

UNITED FOR FAMILIES, INC.

FINANCIAL STATEMENTS

JUNE 30, 2010

UNITED FOR FAMILIES, INC.
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JAMES MOORE & CO., P.L.
CERTIFIED PUBLIC ACCOUNTANTS
AND CONSULTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors,
United for Families, Inc.:

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

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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 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 financial statements referred to above present fairly, in all material respects, the financial position of United for Families, Inc. as of June 30, 2010, and the changes in its net assets and its 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 December 2, 2010, on our consideration of United for Families, Inc.'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 the 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 financial statements as a whole. The accompanying schedule of expenditures of federal awards and state financial assistance on pages 12 – 13 is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and

Section 215.97, Florida Statutes, Florida Single Audit Act, and is 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. The 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.

James Moore + Co., P.L.

Gainesville, Florida
December 8, 2010

UNITED FOR FAMILIES, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2010

ASSETS

Current assets	
Cash and cash equivalents	\$ 2,465,249
Grants and contracts receivable	46,244
Prepaid expenses	376,343
Total current assets	2,887,836
Property and equipment, net	86,442
Deposits	51,506
Investment in limited partnership	-
Restricted cash and cash equivalents - Client trust funds	109,723
Other non-current assets	46,084
Total Assets	\$ 3,181,591

LIABILITIES AND NET ASSETS

Current liabilities	
Accounts payable	\$ 1,238,810
Accrued expenses	385,645
Deferred revenue	1,237,661
Loans from participating members	85,000
Total current liabilities	2,947,116
Client trust funds	109,723
Total liabilities	3,056,839
Unrestricted net assets:	
Operating income	38,310
Invested in capital assets	86,442
Total unrestricted net assets	124,752
Total Liabilities and Net Assets	\$ 3,181,591

The accompanying notes to the financial statements
are an integral part of this statement.

**UNITED FOR FAMILIES, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2010**

Revenues	
Grants and contracts	\$ 24,286,353
Donations	84,634
In-kind contributions	220,203
Other	85,990
Total revenues	<u>24,677,180</u>
Expenses	
Program services	22,803,753
Fundraising	171,257
Management and general	1,715,869
Total expenses	<u>24,690,879</u>
Decrease in unrestricted net assets	<u>(13,699)</u>
Net assets , unrestricted, beginning of year	138,451
Net assets , unrestricted, end of year	<u><u>\$ 124,752</u></u>

The accompanying notes to the financial statements
are an integral part of this statement.

UNITED FOR FAMILIES, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2010

	Program Services	Fundraising	Management and General	Total
Benefits and taxes	\$ 619,975	\$ 13,647	\$ 237,111	\$ 870,733
Data support and software	62,277	1,225	167,930	231,432
Depreciation	-	-	17,721	17,721
Fund development	-	105,431	-	105,431
Furniture and equipment	148,540	1,869	17,975	168,384
Insurance	23,990	255	5,198	29,443
Occupancy	830,229	13,866	90,243	934,338
Organizational memberships	1,166	-	19,605	20,771
Other	5,723	9	2,721	8,453
Outreach	4,606	2,133	17,832	24,571
Professional services	-	-	168,502	168,502
Salaries	1,902,654	32,075	920,189	2,854,918
Staff recruitment and retention	730	-	5,969	6,699
Training	291,436	-	11,669	303,105
Travel	39,175	-	5,232	44,407
Office operations	129,760	747	27,972	158,479
Adoptions	3,157,006	-	-	3,157,006
Care management	3,494,726	-	-	3,494,726
Case management	6,761,561	-	-	6,761,561
Client assistance	316,875	-	-	316,875
Foster care	3,760,381	-	-	3,760,381
Independent living	1,252,943	-	-	1,252,943
Total expenses	<u>\$ 22,803,753</u>	<u>\$ 171,257</u>	<u>\$ 1,715,869</u>	<u>\$ 24,690,879</u>

The accompanying notes to the financial statements
are an integral part of this statement.

UNITED FOR FAMILIES, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2010

Cash flows from operating activities	
Decrease in unrestricted net assets	\$ (100,141)
Adjustments to reconcile decrease in unrestricted net assets to net cash provided by operating activities:	
Depreciation	17,721
Increase in grants and contracts receivable	(12,265)
Increase in prepaid expenses	(317,715)
Increase in deposits	(151)
Increase in deferred revenues	476,579
Decrease in accounts payable	(94,831)
Increase in accrued expenses	8,686
Increase in client trust funds	8,987
Total Adjustments	<u>87,011</u>
Net cash provided by operating activities	<u>(13,130)</u>
Cash flows from investing activities	
Purchases of property and equipment	(67,669)
Net increase in cash and cash equivalents	<u>(80,799)</u>
Cash and cash equivalents, beginning of year	
(Including \$100,736 reported in restricted accounts)	2,569,329
Cash and cash equivalents, end of year	
(Including \$109,723 reported in restricted accounts)	<u><u>\$ 2,488,530</u></u>

The accompanying notes to financial statements
are an integral part of this statement.

UNITED FOR FAMILIES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

(1) **Summary of Significant Accounting Policies:**

(a) **General**—United For Families, Inc., a Florida not-for-profit corporation (the Organization), was formed on December 7, 1999 and started operations on September 1, 2002. The Organization has a contract with the Florida Department of Children and Families (DCF) to administer, integrate, coordinate, and assure the delivery of child protection services, emergency shelter, in-home protective services, relative care placements, foster care, foster care supervision, intensive residential treatment, independent living, family reunification, and adoption and appropriate related services in Indian River, Martin, Okeechobee and St. Lucie counties.

(b) **Basis of financial reporting**—The Organization's financial statements have been prepared on the accrual basis. The Organization is required to report information regarding its financial position and activities according to three classes of net assets:

Unrestricted net assets—Net assets that are not subject to donor-imposed restrictions.

Temporarily restricted net assets—Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Organization and/or the passage of time.

Permanently restricted net assets—Net assets subject to donor-imposed stipulations that will not be met by either actions of the Organization or the passage of time.

The Organization has no permanently or temporarily restricted net assets at June 30, 2010, and all support and revenue is considered unrestricted for the year then ended.

(c) **Contributions**—Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the financial statements as net assets released from restrictions. Contributions received with temporary restrictions that are met in the same reporting period are reported as unrestricted support and increase unrestricted net assets.

(d) **Cash and cash equivalents**—The Organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

(e) **Income taxes**—The Organization is a nonprofit organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes is reflected in the accompanying financial statements.

The Organization files income tax returns in the U.S. federal jurisdiction. The tax periods open to examination by the major taxing jurisdictions to which the Organization is subject include fiscal years ended June 30, 2007 through June 30, 2010. The Organization has reviewed and evaluated the relevant technical merits of each of its tax positions in accordance with accounting principles generally accepted in the United States of America for accounting for uncertainty in income taxes, and determined that there are no uncertain tax positions that would have a material impact on the financial statements of the Organization.

UNITED FOR FAMILIES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

(1) **Summary of Significant Accounting Policies:** (Continued)

(f) **Use of estimates**—The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual amounts could differ from those estimates.

(g) **Property and equipment**—Property and equipment acquired by the Organization is considered to be owned by the Organization. However, funding sources may maintain an equitable interest in the property purchased with grant monies as well as the right to determine the use of any proceeds from the sale of these assets. The State of Florida has a reversionary interest in those assets purchased with its funds that have a cost of \$1,000 or more and an estimated useful life of at least one year. The Federal Government has a reversionary interest in those assets purchased with its funds that have a cost of \$5,000 or more and an estimated useful life of at least one year.

Property and equipment with a value greater than \$2,000 and an estimated useful life of at least one year is recorded at cost when purchased or at estimated fair market value when contributed. Depreciation is computed using the straight-line method over the estimate useful life of the assets, ranging from three to seven years. Repairs and maintenance are expensed as incurred.

(h) **Grants and contracts receivable**—Grants and contracts receivable are stated at the amount management expects to collect from balances at year-end. Based on management's assessment of the current relationship and credit worthiness of entities having balances with the Organization, it has concluded that realization losses on balances outstanding at year-end will be immaterial.

(i) **Functional allocation of expenses**—The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

(j) **Donated Services and materials**—Contributed services that qualify as specialized services and donated items are recorded at their estimated fair value at the date of receipt. Volunteer services provided to the Organization to carry out its mission do not meet the criterion used to record donated services; therefore, they have not been recorded in the financial statements.

(k) **Subsequent events**—The Organization has evaluated events and transactions for potential recognition or disclosure in the financial statements through December 8, 2010, the date the financial statements were available to be issued. No subsequent events have been recognized or disclosed in the financial statements.

(2) **Significant Funding Source:**

The Organization receives approximately 59% of its funding from the U.S. Department of Health and Human Services that is passed through the State of Florida and the Department of Children and Families and approximately 39% of its funding directly from the Department of Children and Families. A significant reduction in the level of this funding, if this were to occur, could have an adverse effect on the Organization's programs and activities.

UNITED FOR FAMILIES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

(3) **Loans from Participating Members:**

The Organization has noninterest-bearing notes payable to Children’s Home Society of Florida, Inc., and Family Preservation Services of Florida, Inc. in the amount of \$85,000 at June 30, 2010. These notes are to be repaid when the Organization has surplus funds, which are not otherwise encumbered.

(4) **Concentration of Credit Risk:**

Significant concentrations of credit risk for all financial instruments owned by the Organization for the year ended June 30, 2010, are as follows:

(a) **Cash in bank**—The Organization has demand deposits with a regional bank amounting to \$3,174,586 at June 30, 2010. Custodial credit risk for deposits is the risk that in the event of a bank failure, the Organization’s deposits may not be returned. The Organization does not have a deposit policy for custodial credit risk, although all demand deposits with banks are federally insured up to FDIC limits.

(5) **Commitments:**

The Organization leases certain office spaces under operating leases expiring in various years through October 2013. Minimum future rental payments under noncancelable operating leases having remaining terms in excess of one year as of June 30, 2010, for each of the next five years and in the aggregate are:

Year Ending June 30,	Amount
2011	\$ 582,657
2012	503,138
2013	343,781
2014	181,127
2015	108,903
Thereafter	473,566
Total	\$ 2,193,172

Total rent expense for the year ended June 30, 2010, was approximately \$820,000.

(6) **Employee Leasing Company:**

The Organization utilizes the service of an employee leasing service for staffing purposes. The employee leasing service provides employee benefits, including health insurance and 401(k) plan participation. All expenses associated with the services provided by the employee leasing service are shown as salaries, and benefits and taxes on the Statement of Functional Expenses.

(7) **Line of Credit:**

The Organization has a line of credit with a regional bank that allows borrowings up to \$2,000,000, with an interest rate equal to the prime rate (3.25% at June 30, 2010) with a maximum rate of 18.00%. There were no advances on this line at June 30, 2010.

UNITED FOR FAMILIES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

(8) **Pending Litigation:**

The Organization has been named a defendant in various lawsuits. The cases are being handled by the insurance carrier's respective legal departments, the insurance of which was in effect at the time of the respective claims. The Organization is vigorously defending itself and at this time, the amount of liability cannot be determined and therefore no provision has been made in the financial statements.

(9) **Fund-Raising Expense:**

Total fund-raising expense for the year ended June 30, 2010 was \$171,257. Fund-raising expenses represented 56% of the total contribution revenue. The ratio of expenses to amounts raised is computed using actual expenses and related contributions on an accrual basis.

(10) **Furniture and Equipment:**

Furniture and equipment consist of the following as of June 30:

	<u>2010</u>
Furniture and equipment	\$ 249,526
Less: Accumulated depreciation	<u>163,084</u>
Net property and equipment	<u>\$ 86,442</u>

Depreciation expense for the year ended June 30, 2010 was \$17,721.

(11) **Investment in Limited Partnership:**

The Organization owns a 3.8462% interest in The Community Based Care Partnership, Ltd. The Community Based Care Partnership, Ltd. was created in 2007 and is contracted together with Magellan Behavioral Health Florida, Inc. to provide allowable prepaid mental health services to Medicaid eligible children for the State of Florida.

Under this contractual relationship, Community Based Care Partnership, Ltd. is to provide administrative services for this contract through CBC of Seminole ("General Partner") and the various community based care organizations throughout the State. The Organization contracts with Community Based Care Partnership, Ltd. to provide administrative services for the prepaid mental health program in the Organization's service areas.

The Organization is considered a limited partner in the contractual relationship with The Community Based Care Partnership, Ltd. As a limited partner, the Organization is an independent contractor, not an employee, agent, or joint venturer of The Community Based Care Partnership, Ltd.

During 2009, the Organization received a distribution from the limited partnership for \$46,084, which reduced the carrying value of the investment in The Community Based Care Partnership, Ltd. to zero. The amount reported as investment in limited partnership has been reclassified to other assets a result of this distribution and subsequent investment (see note 12 to the financial statements for additional information).

UNITED FOR FAMILIES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

(12) **Other Assets – Child Welfare Trust:**

In 2009, the limited partners formed the Child Welfare Trust (the “Trust”) which is a risk pool formed to provide assets to meet the obligations of the prepaid mental health program. Each partner made an initial contribution to the Trust of \$45,000. The Organization shares in this risk pool based on their respective ownership percentage. The Organization may be required to fund the risk pool on an annual basis based on the medical loss ratio. Quarterly, the General Partner makes a determination whether the assets held in the risk pool are sufficient to meet the obligations of the prepaid mental health program in the Organization’s service areas. If funding of the risk pool is required, the Organization may be required to utilize unrestricted funds as it is not a chargeable expense under the grant agreement with the State of Florida, Department of Children and Families as discussed in Note 1 (a). During the year ended June 30, 2010, the Organization was not required to make any additional contributions to the Trust.

UNITED FOR FAMILIES, INC.
ADDITIONAL INFORMATION
FOR THE YEAR ENDED JUNE 30, 2010

**UNITED FOR FAMILIES, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2010**

Federal Grantor, Pass-Through Grantor, State Grantor Program Title	CFDA/ CSFA Number	Grantor's Contract Number	Expenditures
FEDERAL AWARDS			
<u>U. S. Department of Health and Human Services</u>			
Passed through State of Florida			
Department of Children and Families: Promoting Safe and Stable Families	93.556	ZJK84	\$ 495,642
Social Services Block Grant	93.667	ZJK84	1,208,965
Temporary Assistance for Needy Families	93.558	ZJK84	2,163,029
Foster Care-Title IV-E	93.658	ZJK84	4,806,734
ARRA-Foster Care-Title IV-E	ARRA- 93.658	ZJK84	245,628
Child Welfare Services-State Grants	93.645	ZJK84	521,141
Adoption Assistance	93.659	ZJK84	3,869,331
ARRA-Adoption Assistance	ARRA - 93.659	ZJK84	310,860
Medical Assistance Program	93.778	ZJK84	154,186
Chafee Foster Care Independence Program	93.674	ZJK84	198,593
Chafee Education and Training Vouchers Program (ETV)	93.599	ZJK84	39,626
Child Abuse and Neglect State Grants	93.669	ZJK84	20,981
Grants to States for Access and Visitation Programs	93.597	ZJK84	41,356
Block Grants for Community Mental Health Services	93.958	ZJK84	253,301
Adoption Incentive Payments	93.603	ZJK84	168,346
Total Expenditures of Federal Awards			14,497,719
STATE FINANCIAL ASSISTANCE			
<u>State of Florida, Department of Children and Families:</u>			
Community Based Care (CBC) Supports	60.094	ZJK84	9,705,095
TOTAL FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE			\$ 24,202,814

UNITED FOR FAMILIES, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2010
(Continued)

Note (1): Basis of Accounting

The Schedule of Expenditures of Federal Awards is prepared on the accrual basis of accounting. None of the Federal awards expended by the Organization were in the form of noncash assistance, there was no insurance in effect during the year related to federal awards, nor were there any loans or loan guarantees outstanding at year-end.

Note (2): Service Provided Contracts

Only expenses incurred in accordance with the contract terms are reported as expenditures on the Schedule of Expenditures of Federal Awards.

Note (3): Sub-recipients

Of the expenses presented in the accompanying schedule of Federal awards and state financial assistance, United for Families, Inc. provided federal and state awards under Contract ZJK84 to sub-recipients as follows:

Federal Awards:

U.S. Department of Health and Human Services

Temporary Assistance for Needy Families	93.558	\$ 1,178,304
Promoting Safe and Stable Families	93.556	476,074
Grants to States for Access and		
Visitation Programs	93.597	41,356
Child Welfare Services-State Grants	93.645	318,810
Foster Care-Title IV-E	93.658	3,121,133
ARRA-Foster Care-Title IV-E	ARRA- 93.658	150,264
Adoption Assistance	93.659	1,125,482
Social Services Block Grant	93.667	960,593
Block Grants for Community Mental		
Health Services	93.958	187,765
Child Abuse and Neglect State Grants	93.669	18,169
Total		<u>7,577,950</u>

State Financial Assistance:

State of Florida, Department of Children and Families

Community Based Care (CBC) Supports	60.094	<u>5,216,257</u>
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Total Federal Awards and State
Financial Assistance

\$ 12,794,207

UNITED FOR FAMILIES, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2010
(Continued)

<u>Subrecipient Entity</u>	<u>Amount Provided To Sub-recipients</u>
Children's Home Society	\$ 4,488,210
Family Preservation Services	3,407,700
Hibiscus Children's Center	1,965,540
Exchange Club CASTLE	1,087,354
Devereux Foundation	283,635
Real Life Children's Ranch	213,165
Behavior Basics, Incorporated	203,869
New Horizon's of the Treasure Coast	186,633
Haven	164,700
Florida Mentor, Inc.	158,900
Georgia House	150,150
Eckerd Youth Alternatives, Inc.	141,795
Pure Start Group Homes	89,778
Collaborating 4 Better Futures, Inc.	41,854
Alpha House	34,700
Alternative Family Care	31,650
Hands of Mercy Everywhere	31,152
Children's Place at Home Safe-Libra House	26,560
The Daniel M. Foundation, Inc.	25,568
Girls and Boys Town	20,410
Child Development Svcs (Genesis House)	18,399
Camelot Community Care, Inc.	17,625
Juvenile Services Program (Harbinger House)	4,860
	<u>\$ 12,794,207</u>

JAMES MOORE & CO., P.L.
CERTIFIED PUBLIC ACCOUNTANTS
AND CONSULTANTS

**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***

To the Board of Directors,
United for Families, Inc.:

We have audited the financial statements of United for Families, Inc. as of and for the year ended June 30, 2010, and have issued our report thereon dated December 8, 2010. 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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the 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 United for Families, Inc.'s 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 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 the board of directors, management, others within the entity, federal awarding agencies, 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.

James Moore + Co., P.L.

Gainesville, Florida
December 8, 2010

JAMES MOORE & CO., P.L.
CERTIFIED PUBLIC ACCOUNTANTS
AND CONSULTANTS

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT
COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR FEDERAL
PROGRAM AND MAJOR STATE PROJECT AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND CHAPTER 10.650,
RULES OF THE AUDITOR GENERAL, STATE OF FLORIDA**

To the Board of Directors,
United for Families, Inc.:

Compliance

We have audited United for Families, Inc.'s compliance 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, Department of Financial Services State Projects Compliance Supplement that could have a direct and material effect on each of its major federal programs and major state financial assistance projects for the year ended June 30, 2010. United for Families, Inc.'s major federal programs and major state financial assistance projects are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs and major state financial assistance is the responsibility of United for Families, Inc.'s management. Our responsibility is to express an opinion on United for Families, Inc.'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, State of Florida. Those standards, OMB Circular A-133, and Chapter 10.650 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal awards program or major state financial assistance project identified in the accompanying schedule of findings and questioned costs occurred. An audit also includes examining, on a test basis, evidence about United for Families, 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. Our audit does not provide a legal determination of United for Families, Inc.'s compliance with those requirements.

In our opinion, United for Families, Inc. complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and major state financial assistance projects identified in the accompanying schedule of findings and questioned costs for the year ended June 30, 2010.

Internal Control Over Compliance

Management of United for Families, Inc. 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 United for Families, Inc.'s internal control over compliance with the requirements that could have a direct and material effect on a major federal program or major state project in order to determine our 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, 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 United for Families, Inc.'s internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of United for Families, 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.

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 that might be deficiencies, significant deficiencies, or material weaknesses in internal control over compliance. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the board of directors, management, federal awarding agencies, 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.

James Moore + Co., P.L.

Gainesville, Florida
December 8, 2010

UNITED FOR FAMILIES, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS – FEDERAL AWARDS
PROGRAMS AND STATE FINANCIAL ASSISTANCE PROJECTS
FOR THE YEAR ENDED JUNE 30, 2010

Section I. Summary of Auditors' Results:

Financial Statements

Type of auditors' report issued:	Unqualified
Internal control over financial reporting:	
• Material weakness(es) identified?	___Yes <u>X</u> _No
• Significant deficiency(ies) identified?	___Yes <u>X</u> _No
Noncompliance material to financial statements noted?	___Yes <u>X</u> _No

Federal Awards

Internal control over major programs:	
• Material weakness(es) identified?	___Yes <u>X</u> _No
• Significant deficiency(ies)?	___Yes <u>X</u> _No
Type of auditors' 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?	___Yes <u>X</u> _No
Identification of major programs:	CFDA No. 93.556, Promoting Safe and Stable Families, CFDA 93.645, Child Welfare Services State Grants, CFDA 93.658, Foster Care Title IV-E, and CFDA 93.658, ARRA-Foster Care Title IV-E
Dollar threshold used to distinguish between type A and type B programs:	\$434,932
Auditee qualified as low-risk auditee?	<u>X</u> _Yes ___No

UNITED FOR FAMILIES, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS – FEDERAL AWARDS
PROGRAMS AND STATE FINANCIAL ASSISTANCE PROJECTS
FOR THE YEAR ENDED JUNE 30, 2010
(Continued)

State Financial Assistance

Internal control over major projects:

- Material weakness(es) identified? ___ Yes X No
- Significant deficiency(ies) identified? ___ Yes X No

Type of auditors' report issued on compliance for major projects:

Unqualified

Any audit findings disclosed that are required to be reported in accordance with Rules of the Auditor General, Chapter 10.650?

___ Yes X No (There is no requirement to include a management letter under Chapter 10.650)

Identification of major project:

CSFA No. 60.094, Community Based Care Supports

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

\$300,000

- | | | |
|---------------------|---|---|
| Section II. | Findings Relating to the Financial Statements Which are Required to be Reported in Accordance With <i>Government Auditing Standards</i>: | There are no current year audit findings. |
| Section III. | Findings and Questioned Costs for Federal Awards: | There are no current year audit findings. |
| Section IV. | Findings and Questions Costs for State Financial Assistance: | There are no current year audit findings. |
| Section V. | Prior Audit Findings and Corrective Action Plan for Federal Awards for the Year Ended June 30, 2009: | There are no prior year audit findings. |
| Section VI. | Prior Audit Findings and Corrective Action Plan for State Financial Assistance for the Year Ended June 30, 2009: | There are no prior year audit findings. |