

**INSTITUTE FOR CHILD AND FAMILY
HEALTH, INC.**

FINANCIAL STATEMENTS,
SUPPLEMENTARY INFORMATION AND
INDEPENDENT AUDITORS' REPORT

JUNE 30, 2013

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INDEPENDENT AUDITORS' REPORT

Board of Directors of
Institute for Child and Family Health, Inc.
Miami, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of Institute for Child and Family Health, Inc. (the "Institute"), a nonprofit organization, which comprise the statement of financial position as of June 30, 2013, and the related statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. 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 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 financial statements.

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 statements referred to above present fairly, in all material respects, the financial position of Institute for Child and Family Health, 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

Other Information

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, as required by the Office of Management and Budget 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* is presented for purposes of additional analysis 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 information is fairly stated, in all material respects, in relation to the 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 December 13, 2013, on our consideration of the Institute'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 Institute's internal control over financial reporting and compliance.


CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
December 13, 2013

INSTITUTE FOR CHILD AND FAMILY HEALTH, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2013

ASSETS

CURRENT ASSETS

Cash and cash equivalents - \$3,162 temporarily restricted	\$ 3,639,490
Accounts receivable (net of allowance for doubtful accounts of approximately \$150,000)	2,232,764
Grants receivables and other receivables, no allowance necessary	1,164,208
Prepaid expenses and other current assets	30,017
TOTAL CURRENT ASSETS	<u>7,066,479</u>

INVESTMENTS - temporarily and permanently restricted 721,441

PROPERTY AND EQUIPMENT, net of accumulated depreciation 1,447,709

OTHER ASSETS - security deposits 26,572

TOTAL ASSETS \$ 9,262,201

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable and accrued expenses	\$ 809,707
TOTAL CURRENT LIABILITIES/TOTAL LIABILITIES	<u>809,707</u>

COMMITMENTS AND CONTINGENCIES

NET ASSETS

Unrestricted	7,727,891
Temporarily restricted	474,603
Permanently restricted	250,000
TOTAL NET ASSETS	<u>8,452,494</u>

TOTAL LIABILITIES AND NET ASSETS \$ 9,262,201

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

INSTITUTE FOR CHILD AND FAMILY HEALTH, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2013

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
SUPPORT, REVENUE, AND OTHER INCOME				
Support:				
Federal, state, local and other grant contracts	\$ 9,177,251	\$ -	\$ -	\$ 9,177,251
Contributions	50,371	-	-	50,371
Total Support	<u>9,227,622</u>	<u>-</u>	<u>-</u>	<u>9,227,622</u>
Net revenue:				
Medicaid	594,405	-	-	594,405
Managed care	10,026,925	-	-	10,026,925
Client fees for services	147,632	-	-	147,632
Total Net revenue	<u>10,768,962</u>	<u>-</u>	<u>-</u>	<u>10,768,962</u>
Other income:				
Investment income, net	-	5,728	-	5,728
Net realized and unrealized gains on investments	-	22,886	-	22,886
Other income	61,778	-	-	61,778
Net assets released from restrictions	62,357	(62,357)	-	-
Total Other Income	<u>124,135</u>	<u>(33,743)</u>	<u>-</u>	<u>90,392</u>
TOTAL SUPPORT, REVENUE, AND OTHER INCOME	20,120,719	(33,743)	-	20,086,976
OPERATING EXPENSES				
Program Services:				
Outpatient	5,760,974	-	-	5,760,974
Crisis Support Emergency	196,325	-	-	196,325
In-Home - On-Site	2,797,894	-	-	2,797,894
Prevention/Intervention	7,858	-	-	7,858
Prevention	1,604	-	-	1,604
Case Management	965,592	-	-	965,592
Other Programs and Grants	7,592,315	-	-	7,592,315
Total Program Services	<u>17,322,562</u>	<u>-</u>	<u>-</u>	<u>17,322,562</u>
Supporting Services:				
General and Administrative	2,466,440	-	-	2,466,440
Total Supporting Services	<u>2,466,440</u>	<u>-</u>	<u>-</u>	<u>2,466,440</u>
TOTAL OPERATING EXPENSES	19,789,002	-	-	19,789,002
CHANGE IN NET ASSETS	331,717	(33,743)	-	297,974
NET ASSETS - beginning of year	<u>7,396,174</u>	<u>508,346</u>	<u>250,000</u>	<u>8,154,520</u>
NET ASSETS - end of year	<u><u>\$ 7,727,891</u></u>	<u><u>\$ 474,603</u></u>	<u><u>\$ 250,000</u></u>	<u><u>\$ 8,452,494</u></u>

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

INSTITUTE FOR CHILD AND FAMILY HEALTH, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2013

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ 297,974
Adjustments to reconcile changes in net assets to net cash provided by operating activities:	
Depreciation	193,215
Net realized/unrealized (gain) on investments	(22,886)
Changes in operating assets and liabilities:	
Accounts receivable	357,757
Grants receivable and other receivables	(103,400)
Other assets	(1,600)
Prepaid expenses and other current assets	24,634
Accounts payable and accrued expenses	43,157
Total Adjustments	<u>490,877</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>788,851</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchases of property and equipment	(156,273)
Proceeds from investments	<u>33,108</u>
NET CASH USED IN INVESTING ACTIVITIES	<u>(123,165)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	665,686
CASH AND CASH EQUIVALENTS - beginning of year	<u>2,973,804</u>
CASH AND CASH EQUIVALENTS - end of year	<u><u>\$ 3,639,490</u></u>

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

INSTITUTE FOR CHILD AND FAMILY HEALTH, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2013

	Program Services							Total Program Services	General and Administrative	Total Expenses
	Outpatient	Crisis Support/ Emergency	In-Home - On-Site	Prevention/ Intervention	Prevention	Case Management	Other Programs and Grants			
PERSONNEL COSTS										
Salaries	\$ 4,071,239	\$ 150,638	\$ 2,037,888	\$ 4,683	\$ 1,370	\$ 743,679	\$ 5,337,898	\$ 12,347,395	\$ 1,271,853	\$ 13,619,248
Payroll taxes and fringe benefits	705,021	39,774	293,578	1,451	234	138,167	1,238,493	2,416,718	275,020	2,691,738
TOTAL PERSONNEL COSTS	4,776,260	190,412	2,331,466	6,134	1,604	881,846	6,576,391	14,764,113	1,546,873	16,310,986
OPERATING EXPENSES										
Building occupancy	291,720	805	289,255	1,643	-	49,394	324,100	956,917	186,698	1,143,615
Depreciation	143,237	-	-	-	-	-	-	143,237	49,978	193,215
Equipment lease costs	7,186	3	10,500	-	-	466	20,564	38,719	6,851	45,570
Insurance	48,293	-	54,956	-	-	14,275	87,114	204,638	86,941	291,579
Operating supplies and expenses	83,998	-	90,761	81	-	11,489	130,070	316,399	173,249	489,648
Professional services	152,740	-	12,310	-	-	337	58,327	223,714	394,447	618,161
Program supplies and expenses	116,680	-	1,356	-	-	341	146,421	264,798	-	264,798
Travel and transportation	140,860	5,105	7,290	-	-	7,444	249,328	410,027	21,403	431,430
TOTAL OPERATING EXPENSES	984,714	5,913	466,428	1,724	-	83,746	1,015,924	2,558,449	919,567	3,478,016
TOTAL EXPENSES	\$ 5,760,974	\$ 196,325	\$ 2,797,894	\$ 7,858	\$ 1,604	\$ 965,592	\$ 7,592,315	\$ 17,322,562	\$ 2,466,440	\$ 19,789,002

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

INSTITUTE FOR CHILDREN AND FAMILY HEALTH, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

NOTE 1 – NATURE OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of the Organization

Institute for Child and Family Health, Inc. (the “Institute”) (formerly known as The Children’s Psychiatric Center, Inc.) was organized in 1959 as a not-for-profit organization under the laws of the State of Florida. The purpose of the Institute is to provide clinical services for emotionally disturbed children and their families within Miami-Dade County.

Basis of Accounting

The Institute prepares its financial statements on the accrual basis of accounting principles generally accepted in the United States of America (“GAAP”).

The Institute prepares its financial statements in accordance with the Financial Accounting Standards Board Accounting Standards Codification (“FASB ASC”). The Institute is required to report information regarding its financial position and activities according to three classes of net assets. Accordingly, net assets of the Institute and changes therein are classified and reported as follows:

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

Temporarily Restricted Net Assets – includes those net assets whose use by the Institute has been limited by donors to either later periods of time or after specified dates or specified purposes. At June 30, 2013, there was \$474,603 in temporarily restricted net assets.

Permanently Restricted Net Assets – are those net assets that must be maintained by the Institute in perpetuity. Permanently restricted net assets increase when the organization receives contributions for which donor-imposed restrictions limiting the organization’s use of an asset or its economic benefits neither expire with the passage of time nor can be removed by the organization meeting certain requirements. At June 30, 2013, there was \$250,000 in permanently restricted net assets.

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 the reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, amounts due from banks and investments with a maturity of three months or less when purchased. Cash and cash equivalents include \$3,639,490 at June 30, 2013.

INSTITUTE FOR CHILDREN AND FAMILY HEALTH, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

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

Net Medicaid and Managed Care Revenue

Medicaid and managed care revenue is reported at the estimated net realizable amounts and is recognized in the period that services are provided.

Grants from Government Agencies

Grants from government agencies are recognized as revenue when the grant funds have been expended in accordance with the grant provisions.

Accounts Receivable

Accounts receivable are stated at the amount the Institute expects to collect. The Institute maintains allowances for doubtful accounts and for estimated losses resulting from the inability of its clients to make required payments. Management considers the following factors when determining the collectability of specific client accounts; client credit-worthiness, past transaction history with the client, current economic industry trends, and changes in client payment terms. If the financial condition of the Institute's clients were to deteriorate, adversely affecting their ability to make payments, additional allowances would be required. Based on Management's assessment, the Institute provides for estimated uncollectible amounts through a charge to earnings and a credit to a valuation allowance. Balances that remain outstanding after the Institute has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable.

Investments

Investments are reported at their fair values in the statement of financial position. Investment income, including realized and unrealized gains and losses, and interest and investment income are included in the statement of activities as changes in unrestricted or temporarily restricted net assets. Market risk is inherent and is dependent on the future changes in market prices of the various investments held.

Property and Equipment

Property and equipment acquisitions in excess of \$1,000 are recorded at cost except for donated assets which are recorded at their estimated fair value at the date of donation. The costs of renewals and betterments are capitalized when the life of the property is materially extended. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets (3 to 39 years).

Expenses Allocation

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

INSTITUTE FOR CHILDREN AND FAMILY HEALTH, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

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

Income Taxes

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

There are no reserves held for uncertain tax positions at June 30, 2013. Tax years that are open under the statute of limitations remain subject to examination by the IRS. The Institute is generally no longer subject to U.S. Federal or State examinations by tax authorities for years before 2010.

Subsequent Events

The Institute has evaluated subsequent events through December 13, 2013, which is the date the financial statements were available to be issued.

NOTE 2 – INVESTMENTS

Investments are restricted for an endowment fund and a capital campaign fund (see Notes 11 and 12).

Investments – restricted are stated at fair value and are summarized as follows as of June 30, 2013:

	<u>Fair Value</u>
Money market funds	\$ 545,304
Common stocks and exchange funds	176,137
	<u>\$ 721,441</u>

The components of total investment return for the year ended June 30, 2013, were as follows:

	<u>2013</u>
Investment income, net	\$ 5,728
Net realized and unrealized appreciation on investments reported at fair value	22,886
	<u>\$ 28,614</u>

Interest and dividends from investments are included in investment income in the accompanying statement of activities.

INSTITUTE FOR CHILDREN AND FAMILY HEALTH, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

NOTE 3 – FAIR VALUE MEASUREMENTS

The Institute adopted FASB ASC 820, *Fair Value Measurements and Disclosures*, which establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of observable inputs other than quoted prices for identical assets, and Level 3 inputs have the lowest priority.

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

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

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

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

The Institute uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Institute measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. As of June 30, 2013, the Institute had no investments valued using Level 2 or 3 inputs.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2013.

Money market funds- Evaluated prices using observable market-based inputs.

Common Stock and exchange funds- Valued at the closing price reported on the active market on which the individual securities are traded.

The following table represents the Institute’s investments reported at fair value as of June 30, 2013:

Assets	Fair Value	Fair Value Measurements Using Quoted Prices in Active Markets for Identical Assets (Level 1)
Money market funds	\$ 545,304	\$ 545,304
Common stocks and exchange funds	176,137	176,137
Total	<u>\$ 721,441</u>	<u>\$ 721,441</u>

INSTITUTE FOR CHILDREN AND FAMILY HEALTH, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

NOTE 4 – ACCOUNTS RECEIVABLE, GRANTS RECEIVABLE, AND OTHER RECEIVABLES

As of June 30, 2013, accounts receivable were \$2,232,764, net of an allowance for doubtful accounts of \$150,000. Grants and other receivable at June 30, 2013, were \$1,164,208. Management believes that all grants and other receivables are fully collectible as of June 30, 2013, and therefore, has not provided a related valuation allowance on these amounts.

NOTE 5 – PROPERTY AND EQUIPMENT, NET

At June 30, 2013, property and equipment consisted of the following:

Land	\$ 172,029
Building and leasehold improvements	811,732
Computers and equipment	1,616,673
Furniture and fixtures	125,358
	<u>2,725,792</u>
Less: accumulated depreciation	(1,278,083)
	<u>\$ 1,447,709</u>

Depreciation expense was \$193,215 for the year ended June 30, 2013.

NOTE 6 – OPERATING LEASES

The Institute is obligated under various operating leases expiring through 2017 related to operational facilities and office equipment. Future minimum lease payments required under these operating leases as of June 30, 2012 are as follows:

	<u>Years Ending June 30,</u>	
	2014	\$ 112,029
	2015	92,238
	2016	92,238
	2017	34,403
		<u>\$ 330,908</u>

Total rent expense charged to operations was \$526,354 for the year ended June 30, 2013.

NOTE 7 – SUPPORT AND REVENUE

During the year ended June 30, 2013, the Institute received its primary funding support from not-for-profit agencies and government agencies, as follows:

Florida Department of Children and Families/South Florida Behavioral Network

Agreements have been entered into with the Florida Department of Children and Families for the funding of Outpatient, Crisis/Support Emergency, On-Site, Prevention-Intervention, Prevention, Case Management, and Non-ADM services for emotionally disturbed children, adolescents and their families.

United Way

Funding is based on annual budgets prepared by the Institute and approved by the United Way.

INSTITUTE FOR CHILDREN AND FAMILY HEALTH, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

NOTE 7 – SUPPORT AND REVENUE (Continued)

Miami-Dade County

The Institute entered into agreements with Miami-Dade County for the funding of out-patient service programs.

Miami-Dade County School Board

The Institute entered into agreements with the Miami-Dade County School Board to provide educational tutoring and out-patient psychiatric services.

The Children's Trust

The Institute entered into agreements with the Children's Trust to provide out-patient and outreach prevention programs.

Florida Department of Juvenile Justice

The Institute entered into agreements with the Florida Department of Juvenile Justice for the funding of out-patient programs.

Florida Department of Education

The Institute entered into an agreement with the Florida Department of Education to provide all-aboard educational services.

Medicaid and Managed Care

The Institute entered into agreements with Medicaid and Managed Care agencies for the funding of covered services provided to persons enrolled in mental health care plans.

Healthy Start Coalition of Miami-Dade, Inc.

The Institute entered into an agreement with Healthy Start Coalition of Miami-Dade, Inc. to provide funding for educational and referral services to pregnant women, infants and children.

NOTE 8 – EMPLOYEE BENEFIT PLAN

The Institute maintains a defined contribution pension plan covering all employees who meet eligibility requirements. Contributions to the plan during the fiscal year ended June 30, 2013, were based on 5% of each participant's compensation. For the year ended June 30, 2013, the amount of defined contribution expense was approximately \$476,000. The Institute also established a 403 (b) tax deferred annuity pension plan for the participants to make voluntary pre-tax contributions.

NOTE 9 – FUNDING/ECONOMIC DEPENDENCE

For the year ended June 30, 2013, 46% and 53% of the Institute's total revenues were derived from billings to various governmental programs and managed care contracts, respectively, (See Note 7). A significant reduction in the government funding or managed care contracts, if this were to occur, may have an adverse effect on the Institute's programs and activities.

NOTE 10 – LINE OF CREDIT

The Institute had available an unsecured line of credit of up to \$500,000 (the "Line") with interest payable monthly at prime plus one-half percent and with each principal advance due 60 days after date of advance. This line of credit expired on January 31, 2013. Effective September 24, 2013 the Institute established a new line of credit. There were no borrowings under the line of credit at June 30, 2013.

INSTITUTE FOR CHILDREN AND FAMILY HEALTH, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

NOTE 11 – RESTRICTED NET ASSETS

Temporarily restricted net assets are those net assets whose use by the Institute is limited by donor-imposed stipulations that either expires by the passage of time or that can be fulfilled or otherwise removed by actions of the Institute pursuant to those stipulations. As of June 30, 2013, temporarily restricted assets consisted of \$474,603 held in investments and cash for the Institute’s capital campaign. In addition, the Institute has an endowment of \$250,000, which is permanently restricted, (See Note 12).

NOTE 12- ENDOWMENTS

Interpretation of Relevant Law

The State of Florida enacted the Florida Uniform Prudent Management of Institutional Funds Act (“FUPMIFA”) effective July 1, 2012, the provisions of which apply to endowment funds existing on or established after that date. The Institute has interpreted the FUPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Institute classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Institute in a manner consistent with the standard of prudence prescribed by FUPMIFA.

In accordance with the FUPMIFA, the Institute considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the Institute and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the Institute
- (7) The investment policies of the Institute

For the years ended June 30, 2013, the Institute has elected not to add appreciation for cost of living or other spending policies to its permanently restricted endowment for inflation and other economic conditions.

Endowment net asset composition by type of fund as of June 30, 2013 were as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	\$ -	\$ 474,603	\$ 250,000	\$ 724,603
Total Funds	\$ -	\$ 474,603	\$ 250,000	\$ 724,603

As indicated in Note 11, the Institute received a permanently restricted donation of \$250,000 which it has recorded as an endowment and is held in investments.

INSTITUTE FOR CHILDREN AND FAMILY HEALTH, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

NOTE 12- ENDOWMENTS (Continued)

Changes in endowment net assets for the year June 30, 2013 were as follows:

	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 508,346	\$ 250,000	\$ 758,346
Investment Return:			
Investment income, net	5,728	-	5,728
Net appreciation (realized and unrealized)	22,886	-	22,886
Total investment return	<u>28,614</u>	<u>-</u>	<u>28,614</u>
Expenditures from capital	(36,000)	-	(36,000)
Other changes	<u>(26,357)</u>	<u>-</u>	<u>(26,357)</u>
Endowment net assets, end of year	<u>\$ 474,603</u>	<u>\$ 250,000</u>	<u>\$ 724,603</u>

As of June 30, 2013, there were permanently restricted endowments of \$250,000 held in investments as reflected in these financial statements.

Other changes

During the current year ended June 30, 2013, \$26,357 was removed from temporarily restricted endowment to comply with prior year releases.

NOTE 13 – CREDIT RISK

Credit risk with respect to governmental agency and program receivables is mitigated by the taxing authority of the governmental entity funding the programs. The Institute’s investments in stocks and corporate bonds are subject to the usual risk of market fluctuations inherent in these types of investments.

NOTE 14 – CONTIGENCIES

The Institute is subject to both internal and external audits related to its medical billings to insurance companies and Medicaid. Such audits may lead to recoveries or paybacks to the insurance companies or Medicaid. The Institute records a liability when the likelihood of the paybacks are probable. Management believes that it has accrued for all probable liabilities for paybacks and recoveries, and does not believe any other potential paybacks and recoveries are significant.

SUPPLEMENTAL INFORMATION

INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTAL INFORMATION

Board of Directors of
Institute for Child and Family Health, Inc.
Miami, Florida

We have audited the financial statements of Institute for Child and Family Health, Inc. (the "Institute") as of and for the year ended June 30, 2013 and have issued our report thereon dated December 13, 2013, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules of state earnings, program/cost center actual expenses and revenues as required by the Florida Department of Children and Families (the "Department"), *Guide to Performance Contracting for Alcohol, Drug Abuse and Mental Health Services*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 information is fairly stated in all material respects in relation to the financial statements as a whole.

Verdeja & De Armas, CP

CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
December 13, 2013

INSTITUTE FOR CHILD AND FAMILY HEALTH, INC.
SCHEDULE OF PROGRAM/COST CENTER ACTUAL EXPENSES AND REVENUES
FOR THE YEAR ENDED JUNE 30, 2013

	Substance Abuse and Mental Health									
	Children's Substance Abuse and Mental Health									
	Outpatient	Crisis Support/ Emergency	In-Home - On-Site	Prevention/ Intervention	Prevention	Case Management	Other Programs	Total Program Activities	General and Administrative	Total
Part I: Actual Funding Sources and Revenues										
IA. State SAMH Funding										
FL Comm MH contracts	\$ (12,069)	\$ 454,595	\$ -	\$ -	\$ (67,312)	\$ -	\$ 669,475	\$ 1,044,689	\$ -	\$ 1,044,689
Other DCF contracts	-	-	-	-	-	-	1,264,976	1,264,976	-	1,264,976
DCAF District XI	(12,069)	454,595	-	-	(67,312)	-	1,934,451	2,309,665	-	2,309,665
IB. Non-State SAMH Funding										
Federal grants	-	-	-	-	-	-	306,483	306,483	-	306,483
Other state contracts	164,067	-	48,453	-	-	127	(97,274)	115,373	-	115,373
MDC DHS contracts	-	-	-	-	-	-	1,239,561	1,239,561	-	1,239,561
Total Other State and Local Funding	164,067	-	48,453	-	-	127	1,448,770	1,661,417	-	1,661,417
IC. Other Revenues										
Local Government Contract net of MDC DHS Contracts	-	-	-	-	-	-	5,041,589	5,041,589	-	5,041,589
FL CMH Medicaid Fees	5,988,758	-	3,274,569	-	-	1,275,508	(84,226)	10,454,609	-	10,454,609
FL Case Management Medicaid Fees	-	-	-	-	-	51,106	240	51,346	-	51,346
United Way	-	-	-	-	-	-	279,545	279,545	-	279,545
Total Other Funding	5,988,758	-	3,274,569	-	-	1,326,614	5,237,148	15,827,089	-	15,827,089
ID. Public Support and Revenues										
Program service fees	(13,356)	-	(8,638)	-	-	1,780	167,846	147,632	-	147,632
Public support	904	-	-	-	-	-	(403)	501	50,403	50,904
Other revenue	5,094	-	66	-	-	-	48,080	53,240	24,538	77,778
Interest Income	-	-	-	-	-	-	6,763	6,763	5,728	12,491
Total All Other Revenues	(7,358)	-	(8,572)	-	-	1,780	222,286	208,136	80,669	288,805
Total Support and Revenue	6,133,398	454,595	3,314,450	-	(67,312)	1,328,521	8,842,655	20,006,307	80,669	20,086,976
Part II: Actual Operating Expenses										
IIA. Personnel Costs										
Salaries	4,071,239	150,638	2,037,888	4,683	1,370	743,679	5,337,898	12,347,395	1,271,853	13,619,248
Payroll taxes and fringe benefits	705,021	39,774	293,578	1,451	234	138,167	1,238,493	2,416,718	275,020	2,691,738
Total Personnel Costs	4,776,260	190,412	2,331,466	6,134	1,604	881,846	6,576,391	14,764,113	1,546,873	16,310,986
IIB. Other Expenses										
Building occupancy	291,720	805	289,255	1,643	-	49,394	324,100	956,917	186,698	1,143,615
Depreciation	49,978	-	-	-	-	-	-	49,978	143,237	193,215
Equipment lease costs	7,186	3	10,500	-	-	466	20,564	38,719	6,851	45,570
Insurance	48,293	-	54,956	-	-	14,275	87,114	204,638	86,941	291,579
Operating supplies and expenses	83,998	-	90,761	81	-	11,489	130,070	316,399	173,249	489,648
Professional services	152,740	-	12,310	-	-	337	58,327	223,714	394,447	618,161
Program supplies and expenses	116,680	-	1,356	-	-	341	146,421	264,798	-	264,798
Provision for doubtful accounts	140,860	5,105	7,290	-	-	7,444	249,328	410,027	21,403	431,430
Total Other Expenses	891,455	5,913	466,428	1,724	-	83,746	1,015,924	2,465,190	1,012,826	3,478,016
TOTAL EXPENSES BEFORE ALLOCATION OF GENERAL AND ADMINISTRATIVE EXPENSES	5,667,715	196,325	2,797,894	7,858	1,604	965,592	7,592,315	17,229,303	2,559,699	19,789,002
ALLOCATION OF ADMINISTRATIVE AND GENERAL BASED ON SALARIES AND RELATED EXPENSES	-	-	-	-	-	-	-	-	-	-
Total Expenses	\$ 5,667,715	\$ 196,325	\$ 2,797,894	\$ 7,858	\$ 1,604	\$ 965,592	\$ 7,592,315	\$ 17,229,303	\$ 2,559,699	\$ 19,789,002
Supplemental Disclosure:										
Federal and state unallowable costs	\$ 52,513	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 52,513	\$ -	\$ 52,513

See Independent Auditors' Report
on Supplemental Information.

INSTITUTE FOR CHILD AND FAMILY HEALTH, INC.
SCHEDULE OF STATE EARNINGS
FOR THE YEAR ENDED JUNE 30, 2013

	<u>KH225-33</u>	<u>KH225-61</u>
1. Total Expenditures	\$ 19,789,002	\$ 19,789,002
2. Less other State and Federal Funds	(1,661,418)	(1,661,418)
3. Less Non-Match ADM Funds	(728,913)	(1,292,317)
4. Less Unallowable Costs, per 65E-14, F.A.C.	(52,513)	(52,513)
5. Less Unallowable Patient Fees	<u>-</u>	<u>-</u>
6. Total Allowable Expenditures (Sum of lines 1,2,3,4 and 5)	17,346,158	16,782,754
7. Maximum Available Earnings (Line 6 times 75%)	13,009,619	12,587,066
8. Less Amount of Funds Requiring Match	<u>(99,114)</u>	<u>-</u>
9. Amount Due to Department, if negative (Subtract line 8 from line 7)	<u>\$ 12,910,505</u>	<u>\$ 12,587,066</u>

See Independent Auditors' Report
on Supplemental Information.

INSTITUTE FOR CHILD AND FAMILY HEALTH, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2013

Federal Grantor/State Agency Pass-Through Grantor Program Title	CFDA/ CSFA Number	Grant/Contract Number	Expenditures	Transfer to Subrecipients
FEDERAL AWARDS				
U.S. Department of Health and Human Services				
Substance Abuse and Mental Health Services	93.243	5H79TL1022695-02	\$ 276,388	\$ -
<i>Pass-through South Florida Behavioral Health Network</i>				
Community Mental Health Services	93.104	KH225-33	244,877	-
Community Mental Health Services	93.658	KH225-33	230,614	-
Community Mental Health Services	93.667	KH225-33	37,330	-
Community Mental Health Services- B Net	93.767	KH225-61	1,259,000	-
Children's Mental Health - Non- TANF	93.959	KH225-33	71,220	-
Total South Florida Behavioral Health Network			<u>1,843,041</u>	<u>-</u>
<i>Pass-through Healthy Start Coalition of Miami-Dade, Inc.</i>				
Medical Assistance Program	93.778	HSICF1213	146,932	-
Maternal and Child Health Services	93.994	HSICF1213	27,527	-
Total Healthy Start Coalition of Miami-Dade, Inc.			<u>174,459</u>	<u>-</u>
U.S. Department of Education				
<i>Pass-through School Board of Miami-Dade County</i>				
Special Education	84.027	560003902	134,336	-
Total Expenditures of Federal Awards			<u>\$ 2,428,224</u>	<u>\$ -</u>
STATE FINANCIAL ASSISTANCE				
Florida Department of Children and Families				
<i>Pass-through South Florida Behavioral Health Network</i>				
Children's Mental Health - Community Support	60.055	KH225-33	25,000	-
Total South Florida Behavioral Health Network			<u>25,000</u>	<u>-</u>
Florida Department of Juvenile Justice				
<i>Pass-through Evidence Based Associates</i>				
Conditional Release Services and Contracted Intensive Probation	80.018	FFT Redirections	190,092	-
Conditional Release Services and Contracted Intensive Probation	80.019	FFT Redirections	190,092	-
Conditional Release Services and Contracted Intensive Probation	80.018	MST	203,550	-
Conditional Release Services and Contracted Intensive Probation	80.019	MST	203,550	-
Total Evidence Based Associates			<u>787,284</u>	<u>-</u>
Total State Financial Assistance			<u>\$ 812,284</u>	<u>\$ -</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE			<u><u>\$ 3,240,508</u></u>	<u><u>\$ -</u></u>

See Independent Auditors' Report
on Supplemental Information.

INSTITUTE FOR CHILD AND FAMILY HEALTH, INC.
NOTES TO THE SCHEDULE OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2013

1. General

The accompanying Schedule of Federal Awards and State Financial Assistance (the “Schedule”) presents the activity of all federal and state award programs of Institute for Child and Family Health, Inc. for the year ended June 30, 2013. All federal and state awards received directly from federal and state agencies, as well as federal and state awards received from other government agencies are included in the Schedules. The information in these schedules is in accordance with U.S. Office of Management and Budget Circular A-133, Audits of States, Local Government, and Non-Profit Organizations and Chapter 10.650, Rules of the Auditor General.

2. Basis of Accounting

The accompanying Schedule is presented on the accrual basis of accounting.

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 of
Institute for Child and Family Health, Inc.
Miami, 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 Institute for Child and Family Health, Inc. (the "Institute") (a nonprofit organization), which comprise the statement of financial position as of June 30, 2013, and the related statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 13, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Institute'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 the Institute's internal control. Accordingly, we do not express an opinion on the effectiveness of the Institute'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 the Institute'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.



CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
December 13, 2013

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

To the Board of Directors of
Institute for Child and Family Health, Inc.
Miami, Florida

Report on Compliance for Each Major Federal Program and State Project

We have audited Institute for Child and Family Health, Inc.'s (the "Institute"), compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement*, and the requirements described in the *Department of Financial Services' State Projects Compliance Supplement*, that could have a direct and material effect on each of the Institute's major federal programs and state projects for the year ended June 30, 2013. The Institute's major federal programs and state projects are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

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 the Institute'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. Those standards, OMB Circular A-133, and Chapter 10.650, Rules of the Auditor General, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program or state project occurred. An audit includes examining, on a test basis, evidence about the Institute'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 the Institute's compliance.

Opinion on Each Major Federal Program and State Project

In our opinion, the Institute 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 the Institute 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 Institute'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 the Institute'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.

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.

Verdeja & De Armas, CP

CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
December 13, 2013

**INSTITUTE FOR CHILD AND FAMILY HEALTH, INC.
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS –
 FEDERAL AWARDS PROGRAMS AND STATE FINANCIAL ASSISTANCE PROJECTS
 FOR THE YEAR ENDED JUNE 30, 2013**

SECTION I - SUMMARY OF AUDITOR’S RESULTS

Financial Statements

Type of auditors’ report issued: *Unqualified*

Internal control over financial reporting:

- Material weakness(es) identified? yes no
- Significant deficiencies identified that are not considered to be material weaknesses? yes none reported

Noncompliance material to financial statements noted? yes no

Federal Awards

Type of auditors’ report issued on compliance for major program: *Unqualified*

Internal control over major programs:

- Material weakness(es) identified? yes no
- Significant deficiencies identified that are not considered to be material weaknesses? yes none reported

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

Identification of major programs:

Name Federal Program or Cluster	CFDA Number	Expenditures
Community Mental Health Services	93.767	\$ 1,259,000

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

Auditee qualified as low-risk auditee? yes no

**INSTITUTE FOR CHILD AND FAMILY HEALTH, INC.
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS –
 FEDERAL AWARDS PROGRAMS AND STATE FINANCIAL ASSISTANCE PROJECTS
 FOR THE YEAR ENDED JUNE 30, 2013**

SECTION I - SUMMARY OF AUDITORS' RESULTS (Continued)

State Financial Assistance

Type of auditors' report issued on compliance for major projects:

Unqualified

Internal control over major projects:

- Material weakness(es) identified? yes no
- Significant deficiencies identified that are not considered to be material weaknesses? yes none reported

Any audit findings disclosed that are required to be reported in accordance with Chapter 10.650 "Rules of the Auditor General?"

yes no

Identification of major projects:

Name of State Project or Cluster	CSFA Number	Expenditures
Conditional Release Services and Contracted Intensive Probation	80.018	\$ 393,642
Conditional Release Services and Contracted Intensive Probation	80.019	\$ 393,642

Dollar threshold used to distinguish between type A and type B projects.

\$ 243,685

Auditee qualified as low-risk auditee?

N/A

**INSTITUTE FOR CHILD AND FAMILY HEALTH, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS –
FEDERAL AWARDS PROGRAMS AND STATE FINANCIAL ASSISTANCE PROJECTS
FOR THE YEAR ENDED JUNE 30, 2013**

SECTION II - FINANCIAL STATEMENT FINDINGS

The audit disclosed no matters that are reportable.

SECTION III - FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARDS PROGRAMS

The audit disclosed no matters that are reportable.

SECTION IV - FINDINGS AND QUESTIONED COSTS - MAJOR STATE FINANCIAL ASSISTANCE PROJECTS

The audit disclosed no matters that are reportable.

SECTION V - OTHER ISSUES

1. A management letter was issued and reported to management in a separate letter dated December 13, 2013.
2. No Summary Schedule of Prior Audit Findings is required because there were no prior audit findings relating to Federal Award Programs or state financial assistance projects.
2. No Corrective Action Plan is required because there were no findings required to be reported under the Federal or Florida Single Audit Acts.