

FAMILY PRESERVATION SERVICES
OF FLORIDA, INC.

Schedule of Expenditures of Federal and State Financial Assistance

Year Ended December 31, 2013

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Independent Auditors' Report

To the Board of Directors
Family Preservation Services of Florida, Inc.

Report on the Financial Statement

We have audited the accompanying schedule of expenditures of federal and state financial assistance of Family Preservation Services of Florida, Inc. (a Florida Corporation) as of December 31, 2013, and the related notes to the financial statement.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on this financial statement 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 statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

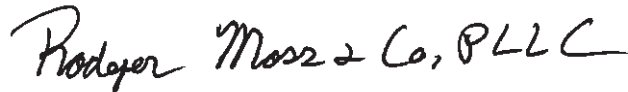
In our opinion, the financial statement referred to above presents fairly, in all material respects, the expenditures of federal and state financial assistance of Family Preservation Services of Florida, Inc. as of December 31, 2013 in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 27, 2014, on our consideration of Family Preservation Services of Florida, 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* in considering Family Preservation Services of Florida, Inc.'s internal control over financial reporting and compliance.

Other Reporting Required by OMB A-133, Audits of States, Local Governments, and Non-Profit Organizations and the Executive Office of Governor's State Projects Compliance Supplement (Florida)

In accordance with the requirements described in OMB A-133, Audits of States, Local Governments, and Non-Profit Organizations and the Executive Office of Governor's State Projects Compliance Supplement (Florida), we have also issued our report dated June 27, 2014, on our consideration of Family Preservation Services of Florida, Inc.'s compliance and internal control over compliance applicable to each major Federal Program and State Project. That report is an integral part of an audit performed in accordance with OMB A-133 and Chapter 10.650, Rules of the Auditor General of the State of Florida and should be read in conjunction with this report in considering the results of our audit.

A handwritten signature in black ink that reads "Rodger Moss & Co, PLLC". The signature is written in a cursive, flowing style.

Nashville, Tennessee
June 27, 2014

FAMILY PRESERVATION SERVICES OF FLORIDA, INC.
Schedule of Expenditures of Federal and State Financial Assistance
Year Ended December 31, 2013

State or Pass- through Agency	Program Name/ Description	CFDA/ CFSA No.	Contract Number	Expenditures
Federal Expenditures				
State of Florida Department of Children & Family Services				
	Social Services Block Grant	93.558	IH600	\$ 61,161
	Block Grants for Community Mental Health Services	93.667	IH600	205
	Temporary Assistance for Needy Families	93.958	IH600	<u>1,267</u>
	Total Direct Programs			62,633
Passed Through Partnerships for Strong Families				
	Promoting Safe and Stable Families	93.556	PCM103	11,181
	Temporary Assistance for Needy Families	93.558	PCM103	326,437
	Child Welfare Services State Grants	93.645	PCM103	80,780
	Foster Care Title IV-E	93.658	PCM103	608,506
	Adoption Assistance	93.659	PCM103	242,084
	Child Welfare Services State Grants	93.645	PNP611	523
	Promoting Safe and Stable Families	93.556	PNP611	22,150
	Child Abuse and Neglect State Grants	93.669	PNP611	492
	Promoting Safe and Stable Families	93.556	PNP025	735
	Child Abuse and Neglect State Grants	93.669	PNP025	<u>1,457</u>
	Total Passed Through Partnerships for Strong Families			1,294,345
Passed Through Southeast Florida Behavioral Health Network				
	Temporary Assistance for Needy Families	93.958	PNF11	5
	Temporary Assistance for Needy Families	93.958	LMF02	<u>962</u>
	Total Passed Through Southeast Florida Behavioral Health Network			967

FAMILY PRESERVATION SERVICES OF FLORIDA, INC.
Schedule of Expenditures of Federal and State Financial Assistance (Continued)

State or Pass- through Agency	Program Name/ Description	CFDA/ CFSA No.	Contract Number	Expenditures
Passed Through Sarasota Family YMCA, Inc				
	Promoting Safe and Stable Families	93.556	FPSCM13	\$ 31,035
	Temporary Assistance for Needy Families	93.558	FPSCM13	106,553
	Child Welfare Services State Grants	93.645	FPSCM13	38,276
	Foster Care Title IV-E	93.658	FPSCM13	260,693
	Adoption Assistance	93.659	FPSCM13	108,622
	Chafee Foster Care Independence Program	93.674	FPSCM13	23,793
	Promoting Safe and Stable Families	93.556	FPSCM14	25,973
	Temporary Assistance for Needy Families	93.558	FPSCM14	206,747
	Child Welfare Services State Grants	93.645	FPSCM14	39,479
	Foster Care Title IV-E	93.658	FPSCM14	262,849
	Adoption Assistance	93.659	FPSCM14	126,749
	Child Abuse and Neglect State Grants	93.669	FPSCM14	1,039
	Chafee Foster Care Independence Program	93.674	FPSCM14	21,818
	Child Abuse and Neglect State Grants	93.669	FPSE13	4,781
	Promoting Safe and Stable Families	93.556	FPSE13	45,743
	Promoting Safe and Stable Families	93.556	FPSE14	51,277
	Child Welfare Services State Grants	93.645	FPSE14	2,406
	Temporary Assistance for Needy Families	93.958	FPSE14	17,293
	Child Abuse and Neglect State Grants	93.669	FPSE14	<u>2,256</u>
	Total Passed Through Sarasota Family YMCA, Inc			1,377,382
Passed Through Children's Network of Southwest Florida				
	Promoting Safe and Stable Families	93.556	ABF02	68,248
	Temporary Assistance for Needy Families	93.558	ABF02	459,342
	Child Welfare Services State Grants	93.645	ABF02	107,631
	Foster Care Title IV-E	93.658	ABF02	738,860
	Adoption Assistance	93.659	ABF02	361,102
	Child Welfare Services State Grants	93.645	FAJ08	2,164
	Child Abuse and Neglect State Grants	93.669	FAJ08	2,455
	Block Grants for Community Mental Health Services	93.958	FAJ08	<u>37,008</u>
	Total Passed Through Children's Network of Southwest Florida			<u>1,776,810</u>
	Total Passed Through Federal Expenditures			<u>4,449,504</u>
	Total Expenditures of Federal Financial Assistance			<u>\$ 4,512,137</u>

FAMILY PRESERVATION SERVICES OF FLORIDA, INC.
Schedule of Expenditures of Federal and State Financial Assistance (Continued)

State or Pass- through Agency	Program Name/ Description	CFDA/ CFSA No.	Contract Number	Expenditures
State Expenditures				
Passed Through Partnerships for Strong Families				
	Community Based Care Supports	60.094	PCM103	975,004
	Community Based Care Supports	60.094	PNP611	35,445
	Community Based Care Supports	60.094	PNP025	<u>38,548</u>
	Total Passed Through Partnerships for Strong Families			1,048,997
Passed Through Sarasota Family YMCA, Inc				
	Community Based Care Supports	60.094	FPSCM13	465,523
	Community Based Care Supports	60.094	FPSDV13	78,693
	Community Based Care Supports	60.094	FPSCM14	354,275
	Community Based Care Supports	60.094	FPSER14	<u>77,141</u>
	Total Passed Through Sarasota Family YMCA, Inc			975,632
Passed Through Children's Network of Southwest Florida				
	Community Based Care Supports	60.094	ABF02	1,300,056
	Community Based Care Supports	60.094	FAJ08	<u>20,682</u>
	Total Passed Through Children's Network of Southwest Florida			<u>1,320,738</u>
Total Expenditures of State Financial Assistance				<u>3,345,367</u>
Total Expenditures of Federal and State Financial Assistance				<u>\$ 7,857,504</u>

FAMILY PRESERVATION SERVICES OF FLORIDA, INC.
Notes to the Schedule of Federal and State Financial Assistance
Year Ended December 31, 2013

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

This schedule is prepared on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-profit Organizations (the "Circular") and Chapter 10.650, Rules of Auditor General of the State of Florida.

Family Preservation Services, Inc. is a for profit company and therefore exempt from the requirements of the Circular due to the provisions in Section .210(e) of the Circular. However, due to provisions in the contracts with certain Community-Based Care ("CBC") agencies, the Company must comply with the requirements of the Circular.

NOTE 2 - SIGNIFICANT ESTIMATES

Management estimated passed through amounts for specific programs based on award notices and other communication from the CBC agencies. However, funding source allocations had not been finalized before the issuance of this report. Accordingly, actual amounts may differ from management's estimate.

FAMILY PRESERVATION SERVICES OF FLORIDA, INC.
Schedule of Findings and Questioned Costs
Year Ended December 31, 2013

Summary of Audit Results

1. The basic financial statements of Family Preservation Services of Florida, Inc. as of and for the year ended December 31, 2013, were included as part of the consolidated financial statements of Providence Service Corporation, Inc. and Subsidiaries as of and for the year ended December 31, 2013, which were audited by other auditors, whose report dated March 14, 2014, expressed an unmodified opinion on those financial statements.
2. No significant deficiencies relating to the audit of the financial statements are reported in the 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*.
3. No instance of noncompliance material to the financial statement of Family Preservation Services of Florida, Inc. was disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal or state award programs are reported in the independent auditor's report on compliance for each major federal program and state project and on internal control over compliance required by OMB Circular A-133 and Chapter 10.650, Rules of the Auditor General of the State of Florida
5. The auditors' report on compliance for the major federal award programs and major state projects for Family Preservation Services of Florida, Inc. expresses an unmodified opinion.
6. The auditors' report on compliance for the major federal award programs and major state projects for Family Preservation Services of Florida, Inc. expresses an unmodified opinion.
7. The programs tested as major federal programs included:
 - Temporary Assistance for Needy Families (93.558)
 - Foster Care Title IV-E (93.658)
 - Adoption Assistance (93.659).

The program tested as a major state project was Community Based Care Supports (60.094).
8. The threshold for distinguishing Type A and B projects was \$300,000 for major federal programs and state projects.
9. Family Preservation Services of Florida, Inc. was determined to be a low-risk auditee pursuant to OMB Circular A-133.
10. There were no questioned costs related to major federal programs or major state projects.
11. No Summary Schedule of Prior Audit Findings is required because there were no prior audit findings related to federal programs or state projects.
12. No Corrective Action Plan is required because there were no findings required to be reported under the Federal or Florida Single Audit Act.
13. No Management Letter is required because there were no findings required to be reported in accordance with Auditor General Rule 10.654(1)(d).

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
Family Preservation Service of Florida, Inc.

We have audited the schedule of expenditures of federal and state financial assistance of Family Preservation Services of Florida, Inc. (a Florida Corporation) as of and for the year ended December 31, 2013, and have issued our report thereon dated June 27, 2014. 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. The basic financial statements of Family Preservation Services of Florida, Inc. as of and for the year ended December 31, 2013, were included as part of the consolidated financial statements of Providence Service Corporation, Inc. and Subsidiaries as of and for the year ended December 31, 2013 which were audited by other auditors whose report dated March 14, 2014, expressed an unmodified opinion on those financial statements.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Family Preservation Services of Florida, Inc.'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 Family Preservation Services of Florida, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Company'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 Family Preservation Service of Florida, Inc.'s schedule of expenditures of federal and state financial assistance is 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 amounts of expenditures of federal and state financial assistance. 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.

Roderer Moss & Co, PLLC

Nashville, Tennessee
June 27, 2014

Independent Auditor's Report on Compliance For Each Major Federal Program
and State Project and on Internal Control Over Compliance Required by OMB Circular A-133
and Chapter 10.650, Rules of the Auditor General of the State of Florida

To the Board of Directors
Family Preservation Service of Florida, Inc.

Compliance for Each Major Federal Program and State Project

We have audited Family Preservation Services of Florida, Inc.'s compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and in the Executive Office of the Governor's State Projects Compliance Supplement (Florida), that could have a direct and material effect on each of Family Preservation Services of Florida, Inc.'s major federal programs and state projects for the year ended December 31, 2013. Family Preservation Services of Florida, Inc.'s major federal programs and major 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.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Family Preservation Services of Florida, Inc.'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; OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and Chapter 10.650, Rules of the Auditor General of the State of Florida. Those standards, OMB Circular A-133 and Chapter 10.650 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program or state project occurred. An audit includes examining, on a test basis, evidence about Family Preservation Services of Florida, 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 on compliance for each major federal program and state project. However, our audit does not provide a legal determination of Family Preservation Services of Florida, Inc.'s compliance.

Opinion on Each Major Federal Program

In our opinion, Family Preservation Services of Florida, Inc. 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 December 31, 2013.

Report on Internal Control over Compliance

Management of Family Preservation Services of Florida, Inc. 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 Family Preservation Services of Florida, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program or 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, 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 Family Preservation Services of Florida, 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 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 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 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.

Purpose of this Report

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. Accordingly, this report is not suitable for any other purpose.

Roderer Moss & Co, PLLC

Nashville, Tennessee
June 27, 2014