

UNITED FOR FAMILIES, INC.

FINANCIAL STATEMENTS

JUNE 30, 2012

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, 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.

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, 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 December 3, 2012, 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 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 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

James Moore + Co., P.L.

Gainesville, Florida
December 3, 2012

UNITED FOR FAMILIES, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2012

ASSETS

Current assets	
Cash and cash equivalents	\$ 2,359,186
Grants and contracts receivable	10,617
Prepaid expenses	100,883
Total current assets	<u>2,470,686</u>
Property and equipment, net	89,484
Deposits	64,034
Restricted cash and cash equivalents - Client trust funds	95,395
Other non-current assets	46,084
Total Assets	<u><u>\$ 2,765,683</u></u>

LIABILITIES AND NET ASSETS

Current liabilities	
Accounts payable	\$ 1,291,371
Accrued expenses	262,415
Deferred revenue	847,938
Total current liabilities	<u>2,401,724</u>
Client trust funds	95,395
Total liabilities	<u>2,497,119</u>
Unrestricted net assets:	
Operating income	179,080
Invested in capital assets	89,484
Total unrestricted net assets	<u>268,564</u>
Total Liabilities and Net Assets	<u><u>\$ 2,765,683</u></u>

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, 2012**

Revenues	
Grants and contracts	\$ 26,179,376
Donations	82,467
In-kind contributions	68,518
Other	45,012
Total revenues	<u>26,375,373</u>
Expenses	
Program services	24,581,629
Fundraising	137,147
Management and general	1,505,107
Total expenses	<u>26,223,883</u>
Increase in unrestricted net assets	<u>151,490</u>
Net assets , unrestricted, beginning of year	117,074
Net assets , unrestricted, end of year	<u><u>\$ 268,564</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, 2012

	Program Services	Fundraising	Management and General	Total
Benefits and taxes	\$ 792,694	\$ -	\$ 221,505	\$ 1,014,199
Data support and software	233,548	1,225	59,597	294,370
Depreciation	-	-	12,771	12,771
Fund development	24	132,804	-	132,828
Furniture and equipment	208,103	283	17,719	226,105
Insurance	43,300	155	18,470	61,925
Occupancy	929,745	1,433	82,507	1,013,685
Organizational memberships	1,564	-	29,282	30,846
Other	4,690	3	17,987	22,680
Outreach	8,904	20	400	9,324
Pre-service and in-service training	13,154	-	-	13,154
Professional services	-	-	177,139	177,139
Salaries	2,217,951	-	804,996	3,022,947
Staff recruitment and retention	2,919	-	1,110	4,029
Training	25,713	-	10,792	36,505
Travel	38,199	-	7,637	45,836
Office operations	619,260	1,224	43,195	663,679
Adoptions	4,312,197	-	-	4,312,197
Care management	2,989,574	-	-	2,989,574
Case management	7,065,613	-	-	7,065,613
Client assistance	252,755	-	-	252,755
Foster care	3,742,615	-	-	3,742,615
Independent living	1,079,107	-	-	1,079,107
Total expenses	<u>\$ 24,581,629</u>	<u>\$ 137,147</u>	<u>\$ 1,505,107</u>	<u>\$ 26,223,883</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, 2012

Cash flows from operating activities	
Increase in unrestricted net assets	\$ 151,490
Adjustments to reconcile increase in unrestricted net assets to net cash used in operating activities:	
Depreciation	12,771
Decrease in grants and contracts receivable	14,218
Increase in prepaid expenses	(44,591)
Increase in deposits	(7,305)
Decrease in deferred revenues	(1,009,372)
Increase in accounts payable	22,109
Decrease in accrued expenses	(133,675)
Increase in client trust funds	37,876
Total adjustments	<u>(1,107,969)</u>
Net cash used in operating activities	<u>(956,479)</u>
 Cash flows from investing activities	
Purchases of property and equipment	<u>(31,554)</u>
 Cash flows from financing activities	
Payments on loans from participating members	(55,000)
 Net decrease in cash and cash equivalents	<u>(1,043,033)</u>
 Cash and cash equivalents, beginning of year	
(Including \$57,519 reported in restricted accounts)	3,497,614
 Cash and cash equivalents, end of year	
(Including \$95,395 reported in restricted accounts)	<u><u>\$ 2,454,581</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, 2012

(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, 2012, 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) **Restricted cash and cash equivalents**—Restricted cash and cash equivalents include Social Security funds held by the Organization for dedicated and current needs for children receiving protection, shelter and supervision services. These funds are required to be maintained in a separate bank account.

(f) **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.

UNITED FOR FAMILIES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

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

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, 2009 through June 30, 2012. 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.

(g) **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.

(h) **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.

(i) **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.

(j) **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.

(k) **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 criteria used to record donated services; therefore, they have not been recorded in the financial statements.

(l) **Subsequent events**—The Organization has evaluated events and transactions for potential recognition or disclosure in the financial statements through December 3, 2012, the date the financial statements were available to be issued. No subsequent events have been recognized or disclosed in the financial statements, other than the settlement of a lawsuit as disclosed in Note 8.

UNITED FOR FAMILIES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

(2) **Significant Funding Source:**

The Organization receives approximately 47% 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 52% 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.

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

The Organization paid off the noninterest-bearing notes payable to Children's Home Society of Florida, Inc., and Family Preservation Services of Florida, Inc. during the year ended June 30, 2012. These notes were repaid with surplus funds, which were not 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, 2012, are as follows:

(a) **Cash in bank**—The Organization has demand deposits with a regional bank amounting to \$3,339,520 at June 30, 2012. 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 has a deposit policy for custodial credit risk and \$2,123,126 of the Organization's demand deposits with banks are insured for amounts in excess of Federal Deposit Insurance Corporation limits.

(5) **Commitments:**

The Organization leases certain office space under operating leases expiring in various years through February 2022. Minimum future rental payments under noncancelable operating leases having remaining terms in excess of one year as of June 30, 2012, for each of the next five years and in the aggregate are:

Year Ending June 30,	Amount
2013	\$ 829,662
2014	527,344
2015	406,117
2016	417,798
2017	429,867
Thereafter	248,837
Total	\$ 2,859,625

Total rent expense for the year ended June 30, 2012, was approximately \$860,000.

(6) **Employee Leasing Company:**

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

UNITED FOR FAMILIES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

(7) **Line of Credit:**

The Organization has a line of credit with a regional bank that allows borrowings up to \$2,004,400, with an interest rate equal to the prime rate (3.25% at June 30, 2012) with a maximum rate of 18.00%. There were no advances on this line at June 30, 2012.

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

Total fund-raising expense for the year ended June 30, 2012 was \$137,147. Fund-raising expenses represented 91% of the total contribution revenue. The ratio of expenses to amounts raised is computed using actual expenses and related contributions on an accrual basis.

(9) **Furniture and Equipment:**

Furniture and equipment consist of the following as of June 30, 2012:

Furniture and equipment	\$ 221,532
Accumulated depreciation	<u>(132,048)</u>
Net property and equipment	<u>\$ 89,484</u>

Depreciation expense for the year ended June 30, 2012 was \$12,771.

(10) **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. The Organization’s initial contribution was \$46,084 and is included in other non-current assets on the accompanying statement of financial position. 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). Since the Organization has no ability to influence the operating or financial policies of the Trust, the cost method is used to account for its ownership in the Trust. Under the cost method, the Organization records income only to the extent of distributions received. During the year ended June 30, 2012, the Organization was not required to make any additional contributions to the Trust and there were no distributions received from the Trust.

(11) **Pending Litigation:**

The Organization has been named a defendant in a lawsuit. The case is being handled by the insurance carrier’s respective legal departments, the insurance of which was in effect at the time of the respective claim. Subsequent to year end, the Organization has settled the case and the final amount will be covered by the Organization’s insurance carrier and therefore no provision has been made in the financial statements.

UNITED FOR FAMILIES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

(12) **Contingencies:**

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the Federal government and the State of Florida. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although United for Families, Inc. expects such amounts, if any, to be immaterial.

UNITED FOR FAMILIES, INC.
ADDITIONAL INFORMATION
FOR THE YEAR ENDED JUNE 30, 2012

**UNITED FOR FAMILIES, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2012**

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	\$ 505,244
Temporary Assistance for Needy Families	93.558	ZJK84	2,131,238
Grants to States for Access and Visitation Programs	93.597	ZJK84	43,475
Chafee Education and Training Vouchers Program (ETV)	93.599	ZJK84	30,881
Adoption Incentive Payments	93.603	ZJK84	209,544
Stephanie Tubbs Jones Child Welfare Services Program	93.645	ZJK84	360,493
Foster Care-Title IV-E	93.658	ZJK84	5,349,761
Adoption Assistance	93.659	ZJK84	2,394,956
Social Services Block Grant	93.667	ZJK84	1,261,215
Child Abuse and Neglect State Grants	93.669	ZJK84	32
Chafee Foster Care Independence Program	93.674	ZJK84	143,665
Medical Assistance Program	93.778	ZJK84	71,391
Total Expenditures of Federal Awards			12,501,895
STATE FINANCIAL ASSISTANCE			
<u>State of Florida, Department of Children and Families:</u>			
Community Based Care (CBC) Supports	60.094	ZJK84	10,582,267
STATE MATCHING OF FEDERAL AWARDS			
<u>State of Florida, Department of Children and Families:</u>			
Promoting Safe and Stable Families	93.556	ZJK84	16,529
Chafee Education and Training Vouchers Program (ETV)	93.599	ZJK84	7,722
Stephanie Tubbs Jones Child Welfare Services Program	93.645	ZJK84	120,164
Adoption Assistance	93.659	ZJK84	2,499,005
Chafee Foster Care Independence Program	93.674	ZJK84	35,919
Medical Assistance Program	93.778	ZJK84	79,034
Block Grants for Community Mental Health Services	93.958	ZJK84	253,301
Total Expenditures of State Matching of Federal Awards			3,011,674
TOTAL EXPENDITURES OF FEDERAL AWARDS, STATE FINANCIAL ASSISTANCE, AND STATE MATCHING OF FEDERAL AWARDS			\$ 26,095,836

UNITED FOR FAMILIES, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2012
(Continued)

Note (1): Basis of Accounting

The Schedule of Expenditures of Federal Awards and State Financial Assistance is prepared on the accrual basis of accounting. None of the Federal awards or state financial assistance 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 and State Financial Assistance.

Note (3): Pass-Through Awards

United for Families, Inc. receives certain Federal awards from pass-through awards of the state. The total amount of such pass-through awards is included on the Schedule of Expenditures of Federal Awards and State Financial Assistance.

Note (4): Sub-recipients

Of the expenses presented in the accompanying Schedule of Expenditures 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>U.S. Department of Health and Human Services</u>		
Promoting Safe and Stable Families	93.556	\$ 494,783
Temporary Assistance for Needy Families	93.558	1,009,189
Grants to States for Access and Visitation Programs	93.597	43,475
Stephanie Tubbs Jones Child Welfare Services Program	93.645	284,439
Foster Care-Title IV-E	93.658	3,261,727
Adoption Assistance	93.659	1,132,860
Social Services Block Grant	93.667	975,084
Block Grants for Community Mental Health Services	93.958	207,320
Total		7,408,877

State Financial Assistance:

<u>State of Florida, Department of Children and Families</u>		
Community Based Care (CBC) Supports	60.094	4,992,216
Total Federal Awards and State Financial Assistance		\$ 12,401,093

UNITED FOR FAMILIES, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2012
(Continued)

<u>Subrecipient Entity</u>	<u>Amount Provided To Sub-recipients</u>
Children's Home Society	\$ 4,099,727
Family Preservation Services	3,541,602
Hibiscus Children's Center	1,809,708
Exchange Club CASTLE	804,697
Devereux Foundation	30,660
Real Life Children's Ranch	335,696
Behavior Basics, Incorporated	614,765
New Horizon's of the Treasure Coast	148,050
Haven	247,400
Florida Mentor, Inc.	210,301
Eckerd Academy	163,922
Camp Holiday	29,345
Brookwood	19,550
Alpha House	47,812
Alternative Family Care	18,825
Hands of Mercy Everywhere	6,307
Children's Place at Home Safe-Libra House	73,200
Manatee Palms	18,620
Girls and Boys Town	62,105
My Refuge (Brevard Transitional)	51,120
Camelot Community Care, Inc.	12,150
Juvenile Services Program (Harbinger House)	5,940
Other Emergency Placements	49,591
	<u>\$ 12,401,093</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, 2012, and have issued our report thereon dated December 3, 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 United for Families, Inc. is responsible for establishing and maintaining effective 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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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*.

Pursuant to Chapter 119, Florida Statutes, this management letter is a public record and its distribution is not limited. Auditing standards generally accepted in the United States of America require us to indicate that this letter is intended solely for the information and use of management, the board of directors, others within the entity, the Florida Auditor General, 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 Maru + Co., P.L.

Gainesville, Florida
December 3, 2012

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 *OMB Circular A-133 Compliance Supplement* and the State of Florida State Projects Compliance Supplement that could have a direct and material effect on each of its major federal programs and major state projects for the year ended June 30, 2012. United for Families, Inc.'s major federal programs and major 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 major state projects 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*; Section 215.97, Florida Statutes, Florida Single Audit Act; and Chapter 10.650, Rules of the State of Florida Office of the Auditor General. Those standards, OMB Circular A-133, the Florida Single Audit Act 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 program or major state project 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 projects for the year ended June 30, 2012.

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 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, the Florida Single Audit Act 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.

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.

Pursuant to Chapter 119, Florida Statutes, this management letter is a public record and its distribution is not limited. Auditing standards generally accepted in the United States of America require us to indicate that this letter is intended solely for the information and use of management, the board of directors, the Florida Auditor General, 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 3, 2012

UNITED FOR FAMILIES, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS – FEDERAL AWARDS
PROGRAMS AND STATE FINANCIAL ASSISTANCE PROJECTS
FOR THE YEAR ENDED JUNE 30, 2012

Section I. Summary of Auditors' Results:

Financial Statements

Type of auditors' report issued:	Unqualified
Internal control over financial reporting:	
• Material weakness(es) identified?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
• Significant deficiency(ies) identified?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> None reported
Noncompliance material to financial statements noted?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

Federal Awards

Internal control over major programs:	
• Material weakness(es) identified?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
• Significant deficiency(ies) identified?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> None reported
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?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Identification of major programs:	CFDA No. 93.558, Temporary Assistance for Needy Families and CFDA 93.658, Foster Care – Title IV-E
Dollar threshold used to distinguish between type A and type B programs:	\$375,057
Auditee qualified as low-risk auditee?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> 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, 2012
(Continued)

State Financial Assistance

Internal control over major projects:

- Material weakness(es) identified? ___ Yes X No
- Significant deficiency(ies) identified? ___ Yes X None reported

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:

\$317,468

- | | | |
|---------------------|---|---|
| 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, 2011: | 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, 2011: | There are no prior year audit findings. |