

UNITED FOR FAMILIES, INC.

FINANCIAL STATEMENTS

JUNE 30, 2013

UNITED FOR FAMILIES, INC.
TABLE OF CONTENTS
JUNE 30, 2013

	<u>Page(s)</u>
Independent Auditors' Report	1 – 2
Financial Statements	
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements	7 – 10
Schedule of Expenditures of Federal Awards and State Financial Assistance	11 – 13
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 <i>Government Auditing Standards</i>	14 – 15
Independent Auditors' Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Federal Program and Major State Project and on Internal Control Over Compliance in Accordance with OMB Circular A-133 and Chapter 10.650, Rules of the Auditor General, State of Florida	16 – 17
Schedule of Findings and Questioned Costs – Federal Awards Programs and State Financial Assistance Projects	18 – 19

INDEPENDENT AUDITORS' REPORT

To the Board of Directors,
United for Families, Inc.:

Report on the Financial Statements

We have audited the accompanying financial statements of United for Families, Inc., which comprise the statement of financial position as of June 30, 2013, and the related 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 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.

- 1 -

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
gnv@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 financial statements referred to above present fairly, in all material respects, the financial position of United for Families, 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.

Emphasis of Matter

As discussed in Note 10 to the financial statements, effective October 31, 2013, United for Families, Inc.'s contract with Florida Department of Children and Families (DCF) was terminated. As a result, since the Organization received substantially all funding from DCF it will dissolve at the end of the calendar year ending December 31, 2013. Our opinion is not modified with respect to this matter.

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 is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and Section 215.97, Florida Statutes, Florida Single Audit Act, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2013 on our consideration of United for Families, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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 United for Families, Inc.'s internal control over financial reporting and compliance.

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

Gainesville, Florida
December 19, 2013

UNITED FOR FAMILIES, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2013

ASSETS

Current assets	
Cash and cash equivalents	\$ 1,270,966
Grants and contracts receivable	144,746
Prepaid expenses	151,971
Total current assets	1,567,683
Property and equipment, net	85,911
Deposits	62,688
Restricted cash and cash equivalents - Client trust funds	109,441
Other non-current assets	46,084
Total Assets	\$ 1,871,807

LIABILITIES AND NET ASSETS

Current liabilities	
Accounts payable	\$ 1,164,220
Accrued expenses	267,970
Deferred revenue	16,127
Total current liabilities	1,448,317
Client trust funds	109,441
Total liabilities	1,557,758
Unrestricted net assets:	
Operating income	228,138
Invested in capital assets	85,911
Total unrestricted net assets	314,049
Total Liabilities and Net Assets	\$ 1,871,807

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

UNITED FOR FAMILIES, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2013

Revenues	
Grants and contracts	\$ 26,058,862
Donations	105,130
In-kind contributions	69,459
Other	33,675
Total revenues	<u>26,267,126</u>
Expenses	
Program services	24,807,517
Fundraising	104,613
Management and general	1,309,511
Total expenses	<u>26,221,641</u>
Increase in unrestricted net assets	<u>45,485</u>
Net assets , unrestricted, beginning of year	268,564
Net assets , unrestricted, end of year	<u><u>\$ 314,049</u></u>

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

UNITED FOR FAMILIES, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2013

	Program Services	Fundraising	Management and General	Total
Benefits and taxes	\$ 1,097,991	\$ -	\$ 192,582	\$ 1,290,573
Data support and software	256,373	182	11,635	268,190
Depreciation	-	-	13,759	13,759
Fund development	27,548	98,527	-	126,075
Furniture and equipment	158,251	294	12,491	171,036
Insurance	50,891	129	19,104	70,124
Occupancy	892,858	4,287	64,438	961,583
Organizational memberships	2,571	-	18,720	21,291
Other	4,159	10	7,701	11,870
Outreach	18,062	-	4,555	22,617
Pre-service and in-service training	9,166	-	-	9,166
Professional services	169	-	171,320	171,489
Salaries	3,686,901	-	744,054	4,430,955
Staff recruitment and retention	11,490	-	3,489	14,979
Training	13,900	-	3,356	17,256
Travel	130,879	812	7,873	139,564
Office operations	170,478	372	28,540	199,390
Adoptions	4,598,603	-	-	4,598,603
Care management	3,068,231	-	-	3,068,231
Case management	5,188,720	-	-	5,188,720
Client assistance	128,892	-	-	128,892
Foster care	4,237,829	-	-	4,237,829
Independent living	1,053,555	-	5,894	1,059,449
Total expenses	<u>\$ 24,807,517</u>	<u>\$ 104,613</u>	<u>\$ 1,309,511</u>	<u>\$ 26,221,641</u>

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

UNITED FOR FAMILIES, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2013

Cash flows from operating activities	
Increase in unrestricted net assets	\$ 45,485
Adjustments to reconcile increase in unrestricted net assets to net cash used in operating activities:	
Depreciation	13,759
Increase in grants and contracts receivable	(134,129)
Increase in prepaid expenses	(51,088)
Decrease in deposits	1,346
Decrease in deferred revenues	(831,811)
Decrease in accounts payable	(127,151)
Increase in accrued expenses	5,555
Increase in client trust funds	14,046
Total adjustments	<u>(1,109,473)</u>
Net cash used in operating activities	<u>(1,063,988)</u>
 Cash flows from investing activities	
Purchases of property and equipment	<u>(10,186)</u>
 Net decrease in cash and cash equivalents	 (1,074,174)
 Cash and cash equivalents, beginning of year (Including \$95,395 reported in restricted accounts)	 2,454,581
 Cash and cash equivalents, end of year (Including \$109,441 reported in restricted accounts)	 <u><u>\$ 1,380,407</u></u>

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

UNITED FOR FAMILIES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

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

(a) **General**—United For Families, Inc., a Florida not-for-profit corporation (the Organization), was formed on December 7, 1999 and started operations on September 1, 2002. The Organization has been operating under a contract with the Florida Department of Children and Families (DCF) to administer, integrate, coordinate, and assure the delivery of child protection services, emergency shelter, in-home protective services, relative care placements, foster care, foster care supervision, intensive residential treatment, independent living, family reunification, and adoption and appropriate related services in Indian River, Martin, Okeechobee and St. Lucie counties.

(b) **Basis of financial reporting**—The Organization’s financial statements have been prepared on the accrual basis. The Organization is required to report information regarding its financial position and activities according to three classes of net assets:

Unrestricted net assets—Net assets that are not subject to donor-imposed restrictions.

Temporarily restricted net assets—Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Organization and/or the passage of time.

Permanently restricted net assets—Net assets subject to donor-imposed stipulations that will not be met by either actions of the Organization or the passage of time.

The Organization has no permanently or temporarily restricted net assets at June 30, 2013, and all support and revenue is considered unrestricted for the year then ended.

(c) **Contributions**—Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the financial statements as net assets released from restrictions. Contributions received with temporary restrictions that are met in the same reporting period are reported as unrestricted support and increase unrestricted net assets.

(d) **Cash and cash equivalents**—The Organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

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

(f) **Income taxes**—The Organization is a nonprofit organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes is reflected in the accompanying financial statements.

UNITED FOR FAMILIES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

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

The Organization files income tax returns in the U.S. federal jurisdiction. The Organization's income tax returns for the past three years are subject to examination by tax authorities, and may change upon examination. The Organization has reviewed and evaluated the relevant technical merits of each of its tax positions in accordance with accounting principles generally accepted in the United States of America for accounting for uncertainty in income taxes, and determined that there are no uncertain tax positions that would have a material impact on the financial statements of the Organization.

(g) **Use of estimates**—The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual amounts could differ from those estimates.

(h) **Property and equipment**—Property and equipment acquired by the Organization is considered to be owned by the Organization. However, funding sources may maintain an equitable interest in the property purchased with grant monies as well as the right to determine the use of any proceeds from the sale of these assets. The State of Florida has a reversionary interest in those assets purchased with its funds that have a cost of \$1,000 or more and an estimated useful life of at least one year. The Federal Government has a reversionary interest in those assets purchased with its funds that have a cost of \$5,000 or more and an estimated useful life of at least one year.

Property and equipment with a value greater than \$2,000 and an estimated useful life of at least one year is recorded at cost when purchased or at estimated fair value when contributed. Depreciation is computed using the straight-line method over the estimate useful life of the assets, ranging from three to seven years. Repairs and maintenance are expensed as incurred.

(i) **Grants and contracts receivable**—Grants and contracts receivable are stated at the amount management expects to collect from balances at year-end. Based on management's assessment of the current relationship and credit worthiness of entities having balances with the Organization, it has concluded that realization losses on balances outstanding at year-end will be immaterial.

(j) **Functional allocation of expenses**—The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

(k) **Donated services and materials**—Contributed services that qualify as specialized services and donated items are recorded at their estimated fair value at the date of receipt. Volunteer services provided to the Organization to carry out its mission do not meet the criteria used to record donated services; therefore, they have not been recorded in the financial statements.

(l) **Subsequent events**—The Organization has evaluated events and transactions for potential recognition or disclosure in the financial statements through December 19, 2013, the date the financial statements were available to be issued. See Note 10 for disclosure of subsequent event regarding termination of the DCF contract and dissolution of the Organization.

UNITED FOR FAMILIES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

(2) **Contingencies:**

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

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

Significant concentrations of credit risk for all financial instruments owned by the Organization for the year ended June 30, 2013, are as follows:

(a) **Cash in bank**—The Organization has demand deposits with a regional bank amounting to \$2,166,001 at June 30, 2013. Custodial credit risk for deposits is the risk that in the event of a bank failure, the Organization's deposits may not be returned. The Organization has a deposit policy for custodial credit risk and \$2,143,556 of the Organization's demand deposits with banks are insured for amounts in excess of Federal Deposit Insurance Corporation limits.

(4) **Employee Leasing Company:**

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

(5) **Line of Credit:**

The Organization has a line of credit with a regional bank that allows borrowings up to \$2,004,400, with an interest rate equal to the prime rate (3.25% at June 30, 2013) with a maximum rate of 18.00%. There were no advances on this line at June 30, 2013. Subsequent to year end, the Organization terminated the line of credit effective November 1, 2013.

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

Total fund-raising expense for the year ended June 30, 2013 was \$104,612. Fund-raising expenses represented 60% of the total contribution revenue. The ratio of expenses to amounts raised is computed using actual expenses and related contributions on an accrual basis.

(7) **Furniture and Equipment:**

Furniture and equipment consist of the following as of June 30, 2013:

Furniture and equipment	\$ 231,718
Accumulated depreciation	(145,807)
Net property and equipment	<u>\$ 85,911</u>

Depreciation expense for the year ended June 30, 2013 was \$13,759.

UNITED FOR FAMILIES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

(8) **Other Assets – Child Welfare Trust:**

In 2009, the limited partners formed the Child Welfare Trust (the “Trust”) which is a risk pool formed to provide assets to meet the obligations of the prepaid mental health program. Each partner made an initial contribution to the Trust. The Organization’s initial contribution was \$46,084 and is included in other non-current assets on the accompanying statement of financial position. The Organization shares in this risk pool based on their respective ownership percentage. The Organization may be required to fund the risk pool on an annual basis based on the medical loss ratio. Quarterly, the general partner makes a determination whether the assets held in the risk pool are sufficient to meet the obligations of the prepaid mental health program in the Organization’s service areas. If funding of the risk pool is required, the Organization may be required to utilize unrestricted funds as it is not a chargeable expense under the grant agreement with the State of Florida, Department of Children and Families as discussed in Note 1 (a). Since the Organization has no ability to influence the operating or financial policies of the Trust, the cost method is used to account for its ownership in the Trust. Under the cost method, the Organization records income only to the extent of distributions received. During the year ended June 30, 2013, the Organization was not required to make any additional contributions to the Trust and there were no distributions received from the Trust.

(9) **Pending Litigation:**

The Organization has been named a defendant in a lawsuit. The case is being handled by the insurance carrier’s respective legal departments, the insurance of which was in effect at the time of the respective claim. The Organization is vigorously defending itself and at this time, the amount of liability cannot be determined and therefore no provision has been made in the financial statements.

(10) **Subsequent Events:**

On March 13, 2013, the Organization received notice from the Florida Department of Children and Families (DCF) in which DCF stated their right to terminate the contract without cause to be effective September 10, 2013. The termination of the contract between the Organization and DCF was extended through October 31, 2013. Therefore, since the Organization receives a substantial amount of its funding from the U.S. Department of Health and Human Services that is passed through the State of Florida and DCF, the Organization will terminate all programs and activities and dissolve at the end of the calendar year ending December 31, 2013.

UNITED FOR FAMILIES, INC.
ADDITIONAL INFORMATION
FOR THE YEAR ENDED JUNE 30, 2013

**UNITED FOR FAMILIES, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2013**

Federal Grantor, Pass-Through Grantor, State Grantor Program Title	CFDA/ CSFA Number	Grantor's Contract Number	Expenditures
FEDERAL AWARDS			
<u>U. S. Department of Health and Human Services:</u>			
Passed through State of Florida			
Department of Children and Families:			
Promoting Safe and Stable Families	93.556	ZJK84	\$ 500,195
Temporary Assistance for Needy Families	93.558	ZJK84	2,206,804
Grants to States for Access and Visitation Programs	93.597	ZJK84	40,729
Chafee Education and Training Vouchers Program (ETV)	93.599	ZJK84	30,882
Adoption Incentive Payments	93.603	ZJK84	102,070
Stephanie Tubbs Jones Child Welfare Services Program	93.645	ZJK84	354,610
Foster Care-Title IV-E	93.658	ZJK84	5,382,855
Adoption Assistance	93.659	ZJK84	2,540,300
Social Services Block Grant	93.667	ZJK84	1,202,024
Child Abuse and Neglect State Grants	93.669	ZJK84	3,890
Chafee Foster Care Independence Program	93.674	ZJK84	143,665
Medical Assistance Program	93.778	ZJK84	79,035
Total Expenditures of Federal Awards			<u>12,587,059</u>
STATE FINANCIAL ASSISTANCE			
<u>State of Florida, Department of Children and Families:</u>			
Community Based Care (CBC) Supports	60.094	ZJK84	<u>9,791,652</u>
STATE MATCHING OF FEDERAL AWARDS			
<u>State of Florida, Department of Children and Families:</u>			
Promoting Safe and Stable Families	93.556	ZJK84	14,845
Chafee Education and Training Vouchers Program (ETV)	93.599	ZJK84	7,721
Stephanie Tubbs Jones Child Welfare Services Program	93.645	ZJK84	118,202
Adoption Assistance	93.659	ZJK84	2,884,989
Chafee Foster Care Independence Program	93.674	ZJK84	35,919
Medical Assistance Program	93.778	ZJK84	148,443
Block Grants for Community Mental Health Services	93.958	ZJK84	253,301
Total Expenditures of State Matching of Federal Awards			<u>3,463,420</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS, STATE FINANCIAL ASSISTANCE, AND STATE MATCHING OF FEDERAL AWARDS			<u>\$ 25,842,131</u>

UNITED FOR FAMILIES, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2013
(Continued)

Note (1): Basis of Accounting

The Schedule of Expenditures of Federal Awards and State Financial Assistance is prepared on the accrual basis of accounting. None of the Federal awards or state financial assistance expended by the Organization were in the form of noncash assistance, there was no insurance in effect during the year related to Federal awards, nor were there any loans or loan guarantees outstanding at year-end.

Note (2): Service Provided Contracts

Only expenses incurred in accordance with the contract terms are reported as expenditures on the Schedule of Expenditures of Federal Awards and State Financial Assistance.

Note (3): Pass-Through Awards

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

Note (4): Sub-recipients

Of the expenses presented in the accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance, United for Families, Inc. provided Federal and state awards under Contract ZJK84 to sub-recipients as follows:

Federal Awards:

U.S. Department of Health and Human Services

Promoting Safe and Stable Families	93.556	\$ 439,609
Temporary Assistance for Needy Families	93.558	816,585
Grants to States for Access and Visitation Programs	93.597	43,475
Stephanie Tubbs Jones Child Welfare Services Program	93.645	225,454
Foster Care-Title IV-E	93.658	2,806,772
Adoption Assistance	93.659	901,694
Social Services Block Grant	93.667	1,120,273
Child Abuse and Neglect State Grants	93.669	30,124
Block Grants for Community Mental Health Services	93.958	199,105
Total		6,583,091

State Financial Assistance:

State of Florida, Department of Children and Families

Community Based Care (CBC) Supports	60.094	4,293,881
-------------------------------------	--------	-----------

Total Federal Awards and State Financial Assistance		\$ 10,876,972
---	--	---------------

UNITED FOR FAMILIES, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2013
(Continued)

<u>Subrecipient Entity</u>	<u>Amount Provided To Sub-recipients</u>
Children's Home Society	\$ 3,915,126
Family Preservation Services	1,655,758
Hibiscus Children's Center	2,308,749
Exchange Club CASTLE	810,573
Devereux Foundation	23,725
Real Life Children's Ranch	358,389
Behavior Basics, Incorporated	605,119
Haven	105,000
Florida Mentor, Inc.	254,121
Eckerd Academy	1,106
Camp Holiday	28,274
Brookwood	9,630
Alpha House	15,640
Abundant Life Ministries	16,790
Hands of Mercy Everywhere	88,480
Children's Place at Home Safe-Libra House	148,240
Girls and Boys Town	110,071
My Refuge (Brevard Transitional)	8,640
Camelot Community Care, Inc.	30,256
Other Emergency Placements	383,285
	<u>\$ 10,876,972</u>

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

To the Board of Directors,
United for Families, Inc.:

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of United for Families, Inc., which comprise the statement of financial position as of June 30, 2013, and the related statement of activities and cash flows for the year then ended, and the related notes to the financial statements and have issued our report thereon dated December 19, 2013.

Internal Control Over Financial Reporting

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

- 14 -

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

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

James Moore + Co., P.L.

Gainesville, Florida
December 19, 2013

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT
COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR FEDERAL
PROGRAM AND MAJOR STATE PROJECT AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND CHAPTER 10.650,
RULES OF THE AUDITOR GENERAL, STATE OF FLORIDA**

To the Board of Directors,
United for Families, Inc.:

Report on Compliance for Each Major Federal Program and Major State Project

We have audited United for Families, Inc.'s 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 State of Florida, Executive Office of the Governor's State Projects Compliance Supplement that could have a direct and material effect on each of its major federal programs and major state projects for the year ended June 30, 2013. United for Families, Inc.'s major federal programs and major state projects are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal awards programs and state financial assistance projects.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of United for Families, 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; and U.S. 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, State of Florida*. Those standards, OMB Circular A-133, and Chapter 10.650, *Rules of the Auditor General, State of Florida* 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 financial assistance project occurred. An audit includes examining, on a test basis, evidence about United for Families, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program and major state project. However, our audit does not provide a legal determination of United for Families, Inc.'s compliance.

- 16 -

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
gnv@jmco.com

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

Opinion on Each Major Federal Program and Major State Project

In our opinion, United for Families, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and state financial assistance projects for the year ended June 30, 2013.

Report on Internal Control Over Compliance

Management of United for Families, 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 United for Families, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program or 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 Circular A-133, the Florida Single Audit Act and Chapter 10.650, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of United for Families, Inc.'s internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program or state project on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program or state project will not be prevented, or detected and corrected, on a timely basis. *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.

This report is intended for the information and use of management, the board of directors, the Florida Auditor General, federal awarding agencies, state awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

James Mann + Co., P.L.

Gainesville, Florida
December 19, 2013

UNITED FOR FAMILIES, 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:

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major programs:

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

Type of auditors' report issued on compliance for major programs: Unmodified

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

Identification of major programs: CFDA No. 93.556, Promoting Safe and Stable Families and CFDA 93.658, Foster Care – Title IV-E

Dollar threshold used to distinguish between type A and type B programs: \$377,612

Auditee qualified as low-risk auditee? Yes No

State Financial Assistance

Internal control over major projects:

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

UNITED FOR FAMILIES, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS – FEDERAL AWARDS
PROGRAMS AND STATE FINANCIAL ASSISTANCE PROJECTS
FOR THE YEAR ENDED JUNE 30, 2013
(Continued)

Type of auditors' report issued on compliance for major projects:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Rules of the Auditor General, Chapter 10.650?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No (There is no requirement to include a management letter under 10.650)
Identification of major project:	CSFA No. 60.094, Community Based Care Supports
Dollar threshold used to distinguish between Type A and Type B programs:	\$300,000

- | | | |
|---------------------|---|---|
| Section II. | Findings Relating to the Financial Statements Which are Required to be Reported in Accordance With <i>Government Auditing Standards</i>: | There are no current year audit findings. |
| Section III. | Findings and Questioned Costs for Federal Awards: | There are no current year audit findings. |
| Section IV. | Findings and Questions Costs for State Financial Assistance: | There are no current year audit findings. |
| Section V. | Prior Audit Findings and Corrective Action Plan for Federal Awards for the Year Ended June 30, 2012: | There are no prior year audit findings. |
| Section VI. | Prior Audit Findings and Corrective Action Plan for State Financial Assistance for the Year Ended June 30, 2012: | There are no prior year audit findings. |