

**CHARLEE OF DADE COUNTY, INC.**

FINANCIAL STATEMENTS,  
SUPPLEMENTARY INFORMATION AND  
INDEPENDENT AUDITORS' REPORT

FOR THE YEAR ENDED JUNE 30, 2012

(WITH COMPARATIVE TOTALS FOR THE  
YEAR ENDED JUNE 30, 2011)

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
CHARLEE of Dade County, Inc.  
Miami, Florida

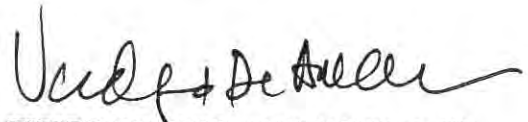
We have audited the accompanying statement of financial position of CHARLEE of Dade County, Inc. (the "Organization"), a nonprofit organization, as of June 30, 2012, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Organization's June 30, 2011 financial statements, and in our report dated October 7, 2011 we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 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 the Organization as of June 30, 2012, 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 September 27, 2012, on our consideration of the Organization'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 our 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 basic financial statements as a whole. The accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of State, Local Governments, and Non-Profit Organizations* and Chapter 10.650 Rules of the Auditor General of the State of Florida and are not a required part of the basic 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 basic 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 schedules of federal awards and state financial assistance information are fairly stated in all material respects in relation to the financial statements as a whole.



CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida  
September 27, 2012

**CHARLEE OF DADE COUNTY, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2012 (WITH COMPARATIVE TOTALS AS OF JUNE 30, 2011)**

<b>ASSETS</b>	<u>2012</u>	<u>2011 Comparative Totals</u>
<b>CURRENT ASSETS</b>		
Cash and equivalents, including temporarily restricted cash of \$321,943 and \$258,102, respectively	\$ 1,246,684	\$ 903,170
Grants and other receivables	732,214	1,219,326
Pledges receivables, net	278,210	155,614
Investments	1,461,520	1,123,655
Prepaid expenses and other current assets	17,290	14,179
<b>TOTAL CURRENT ASSETS</b>	<u>3,735,918</u>	<u>3,415,944</u>
 PLEDGES RECEIVABLE, long-term	 276,800	 210,616
 OTHER ASSETS	 61,831	 61,831
 PROPERTY AND EQUIPMENT, net	 <u>1,665,449</u>	 <u>1,803,406</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 5,739,998</u></u>	<u><u>\$ 5,491,797</u></u>
 <b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 1,216,361	\$ 1,471,636
Capital lease payable, current portion	18,164	26,435
Line of Credit	702,550	-
<b>TOTAL CURRENT LIABILITIES</b>	<u>1,937,075</u>	<u>1,498,071</u>
 CAPITAL LEASE PAYBLE, long-term portion	 <u>-</u>	 <u>20,640</u>
<b>TOTAL LIABILITIES</b>	 1,937,075	 1,518,711
 <b>NET ASSETS</b>		
Unrestricted	3,480,980	3,714,984
Temporarily restricted	321,943	258,102
<b>TOTAL NET ASSETS</b>	<u>3,802,923</u>	<u>3,973,086</u>
 <b>COMMITMENTS AND CONTINGENCIES</b>		
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 5,739,998</u></u>	<u><u>\$ 5,491,797</u></u>

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

**CHARLEE OF DADE COUNTY, INC.**  
**STATEMENTS OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2012**  
**(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2011)**

	Unrestricted	Temporarily Restricted	2012 Total	2011 Comparative Totals
<b>SUPPORT</b>				
Special events	\$ 292,635	\$ -	\$ 292,635	\$ 510,347
Contributions	17,345	217,438	234,783	234,742
Donated goods and services	147,077	-	147,077	139,890
Net asset released from restriction	153,597	(153,597)	-	-
<b>TOTAL SUPPORT</b>	<b>610,654</b>	<b>63,841</b>	<b>674,495</b>	<b>884,979</b>
<b>REVENUE</b>				
Our Kids, Inc. contracts	11,512,113	-	11,512,113	11,706,095
Other grants and fees	820,133	-	820,133	615,049
Medicaid	1,908,264	-	1,908,264	1,250,892
Investment income	41,268	-	41,268	124,769
Other income	46,798	-	46,798	20,213
<b>TOTAL REVENUE</b>	<b>14,328,576</b>	<b>-</b>	<b>14,328,576</b>	<b>13,717,018</b>
<b>TOTAL SUPPORT AND REVENUE</b>	<b>14,939,230</b>	<b>63,841</b>	<b>15,003,071</b>	<b>14,601,997</b>
<b>EXPENSES</b>				
Program Services	14,265,942	-	14,265,942	13,323,858
Supporting Activities	1,113,778	-	1,113,778	1,255,993
<b>TOTAL EXPENSES</b>	<b>15,379,720</b>	<b>-</b>	<b>15,379,720</b>	<b>14,579,851</b>
<b>CHANGE IN NET ASSETS,</b>				
Before gain on sale of assets	(440,490)	63,841	(376,649)	22,146
Gain (loss) on sale of assets	206,486	-	206,486	(122,965)
<b>CHANGE IN NET ASSETS</b>	<b>(234,004)</b>	<b>63,841</b>	<b>(170,163)</b>	<b>(100,819)</b>
<b>NET ASSETS - Beginning of year</b>	<b>3,714,984</b>	<b>258,102</b>	<b>3,973,086</b>	<b>4,073,905</b>
<b>NET ASSETS - End of year</b>	<b>\$ 3,480,980</b>	<b>\$ 321,943</b>	<b>\$ 3,802,923</b>	<b>\$ 3,973,086</b>

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

CHARLEE OF DADE COUNTY, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2012 (With Comparative Totals for the Year Ended June 30, 2011)

	Group Homes	Full Case Management	Clinical Program	Medical Program	Education Program	NC CAMP	Total Program Services	Fundraising	ADM.	2012 Total	2011 Comparative Totals
<b>PERSONNEL COSTS</b>											
Salaries	\$ -	\$ 3,893,936	\$ 1,468,407	\$ 214,791	\$ 56,184	\$ 75,086	\$ 5,708,404	\$ 135,342	\$ 836,062	\$ 6,679,808	\$ 6,393,248
Payroll taxes and benefits	-	1,019,285	355,799	56,798	15,291	8,292	1,455,465	20,471	201,940	1,677,877	1,530,478
<b>TOTAL PERSONNEL COSTS</b>	<b>\$ -</b>	<b>\$ 4,913,221</b>	<b>\$ 1,824,206</b>	<b>\$ 271,589</b>	<b>\$ 71,475</b>	<b>\$ 83,378</b>	<b>\$ 7,163,869</b>	<b>\$ 155,813</b>	<b>\$ 1,038,002</b>	<b>\$ 8,357,685</b>	<b>\$ 7,923,726</b>
<b>OTHER EXPENSES:</b>											
Occupancy	\$ 3,053	\$ 280,273	\$ 109,150	\$ 18,672	\$ 4,604	\$ 2,021	\$ 417,773	\$ 8,868	\$ 69,337	\$ 495,978	\$ 507,000
Foster parent payments	-	4,056,047	-	-	-	-	4,056,047	-	-	4,056,047	3,717,477
Prof. fees & Contract Pers.	-	26,442	104,295	1,601	329	274	132,941	661	33,638	167,240	162,980
Client Activities & Supplies	-	618,520	17,050	3,319	136,690	44,799	820,378	-	-	820,378	667,053
Insurance	21,417	90,950	24,525	6,788	1,064	17,966	162,710	1,484	12,378	176,571	153,669
Interest	-	-	-	-	-	-	-	-	1,436	1,436	24,327
Recruitment/Training	-	28,593	7,177	60	-	2,697	38,527	16,517	3,329	58,372	51,599
Travel & Conference	-	270,272	109,775	9,707	102	10,935	400,791	8,735	18,156	427,682	375,407
Telecommunication	-	68,474	46,818	3,165	1,537	1,399	121,393	2,275	9,128	132,795	127,911
Marketing	-	-	-	-	-	-	-	1,243	-	1,243	4,830
Office expense	-	26,246	14,932	1,975	339	7,384	50,876	5,151	37,244	93,272	87,389
Printing	-	29,625	12,773	1,921	480	885	45,684	2,642	7,468	55,795	48,314
Technology	-	-	-	-	-	538	538	6,377	57,532	64,446	66,976
Postage	30	5,321	2,086	277	82	1,297	9,093	2,657	2,101	13,850	10,658
Maintenance & Repairs	12,709	15,333	616	1,453	-	2,834	32,945	-	2,815	35,759	40,161
Dues & Subscriptions	-	463	-	67	-	53	583	2,897	8,123	11,604	9,749
Events	-	5,873	-	-	-	1,940	7,813	14,390	-	22,203	248,635
Bad debt expense	-	-	-	-	-	-	-	46,226	-	46,226	13,699
Miscellaneous	-	434	710	-	-	-	1,144	7,127	25,852	34,123	11,220
<b>Total expenses before depreciation and Other expenses</b>	<b>\$ 37,209</b>	<b>\$ 10,436,087</b>	<b>\$ 2,274,113</b>	<b>\$ 320,594</b>	<b>\$ 216,702</b>	<b>\$ 178,400</b>	<b>\$ 13,463,105</b>	<b>\$ 283,063</b>	<b>\$ 1,326,539</b>	<b>\$ 15,072,705</b>	<b>\$ 14,252,780</b>
Depreciation	37,047	64,508	-	3,080	-	10,068	114,703	9,404	35,829	159,936	187,181
Donated Goods	-	147,077	-	-	-	-	147,077	-	-	147,079	139,890
Distributed Indirect Costs- Administration	-	355,203	154,478	22,658	4,740	3,977	541,057	-	(541,057)	-	-
<b>Total Expenses</b>	<b>\$ 74,256</b>	<b>\$ 11,002,875</b>	<b>\$ 2,428,591</b>	<b>\$ 346,332</b>	<b>\$ 221,442</b>	<b>\$ 192,445</b>	<b>\$ 14,265,942</b>	<b>\$ 292,467</b>	<b>\$ 821,311</b>	<b>\$ 15,379,720</b>	<b>\$ 14,579,851</b>

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

**CHARLEE OF DADE COUNTY, INC.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2012**  
**(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2011)**

	2012	2011 Comparative Totals
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Changes in net assets	\$ (170,163)	\$ (100,819)
Adjustments to reconcile changes in net assets (used in) provided by operating activities:		
Depreciation and amortization	159,936	187,181
Unrealized/realized gain on investments	(14,149)	(99,710)
Increase in allowance for bad debt and discount on pledges	46,226	13,699
(Gain)/Loss on sale of assets	(206,486)	122,965
Changes in operating assets and liabilities:		
Decrease/(Increase) in grants and other receivables	487,112	(209,315)
Increase in pledges receivable	(235,006)	(56,941)
(Increase)/decrease in prepaid expenses and other assets	(3,111)	44,926
(Decrease)/increase in accounts payable and accrued expenses	(255,275)	151,611
Decrease in deferred revenue	-	(46,472)
Total adjustments	(20,753)	107,944
<b>NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES</b>	<b>(190,916)</b>	<b>7,125</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Net purchases of investments	(323,715)	(21,468)
Proceeds from sale of property and equipment	264,729	-
Acquisition of property and equipment	(80,223)	(8,739)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(139,209)</b>	<b>(30,207)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from line of credit	702,550	-
Repayment of borrowings and capital leases	(28,911)	(79,186)
<b>NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES</b>	<b>673,639</b>	<b>(79,186)</b>
<b>NET INCREASE/(DECREASE) IN CASH AND EQUIVALENTS</b>	<b>343,514</b>	<b>(102,268)</b>
<b>CASH AND CASH EQUIVALENTS - Beginning of year</b>	<b>903,170</b>	<b>1,005,438</b>
<b>CASH AND CASH EQUIVALENTS - End of year</b>	<b>\$ 1,246,684</b>	<b>\$ 903,170</b>
<b>SUPPLEMENTARY DISCLOSURES OF CASH FLOW INFORMATION</b>		
Interest paid during the year	\$ 1,436	\$ 24,328
<b>NON CASH INVESTING AND FINANCING ACTIVITIES</b>		
Satisfaction of note payable through sale of homes:		
Proceeds from sales	\$ -	\$ 545,000
Other costs, net	\$ -	\$ (2,132)
Satisfaction of note payable	\$ -	\$ (542,868)

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



**CHARLEE OF DADE COUNTY, INC.  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012**

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**NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

CHARLEE (Children Have All Rights: Legal, Educational and Emotional) the “Organization” is a private not-for-profit agency operating since 1983 in Miami-Dade County caring for children ages 0-23 years old who have been placed in foster care, due to abuse, abandonment and/or neglect or are at-risk of being placed in foster care. CHARLEE provides full case management services and has developed a wide range of programs with additional support units; a supportive foster care network, and a therapeutic summer camp experience. Our support programs include court services, an adoption unit, an educational services program, a health care management unit, mental health and substance abuse services, mental health targeted case management, an independent living program for 18+ young adults, and a pre-independent living life skills program.

**Basis of Presentation**

The financial statements have been prepared on the accrual basis of accounting and in accordance with generally accepted accounting principles in the United States of America (“U.S. GAAP”). In September 2009, the Financial Accounting Standards Board (“FASB”) implemented the Accounting Standards Codification (“ASC”) which establishes FASB ASC as the source of authoritative U.S. accounting and reporting standards for nongovernmental entities. Presented below is a summary of significant accounting principles followed in the preparation of the accompanying financial statements.

These financial statements are presented in accordance with FASB ASC. Under this interpretation, the Organization is required to report information regarding its financial position and activities according to three classes of net assets as follows:

Unrestricted Net Assets – include those net assets whose use is not restricted by donors, even though their use may be limited in other respects, such as by contract or by board designation. Changes in net assets arising from exchange transactions (except income and gains on assets that are restricted by donors or by law) are included in the unrestricted class.

Temporarily Restricted Net Assets – include those net assets whose use by the Organization has been limited by donors to either later periods of time or after specified dates or specified purposes. At June 30, 2012, there were \$321,943 temporarily restricted net assets.

Permanently Restricted Net Assets – are those net assets that must be maintained by the Organization in perpetuity. Permanently restricted net assets increase when the Organization receives contributions for which donor-imposed restrictions limiting the Organization’s use of an asset or its economic benefits neither expire with the passage of time nor can be removed by the Organization meeting certain requirements. At June 30, 2012, there were no permanently restricted net assets.

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

**Estimates**

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

**Cash and Cash Equivalents**

The Organization considers demand deposits, money market accounts, investments acquired with original maturities of three months or less and overnight investments in repurchase agreements as cash and cash equivalents. Repurchase agreements are collateralized by U.S. Government and U.S. Agency obligations. The Organization has not experienced any losses in such accounts.

**Investments**

The Organization accounts for its investments under FASB ASC, *Accounting for Certain Investments Held by Not-for-Profit Organizations*. Under this interpretation, investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values in the statement of financial position. Realized and unrealized gains and losses are included in the statement of activities.

**Grants and Other Receivables**

Grants and other receivables consist primarily of amounts due from grantors under the Organization’s grant agreements. Grants receivable are stated at estimated net realizable value. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to the receivable.

**Pledges Receivable**

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contributions revenue. Conditional promises to give are not included as support until the conditions are substantially met. The allowance for doubtful accounts was approximately \$55,000 for the year ended June 30, 2012.

**Property and Equipment**

Purchased property and equipment are carried at cost. Donated property and equipment are carried at the approximate fair value at the date of donation. Depreciation is provided using the straight-line method over the estimated useful lives of the assets as follows:

Residential property and improvements	5 – 30 years
Furniture and equipment	5 – 10 years
Automotive equipment	5 years
Computer equipment	3 – 5 years

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

**Property and Equipment (Continued)**

Donated property and equipment are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Without donor stipulations regarding how long these donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated assets are placed in service, reclassifying temporarily restricted net assets to unrestricted net assets at that time.

Maintenance and repairs that do not improve or extend the useful lives of the respective assets are charged to expense when incurred. The cost or donated value of assets retired or otherwise disposed of, and the related accumulated depreciation are removed from the accounts and any resulting gain or loss is reflected in income.

**Restricted and Unrestricted Revenue**

Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the same reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions.

**Grant Revenue and Revenue Concentration**

Grant and contract revenue is recognized when the allowable costs as defined by the individual grants or contracts are incurred. The Organization receives approximately 77% of their revenues from contracts provided by the Our Kids of Miami-Dade/Monroe, Inc.

**Donated Goods and Services**

The Organization received donated services during the year. A number of volunteers have donated their time in certain of the Organization's program service areas, fundraising activities and efforts to solicit charitable contributions. Because of the difficulty in determining the number of hours of such services, those items are not disclosed in the accompanying financial statements. However, when the value of donated services requires specific expertise, they are reflected in the financial statements as a revenue and expense. The Organization received donated goods and services valued at \$147,077.

**Functional Expenses**

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**CHARLEE OF DADE COUNTY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2012**

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**NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**  
**Subsequent Events**

The Organization has evaluated subsequent events through September 27, 2012, which is the date the financial statements were available to be issued.

**Income Taxes**

The Organization is exempt from income tax under Section 501(c) (3) of the Internal Revenue Code and therefore, has made no provision for federal income taxes in the accompanying financial statements. In addition, the Organization qualifies for the charitable contribution deduction under Section 170 (b) (1) (A) and has been classified as an organization other than a private foundation under Section 509 (a) (2).

There are no reserves held for uncertain tax positions at June 30, 2012. Tax years that are open under the statute of limitations remain subject to examination by the IRS.

**NOTE 2 – CONCENTRATION OF CREDIT RISK**

Financial instruments that potentially subject the Organization to concentration of credit risk consist principally of cash equivalents. At times, cash balances may exceed the levels of insurance provided by the Federal Deposit Insurance Coverage (FDIC). In addition, investments are not insured by the FDIC.

**NOTE 3 – INVESTMENTS**

The Organization's investments as of June 30, 2012 are comprised of the following:

Money market funds	\$ 627
Fixed income	1,016,781
Equities	428,078
Emerging market	16,034
	<u>\$ 1,461,520</u>

Interest, dividends, realized and unrealized gains and losses earned in the investment accounts are considered unrestricted. The Organization recorded unrealized/realized gains for investments of \$14,150 for the year ended June 30, 2012. In addition, the Organization recorded interest and dividends of \$27,118 for the year ended June 30, 2012.

**CHARLEE OF DADE COUNTY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2012**

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**NOTE 4 – PROPERTY AND EQUIPMENT, NET**

Property and equipment at June 30, 2012 consisted of the following:

Residential property and improvements	\$ 1,493,673
Furniture and equipment	214,596
Computer software	267,691
Automotive equipment	206,339
	<u>2,182,299</u>
Less accumulated depreciation	<u>(1,143,519)</u>
	1,038,780
Land	626,669
	<u>\$ 1,665,449</u>

Depreciation and amortization expense for the year ended June 30, 2012 was \$159,536.

**NOTE 5 – GRANTS AND CONTRACTS FOR CLIENT SERVICES**

Funding agreements for services to be provided are entered into an annual basis. The release of funds is subject to monies being made available by Federal government, the Florida Legislature and certain other grant agencies. Generally, agreements may be terminated by either party with thirty days written notice.

Program expenditures made by the Organization are subject to additional audit by contracting agencies. As a result of such audits, the contractor may require that amounts be returned.

**NOTE 6 – EMPLOYEE BENEFIT PLAN**

The Organization implemented a 403(B) defined contribution plan in April 2005. Under this plan, the Organization will match up to 50% of what the employee contributes capped at 2% of the employee's annual salary after a year of service. All employees are eligible to participate in this plan; however, the Organization only contributes after the employee's first year of service. The employee becomes fully vested after completing their third year of service. Total payments for the year ended June 30, 2012 were \$43,178.

**NOTE 7 – LINE OF CREDIT/ NOTE PAYABLE**

At June 30, 2012, the agency has a \$900,000 revolving line of credit with BB&T which will mature in May 2013. The principal balance is payable on demand and is cross-collateralized with the agency's bank accounts, including all contract rights, general intangibles, including all payment intangibles, tax refunds, company records, rights under equipment leases. Interest is at a variable rate of the Bank's Prime Rate plus 1.0% per annum to be adjusted monthly, as the Bank's Prime Rate changes. The agency had an outstanding balance of \$702,550 as of June 30, 2012.

**CHARLEE OF DADE COUNTY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2012**

**NOTE 8 – PLEDGES RECEIVABLE, NET**

Unconditional promises to give are expected to be realized in the following periods as of June 30, 2012:

Within one year	\$ 278,710
In one to five years	358,875
	<u>637,585</u>
Less:	
Allowance for uncollectable	(55,000)
Discounts for time value of money	(27,575)
	<u>\$ 555,010</u>

**NOTE 9 – TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets, which are held in cash, are available for the following purposes at June 30, 2012:

Independent living program	\$ 56,778
Adoption	67,546
Healthy teens	54,172
Education	74,522
Medical	62,437
Other	6,488
	<u>\$ 321,943</u>

**NOTE 10 – LEASE COMMITMENTS**

The Organization's building lease expired February 2011 and incurred expenses on a month to month basis through June 2012. The Organization has entered into a new rental agreement but the new lease has not taken into effect as of June 30, 2012. The new lease is expected to commence on January 1, 2013. Rent expense for the year ended June 30, 2012 was approximately \$473,000.

Total future minimum rental payments under the new operating lease as of June 30, 2012 is as follows:

Year Ending June 30,	
<u>2013</u>	\$ 96,000
2014	100,000
2015	104,000
2016	108,000
2017	112,000
Thereafter	620000
Total	<u>\$ 1,140,000</u>

**CHARLEE OF DADE COUNTY, INC.  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012**

**NOTE 11– ENDOWMENT**

The Organization previously entered into an agreement with the Miami Foundation, Inc., a Florida nonprofit corporation, to create a designated fund to serve as a permanent endowment on behalf of the Organization. Distributions from the endowment fund will only be made with the approval and authorization of the Board of Governors of the Miami Foundation, Inc. and the funds are the property of the Miami Foundation, Inc. Accordingly, they are not carried as an asset of the Organization. The ending value at June 30, 2012 is \$15,453.

**NOTE 12– FAIR VALUE MEASUREMENTS**

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in methodologies used at June 30, 2012.

*Fixed Income and money market funds* – is typically valued on the basis of bid prices provided by a pricing vendor when the Pricing Group reasonably believes that such prices reflect the market value of the security.

*Equities and emerging market* – is typically valued at the official closing price of the exchange.

The fair values of the Organization’s assets measured on a recurring basis at June 30, 2012 are as follows:

Fair Value Measurements Using:

Assets	Fair Value	Quoted Prices in		
		Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level II)	Significant Unobservable Inputs (Level III)
Money market funds	\$ 627	\$ 627	\$ -	\$ -
Fixed income	1,016,781	1,016,781	-	-
Equities	428,078	428,078	-	-
Emerging market	16,034	16,034	-	-
	<u>\$ 1,461,520</u>	<u>\$ 1,461,520</u>	<u>\$ -</u>	<u>\$ -</u>

The Organization classified its investments as of June 30, 2012, based upon an established fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of observable inputs other than quoted prices for identical assets, and Level 3 inputs have the lowest priority. The Organization uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Organization measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs were used only when Level 1 or Level 2 inputs were not available.

**CHARLEE OF DADE COUNTY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2012**

NOTE 12– FAIR VALUE MEASUREMENTS (Continued)

The three-level valuation hierarchy is established for the measurement and disclosure of fair value. The valuation hierarchy is based upon the transparency of inputs used to measure fair value. The three levels are as follows:

Level 1 – asset value is based on actual quoted prices in active markets for identical securities (mark-to-market).

Level 2 – other significant observable inputs are used to arrive at fair value (including yield, quality, coupon rate, maturity, issue type, quoted prices for similar securities, prepayment speeds, trading characteristics, etc.).

Level 3 – significant unobservable inputs (including management’s own assumptions in determining the fair value of investments).

NOTE 13 – CAPITAL LEASE PAYABLE

The Organization entered into a lease in June 2010 for computer equipment. This lease is a capital lease with a bargain purchase option at the end of the lease term. Under this lease, the Organization pays \$2,409 per month. The aggregate lease payments were discounted at the inception of the lease and the net present value was recorded as a liability. The fair value of the related equipment was recorded as an asset and is being amortized over the life of the equipment. The leased equipment has the following book value at June 30, 2012:

Computer equipment	\$ 79,408
Less: Accumulated depreciation	<u>(39,704)</u>
	<u>\$ 39,704</u>

The following is a schedule of future minimum payments required under the lease as of June 30, 2012:

Year Ending June 30,	
<u>2013</u>	<u>\$ 28,908</u>
	28,908
Less amounts representing interest	<u>(10,744)</u>
Capital lease obligations	<u>\$ 18,164</u>

NOTE 14– RISK AND UNCERTAINTY

Securities and investments are exposed to interest, market and credit risk. These securities and investments may change in value and as such can affect the carrying/fair value of the investments.



SUPPLEMENTARY INFORMATION

**CHARLEE OF DADE COUNTY, INC.  
 SCHEDULE OF STATE FINANCIAL ASSISTANCE  
 FOR THE YEAR ENDED JUNE 30, 2012**

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<i>State Grantor/ Pass-through Grantor/ Program Title</i>	<i>State CSFA Number</i>	<i>Contract Number</i>	<i>Expenditure</i>
STATE AGENCY NAME:			
United States Department of Health and Human Services through Florida Department of Children and Families - Passed through Our Kids of Miami-Dade/Monroe, Inc.			
Community Based Care Supports	60.094	N/A	\$ 5,051,604
			<u>\$ 5,051,604</u>

See accompanying note to the schedules of expenditures  
of federal awards and state financial assistance.

**CHARLEE OF DADE COUNTY, INC.  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2012**

<i>Federal Grantor/ Pass-through Grantor/ Program Title</i>	<i>Federal CFDA Number</i>	<i>Contract Number</i>	<i>Expenditure</i>
<b>FEDERAL AGENCY NAME:</b>			
United States Department of Health and Human Services through Florida Department of Children and Families - Passed through Our Kids of Miami-Dade/Monroe, Inc.			
Temporary Assistance for Needy Families Block Grant	93.558	N/A	\$ 503,732
Child Welfare Services - State Grants	93.645	N/A	92,572
Promoting Safe and Stable Families	93.556	N/A	509,588
Foster Care Title IV-E	93.658	N/A	2,839,340
Adoption Assistance	93.659	N/A	216,401
Social Services Block Grant	93.667	N/A	1,243,104
Independent Living	93.674	N/A	378,665
Promoting Safe and Stable Families-IV-B	93.556	N/A	11,729
			<u>\$ 5,795,131</u>

See accompanying note to the schedules of expenditures  
of federal awards and state financial assistance.

**CHARLEE OF DADE COUNTY, INC.**  
**NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE**  
**FOR THE YEAR ENDED JUNE 30, 2012**

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**General**

The accompanying Schedule of Expenditures of Federal Awards and the Schedule of State Financial Assistance (the "Schedules") present the activity of all federal and state award programs of the Organization for the year ended June 30, 2012 on the accrual basis of accounting. All federal and state awards received directly from federal and state agencies, as well as federal and state awards received from other government agencies are included in the Schedules. The information in these schedules is in accordance with U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and with State of Florida Rules of the Auditor General Chapter 10.650, *State Single Audits Non-Profit and For-Profit Organizations*. Therefore, some amounts presented in these schedules may differ from amounts presented in, or used in the preparation of, the general-purpose financial statements.

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*

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To the Board of Directors of  
CHARLEE of Dade County, Inc.  
Miami, Florida

We have audited the financial statements of CHARLEE of Dade County, Inc. (the “Organization”), as of and for the year ended June 30, 2012, and have issued our report thereon dated September 27, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of the Organization is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Organization’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 the Organization’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.

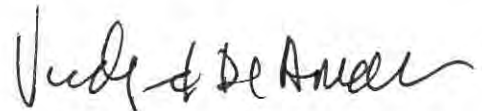
A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination 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 the 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

As part of obtaining reasonable assurance about whether the Organization'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 management, Board of Directors of the Organization, others within the entity, 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.



CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida  
September 27, 2012

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

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To the Board of Directors of  
CHARLEE of Dade County, Inc.  
Miami, Florida

Compliance

We have audited CHARLEE of Dade County, Inc.'s (the "Organization"), a nonprofit organization, 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 *Department of Financial Services' State Projects Compliance Supplement*, that could have a direct and material effect on each of the Organization's major federal programs and state projects for the year ended June 30, 2012. The Organization's major federal programs and state projects are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs and state projects is the responsibility of the Organization's management. Our responsibility is to express an opinion on the Organization's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and Chapter 10.650, Rules of the Auditor General. Those standards, OMB Circular A-133, and Chapter 10.650, Rules of the Auditor General, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program or state project occurred. An audit includes examining, on a test basis, evidence about the Organization'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 the Organization's compliance with those requirements.

In our opinion, the Organization 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 state projects for the year ended June 30, 2012.


Internal Control Over Compliance

The management of the Organization is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs and state projects. In planning and performing our audit, we considered the Organization's internal control over compliance with the requirements that could have a direct and material effect on a major federal program or state project to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and Chapter 10.650 Rules of the Auditor General, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program or state project on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program or state project will not be prevented, or detected and corrected, on a timely basis.

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

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



CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida  
September 27, 2012



**CHARLEE OF DADE COUNTY, INC.  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 FOR THE YEAR ENDED JUNE 30, 2012**

**SECTION I - SUMMARY OF AUDITOR'S RESULTS**

***Financial Statements***

Type of auditor's report issued:

*Unqualified*

Internal control over financial reporting:

- Material weakness(es) identified?  Yes  No
- Significant deficiency(ies) identified that are not considered to be material weaknesses?  Yes  None reported

Instances of noncompliance material to financial statements noted?

Yes  No

***Federal Awards and State Projects***

Type of auditor's report issued on compliance for major federal programs and state projects:

*Unqualified*

Internal control over major federal programs and state projects:

- Material weakness(es) identified?  Yes  No
- Significant deficiency(ies) identified that are not considered to be material weaknesses?  Yes  No

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 or Chapter 10.650, *Rules of the Auditor General*?

Yes  No

Identification of major federal programs and state projects:

<u>Major Federal Program/State Project</u>	<u>CFDA/CSFA Number</u>	<u>Expenditures</u>
Temporary Assistant for Needy Families Block Grant	93.558	\$ 503,732
Child Welfare Services- State Grants	93.645	\$ 92,572
Promoting Safe and Stable Families	93.556	\$ 509,588
Foster Care Title IV-E	93.658	\$ 2,839,340
Adoption Assistance	93.659	\$ 216,401
Social Services Block Grant	93.667	\$ 1,243,104
Independent Living	93.674	\$ 378,665
Promoting Safe and Stable Families- IV-B	93.556	\$ 11,729
Community Based Care Supports	60.094	\$ 5,051,604

Dollar threshold used to distinguish between type A and type B federal programs and state projects:

\$ 300,000

**CHARLEE OF DADE COUNTY, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2012**

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**SECTION I - SUMMARY OF AUDITOR'S RESULTS**

Auditee qualified as low-risk auditee pursuant to OMB  
Circular A-133?

Yes     No

**SECTION II - FINANCIAL STATEMENT FINDINGS**

The audit disclosed no matters that are reportable for the current year.

**SECTION III - FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARDS PROGRAMS  
AND STATE PROJECTS**

The audit disclosed no matters that are reportable for the current year.

**SECTION IV – OTHER ISSUES**

1. A management letter was issued and reported to management in a separate letter date September 27, 2012.
2. No Summary Schedule of Prior Audit Findings is required because there were no prior audit findings related to Federal awards programs or state financial assistance projects.
3. No Corrective Action Plan is required because there were no findings required to be reported under the Federal OMB Circular A-133 Compliance Supplement or the Department of Financial Services' State Project Compliance Supplement.