposed restrictions. The Organization classifies net assets by the following categories:

- a. Unrestricted net assets consist of net assets that are not subject to any donor-imposed stipulations.
- b. Temporarily restricted net assets consist of net assets subject to donor-imposed or other legal restrictions on the use of the assets that may be met either by the passage of time or by actions of the organization.
- c. Permanently restricted net assets result primarily from contributions and other inflows of assets whose use the organization is 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.

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulations or by law.

Contributions received with donor-imposed restrictions that are met in the same year they are received are reported as revenue of the "unrestricted" class.

The Board of Directors has designated \$1,000,000 of net assets as capital reserve funds.

**Cash Equivalents:** All highly liquid investments with a maturity of three months or less when purchased are considered to be cash equivalents.

**Property and Equipment:** Purchases of property and equipment having a unit cost (or fair value if contributed) of \$1,000 or more and an estimated useful life of more than three years are capitalized. Furniture and equipment are depreciated over their estimated useful lives for accounting as well as for tax purposes. Improvements are amortized over the remaining life of the related lease.

**HIS HOUSE, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2010**

**Recognition of Revenues and Support:** Support from donations is recognized when received.

**Donated Property and Services:** Donated property and services are recorded at their fair value when received. The financial statements include \$9,509 of donated services. No amounts have been reflected in the financial statements for donated services which did not; (a) create or enhance non-financial assets or (b) require specialized skills provided by individuals possessing such skills and which would have been purchased if not provided by donation. However, a substantial number of volunteers have donated significant amounts of their time to the Organization.

**Use of Estimates:** The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and 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.

**Accreditation:** In January of 2007 His House, Inc. was accepted as a full member of the Council on Accreditation, a national association of non-public organizations. The Organization underwent a rigorous process in order to achieve membership. This signifies that His House, Inc. meets the highest performance standards and delivers the very best quality services.

**2. Promises to Give**

Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

The Organization had no conditional or unconditional promises to give at June 30, 2010.

**3. Contracts**

The Organization is the recipient of a full case management contract with Our Kids, Inc. The contract reimbursement is based upon service units. The original contract period was January 1, 2007 to June 30, 2007 with extensions granted thru October 31, 2009. A new contract was signed for the period November 1, 2009 through December 31, 2013. Approximately 56% of the Organization's revenue from grants and contracts for client services is a result of the contract.

The Organization also works under contract with Childnet providing His House licensed foster families for Childnet children placements. The contract extends from July 2009 to June 2010. Additionally, the Organization was the recipient of a vendor contract with the Office of Refugee Resettlement (ORR) during the period October 2009 to September 2010. The vendor contract increased during the fiscal period as the ORR requested additional services.

HIS HOUSE, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

4. **Property and Equipment**

Property and equipment at June 30, 2010 are summarized as follows:

		Estimated Useful Life <u>(Years)</u>
Horizon building/improvements	\$ 674,313	3.5
Leasehold improvements	165,058	5
Office furniture and equipment	378,308	3 -5
Transportation equipment	301,944	5
Residential furniture and equipment	<u>264,514</u>	10
	1,784,137	
Less accumulated depreciation	<u>1,371,141</u>	
	<u>\$ 412,996</u>	

5. **Rent - Lease Commitments**

In September 2005, His House, Inc. signed a permit agreement with Miami-Dade County for use of buildings at the Community of Landmark for a one year term from October 1, 2005 to September 30, 2006, with a one year optional renewal period to September 30, 2007. The agreement had subsequently been extended to January 31, 2008. New lease agreements were signed for the periods from February 1, 2008 to January 31, 2010 and February 1, 2010 to January 31, 2011.

Future minimum payments due under the permit agreement are as follows:

Year Ending June 30:

2011	\$ 339,726
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6. **Grants and Program Fees Receivable**

The receivable results from contract services provided to Our Kids, Inc., the office of Refugee Resettlement, and shelter services provided to other agencies. An allowance for uncollectible receivables is provided based on management's evaluation of individual accounts. Approximately 33% of receivables are due from contract services provided to Our Kids, Inc., and 61% are due from the Office of Refugee Resettlement.

**HIS HOUSE, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2010**

**7. Commitments and Contingencies**

The Organization receives all of its funding from private donations, government contracts and other not-for profit organizations. A significant reduction in the level of this funding, if it were to occur, would have a significant effect on the Organization's ability to carry out its programs and activities.

Expenses reflected in the accompanying financial statements relating to government funded programs are subject to audit by the respective funding sources. The possible disallowance by the related agency of any item charged to a program cannot be determined at this time. No provision for any liability that may result has been made in the financial statements.

**8. His House Academy**

His House Academy offers at-risk children a faith-based private school education in a small classroom setting. In a trauma-sensitive learning environment, the Academy is committed to providing each child with the care and attention necessary for consistent behavioral and academic development. An after school enrichment program includes music, dance, and aviation exploration.

**9. Concentration of Credit Risk**

The Organization maintains cash balances at a financial institution in Florida. At various times throughout the year the Organization had cash deposits in excess of federally insured limits. At June 30, 2010 the Organization's uninsured balances total \$992,368.

**10. Letter of Credit**

In accordance with the provisions of the contract with Our Kids, Inc. (Footnote 3) the Organization obtained a letter of credit with a bank to be drawn down as required under the contract. The letter of credit was originally issued August 25, 2005 and is renewed annually.

**11. Temporarily Restricted Net Assets**

Temporarily restricted net assets, which are held in cash and contribution receivables, are available for the following at June 30, 2010:

Programs and service expenditures:	
Restricted by passage of time	\$ -0-
Other	<u>225,661</u>
	<u>\$ 225,661</u>

**HIS HOUSE, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2010**

**12. Notes Payable**

The Organization leases copier and printer equipment under various capital leases. The economic substance of the leases is that the Organization is financing the acquisition of the equipment through the lease, and accordingly, it is recorded in the Organization's assets and liabilities.

The total equipment capitalized	\$ 127,543
Less accumulated depreciation	<u>53,655</u>
	<u>\$ 73,888</u>

The following is a schedule by years of future minimum payments required under the lease together with their present value as of June 30, 2010,

Year ending June 30,	
2011	\$ 27,819
2012	29,589
2013	26,050
2014	480
Later years	<u>-0-</u>
Total minimum lease payments	\$ 83,938
Less amount representing interest	<u>6,943</u>
Present value of minimum lease payments @ 6%	<u>\$ 76,995</u>

**13. Evaluation of Subsequent Events**

His House, Inc. has evaluated subsequent events through December 22, 2010, the date which the financial statements were available to be issued.

HIS HOUSE, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2010

<u>Federal Grantor</u> <u>Pass-Through Entity</u> <u>Federal Program</u>	<u>CFDA</u> <u>Number</u>	<u>Federally</u> <u>Funded</u> <u>Expenditures</u>
<b>Federal Major Program:</b>		
US Department of Health and Human Services		
Passed through Florida Department of Children and Families		
Passed through Our Kids of Miami-Dade, Inc. Foster Care	93.658	\$ 1,034,135
Passed through Childnet, Inc.	93.658	2,979
Passed through Our Kids of Miami-Dade, Inc. Temporary Assistance for Needy Families	93.558	335,162
Passed through Childnet, Inc.	93.558	2,315
Passed through Our Kids of Miami-Dade, Inc. Adoption Assistance	93.659	126,349
Passed through Childnet, Inc.	93.659	581
<b>Non-Major Programs:</b>		
US Department of Health and Human Services		
Passed through Florida Department of Children and Families		
Passed through Our Kids of Miami-Dade, Inc. Social Services Block Grant	93.667	428,441
Chafee Foster Care Independence Program	93.674	22,889
Child Abuse and Neglect State Grants	93.669	6,319
Children Welfare Services	93.645	70,562
Promoting Safe and Stable Families	93.556	26,404
Passed through Childnet, Inc. Social Services Block Grant	93.667	342
Children Welfare Services	93.645	<u>734</u>
		<u>\$2,057,212</u>

NOTE: Schedule prepared on the accrual basis of accounting.

HIS HOUSE, INC.

SCHEDULE OF STATE FEDERAL ASSISTANCE

FOR THE YEAR ENDED JUNE 30, 2010

<u>State Agency</u> <u>Pass-Through Entity</u> <u>State Project</u>	<u>CSFA</u> <u>Number</u>	<u>Expenditures</u>
<b>State Major Programs:</b>		
Department of Children and Families Passed through Our Kids of Miami-Dade, Inc. Community Based Care Supports	60.094	1,109,051
Passed through Childnet, Inc.	60.094	<u>24,683</u>
		<u>\$1,133,734</u>

NOTE: Schedule prepared on the accrual basis of accounting.

**HIS HOUSE, INC.**

**REPORTS REQUIRED UNDER  
GOVERNMENT AUDITING STANDARDS  
AND THE SINGLE AUDIT ACT  
FOR THE YEAR ENDED JUNE 30, 2010**



# RICHARD HENNEFORTH

CERTIFIED PUBLIC ACCOUNTANT

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

To the Board of Directors of  
His House, Inc.  
Miami, Florida

I have audited the financial statements of His House, Inc. (a nonprofit organization) as of and for the year ended June 30, 2010 and have issued my report thereon dated December 22, 2010. I conducted my audit in accordance with auditing standards generally accepted in the United States of American 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**

In planning and performing my audit, I considered His House, Inc.'s internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of His House, Inc.'s internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of His House Inc.'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.

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

To the Board of Directors of  
His House, Inc.

### **Compliance**

As part of obtaining reasonable assurance about whether His House, Inc.'s financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

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

Richard Henneforth, CPA

December 22, 2010

# RICHARD HENNEFORTH

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INDEPENDENT AUDITOR'S 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

To the Board of Directors of  
His House, Inc.  
Miami, Florida

## **Compliance**

I have audited the compliance of His House, Inc. (a nonprofit organization) 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 State of Florida Executive Office of the Governor's State Projects Compliance Supplement that could have a direct and material effect on each of its major federal programs and state projects for the year ended June 30, 2010. His House, Inc.'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 each of its major federal programs and state projects is the responsibility of His House, Inc.'s management. My responsibility is to express an opinion on His House, Inc.'s compliance based on my audit.

I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and *State of Florida Chapter 10.650, Rules of the Auditor General*. Those standards, OMB Circular A-133 and Chapter 10.650. Rules of the Audit General require that I 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 His House, Inc.'s compliance with those requirements and performing such other procedures as I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination on His House, Inc.'s compliance with those requirements.

In my opinion, His House, Inc. complied, in all material respects, with the 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, 2010.

## **Internal Control Over Compliance**

The management of His House, Inc. is responsible for establishing and maintaining effective internal control over compliance with requirement of laws, regulations, contracts and grants applicable to federal programs and state projects. In planning and performing my audit, I considered His House, Inc.'s internal control over

To the Board of Directors of  
His House, Inc.

compliance with requirements that could have a direct and material effect on a major federal program or state project in order to determine my auditing procedures for the purpose of expressing my opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of His House, Inc. internal control over compliance.

A control *deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program or state projects on a timely basis. A material weakness in control over compliance is a deficiency, or combination of deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program or state project will not be prevented, or detected and correct, on a timely basis.

My 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. I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the board of Directors, management, others within the organization 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.

Richard Henneforth, CPA

December 22, 2010

HIS HOUSE, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2010

SECTION I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements

Type of auditor’s report issued:	Unqualified
Internal control over financial reporting:	
Material weaknesses identified?	No
Significant deficiencies identified not considered to be material weaknesses?	No
Non-compliance material to financial statements noted?	No

Federal Programs and State Projects

Internal control over major programs and projects:	
Material weaknesses identified?	No
Significant deficiencies identified not considered to be material weaknesses?	No

Type of auditor’s report issued on compliance for major programs Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? No

Any audit findings disclosed that are required to be reported Under Section 10.656, Rules of the Auditor General? No

Any audit comments or recommendations reported in a Separate letter as required by Section 10.654(1)(d), Rules of the Auditor General No

Identification of Major Programs and Projects:

<u>Federal Program</u>	<u>CFDA#</u>
Department of Health and Human Services	
Foster Care	93.658
Temporary Assistance for Needy Families	93.558
Adoption Assistance	93.659

<u>State Project</u>	<u>CSFA#</u>
Florida Department of Children & Families	
Community Based Care Support	60.094

Dollar threshold used to distinguish between Type A and Type B programs and projects:

Major Federal Programs	\$300,000
Major State Projects	\$300,000

Auditee qualified as low risk auditee? Yes

**HIS HOUSE, INC.**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**FOR THE YEAR ENDED JUNE 30, 2010  
(CONTINUED)**

SECTION II – FINANCIAL STATEMENT FINDINGS

CURRENT YEAR FINANCIAL STATEMENT FINDINGS

MATERIAL WEAKNESSES

None

SIGNIFICANT DEFICIENCIES

None

OTHER MATTERS

None

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

MATERIAL WEAKNESSES

None

SIGNIFICANT DEFICIENCIES

None

OTHER MATTERS

None

A SEPARATE MANAGEMENT LETTER WAS NOT ISSUED

SECTION IV – STATUS OF PRIOR YEAR FINDINGS

**There were no 2009 findings.**