

**THE HENRY AND RILLA WHITE YOUTH
FOUNDATION, INC.**

CONSOLIDATED FINANCIAL STATEMENTS

**JUNE 30, 2013 WITH SUMMARIZED INFORMATION
AS OF AND FOR THE YEAR ENDED JUNE 30, 2012**

THE HENRY AND RILLA WHITE YOUTH FOUNDATION, INC.
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
The Henry and Rilla White Youth Foundation, Inc.:

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of The Henry and Rilla White Youth Foundation, Inc., which comprise the consolidated statement of financial position as of June 30, 2013, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated financial statements 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 consolidated financial statements.

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

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121 Executive Circle
Daytona Beach, FL 32114-1180
Telephone: 386/257-4100
Fax: 386/255-3261
dab@jmco.com

5931 NW 1st Place
Gainesville, FL 32607-2063
Telephone: 352/378-1331
Fax: 352/372-3741
gmv@jmco.com

2477 Tim Gamble Place, Suite 200
Tallahassee, FL 32308-4386
Telephone: 850/386-6184
Fax: 850/422-2074
tlh@jmco.com

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of The Henry and Rilla White Youth Foundation, Inc. as of June 30, 2013, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The Schedule of Expenditures of Federal Awards and State Financial Assistance as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and Chapter 10.650, Rules of the State of Florida, Office of the Auditor General, is presented for purposes of additional analysis and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 12, 2013 on our consideration of The Henry and Rilla White Youth Foundation, 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 The Henry and Rilla White Youth Foundation, Inc.'s internal control over financial reporting and compliance.

Report on Summarized Comparative Information

We have previously audited The Henry and Rilla White Youth Foundation, Inc.'s June 30, 2012 consolidated financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 11, 2012. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2012 is consistent, in all material respects, with the audited financial statements from which it has been derived.

James Moore & Co., P.L.

Tallahassee, Florida
November 12, 2013

THE HENRY AND RILLA WHITE YOUTH FOUNDATION, INC.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
JUNE 30, 2013 WITH SUMMARIZED INFORMATION
AS OF JUNE 30, 2012

	<u>2013</u>	<u>2012</u>
<u>ASSETS</u>		
Current assets		
Cash and cash equivalents	\$ 1,199,398	\$ 982,961
Contracts receivable	339,023	1,631,334
Accounts receivable	201,405	105,633
Prepaid and other assets	98,860	192,657
Total current assets	<u>1,838,686</u>	<u>2,912,585</u>
 Property and equipment , net of accumulated depreciation	 26,775	 40,526
 Other assets		
Cash value of officer life insurance	191,466	164,185
 Total Assets	 <u><u>\$ 2,056,927</u></u>	 <u><u>\$ 3,117,296</u></u>
<u>LIABILITIES AND NET ASSETS</u>		
Current liabilities		
Accounts payable	\$ 182,586	\$ 187,007
Accrued salaries and benefits	87,836	443,863
Total current liabilities	<u>270,422</u>	<u>630,870</u>
 Net assets , unrestricted	 1,786,505	 2,486,426
 Total Liabilities and Net Assets	 <u><u>\$ 2,056,927</u></u>	 <u><u>\$ 3,117,296</u></u>

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

**THE HENRY AND RILLA WHITE YOUTH FOUNDATION, INC.
CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2013 WITH SUMMARIZED
INFORMATION FOR THE YEAR ENDED JUNE 30, 2012**

	2013	2012
Unrestricted		
Support and Revenue		
State contracts	\$ 10,192,303	\$ 12,094,455
Medicaid revenues	795,487	954,667
Interest and other revenue	2,730	10,102
Total support and revenue	10,990,520	13,059,224
Expenses		
Program services:		
Youth and family services	9,525,503	10,980,118
Support services:		
General and administrative	2,164,938	2,207,152
Total expenses	11,690,441	13,187,270
Decrease in net assets	(699,921)	(128,046)
Net assets , beginning of year	2,486,426	2,614,472
Net assets , end of year	\$ 1,786,505	\$ 2,486,426

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

THE HENRY AND RILLA WHITE YOUTH FOUNDATION, INC.
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2013 WITH SUMMARIZED
INFORMATION FOR THE YEAR ENDED JUNE 30, 2012

	2013	2012
Cash flows from operating activities		
Cash received from grantors, contractors and contributors	\$ 12,185,321	\$ 12,655,454
Cash paid to employees and vendors	(11,952,084)	(13,259,497)
Interest received	1,738	1,625
Interest paid	(6,854)	(773)
Net cash provided by (used in) operating activities	228,121	(603,191)
Cash flows from investing activities		
Purchase of property and equipment	(11,684)	(10,286)
Proceeds from sale of certificate of deposits	-	71,943
Purchase of certificate of deposit	-	(120)
Net cash provided by (used in) investing activities	(11,684)	61,537
Net increase (decrease) in cash and cash equivalents	216,437	(541,654)
Cash and cash equivalents, beginning of year	982,961	1,524,615
Cash and cash equivalents, end of year	\$ 1,199,398	\$ 982,961
Reconciliation of decrease in net assets to net cash provided by (used in) operating activities		
Decrease in net assets	\$ (699,921)	\$ (128,046)
Adjustments to reconcile decrease in net assets to net cash provided by (used in) operating activities:		
Depreciation	14,881	29,430
Loss on disposal of property and equipment	10,554	-
(Increase) decrease in grants and contracts receivable	1,292,311	(398,256)
Increase in accounts receivable	(95,772)	(3,889)
Decrease in prepaid expenses	93,797	8,652
Increase (decrease) in accounts payable	(4,421)	15,980
Increase (decrease) in accrued salaries and benefits	(356,027)	73,708
Increase in cash value of life insurance	(27,281)	(26,172)
Decrease in other long-term liabilities	-	(174,598)
Total adjustments	928,042	(475,145)
Net cash provided by (used in) operating activities	\$ 228,121	\$ (603,191)

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

**THE HENRY AND RILLA WHITE YOUTH FOUNDATION, INC.
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2013
WITH SUMMARIZED INFORMATION
FOR THE YEAR ENDED JUNE 30, 2012**

	Youth and Family Services	General and Administrative Services	2013 Total	2012 Total
Salaries and benefits	\$ 5,948,733	\$ 1,120,487	\$ 7,069,220	\$ 9,623,161
Professional fees	342,874	247,546	590,420	654,318
Maintenance	186,691	27,746	214,437	228,953
Utilities	173,280	8,733	182,013	262,042
Insurance	165,881	50,953	216,834	231,881
Leases and rentals	336,454	156,431	492,885	532,632
Program supplies	1,806,913	11,512	1,818,425	425,921
Office	89,747	35,388	125,135	212,458
Contributions	-	424,947	424,947	232,700
Travel	339,455	4,654	344,109	489,424
Interest	100	6,754	6,854	773
Postage	19,063	7,326	26,389	37,644
Training	-	23,281	23,281	43,967
Communications	106,007	34,604	140,611	181,966
Depreciation	10,305	4,576	14,881	29,430
Total expenses	<u>\$ 9,525,503</u>	<u>\$ 2,164,938</u>	<u>\$ 11,690,441</u>	<u>\$ 13,187,270</u>

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

THE HENRY AND RILLA WHITE YOUTH FOUNDATION, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2013

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

The following is a summary of the more significant accounting policies and practices of The Henry and Rilla White Youth Foundation, Inc. and affiliates (the "Foundation") which affect significant elements of the accompanying consolidated financial statements:

(a) **General**—The Foundation is engaged in providing a comprehensive array of alcohol, drug and mental health rehabilitative services to residents of Florida. During the fiscal year 2004, the Foundation organized a wholly owned subsidiary, Corrections Services of Florida, LLC. The organizations share a common Board of Directors and management. The consolidated financial statements include the accounts of The Henry and Rilla White Youth Foundation, Inc. and its subsidiary. All significant inter-company transactions and accounts are eliminated.

(b) **Property and Equipment**—Property and equipment acquired by the Foundation is considered to be owned by the Foundation. However, funding sources may retain 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 which 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 which have cost of \$5,000 or more and an estimated useful life of at least one year.

Property and equipment with a value greater than \$1,000 (unless otherwise stipulated by a donor or grantor) 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 estimated useful life of the assets, ranging from five to ten years. Repairs and maintenance expenses, which are not considered improvements and do not extend the useful life of the property and equipment, are expensed as incurred.

(c) **Income Taxes**—The Foundation is generally exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Therefore, no provision for Federal income taxes has been made in the accompanying consolidated financial statements. Corrections Services of Florida, LLC is a single member LLC and is a disregarded entity for Federal income taxes.

The Foundation files income tax returns in the U.S. Federal jurisdiction. The Foundation's income tax returns for the past three years are subject to examination by tax authorities and may change upon examination.

The Foundation has reviewed and evaluated the relevant technical merits of each of their 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 Foundation.

(d) **Cash and Cash Equivalents**—For the purpose of reporting cash flows, cash and cash equivalents include cash on hand, demand deposits held with banks, and short-term investments with original maturities of 90 days or less.

THE HENRY AND RILLA WHITE YOUTH FOUNDATION, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2013

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

(e) **Use of Estimates**—The preparation of consolidated 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 results could differ from those estimates.

(f) **Basis of Accounting**—The consolidated financial statements have been prepared on the accrual basis of accounting, and accordingly, reflect all significant receivables, payables and other liabilities.

(g) **Basis of Presentation**—The Foundation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

(h) **Functional Allocation of Expenses**—The costs of providing the various program services and other activities have been summarized on a functional basis in the Consolidated Statement of Activities. Accordingly, certain costs have been allocated among the program and supporting services benefited.

(i) **Contributions**—All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases these net asset classes. However, if a restriction is fulfilled in the same time period in which the contribution is received, the Foundation reports the support as unrestricted.

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 contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met.

Contributed property and equipment is recorded at fair value at the date of donation. In the absence of donor-imposed stipulations regarding how long the contributed assets must be used, the Foundation has adopted a policy of not implying a time restriction on contributions of such assets that expires over the assets' useful lives; consequently, all contributions of property and equipment, and of the assets contributed to acquire property and equipment, are recorded as unrestricted support or contributions.

(j) **Accrued Leave**—The Foundation compensates its eligible employees for unused vacation leave upon termination of employment. Vacation leave is accrued as earned by eligible employees and recorded as an expense in the period earned.

THE HENRY AND RILLA WHITE YOUTH FOUNDATION, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2013

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

(k) **Contracts and Accounts Receivable**—Contracts and accounts receivable are stated at the amount management expects to collect from balances outstanding at year-end. Based on management’s assessment of the credit history with customers, grantors, and contractors having outstanding balances and current relationships with them, it has concluded that realization losses on balances outstanding at year-end will be immaterial.

(l) **Advertising**—Advertising costs are charged to operations as incurred.

(m) **Revenue Recognition**—The Foundation receives all of its contract revenue from Federal, state and local agencies. The Foundation recognizes contract revenue (up to the contract ceiling) from its contracts over a period which represents the service period for certain contracts, or to the extent of expenses. Revenue recognition depends on the contract.

(2) **Significant Funding Source:**

The Foundation receives a substantial amount of its funding from the United States Department of Agriculture and the State of Florida, Department of Juvenile Justice. A significant reduction in the level of this funding could have an adverse effect on the Foundation’s programs and activities.

(3) **Concentrations of Credit Risk:**

The more significant concentrations of credit risk are as follows:

(a) **Demand and Time Deposits**—The Foundation maintains cash deposits with several financial institutions. The Foundation has no policy requiring collateral or other security to support its deposits, although all demand deposits with these institutions are Federally insured up to FDIC limits.

(b) **Accounts and Contracts Receivable**—The Foundation’s receivables are primarily for amounts due under contracts with local, state, and Federal government agencies. The Foundation has no policy requiring collateral or other security to support its receivables.

(4) **Property and Equipment:**

The following is a summary of property and equipment at June 30, 2013:

Vehicles	\$ 13,032
Machinery and equipment	176,848
Building improvements	53,164
Furniture and fixtures	28,861
	271,905
Less: Accumulated depreciation	245,130
Total	\$ 26,775

THE HENRY AND RILLA WHITE YOUTH FOUNDATION, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2013

(5) **Related Party Transactions:**

The Foundation leases office space from a Board Member and the Executive Director. Rental expense paid under these leases was approximately \$283,000 for the year ended June 30, 2013. In addition, the Foundation also contributed \$424,947 for the year ended June 30, 2013 to The Henry and Rilla White Foundation, Inc. and is included in contributions in the Statement of Functional Expenses.

(6) **Life Insurance:**

The Foundation is the owner of life insurance policies on the lives of key employees. The beneficiaries of the policies are the key employees' families. No loans are outstanding on these policies at June 30, 2013.

(7) **2012 Presentation:**

The amounts shown for the year ended June 30, 2012 in the accompanying financial statements are included to provide a basis for comparison with 2013 and present summarized totals only. Accordingly, the 2012 totals are not intended to present all information necessary for a fair presentation in conformity with accounting principles generally accepted in the United States of America. Such information should be read in conjunction with the Foundation's financial statements for the year ended June 30, 2012, from which the summarized information was derived.

(8) **Subsequent Events:**

The Foundation has evaluated events and transactions for potential recognition or disclosure in the consolidated financial statements through November 12, 2013, the date which the consolidated financial statements were available to be issued. No subsequent events have been recognized or disclosed.

(9) **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 the Foundation expects such amounts, if any, to be immaterial.

THE HENRY AND RILLA WHITE YOUTH FOUNDATION, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2013

Federal Grantor/State Grantor/Pass Through Grantor Program Title	Federal CFDA/State CSFA Number	Contract Number	Expenses
FEDERAL AWARDS			
U.S. Department of Agriculture			
School Breakfast Program	10.553	01-0498	\$ 558,011
National School Lunch Program	10.555	01-0498	1,236,780
Total Federal Awards			<u>1,794,791</u>
STATE FINANCIAL ASSISTANCE			
State of Florida, Department of Juvenile Justice			
Mental Health Services	80.011	-	340,384
Mental Health Services	80.011	-	337,721
			<u>678,105</u>
Delinquency Non-Secure Residential Services	80.016	R2026	687,490
Conditional Release Services	80.018	P2048	251,076
Conditional Release Services	80.018	P2027	507,448
Conditional Release Services	80.018	P2028	234,911
			<u>993,435</u>
Total State Financial Assistance			<u>2,359,030</u>
Total Federal Awards and State Financial Assistance			<u>\$ 4,153,821</u>

The accompanying note to Schedule of Expenses of
Federal Awards and State Financial Assistance is an integral part of this schedule.

THE HENRY AND RILLA WHITE YOUTH FOUNDATION, INC.
NOTE TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE
FINANCIAL ASSISTANCE
JUNE 30, 2013

Basis of Presentation:

The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance includes the Federal Award and State Financial Assistance activity of The Henry and Rilla White Youth Foundation, Inc. and is presented 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* and Chapter 10.650, Rules of the State of Florida, Office of the Auditor General. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the consolidated financial statements.

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED
ON AN AUDIT OF CONSOLIDATED FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Directors of
The Henry and Rilla White Youth Foundation, Inc.:

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 consolidated financial statements of The Henry and Rilla White Youth Foundation, Inc., which comprise the consolidated statement of financial position as of June 30, 2013, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated November 12, 2013.

Internal Control over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered The Henry and Rilla White Youth Foundation, 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 consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of The Henry and Rilla White Youth Foundation, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of The Henry and Rilla White Youth Foundation, Inc.'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 Organization's consolidated financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or 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.

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121 Executive Circle
Daytona Beach, FL 32114-1180
Telephone: 386/257-4100
Fax: 386/255-3261
dab@jmco.com

5931 NW 1st Place
Gainesville, FL 32607-2063
Telephone: 352/378-1331
Fax: 352/372-3741
gmv@jmco.com

2477 Tim Gamble Place, Suite 200
Tallahassee, FL 32308-4386
Telephone: 850/386-6184
Fax: 850/422-2074
tlh@jmco.com

Compliance and Other Matters

As part of obtaining reasonable assurance about whether The Henry and Rilla White Youth Foundation, Inc.'s consolidated 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.

James Moore & Co., P.L.C.

Tallahassee, Florida
November 12, 2013

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND STATE PROJECT AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE AS REQUIRED BY OMB CIRCULAR A-133 AND CHAPTER 10.650, RULES OF STATE OF FLORIDA, OFFICE OF THE AUDITOR GENERAL

To the Board of Directors of
The Henry and Rilla White Youth Foundation, Inc.:

Report on Compliance for Each Major Federal Program and State Project

We have audited The Henry and Rilla White Youth Foundation, Inc.'s compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement*, and the requirements described in the *State of Florida State Projects Compliance Supplement*, that could have a direct and material effect on each of The Henry and Rilla White Youth Foundation, Inc.'s major Federal programs and major State projects for the year ended June 30, 2013. The Henry and Rilla White Youth Foundation, 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.

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.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of The Henry and Rilla White Youth Foundation, Inc.'s major Federal programs and major 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 State of Florida, Office of the Auditor General. Those standards, OMB Circular A-133, and Chapter 10.650, Rules of the State of Florida, Office 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 major State project occurred. An audit includes examining, on a test basis, evidence about The Henry and Rilla White Youth Foundation, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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121 Executive Circle
Daytona Beach, FL 32114-1180
Telephone: 386/257-4100
Fax: 386/255-3261
dab@jmco.com

5931 NW 1st Place
Gainesville, FL 32607-2063
Telephone: 352/378-1331
Fax: 352/372-3741
gmv@jmco.com

2477 Tim Gamble Place, Suite 200
Tallahassee, FL 32308-4386
Telephone: 850/386-6184
Fax: 850/422-2074
tlh@jmco.com

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We believe that our audit provides a reasonable basis for our opinion on compliance for each major Federal program and major State project. However, our audit does not provide a legal determination of The Henry and Rilla White Youth Foundation, Inc.'s compliance.

Opinion on Each Major Federal Program and State Project

In our opinion, The Henry and Rilla White Youth Foundation, 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 major State projects for the year ended June 30, 2013.

Report on Internal Control Over Compliance

Management of The Henry and Rilla White Youth Foundation, 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 The Henry and Rilla White Youth Foundation, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major Federal program and major 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 major 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 State of Florida, Office 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 Henry and Rilla White Youth Foundation, 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 a 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.

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 State of Florida, Office of the Auditor General. Accordingly, this report is not suitable for any other purpose.

James Moore & Co., P.L.

Tallahassee, Florida
November 12, 2013

**THE HENRY AND RILLA WHITE YOUTH FOUNDATION, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2013**

I. Summary of Auditors' Results:

Financial Statements

Type of audit report issued on the financial statements: *Unmodified.*

Internal control over financial reporting:

Material weakness(es) identified? _____ yes X no

Significant deficiencies identified? _____ yes X none reported

Noncompliance material to financial statements noted? _____ yes X no

Federal Awards

Internal control over major Federal programs:

Material weakness(es) identified? _____ yes X no

Significant deficiencies identified? _____ yes X none reported

Types of auditor's report issued on compliance for major Federal programs: *Unmodified.*

Any audit findings that are required to be reported in accordance with section 510(a) of OMB Circular A-133? _____ yes X no

Identification of major programs:

Federal Program	Federal CFDA Number
School Breakfast Program	10.553*
National School Lunch Program	10.555*

*Cluster of programs as identified by OMB Circular A-133.

Dollar threshold used to distinguish between type A and type B Federal programs: \$300,000

Auditee qualified as low-risk auditee? _____ yes X no

THE HENRY AND RILLA WHITE YOUTH FOUNDATION, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2013
(Continued)

I. Summary of Auditors' Results: (Continued)

State Projects

Internal control over major State projects:

Material weakness(es) identified? _____ yes X no

Significant deficiencies identified? _____ yes X none reported

Types of auditor's report issued on compliance for major State projects: *Unmodified.*

Any audit findings that are required to be reported for State projects in accordance with Chapter 10.650, Rules of the State of Florida, Office of the Auditor General? _____ yes X no

Identification of major projects:

State Project	State CSFA Number
Mental Health Services	80.011
Delinquency Non-Secure Residential Services	80.016
Dollar threshold used to distinguish between type A and type B state projects:	\$300,000

II. Financial Statement Findings:

None.

III. Federal Award Findings and Questioned Costs:

None.

IV. State Project Findings and Questioned Costs:

None.

V. Independent Auditors' Management Letter Required by Chapter 10.650, Rules of the State of Florida, Office of the Auditor General:

Nothing to Report.

VI. Summary of Prior Year Audit Findings - Major Federal Programs:

No prior year audit findings.

VII. Summary of Prior Year Audit Findings - Major State Projects:

No prior year audit findings.