

WESLEY HOUSE FAMILY SERVICES, INC.

**FINANCIAL STATEMENTS AND
SUPPLEMENTAL INFORMATION**

YEARS ENDED JUNE 30, 2013 AND 2012

WESLEY HOUSE FAMILY SERVICES, INC.
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Wesley House Family Services, Inc.
Key West, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of Wesley House Family Services, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2013 and 2012, and the related statements of activities, functional expenses, and cash flows for the years 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.

Auditors' 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 auditors' 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.

Board of Directors
Wesley House Family Services, Inc.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Wesley House Family Services, Inc. as of June 30, 2013 and 2012, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information – Schedule of Expenditures of State Projects

Our audit was conducted for the purpose of forming an opinion on the financial statements of the Association taken as a whole. The schedule of expenditures of federal awards and state projects, as required by OMB Circular A-133 and Chapter 10.650, Rules of the Auditor General, 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 23, 2013, on our consideration of the Association'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 result 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 Association's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Lakeland, Florida
December 23, 2013

WESLEY HOUSE FAMILY SERVICES, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2013 AND 2012

ASSETS	<u>2013</u>	<u>2012</u>
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 2,549,536	\$ 2,073,812
Cash - Restricted	276,523	98,848
Certificates of Deposit	314,269	524,709
Investments	-	126,711
Grants Receivable	609,146	865,007
Contributions Receivable, Current Portion	110,319	111,390
Other Accounts Receivable	66,530	13,342
Prepaid and Other Assets	119,213	107,472
Total Current Assets	<u>4,045,536</u>	<u>3,921,291</u>
FIXED ASSETS		
Land	318,193	318,193
Buildings	2,902,450	2,902,450
Building Improvements	1,337,881	1,329,281
Furniture and Fixtures	40,413	40,413
Equipment	380,704	396,527
Construction in Progress	12,785	-
Total Fixed Assets	<u>4,992,426</u>	<u>4,986,864</u>
Less: Accumulated Depreciation	<u>(1,690,867)</u>	<u>(1,524,612)</u>
Fixed Assets, Net	3,301,559	3,462,252
CONTRIBUTIONS RECEIVABLE, LESS CURRENT PORTION		
	<u>872,212</u>	<u>982,531</u>
Total Assets	<u><u>\$ 8,219,307</u></u>	<u><u>\$ 8,366,074</u></u>

See accompanying Notes to Financial Statements.

WESLEY HOUSE FAMILY SERVICES, INC.
STATEMENTS OF FINANCIAL POSITION (CONTINUED)
JUNE 30, 2013 AND 2012

	2013	2012
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 202,741	\$ 407,169
Accrued Expenses	237,767	273,675
Deferred Revenue	76,375	49,999
Current Portion of Long-Term Debt	23,648	21,684
Total Current Liabilities	540,531	752,527
LONG-TERM DEBT, NET OF CURRENT PORTION	436,676	459,857
Total Liabilities	977,207	1,212,384
NET ASSETS		
Unrestricted		
Undesignated	5,548,938	5,417,306
Board Designated Other	512,878	420,794
Total Unrestricted Net Assets	6,061,816	5,838,100
Temporarily Restricted	1,050,348	1,185,654
Permanently Restricted Endowment Funds	129,936	129,936
Total Net Assets	7,242,100	7,153,690
Total Liabilities and Net Assets	\$ 8,219,307	\$ 8,366,074

**WESLEY HOUSE FAMILY SERVICES, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2013**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES AND OTHER SUPPORT				
Grants	\$ 8,475,818	\$ 25,775	\$ -	\$ 8,501,593
Program Fees	662,619	-	-	662,619
Special Events	144,680	-	-	144,680
Contributions	70,406	39,309	-	109,715
Donated Services	28,991	-	-	28,991
Interest Income	25,843	1,545	-	27,388
Interest Income on Contributions Receivable	29,554	-	-	29,554
United Way	9,167	703	-	9,870
Realized Gain on Investments	-	3,581	-	3,581
Miscellaneous	119,757	1,300	-	121,057
Net Assets Released from Restrictions	207,519	(207,519)	-	-
	<u>9,774,354</u>	<u>(135,306)</u>	<u>-</u>	<u>9,639,048</u>
Total Revenues and Other Support				
EXPENSES				
Program Services:				
Community Based Care	4,241,008	-	-	4,241,008
Child Care and Provider Services	4,198,217	-	-	4,198,217
Child Care Site	849,779	-	-	849,779
Management and General:				
Facility	47,492	-	-	47,492
Administration	72,255	-	-	72,255
Other Support Services	100,166	-	-	100,166
Fundraising	41,721	-	-	41,721
	<u>9,550,638</u>	<u>-</u>	<u>-</u>	<u>9,550,638</u>
Total Expenses				
CHANGE IN NET ASSETS	223,716	(135,306)	-	88,410
Net Assets, Beginning of Year	<u>5,838,100</u>	<u>1,185,654</u>	<u>129,936</u>	<u>7,153,690</u>
NET ASSETS, END OF YEAR	<u>\$ 6,061,816</u>	<u>\$ 1,050,348</u>	<u>\$ 129,936</u>	<u>\$ 7,242,100</u>

See accompanying Notes to Financial Statements.

WESLEY HOUSE FAMILY SERVICES, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2012

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES AND OTHER SUPPORT				
Grants	\$ 8,967,734	\$ 44,300	\$ -	\$ 9,012,034
Program Fees	653,931	-	-	653,931
Special Events	151,870	-	-	151,870
Contributions	30,467	34,965	-	65,432
Donated Services	29,274	-	-	29,274
Unrealized Gain on Derivative	2,284	-	-	2,284
Interest Income	29,484	375	-	29,859
Interest Income on Contributions Receivable	24,367	-	-	24,367
United Way	10,000	-	-	10,000
Unrealized Gain on Investments	(6,001)	-	-	(6,001)
Miscellaneous	101,549	46	-	101,595
Net Assets Released from Restrictions	261,808	(261,808)	-	-
Total Revenues and Other Support	10,256,767	(182,122)	-	10,074,645
EXPENSES				
Program Services:				
Community Based Care	4,172,868	-	-	4,172,868
Child Care and Provider Services	4,551,777	-	-	4,551,777
Child Care Site	944,473	-	-	944,473
Management and General:				
Facility	58,833	-	-	58,833
Administration	216,053	-	-	216,053
Other Support Services	93,205	-	-	93,205
Fundraising	39,027	-	-	39,027
Total Expenses	10,076,236	-	-	10,076,236
CHANGE IN NET ASSETS	180,531	(182,122)	-	(1,591)
Net Assets, Beginning of Year	5,657,569	1,367,776	129,936	7,155,281
NET ASSETS, END OF YEAR	\$ 5,838,100	\$ 1,185,654	\$ 129,936	\$ 7,153,690

See accompanying Notes to Financial Statements.

**WESLEY HOUSE FAMILY SERVICES, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2013**

	Program Services			Management and General						
	Community Based Care	Child Care and Provider Services	Child Care Site	Total Program Services	Facility	Administration	Other Support	Total Management and General	Fundraising	Total
Salary and Wages	\$ 1,700,630	\$ 348,641	\$ 340,476	\$ 2,389,747	\$ 35,864	\$ 666,884	\$ -	\$ 702,748	\$ -	\$ 3,092,495
Benefits and Payroll Taxes	423,005	130,872	110,532	664,409	10,339	167,905	-	178,244	-	842,653
Subcontracted Care	746,853	3,290,362	-	4,037,215	-	-	-	-	-	4,037,215
Rent	1,166	100	128,133	129,399	268,093	2,089	-	270,182	-	399,581
Depreciation	4,800	-	73,399	78,199	96,620	26,343	15,860	138,823	-	217,022
Professional Fees	50,995	32,404	-	83,399	-	10,791	-	10,791	-	94,190
Flex Funds Expenditures	111,799	-	1,049	112,848	-	-	34,455	34,455	-	147,303
Travel	88,290	8,825	-	97,115	832	2,978	-	3,810	-	100,925
Staff Training	61,386	5,876	385	67,647	-	1,150	-	1,150	-	68,797
Utilities	-	-	26,181	26,181	33,167	-	412	33,579	-	59,760
Telephone	30,229	2,939	3,222	36,390	2,605	18,818	-	21,423	279	58,092
Office, Operating Supplies	22,206	17,220	2,898	42,324	2,323	9,602	422	12,347	693	55,364
Food and Personal Care	3,770	-	46,895	50,665	-	-	22,122	22,122	-	72,787
Fundraising	9,067	-	216	9,283	-	-	9,194	9,194	40,409	58,886
Maintenance	-	30	19,848	19,878	35,157	9,688	2,350	47,195	-	67,073
Insurance	3,982	801	383	5,166	14,865	17,114	4,456	36,435	-	41,601
Interest	-	-	-	-	31,908	-	-	31,908	-	31,908
Licenses and Hiring	13,851	278	918	15,047	-	934	-	934	-	15,981
Purchase of Services	19,962	9,409	-	29,371	-	14,287	1,110	15,397	340	45,108
Miscellaneous	11,091	5,227	1,710	18,028	334	15,750	9,785	25,869	-	43,897
Total Expenses	3,303,082	3,852,984	756,245	7,912,311	532,107	964,333	100,166	1,596,606	41,721	9,550,638
Allocation of Facility Costs	284,200	94,774	-	378,974	(484,962)	105,988	-	(378,974)	-	-
Allocation of Administration Costs	653,726	250,459	93,534	997,719	347	(998,066)	-	(997,719)	-	-
Total Expenses After Allocation	\$ 4,241,008	\$ 4,198,217	\$ 849,779	\$ 9,289,004	\$ 47,492	\$ 72,255	\$ 100,166	\$ 219,913	\$ 41,721	\$ 9,550,638

See accompanying Notes to Financial Statements.

WESLEY HOUSE FAMILY SERVICES, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2012

	Program Services				Management and General					Fundraising	Total
	Community Based Care	Child Care and Provider Services	Child Care Site	Total Program Services	Facility	Administration	Other Support	Total Management and General			
Salary and Wages	\$ 1,900,692	\$ 342,312	\$ 402,793	\$ 2,645,797	\$ 33,109	\$ 627,099	\$ 1,123	\$ 661,331	\$ -	\$ 3,307,128	
Benefits and Payroll Taxes	460,233	98,322	123,328	681,883	9,950	157,424	355	167,729	-	849,612	
Subcontracted Care	605,185	3,675,145	-	4,280,330	-	-	-	-	-	4,280,330	
Rent	2,524	100	124,400	127,024	252,841	4,178	-	257,019	-	384,043	
Depreciation and Amortization	4,744	-	73,181	77,925	92,912	23,925	16,460	133,297	-	211,222	
Professional Fees	77,132	16,372	-	93,504	1,175	11,853	-	13,028	-	106,532	
Flex Funds Expenditures	108,586	-	-	108,586	-	-	57,045	57,045	-	165,631	
Travel	77,740	4,841	-	82,581	894	4,109	-	5,003	-	87,584	
Staff Training	79,295	2,456	1,843	83,594	-	8,143	-	8,143	-	91,737	
Utilities	-	-	26,447	26,447	36,349	-	270	36,619	-	63,066	
Telephone	29,290	2,764	2,889	34,943	3,841	19,719	-	23,560	-	58,503	
Office, Operating Supplies	22,224	28,018	1,637	51,879	13,774	13,325	1,837	28,936	52	80,867	
Food and Personal Care	8,298	-	52,721	61,019	-	-	533	533	-	61,552	
Fundraising	2,996	-	-	2,996	-	-	-	-	38,846	41,842	
Maintenance	35	-	17,522	17,557	22,445	9,730	4,307	36,482	-	54,039	
Insurance	3,100	1,550	383	5,033	15,561	16,956	4,100	36,617	-	41,650	
Interest	-	-	-	-	31,245	-	-	31,245	-	31,245	
Licenses and Hiring	6,903	1,452	701	9,056	-	230	-	230	-	9,286	
Purchase of Services	19,828	12,895	-	32,723	120	18,539	1,301	19,960	-	52,683	
Miscellaneous	8,390	23,685	3,296	35,371	12,926	43,384	5,874	62,184	129	97,684	
Total Expenses	3,417,195	4,209,912	831,141	8,458,248	527,142	958,614	93,205	1,578,961	39,027	10,076,236	
Allocation of Facility Costs	262,772	103,830	-	366,602	(469,052)	102,450	-	(366,602)	-	-	
Allocation of Administration Costs	492,901	238,035	113,332	844,268	743	(945,011)	-	(844,268)	-	-	
Total Expenses After Allocation	\$ 4,172,868	\$ 4,551,777	\$ 944,473	\$ 9,669,118	\$ 58,833	\$ 216,053	\$ 93,205	\$ 368,091	\$ 39,027	\$ 10,076,236	

See accompanying Notes to Financial Statements.

WESLEY HOUSE FAMILY SERVICES, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2013 AND 2012

	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (Decrease) in Net Assets	\$ 88,410	\$ (1,591)
Adjustments to Reconcile Increase (Decrease) in Net Assets to Net Cash Provided by Operating Activities:		
Realized Gain on Investments	(3,581)	-
Unrealized Loss on Investments	-	6,001
Unrealized Gain on Derivative	-	(2,283)
Depreciation	217,022	211,222
(Increase) Decrease in Assets:		
Grants Receivable	255,861	308,422
Contributions Receivable	111,390	112,471
Other Accounts Receivable	(53,188)	10,904
Prepaid Expenses and Other Assets	(11,741)	(34,398)
Increase (Decrease) in Liabilities:		
Accounts Payable	(204,428)	55,813
Accrued Expenses	(35,908)	37,726
Deferred Revenue	26,376	(50,550)
Net Cash Provided by Operating Activities	390,213	653,737
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Sale of Investments	440,985	109,587
Purchase of Investments	(100,253)	(426,387)
Purchase of Fixed Assets	(56,329)	(103,935)
Net Cash Provided (Used) by Investing Activities	284,403	(420,735)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on Long-Term Debt	(21,217)	(4,216)
Net Cash Used by Financing Activities	(21,217)	(4,216)
NET CHANGE IN CASH AND CASH EQUIVALENTS	653,399	228,786
Cash and Cash Equivalents, Beginning of Year	2,172,660	1,943,874
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 2,826,059	\$ 2,172,660
RECONCILIATION OF CASH AND CASH EQUIVALENTS		
Cash and Cash Equivalents	\$ 2,549,536	\$ 2,073,812
Cash - Restricted	276,523	98,848
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 2,826,059	\$ 2,172,660
SUPPLEMENTAL DISCLOSURE		
Cash Paid for Interest	\$ 30,387	\$ 31,245
Noncash Financing Activities Long-term Debt Refinance	\$ -	\$ 500,000

See accompanying Notes to Financial Statements.

WESLEY HOUSE FAMILY SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Business Activity

Wesley House Family Services, Inc. (Wesley House) is a nonprofit corporation organized under the laws of the State of Florida on January 11, 1975. Wesley House provides child care and family support services within Monroe County, Florida. Wesley House is accredited under the Counsel on Accreditation.

Wesley House offers three primary community support services for the families and children of Monroe County: child care and provider services to assist families and children with child care and work with child care providers to provide quality educational programs, one directly operated child care site in Key West, and community based care programs working with community partners to assist children and families in the dependency care system. All of the services are provided throughout Monroe County, Florida through locations in Key West, Marathon and Tavernier.

Basis of Accounting

The financial statements of Wesley House have been prepared on the accrual basis of accounting and accordingly, reflect all significant receivables, payables and other liabilities.

Basis of Presentation

Wesley House has adopted Financial Accounting Standards Board Accounting Standards Codification (FASB ASC), 958-210, *Not-for-Profit Entities – presentation of financial statements*. Under FASB ASC 958-210, Wesley House is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Revenue Recognition

Wesley House recognizes grants, contracts and contributions of cash or other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor 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 statement of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted support.

Wesley House recognizes revenues from exchange transactions when the service is rendered. Receivables are recognized for outstanding invoices.

Wesley House considers its receivables to be fully collectible; accordingly, no allowance for doubtful accounts is required.

**WESLEY HOUSE FAMILY SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

Wesley House received a substantial portion of its revenues from various state and federal grants. Government funding may be significantly impacted by budget allocations and, consequently, changes in that funding may affect Wesley House's operations. For the years ended June 30, 2013 and 2012, the following entities provided more than 10% of total revenues:

	2013	2012
Our Kids of Miami-Dade/Monroe, Inc.	41%	40%
Early Learning Coalition of Miami-Dade/Monroe, Inc.	42%	44%

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. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents are cash on hand as well as demand deposits and investments with original maturities of three months or less.

The carrying amount of Wesley House's cash and cash equivalents as of June 30, 2013 and 2012 are \$2,826,059 and \$2,172,660. The bank balances are \$2,853,254 and \$2,186,399, respectively. Balances in cash and cash equivalents and certificates of deposit are collateralized, covered by the Federal Depository Insurance Corporation, or covered by the National Credit Union Association. The main operating account balance may exceed the FDIC maximum allowable amount; however, it is secured additionally by Government Securities, A-rated Corporate Bonds and/or Municipal Bonds.

Wesley House is required by Our Kids of Miami-Dade/Monroe Inc. (Our Kids) to fund an irrevocable standby letter of credit up to \$100,000 and is named as the beneficiary in the event that continuity of care as defined in the contract between Wesley House and Our Kids is disrupted or at imminent risk of disruption due specified events. The letter of credit is secured by a certificate of deposit at the same financial institution.

Cash – Restricted

Wesley House restricts cash to include a balance sufficient to cover the amounts held in temporarily and permanently restricted net assets, less the contribution receivable.

Certificates of Deposit

Certificates of deposit are stated at cost. The certificates bear interest ranging from 0.30% to 0.55%.

WESLEY HOUSE FAMILY SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fixed Assets

Purchased fixed assets are recorded at cost. Donated assets are recorded at fair market value at the time of donation. Wesley House has a policy for capitalizing expenditures for fixed assets with costs greater than \$1,000 and an expected useful life of at least one year. Major renewals and betterments are capitalized while minor renewals and betterments are expensed as incurred. When assets are purchased with certain grant funds, they are subject to certain use restrictions and disposition procedures. Depreciation expenses are provided using the straight-line method over the estimated useful lives of the various classes of assets.

Donated Services, Goods and Facilities

A substantial number of volunteers have donated time to Wesley House's program services and fundraising campaigns during the year; however, these donated services are not reflected in the financial statements since the services do not require specialized skills. Materials, facilities use and other assets received as donations are recorded and reflected in the accompanying financial statements at their fair values at the date of receipt. The Organization benefited from donated services supporting matching funding which were valued at \$28,991 and \$29,274 for the years ended June 30, 2013 and 2012, respectively. These amounts have been reported as donated services on the statement of activities.

Income Taxes

Wesley House is a not-for-profit organization that is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and, accordingly, no provision for income taxes has been made in the accompanying financial statements. The Organization recognizes interest accrued related to unrecognized tax benefits in interest expense and penalties in operating expenses. During the year ended June 30, 2013, the Organization did not incur interest and penalties related to tax positions. The Organization files as a tax exempt organization, should that status be challenged in the future, all years since inception would be subject to review by the IRS.

Concentrations of Credit and Market Risk

Financial instruments that potentially expose Wesley House to concentrations of credit and market risk consist primarily of investments, uncollateralized grants receivable, other receivables, and long-term debt. Grants receivable are primarily due from The State of Florida and other nonprofit agencies and are deemed fully collectible.

WESLEY HOUSE FAMILY SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Assets

Wesley House's net assets are classified into three categories: (1) unrestricted net assets, which include no donor-imposed restrictions, (2) temporarily restricted net assets, which include donor-imposed restrictions that will expire in the future and (3) permanently restricted net assets, which include donor-imposed restrictions that the assets be maintained permanently.

The unrestricted net assets consist of operating funds available for any purpose authorized by the board of directors.

Temporarily restricted net assets consist of funds arising from gifts in which the donor has stipulated, as a condition of the gift, restrictions on how or when the gift may be spent.

Permanently restricted net assets consist of funds arising from a gift or bequest in which the donor has stipulated, as a condition of the gift, that the principal be maintained in perpetuity and only the investment income from investment of the funds be expended. Certain donor endowments also specify that a portion of the earnings from the investment be reinvested as principal, or that all income earned over a period of time be reinvested. Amounts are also transferred for specific uses from time to time, as requested by the donor.

Net Assets Released from Restrictions

When a donor 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 statement of activities as net assets released from restrictions.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of and the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Costs that are directly related to Wesley House's specific purpose have been recorded as a direct expense and included as program services.

WESLEY HOUSE FAMILY SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012

NOTE 2 CONTRIBUTIONS RECEIVABLE

Below market leases are considered unconditional promises to give. Included in "contributions receivable" are below market leases for the following day care and family service sites for June 30, 2013:

	<u>Inez Martin</u>	<u>Spalding Court</u>	<u>Total</u>
Due in Less than One Year	\$ 131,976	\$ 13,196	\$ 145,172
Due in One to Five Years	568,705	56,863	625,568
Due in More than Five Years	310,584	733,978	1,044,562
	<u>1,011,265</u>	<u>804,037</u>	<u>1,815,302</u>
Unamortized Discount	<u>(329,156)</u>	<u>(503,615)</u>	<u>(832,771)</u>
Total Contributions Receivable, Net	<u>\$ 682,109</u>	<u>\$ 300,422</u>	<u>\$ 982,531</u>

Fair values of the leases are assumed to increase 3% each year and the discount rate is 4%.

NOTE 3 LONG-TERM DEBT

Wesley House's long-term debt is payable in consecutive monthly installments of principal and interest commencing on August 13, 2011 and continued on the same day of each calendar period thereafter, in 179 equal payments, with one final payment of all remaining principal and accrued interest due on July 12, 2026. Interest accrues at a fixed rate of 6.69% per annum. For the years ended June 30, 2013 and 2012, Wesley House's long-term debt was \$459,670 and \$481,541, respectively.

The debt principal payments for the refinanced debt are as follows at June 30, 2013:

2014	\$ 23,648
2015	24,780
2016	26,489
2017	28,317
2018	30,270
Thereafter	326,820
	<u>\$ 460,324</u>

Wesley House believes they are in compliance with financial loan covenants associated with the above notes payable as of June 30, 2013.

Wesley House also has a line of credit available in the maximum principal amount not to exceed \$250,000 at any one time outstanding for the purpose of obtaining an operating line to fund short term needs. Interest shall accrue on the unpaid principal balance outstanding from time to time at the variable rate of the Banks' Prime Rate plus 0.125% per annum to be adjusted daily as the Bank's Prime Rate changes. There currently are no borrowings.

WESLEY HOUSE FAMILY SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012

NOTE 4 PENSION PLAN

Wesley House participates in the Pension Plan through the General Board of Pensions of United Methodist Church (the Plan). The Plan covers substantially all employees. Employees become eligible for active plan participation after completing one year of full-time service. Contributions to the Plan by Wesley House are calculated at 6% of an eligible employee's gross pay. Wesley House employees are required to make contributions of 3% of their gross pay. Upon becoming a participant in the Plan, contributions made by the employees and Wesley House become fully vested. For the years ended June 30, 2013 and 2012, Wesley House's pension contribution was \$117,901 and \$116,130, respectively.

NOTE 5 LEASES

A facility for the Nurturing Parenting Program/Strengthening Families is rented at a cost of \$1 per year until March 2049. The estimated fair value of the property is \$10,125 and \$10,223 for the years ended June 30, 2013 and 2012, respectively. The Inez Martin day care facility is provided to Wesley House at no cost. The estimated fair rental value of the facility is \$101,265 and \$102,248 for the years ended June 30, 2013 and 2012, respectively. The Wesley House lease expires December 31, 2020.

Future lease payments required under operating leases that have initial or remaining non-cancelable lease terms due as of June 30, 2013 are \$25,667.

For the years ended June 30, 2013 and 2012, lease expense under all operating leases was \$382,838 and \$384,043, respectively.

NOTE 6 PUBLIC SUPPORT REQUIRING LOCAL RESOURCE MATCH

During 2013, Wesley House received various grants. The following contracts required a specific local match:

Contract Title	Contract Number	Match Required	Match Provided
Early Learning Coalition of Miami-Dade/Monroe	C12-102	\$ 100,938	\$ 100,938
Ounce of Prevention Fund of Florida	HF12-13-18	50,400	103,282
Our Kids of Miami-Dade/Monroe	PSSF	96,620	143,084
		<u>\$ 247,958</u>	<u>\$ 347,304</u>

NOTE 7 CONTINGENCIES

Wesley House receives a substantial amount of its support from federal and state governments in the form of grants. A significant reduction in the level of this support, if this were to occur, may have a significant effect on Wesley House's programs and activities.

WESLEY HOUSE FAMILY SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012

NOTE 8 CONTINGENCIES (CONTINUED)

Government grants require the fulfillment of certain conditions as set forth in the grant agreements. Failure to fulfill the conditions could result in the return of the funds to grantors. Based upon prior experience, management believes that disallowance's, if any, would be immaterial.

NOTE 9 ENDOWMENT COMPOSITION

Wesley House's permanently restricted endowment consists of funds established by the Marion Stevens Will. The fund was established in 2001 requiring the principal of the endowment to remain intact. The income from the endowment principal is used to fund scholarships for children whose families barely exceed the low income guidelines.

Endowment funds by category from inception to date and changes in endowment net assets for the year ended June 30, 2013 consist of the following:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Net Assets at Beginning of Year	\$ -	\$ 4,655	\$ 129,936	\$ 134,591
Investment Return:				
Interest Income	-	1,231	-	1,231
Unrealized Gain on Investments	-	3,582	-	3,582
Investment Fees	-	(422)	-	(422)
	<u>\$ -</u>	<u>\$ 9,046</u>	<u>\$ 129,936</u>	<u>\$ 138,982</u>

Endowment funds by category from inception to date and changes in endowment net assets for the year ended June 30, 2012 consist of the following:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Net Assets at Beginning of Year	\$ -	\$ 7,880	\$ 129,936	\$ 137,816
Investment Return:				
Interest Income	-	4,609	-	4,609
Unrealized Loss on Investments	-	(6,001)	-	(6,001)
Investment Fees	-	(1,833)	-	(1,833)
	<u>\$ -</u>	<u>\$ 4,655</u>	<u>\$ 129,936</u>	<u>\$ 134,591</u>

Interpretation of Uniform Prudent Management of Institutional Funds

During 2011, the State of Florida has enacted Uniform Prudent Management of Institutional Funds Act (UPMIFA) enhanced disclosure required by Accounting Standard Codification Endowments of Not-for-Profit Organizations: Net Assets Classification of Funds Subject to an Enacted Version of the UPMIFA, and Enhanced Disclosure for All Endowment Funds which become effective July 1, 2012. The Board of Directors of Wesley House is requiring

**WESLEY HOUSE FAMILY SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012**

NOTE 8 ENDOWMENT COMPOSITION (CONTINUED)

the preservation of the fair value of the original gift as of the gift date of the donor restricted endowment funds per the donor stipulations.

As a result of this interpretation, Wesley House classifies the endowment as permanently restricted net assets. Wesley House 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 Organization 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 Organization
- 7) The investment policies of the Organization.

Return Objectives and Risk Parameters

Wesley House has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets.

Strategies Employed for Achieving Objectives

The purpose of the Endowment Fund is to facilitate the board's desire to develop a source of revenue for Wesley House. In so doing, the Endowment Fund will provide a secure, long-term source of funds to: (a) fund special grants; (b) ensure long-term growth; (c) enhance our ability to meet changing needs in both the short and long-term; and, (d) support the administrative expenses of Wesley House as deemed appropriate.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The board of directors has allowed use of the net income from donor restricted funds since 2001 to fund scholarships for children whose families are in need of support.

Funds with Deficiencies

From time to time, the fair value of assets associated with the donor restricted endowment funds may fall below the level that Wesley House's policies require to retain as a fund of perpetual duration. Deficiencies of this nature would be reported in unrestricted net assets. Wesley House does not have any deficiencies as of June 30, 2013 and 2012.

Donor restricted endowment funds are included in the statement of financial position under the following asset categories:

	2013	2012
Cash and Cash Equivalents	\$ 4,655	\$ 7,880
Investments	-	126,711
	\$ 4,655	\$ 134,591

WESLEY HOUSE FAMILY SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012

NOTE 9 BOARD DESIGNATED UNRESTRICTED NET ASSETS

Unrestricted net assets have been designated for specific purposes by the board. These purposes are as follows at June 30:

	2013	2012
Other	\$ 50,000	\$ -
The Lester Johnson Estate	462,878	420,794
	<u>\$ 512,878</u>	<u>\$ 420,794</u>

NOTE 10 TEMPORARILY RESTRICTED NET ASSETS

	2013	2012
Present Value of Below Market Leases on Daycare Sites	\$ 982,531	\$ 1,093,921
Foster Children Fund	22,331	32,292
Backpack Program	11,545	17,877
Ocean Reef Foundation	-	14,829
Children's Gift Fund	11,017	14,239
ParrotHead Fund	3,604	6,224
Marion Stevens Scholarships	9,046	4,655
Adoptive Children Fund	649	666
Books Are Key	-	311
Provider Services Fund	-	255
Walker Fund	233	233
Food for Families	961	152
Holiday Helpers	8,431	-
	<u>\$ 1,050,348</u>	<u>\$ 1,185,654</u>

NOTE 11 RELATED PARTY TRANSACTIONS

Wesley House operates one day care facility which receives day care fees from the Early Learning Coalition of Miami-Dade/Monroe, Inc. in the amount of \$289,349 and \$358,964 for the years ended June 30, 2013 and 2012, respectively.

One of the board members was employed at a financial institution where Wesley House had \$2,064,483 cash and cash equivalents and \$102,774 certificates of deposit held at June 30, 2013. Wesley House had \$2,064,483 in cash and cash equivalents and \$210,838 certificates of deposit held at June 30, 2012.

The CEO of Wesley House is on the board of directors for the Early Learning Coalition of Miami-Dade/Monroe, Inc. Wesley House received revenues of \$4,049,828 and \$4,428,057 and ending accounts receivable of \$325,275 and \$614,410 from the Coalition for the years ended June 30, 2013 and 2012, respectively.

WESLEY HOUSE FAMILY SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012

NOTE 12 SUBSEQUENT EVENTS

Management has performed an analysis of the activities and transactions subsequent to June 30, 2013 to determine the need for any adjustments to and/or disclosures within the audited financial statements for the years ended June 30, 2013 and 2012. Management has performed their analysis through December 23, 2013 and has noted that the Early Learning Coalition of Miami-Dade/Monroe, Inc. has decided to not renew their grant for the School Readiness (SR) and Voluntary Pre-kindergarten (VPK) Programs.



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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

Board of Directors
Wesley House Family Services, Inc.
Key West, 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 Wesley House Family Services, Inc., which comprise the statement of financial position as of June 30, 2013, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 23, 2013.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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.

Board of Directors
Wesley House Family Services, Inc.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Wesley House Family Services, Inc.'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 result 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.



CliftonLarsonAllen LLP

Lakeland, Florida
December 23, 2013



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

Board of Directors
Wesley House Family Services, Inc.
Key West, Florida

Report on Compliance for Each Major Federal Program and State Project

We have audited Wesley House Family Services, Inc.'s compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and the requirements described in the Executive Office of the Governor's State Projects Compliance Supplement, that could have a direct and material effect on each of Wesley House Family Services, Inc.'s major federal programs and state projects for the year ended June 30, 2013. Wesley House Family Services, Inc.'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.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Wesley House Family Services, Inc.'s major federal programs and state projects based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and Chapter 10.650 Rules of the Auditor General. Those standards and OMB Circular A-133 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 and state project occurred. An audit includes examining, on a test basis, evidence about Wesley House Family Services, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Board of Directors
Wesley House Family Services, Inc.

Opinion on Each Major Federal Program and State Project

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

Report on Internal Control Over Compliance

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



CliftonLarsonAllen LLP

Lakeland, Florida
December 23, 2013

**WESLEY HOUSE FAMILY SERVICES, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE PROJECTS
YEAR ENDED JUNE 30, 2013**

Agency/Pass-Through Entity Program Title	CFDA or CSFA Number	Contract or Grant Number	Expenditures
FEDERAL AWARDS - PASSED THROUGH			
Department of Agriculture			
Passed through the State of Florida			
Department of Health:			
Child Care Food Program	10.558	I3397	\$ 71,618
Total Department of Agriculture			<u>71,618</u>
U.S. Department of Health and Human Services			
Passed through the Agency for Workforce Innovation:			
Passed through Florida's Office of Early Learning (School Readiness State Cluster Program)			
Child Care and Development Block Grant			
Temporary Assistance to Needy Families (TANF)	93.558	SR193	500,625
TANF MOE Match	93.558	SR193	494,967
TANF transfer to CCDF Discretionary	93.575	SR193	490,797
Child Care Development Fund (CCDF) Discretionary	93.575	SR193	573,292
CCDF Mandatory	93.596	SR193	223,063
CCDF Match Federal	93.596	SR193	463,398
CCDF Match State	93.596	SR193	91,131
CCDF MOE	93.596	SR193	138,483
Social Services Block Grant	93.667	SR193	2,383
Total Passed Through Early Learning Coalition Miami-Dade/Monroe, Inc.			<u>2,978,139</u>
Passed through Our Kids of Miami-Dade/ Monroe, Inc. for Community Based Care: (Community Based Care State Cluster Program)			
Temporary Assistance for Needy Families (TANF) Block Grants	93.558	N/A	407,401
Child Welfare Services - State Grants	93.645	N/A	77,534
Promoting Safe and Stable Families	93.556	N/A	157,309
Foster Care - Title IV-E	93.658	N/A	994,698
Adoption Assistance	93.659	N/A	176,402
Social Services Block Grant	93.667	N/A	198,289
Child Abuse and Neglect State Grants	93.669	N/A	19,253
Independent Living	93.674	N/A	61,997
Promoting Safe and Stable Families - IV - B	93.556	N/A	7,927
Subtotal			<u>2,100,810</u>

**WESLEY HOUSE FAMILY SERVICES, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE PROJECTS (CONTINUED)
YEAR ENDED JUNE 30, 2013**

Agency/Pass-Through Entity Program Title	CFDA or CSFA Number	Contract or Grant Number	Expenditures
FEDERAL AWARDS - PASSED THROUGH (CONTINUED)			
Passed through Our Kids of Miami-Dade/ Monroe, Inc. for Community Based Care: State Matching Funds for Federal Programs (Community Based Care State Cluster Program)			
Child Welfare Services - State Grants	93.645	N/A	25,845
Adoption Assistance	93.659	N/A	154,661
Independent Living	93.674	N/A	15,499
Blocks Grants for Community Mental Health Services	93.958	N/A	6,355
Family Preservation and Support Services	93.556	N/A	2,642
Subtotal			<u>205,002</u>
Total Passed Through Our Kids of Miami/Dade Monroe, Inc.			<u>2,305,812</u>
Passed through the Ounce of Prevention Fund of Florida:			
Healthy Families - TANF	93.558	HF11-12-18	193,617
Healthy Families - CBCAP	93.590	HF11-12-18	7,983
Total Passed Through the Ounce of Prevention Fund of Florida			<u>201,600</u>
Total Health and Human Services			<u>5,485,551</u>
Total Federal Awards			<u><u>\$ 5,557,169</u></u>

**WESLEY HOUSE FAMILY SERVICES, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE PROJECTS (CONTINUED)
YEAR ENDED JUNE 30, 2013**

Agency/Pass-Through Entity Program Title	CFDA or CSFA Number	Contract or Grant Number	Expenditures
STATE PROJECTS - PASSED THROUGH			
State of Florida Department of Children and Families			
Passed through Our Kids of Miami-Dade/ Monroe, Inc.:			
(Community Based Care State Cluster Program)			
Community Based Care Supports	60.094	N/A	\$ 1,696,976
Total Passed through Our Kids of Miami-Dade/Monroe, Inc.			<u>1,696,976</u>
State of Florida Agency for Workforce Innovation			
Passed through Florida's Early Learning Coalition (School Readiness State Cluster Program)			
Voluntary Pre-Kindergarten:			
Education Program	48.108	SV193	<u>1,071,687</u>
Total Passed through Early Learning Coalition Miami-Dade/Monroe, Inc.			<u>1,071,687</u>
Total State Projects			<u>\$ 2,768,663</u>
Total Federal Awards and State Projects			<u>\$ 8,325,832</u>

WESLEY HOUSE FAMILY SERVICES, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE PROJECTS
YEAR ENDED JUNE 30, 2013

NOTE 1 GENERAL

The accompanying Schedule of Expenditures of Federal Awards and State Projects includes the Federal awards and State projects activity of Wesley House Family Services, Inc. (Wesley House) and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and *Rules of the Auditor General – State Single Audits – Nonprofit and For-Profit Organizations*, issued by the Auditor General of the State of Florida. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 2 MAJOR PROGRAM DETERMINATION

The School Readiness State Cluster Program and Community Based Care State Cluster Program both have funding sources which indicate that the source of funds includes multiple federal and state awards. In accordance with OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, each major program cannot be "unclustered" and, therefore, has been tested as a cluster. See the Summary of Auditor's Results on pages 30 and 31.

NOTE 3 SUBRECIPIENTS

Wesley House does not provide awards to subrecipients.

**WESLEY HOUSE FAMILY SERVICES, INC.
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS --
 FEDERAL AWARDS AND STATE PROJECTS
 YEAR ENDED JUNE 30, 2013**

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued Unmodified

Internal control over financial reporting:

Material weakness identified No

Significant deficiency identified not considered to be a material weakness No

Noncompliance material to the financial statements noted No

Federal Awards and State Projects

Internal control over major programs:

Material weakness identified No

Significant deficiency identified not considered to be a material weakness No

Type of auditor's report issued on compliance for major awards and projects Unmodified

Identification of Major Federal Awards and State Projects:

Federal Awards

CFDA Number

School Readiness State Cluster Program Various

Community Based Care State Cluster Program Various

State Projects

CSFA Number

School Readiness State Cluster Program 48.108

Community Based Care State Cluster Program 60.094

Dollar threshold used to distinguish between Type A and Type B programs for Both Federal awards and State projects \$300,000

Auditee qualified as low-risk Yes

**WESLEY HOUSE FAMILY SERVICES, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS –
FEDERAL AWARDS AND STATE PROJECTS
YEAR ENDED JUNE 30, 2013**

SECTION II - FINANCIAL STATEMENT AUDIT

There were no current year findings.

SECTION III – FEDERAL AWARDS AND STATE PROJECTS FINDINGS AND QUESTIONED COSTS

There were no current year findings.



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MANAGEMENT LETTER

Board of Directors
And Management of Wesley House Family Services, Inc.
Key West, Florida

In planning and performing our audit of the financial statements of Wesley House Family Services, Inc. as of and for the year ended June 30, 2013, in accordance with auditing standards generally accepted in the United States of America, we considered Wesley House Family Services, Inc.'s internal control over financial reporting (internal control) as a basis for designing our auditing procedures 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 organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the organization's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all such deficiencies have been identified. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

This report is intended solely for the information and use of management, board of directors, others within the entity, federal and state agencies, and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Lakeland, Florida
December 23, 2013