

**Eckerd Youth Alternatives,
Inc.**

SINGLE AUDIT REPORT

June 30, 2013



Certified Public Accountants
Business Consultants
Limited Liability Company

Eckerd Youth Alternatives, Inc.
Single Audit Report
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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND PROJECT AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND CHAPTER 10.650, RULES OF THE AUDITOR GENERAL

Eckerd Board of Directors
Clearwater, Florida

Report on Compliance for Each Major Federal Program and State Project

We have audited Eckerd Youth Alternatives, Inc.'s ("Eckerd") 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 Compliance Supplement*, that could have a direct and material effect on each of Eckerd's major Federal programs and State projects for the year ended June 30, 2013. Eckerd's major Federal programs and State projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its Federal programs and State projects.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Eckerd's major Federal programs and State projects based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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 Eckerd's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program and State Project

In our opinion, Eckerd complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs and State projects for the year ended June 30, 2013.

Report on Internal Control over Compliance

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

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

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

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133 and Chapter 10.650, Rules of the Auditor General

We have audited the financial statements of Eckerd as of and for the year ended June 30, 2013, and have issued our report thereon dated October 3, 2013, which contained an unmodified opinion on those financial statements. 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 OMB Circular A-133 and Chapter 10.650, Rules of the Auditor General 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 federal awards and state financial assistance is fairly stated in all material respects in relation to the financial statements as a whole.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133 and Chapter 10.650, Rules of the Auditor General. Accordingly, this report is not suitable for any other purpose.

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, LLC

Certified Public Accountants

October 16, 2013

ECKERD
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE

For the Year Ended June 30, 2013

Federal Grantor/Program Title/ Pass through Grantor	Federal CFDA Number	Contract Number	Federal Expenditures	Amount Provided to Subrecipients
U.S. Department of Agriculture				
School Breakfast Program				
Passed through State of Florida Department of Education		01-0112	59,032	-
Passed through State of North Carolina Department of Public Instruction, Division of Child Nutrition		1142	30,277	-
Total School Breakfast Program	10.553		89,309	-
School Lunch Program				
Passed through State of Florida Department of Education		01-0112	92,637	-
Passed through State of North Carolina Department of Public Instruction, Division of Child Nutrition		1142	47,007	-
Total School Lunch Program	10.555		139,644	-
Afterschool Snack Program				
Passed through State of Florida Department of Education		01-0112	18,336	-
Passed through State of North Carolina Department of Public Instruction, Division of Child Nutrition		1142	8,658	-
Total Afterschool Snack Program	10.555		26,994	-
Commodity Food Program				
Received through State of Florida Department of Agriculture and Consumer Services		N/A	14,942	-
Received through State of North Carolina Department of Agriculture		N/A	3,543	-
Total Commodity Food Program	10.565		18,485	-
Total U.S. Department of Agriculture			274,432	-

U.S. Department of Education				
IDEA (Chapter I)				
Passed through State of Florida - Pinellas County School Board		N/A	50,000	-
Passed through State of North Carolina		N/A	5,752	-
Total IDEA (Chapter I)	84.027		<u>55,752</u>	<u>-</u>
Title I (Chapter I)				
Passed through State of Florida - Pinellas County School Board		N/A	194,495	-
Passed through State of North Carolina		N/A	18,429	-
Total Title I (Chapter I)	84.013		<u>212,924</u>	<u>-</u>
Total U.S. Department of Education			<u>268,676</u>	<u>-</u>
U.S. Department of Health and Human Services				
Substance Abuse				
Passed through State of Florida Department of Children and Families		EYA15	150,000	-
Passed through State of Florida Department of Children and Families		PG002	91,209	-
Passed through State of Florida Department of Children and Families		PG002	<u>91,210</u>	<u>-</u>
Total Substance Abuse	93.959		<u>332,419</u>	<u>-</u>
Federal Maternal Child Health Block Grant Funds				
Passed through State of North Carolina Department of Health and Human Services	93.994	B04MC21435	<u>163,771</u>	<u>-</u>
Temporary Assistance for Needy Families				
Passed through State of Florida Department of Children and Families		QJ20R	5,431,060	3,353,180
Passed through State of Florida Department of Children and Families		QJ3E0	5,766,326	4,203,536
Passed through State of North Carolina Department of Health and Human Services		2010G996115	<u>60,228</u>	<u>-</u>
Total Temporary Assistance for Needy Families	93.558		<u>11,257,614</u>	<u>7,556,716</u>
Grants to States for Access and Visitation Programs				
Passed through State of Florida Department of Children and Families	93.597	QJ20R	<u>49,683</u>	<u>49,683</u>

Chafee Education and Training Vouchers Program

Passed through State of Florida Department of Children and Families		QJ20R	116,336	-
Passed through State of Florida Department of Children and Families		QJ3E0	240,372	-
Total Chafee Education and Training Vouchers Program	93.599		<u>356,708</u>	<u>-</u>

Welfare Services - State Grants

Passed through State of Florida Department of Children and Families		QJ20R	694,365	444,500
Passed through State of Florida Department of Children and Families		QJ3E0	866,011	630,974
Total Welfare Services - State Grants	93.645		<u>1,560,376</u>	<u>1,075,474</u>

Promoting Safe and Stable Families

Passed through State of Florida Department of Children and Families		QJ20R	831,944	764,481
Passed through State of Florida Department of Children and Families		QJ3E0	1,021,335	1,002,939
Total Promoting Safe and Stable Families	93.556		<u>1,853,279</u>	<u>1,767,420</u>

Foster Care Title IVE

Passed through State of Florida Department of Children and Families		QJ20R	11,766,734	5,690,622
Passed through State of Florida Department of Children and Families		QJ3E0	13,847,622	9,123,024
Total Foster Care Title IVE	93.658*		<u>25,614,356</u>	<u>14,813,646</u>

Adoption Assistance

Passed through State of Florida Department of Children and Families		QJ20R	5,968,575	943,258
Passed through State of Florida Department of Children and Families		QJ3E0	7,615,897	1,618,035
Total Adoption Assistance	93.659*		<u>13,584,472</u>	<u>2,561,293</u>

Social Services Block Grant

Passed through State of Florida Department of Children and Families		QJ20R	3,605,557	1,167,257
Passed through State of Florida Department of Children and Families		QJ3E0	3,740,716	2,049,135
Total Social Services Block Grant	93.667*		<u>7,346,273</u>	<u>3,216,392</u>

Administration for Children, Youth and Families - Child

Passed through State of Florida Department of Children and Families		QJ20R	67,696	62,049
Passed through State of Florida Department of Children and Families		QJ3E0	51,738	37,435
Total Administration for Children, Youth and Families - Child	93.669		<u>119,434</u>	<u>99,484</u>

Independent Living

Passed through State of Florida Department of Children and Families		QJ20R	262,515	262,515
Passed through State of Florida Department of Children and Families		QJ3E0	343,230	343,230
Total Independent Living	93.674		<u>605,745</u>	<u>605,745</u>

Medical Assistance Program

Passed through State of Florida Department of Children and Families		QJ20R	8,486	6,026
Passed through State of Florida Department of Children and Families		QJ3E0	34,387	-
Total Medical Assistance Program	93.778		<u>42,873</u>	<u>6,026</u>

Adoption Incentive Payments

Passed through State of Florida Department of Children and Families		QJ20R	307,367	-
Passed through State of Florida Department of Children and Families		QJ3E0	353,960	-
Total Adoption Incentive Payments	93.603		<u>661,327</u>	<u>-</u>

Preservation and Support Services

Passed through State of Florida Department of Children and Families		QJ20R	81,155	49,720
Passed through State of Florida Department of Children and Families		QJ3E0	104,509	76,197
Total Preservation and Support Services	93.556		<u>185,664</u>	<u>125,917</u>

Total U.S. Department of Health and Human Services

			<u>63,733,994</u>	<u>31,877,796</u>
Erate			154,543	-
Total Federal Awards			<u>64,431,645</u>	<u>31,877,796</u>

* major federal program

ECKERD
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE

For the Year Ended June 30, 2013

<u>State Agency/Program Title/Contract Description</u>	<u>State CSFA Number</u>	<u>Contract Number</u>	<u>State Expenditures</u>	<u>Amount Provided to Subrecipients</u>
Department of Juvenile Justice				
Conditional Release Services				
Reentry Broward		P2030	1,193,814	-
Reentry Circuit 15		P2044	1,028,271	-
Reentry Circuit15		P2031	383,542	-
Reentry Circuit 19		P2042	558,195	-
Reentry Circuit 11		P2007	692,040	-
Total Conditional Release Services	80.018		<u>3,855,862</u>	<u>-</u>
Day Treatment Services				
Eckerd Leadership Program	80.021	P2058	679,120	-
Passed through Evidence Based Associates				
Eckerd BSFT Program			350,359	-
Total Department of Juvenile Justice			<u>4,885,341</u>	<u>-</u>
Department of Children and Families				
Community Based Care Supports		QJ20R	24,497,328	9,605,402
Community Based Care Supports		QJ3E0	24,321,985	11,597,222
	60.094**		<u>48,819,313</u>	<u>21,202,624</u>
Total Department of Children and Families			<u>48,819,313</u>	<u>21,202,624</u>
Total State Financial Assistance			<u>53,704,654</u>	<u>21,202,624</u>

** major state projects

**Eckerd Youth Alternatives, Inc.
Notes to Schedule of Expenditures of Federal Awards
and State Financial Assistance**

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards and state financial assistance includes the federal and state grant activity of Eckerd (the “Organization”) and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with accounting principles generally accepted in the United States of America as applicable to nonprofit organizations and the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations* and Chapter 10.650, Rules of the Auditor General of the State of Florida.

Eckerd Youth Alternatives, Inc. is the registered legal name with the State of Florida. However, the organization began doing business (d/b/a) as Eckerd in April 2011.

NOTE 2 - CONTINGENCIES

Expenditures incurred by the Organization and the subgrantees associated with the execution of various grants are subject to audit and possible disallowance by the grantor agency. The Organization would be held responsible for recovery (reimbursement to the grantor agency) of disallowed amounts incurred by a subgrantee if the subgrantee were not able to do so. Management believes that if audited, any adjustment for disallowed expenses would be immaterial in amount.

Eckerd Youth Alternatives, Inc. Schedule of Findings and Questioned Costs

PART A – SUMMARY OF AUDIT RESULTS

1. The auditors' report expresses an unqualified opinion on the financial statements of Eckerd.
2. No material weaknesses were disclosed during the audit of the financial statements.
3. No instances of noncompliance material to the financial statements of Eckerd were disclosed during the audit.
4. No material weaknesses were disclosed during the audit of the major federal award programs and state financial assistance projects.
5. The auditors' report on compliance for the major federal award programs and state financial assistance projects for Eckerd expresses an unqualified opinion.
6. There were no audit findings relative to the major federal award programs and state financial assistance projects for Eckerd to be reported in Part C of this Schedule.
7. The programs/projects tested as major programs/projects included:

CFDA/ CFSA No.	NAME OF PROGRAM/PROJECT
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FEDERAL PROGRAMS

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

93.658	Foster Care Title IV-E
93.659	Adoption Assistance
93.667	Social Services Block Grant

STATE PROJECTS

STATE OF FLORIDA DEPARTMENT OF CHILDREN AND FAMILIES

60.094	Community Based Care Supports
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**Eckerd Youth Alternatives, Inc.
Schedule of Findings and Questioned Costs**

PART A – SUMMARY OF AUDIT RESULTS (CONTINUED)

8. The threshold for distinguishing Type A and B programs was \$1,932,949 for major federal awards programs and \$1,611,140 for Florida state financial assistance projects.
9. Eckerd was determined to be a low-risk auditee for purposes of the major federal award programs and state award projects.

PART B – FINDINGS – FINANCIAL STATEMENT AUDIT

None.

PART C – FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AND MAJOR STATE PROJECT AWARD PROGRAMS AUDIT

None.

PART D – OTHER ISSUES

No management letter issued during the current year.

PART E – PRIOR YEAR FINDINGS AND QUESTIONED COSTS

None for Major Federal Award Programs.
None for Florida State Financial Assistance Projects

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

Eckerd Board of Directors
Clearwater, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Eckerd (a nonprofit organization), which comprise the statement of financial position as of June 30, 2013 and 2012, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 3, 2013.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, LLC
Clearwater, FL

October 16, 2013