

WESLEY HOUSE FAMILY SERVICES, INC.

**FINANCIAL STATEMENTS AND
SUPPLEMENTAL INFORMATION**

YEARS ENDED JUNE 30, 2014 AND 2013

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, 2014 and 2013, 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 audits 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.

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, 2014 and 2013, 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 Federal Awards and State Financial Assistance

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 financial assistance, 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 November 17, 2014 on our consideration of the Organization'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 the Organization's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Lakeland, Florida
November 17, 2014

WESLEY HOUSE FAMILY SERVICES, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2014 AND 2013

	2014	2013
ASSETS		
CURRENT ASSETS		
Cash	\$ 1,771,887	\$ 2,549,536
Cash - Restricted	251,335	276,523
Certificates of Deposit	312,509	314,269
Grants Receivable	287,266	609,146
Contributions Receivable, Current Portion	147,202	110,319
Other Accounts Receivable	42,372	66,530
Prepaid and Other Assets	104,607	119,213
Total Current Assets	2,917,178	4,045,536
FIXED ASSETS		
Land	318,193	318,193
Buildings	3,329,402	2,902,450
Improvements	1,373,121	1,337,881
Furniture and Fixtures	247,652	40,413
Equipment	416,961	380,704
Construction in Progress	40,024	12,785
Total Fixed Assets	5,725,353	4,992,426
Less: Accumulated Depreciation	(1,656,522)	(1,690,867)
Fixed Assets, Net	4,068,831	3,301,559
CONTRIBUTIONS RECEIVABLE, LESS CURRENT PORTION	1,848,320	872,212 *
Total Assets	\$ 8,834,329	\$ 8,219,307

* See footnote 2 for additional information on contribution.

See accompanying Notes to Financial Statements.

WESLEY HOUSE FAMILY SERVICES, INC.
STATEMENTS OF FINANCIAL POSITION (CONTINUED)
JUNE 30, 2014 AND 2013

	2014	2013
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 169,644	\$ 202,741
Accrued Expenses	284,338	237,767
Deferred Revenue	55,457	76,375
Current Portion of Long-Term Debt	25,727	23,648
Total Current Liabilities	535,166	540,531
LONG-TERM DEBT, NET OF CURRENT PORTION	411,897	436,676
Total Liabilities	947,063	977,207
NET ASSETS		
Unrestricted		
Undesignated	5,239,699	5,598,939
Board Designated Other	460,486	462,877
Total Unrestricted Net Assets	5,700,185	6,061,816
Temporarily Restricted	2,057,145	1,050,348
Permanently Restricted Endowment Funds	129,936	129,936
Total Net Assets	7,887,266	7,242,100
Total Liabilities and Net Assets	\$ 8,834,329	\$ 8,219,307

WESLEY HOUSE FAMILY SERVICES, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2014

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES AND OTHER SUPPORT				
Grants	\$ 4,358,617	\$ 50,250	\$ -	\$ 4,408,867
Program Fees	658,337	-	-	658,337
Special Events	136,090	2,002	-	138,092
Contributions	16,901	36,924	-	53,825
Donated Services, Facilities and Land	147,574	1,012,991	-	1,160,565
Interest Income	25,591	1,660	-	27,251
Interest Income on Contributions Receivable	23,359	-	-	23,359
United Way	-	8,432	-	8,432
Miscellaneous	195,131	800	-	195,931
Net Assets Released from Restrictions	106,262	(106,262)	-	-
Total Revenues and Other Support	5,667,862	1,006,797	-	6,674,659
EXPENSES				
Program Services:				
Community Based Care	4,423,040	-	-	4,423,040
Healthy Families	323,361	-	-	323,361
Child Care Site	879,190	-	-	879,190
Management and General:				
Facility	44,740	-	-	44,740
Administration	174,169	-	-	174,169
Other Support Services	130,412	-	-	130,412
Fundraising	54,581	-	-	54,581
Total Expenses	6,029,493	-	-	6,029,493
CHANGE IN NET ASSETS	(361,631)	1,006,797	-	645,166
Net Assets, Beginning of Year	6,061,816	1,050,348	129,936	7,242,100
NET ASSETS, END OF YEAR	\$ 5,700,185	\$ 2,057,145	\$ 129,936	\$ 7,887,266

See accompanying Notes to Financial Statements.

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 and Facilities	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
Unrealized Gain on Investments	-	3,581	-	3,581
Miscellaneous	119,757	1,300	-	121,057
Net Assets Released from Restrictions	207,519	(207,519)	-	-
Total Revenues and Other Support	9,774,354	(135,306)	-	9,639,048
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
Total Expenses	9,550,638	-	-	9,550,638
CHANGE IN NET ASSETS	223,716	(135,306)	-	88,410
Net Assets, Beginning of Year	5,838,100	1,185,654	129,936	7,153,690
NET ASSETS, END OF YEAR	\$ 6,061,816	\$ 1,050,348	\$ 129,936	\$ 7,242,100

See accompanying Notes to Financial Statements.

**WESLEY HOUSE FAMILY SERVICES, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2014**

	Program Services				Management and General					
	Community Based Care	Healthy Families	Child Care Site	Total Program Services	Facility	Administration	Other Support	Total Management and General	Fundraising	Total
Salary and Wages	\$ 1,481,170	\$ 141,393	\$ 351,108	\$ 1,973,671	\$ 72,095	\$ 678,347	\$ 24,763	\$ 775,205	\$ 4,148	\$ 2,753,024
Benefits and Payroll Taxes	356,449	42,312	116,538	515,299	22,319	151,391	3,020	176,730	1,339	693,368
Subcontracted Care	865,000	-	-	865,000	-	-	-	-	-	865,000
Rent	2,280	6,363	131,976	140,619	173,098	2,280	-	175,378	-	315,997
Depreciation	6,921	-	65,374	72,295	115,687	7,974	15,131	138,792	-	211,087
Professional Fees	24,800	19,398	-	44,198	-	10,750	-	10,750	-	54,948
Flex Funds Expenditures	223,696	649	1,327	225,672	-	-	18,300	18,300	-	243,972
Travel	105,349	2,538	-	107,887	1,134	4,072	44	5,250	-	113,137
Staff Training	33,862	6,277	330	40,469	-	3,043	119	3,162	-	43,631
Utilities	-	-	25,431	25,431	41,367	70	82	41,519	-	66,950
Telephone	17,227	1,725	1,359	20,311	9,157	16,922	-	26,079	32	46,422
Office, Operating Supplies	19,815	3,105	2,691	25,611	3,974	19,100	-	23,074	751	49,436
Food and Personal Care	2,046	31	51,426	53,503	-	11	28,289	28,300	-	81,803
Fundraising	-	82	-	82	-	46	21,359	21,405	46,631	68,118
Maintenance	-	-	23,608	23,608	48,578	9,880	4,920	63,378	-	86,986
Insurance	6,703	-	383	7,086	14,251	11,510	4,957	30,718	-	37,804
Interest	-	-	-	-	30,496	-	-	30,496	-	30,496
Licenses and Hiring	12,468	408	1,328	14,204	25	3,753	-	3,778	-	17,982
Purchase of Services	36,420	169	-	36,589	12,785	12,109	2,124	27,018	1,680	65,287
Miscellaneous	5,793	2,419	9,214	17,425	143,389	20,801	2,429	166,619	-	184,045
Total Expenses	3,199,999	226,869	782,093	4,208,961	688,355	952,059	125,537	1,765,951	54,581	6,029,493
Allocation of Facility Costs	479,984	43,635	-	523,619	(643,615)	119,996	-	(523,619)	-	-
Allocation of Administration Costs	743,057	52,857	97,097	893,011	-	(897,886)	4,875	(893,011)	-	-
Total Expenses After Allocation	\$ 4,423,040	\$ 323,361	\$ 879,190	\$ 5,625,591	\$ 44,740	\$ 174,169	\$ 130,412	\$ 349,321	\$ 54,581	\$ 6,029,493

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					Total
	Community Based Care	Child Care and Provider Services	Child Care Site	Total Program Services	Facility	Administration	Other Support	Total Management and General	Fundraising	
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.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2014 AND 2013

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in Net Assets	\$ 645,166	\$ 88,410
Adjustments to Reconcile Increase (Decrease) in Net Assets to Net Cash Provided by Operating Activities:		
Loss on Disposal of Fixed Assets	140,743	-
Realized Gain on Investments	-	(3,581)
Depreciation	211,087	217,022
(Increase) Decrease in Assets:		
Grants Receivable	321,880	255,861
Contributions Receivable	(1,012,991)	111,390
Other Accounts Receivable	24,158	(53,188)
Prepaid Expenses and Other Assets	14,606	(11,741)
Increase (Decrease) in Liabilities:		
Accounts Payable	(33,097)	(204,428)
Accrued Expenses	46,571	(35,908)
Deferred Revenue	(20,918)	26,376
Net Cash Provided by Operating Activities	337,205	390,213
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Sale of Investments	314,272	440,985
Purchase of Investments	(312,512)	(100,253)
Purchase of Fixed Assets	(1,119,102)	(56,329)
Net Cash Provided (Used) by Investing Activities	(1,117,342)	284,403
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on Long-Term Debt	(22,700)	(21,217)
Net Cash Used by Financing Activities	(22,700)	(21,217)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(802,837)	653,399
Cash and Cash Equivalents, Beginning of Year	2,826,059	2,172,660
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 2,023,222	\$ 2,826,059
RECONCILIATION OF CASH AND CASH EQUIVALENTS		
Cash and Cash Equivalents	\$ 1,771,887	\$ 2,549,536
Cash - Restricted	251,335	276,523
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 2,023,222	\$ 2,826,059
SUPPLEMENTAL DISCLOSURE		
Cash Paid for Interest	\$ 30,496	\$ 30,387

See accompanying Notes to Financial Statements.

WESLEY HOUSE FAMILY SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014 AND 2013

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: Community based care programs working with community partners to assist children and families in the dependency care system, an in-home support program that promotes child health and development and encourages stable and positive child-parent relationships, and one directly operated child care site in Key West. 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, 2014 AND 2013**

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, 2014 and 2013, the following entities provided more than 10% of total revenues:

	<u>2014</u>	<u>2013</u>
Our Kids of Miami-Dade/Monroe, Inc.	69%	41%
Early Learning Coalition of Miami-Dade/Monroe, Inc.	0%	42%

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

Cash consists of cash on hand as well as demand deposits.

The carrying amount of Wesley House's cash as of June 30, 2014 and 2013 are \$2,023,222 and \$2,826,059. The bank balances are \$2,055,436 and \$2,853,254, respectively. Balances in cash and cash equivalents 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 0.10% to 0.55%.

WESLEY HOUSE FAMILY SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014 AND 2013

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 assets as follows:

Buildings and Improvements	10-35 Years
Furniture, Fixtures and Equipment	3-10 Years

Donated Services, Facilities, and Land

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 meet requirements for recording under generally accepted accounting principles. 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 \$1,160,565 and \$28,991 for the years ended June 30, 2014 and 2013, 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, 2014, 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, 2014 AND 2013

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 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.

Subsequent Events

Management has performed an analysis of the activities and transactions subsequent to June 30, 2014 to determine the need for any adjustments to and /or disclosures within the audited financial statements for the years ended June 30, 2014 and 2013. Management has performed their analysis through November 17, 2014 and has noted no subsequent events.

WESLEY HOUSE FAMILY SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014 AND 2013

NOTE 2 CONTRIBUTIONS RECEIVABLE

Below market leases are considered unconditional promises to give. The promise to give is recorded as revenue in the current year, though no funds have been received. For the years ended June 30, 2014 and 2013, Wesley House's contributions receivable was \$1,995,522 and \$982,531, respectively. Included in "contributions receivable" are below market leases for the following child care and family service sites and land for June 30, 2014:

	Inez Martin	Spalding Court	Truman Lot	Total
Due in Less than One Year	\$ 135,936	\$ 13,592	\$ 9,270	\$ 158,798
Due in One to Five Years	743,353	74,325	50,692	868,370
Due in More than Five Years	1,146,822	724,583	37,237	1,908,642
	<u>2,026,111</u>	<u>812,500</u>	<u>97,199</u>	<u>2,935,810</u>
Unamortized Discount	<u>(407,440)</u>	<u>(517,936)</u>	<u>(14,912)</u>	<u>(940,288)</u>
Total Contributions Receivable, Net	<u>\$ 1,618,671</u>	<u>\$ 294,564</u>	<u>\$ 82,287</u>	<u>\$ 1,995,522</u>

Fair values of the leases are assumed to increase 3% each year and the discount rate varies according to lease inception terms. During the current year, Inez Martin was renewed for an additional 7 years and was discounted at a rate of 2.86%. Spalding Court was discounted at a rate of 4%. Truman Lot was placed into service during the current year and was discounted at a rate of 2.7%.

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, 2014 and 2013, Wesley House's long-term debt was \$437,625 and \$460,324, respectively.

The debt principal payments are as follows at June 30, 2014:

2015	\$ 25,727
2016	26,489
2017	28,317
2018	30,270
2019	32,359
Thereafter	<u>294,462</u>
	<u>\$ 437,624</u>

Wesley House believes they are in compliance with financial loan covenants associated with the above note payable as of June 30, 2014.

WESLEY HOUSE FAMILY SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014 AND 2013

NOTE 3 LONG-TERM DEBT (CONTINUED)

Wesley House also has two lines of credit available in the maximum principal amounts not to exceed \$100,000 and \$250,000 at any one time outstanding for the purposes of obtaining an operating line to fund short term needs. Interest shall accrue on the unpaid principal balances outstanding from time to time at the fixed rate of 2.150% and 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.

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 effective the month following their date of hire. 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 become full vested. Vesting of employer contributions is dependent upon hire dates. For the years ended June 30, 2014 and 2013, Wesley House's pension contribution was \$87,011 and \$117,901, respectively.

NOTE 5 LEASES

A facility for the supporting children is rented at a cost of \$1 per year until March 2049. The estimated fair value of the property is \$13,196 and \$12,811 for the years ended June 30, 2014 and 2013, respectively. The Inez Martin day care facility is provided to Wesley House at no cost. The estimated fair rental value of the facility is \$131,976 and \$128,133 for the years ended June 30, 2014 and 2013, respectively. The Wesley House lease expires December 31, 2027. The Truman Lot is rented at a cost of \$1 per year until September 2024. The estimated fair value of the property that was placed into service during the year is \$6,750 and \$0 for the years ended June 30, 2014 and 2013, respectively.

Future lease payments required under operating leases that have initial or remaining non-cancelable lease terms due as of June 30, 2014 are \$90,000.

For the years ended June 30, 2014 and 2013, lease expense under all operating leases was \$315,997 and \$399,581, respectively.

WESLEY HOUSE FAMILY SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014 AND 2013

NOTE 6 PUBLIC SUPPORT REQUIRING LOCAL RESOURCE MATCH

During 2014, Wesley House received various grants. The following contracts required a specific local match:

<u>Contract Title</u>	<u>Contract Number</u>	<u>Match Required</u>	<u>Match Provided</u>
Ounce of Prevention Fund of Florida	HF12-13-18	53,550	62,513
Our Kids of Miami-Dade/Monroe	PSSF	23,892	104,992
		<u>\$ 77,442</u>	<u>\$ 167,506</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.

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 8 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, 2014 consist of the following:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Net Assets at Beginning of Year	\$ -	\$ 9,046	\$ 129,936	\$ 138,982
Investment Return:				
Interest Income	-	1,430	-	1,430
	<u>\$ -</u>	<u>\$ 10,476</u>	<u>\$ 129,936</u>	<u>\$ 140,412</u>

WESLEY HOUSE FAMILY SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014 AND 2013

NOTE 8 ENDOWMENT COMPOSITION (CONTINUED)

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:

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

**WESLEY HOUSE FAMILY SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014 AND 2013**

NOTE 8 ENDOWMENT COMPOSITION (CONTINUED)

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, 2014 and 2013.

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

	2014	2013
Cash - Restricted	<u>\$ 140,412</u>	<u>\$ 138,982</u>

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:

	2014	2013
Other	\$ 50,000	\$ 50,000
The Lester Johnson Estate	410,486	412,877
	<u>\$ 460,486</u>	<u>\$ 462,877</u>

NOTE 10 TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are as follows at June 30:

	2014	2013
Present Value of Below Market Leases on Daycare Sites	\$ 1,995,522	\$ 982,531
Foster Children Fund	16,553	22,331
Backpack Program	11,536	11,545
Children's Gift Fund	13,134	11,017
ParrotHead Fund	5,269	3,604
Marion Stevens Scholarships	10,476	9,046
Adoptive Children Fund	649	649
Walker Fund	233	233
Food for Families	1,061	961
Holiday Helpers	2,712	8,431
	<u>\$ 2,057,145</u>	<u>\$ 1,050,348</u>

WESLEY HOUSE FAMILY SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014 AND 2013

NOTE 11 NET ASSETS RELEASED FROM RESTRICTION

Net assets were released from restriction based on time and program restrictions. Net Assets released from restriction are as follows at June 30:

	<u>2014</u>	<u>2013</u>
Present Value of Below Market Leases on Daycare Sites	\$ -	\$ 111,390
Conch Republic	16,222	13,552
Klaus Murphy	19,750	20,710
Backpack Program	42,018	22,419
Children's Gift Fund	1,678	6,547
ParrotHead Fund	4,835	7,620
Marion Stevens Scholarships	-	422
Ocean Reef Foundation	-	14,829
Food for Families	400	17
Holiday Helpers	21,359	9,193
Miscellaneous Programs	-	820
	<u>\$ 106,262</u>	<u>\$ 207,519</u>

NOTE 12 RELATED PARTY TRANSACTIONS

One of the board members was employed at a financial institution where Wesley House had \$1,877,334 cash and cash equivalents and \$100,278 certificates of deposit held at June 30, 2014. Wesley House had \$2,064,483 in cash and cash equivalents and \$102,774 certificates of deposit held in that institution at June 30, 2013. The Board member abstains on decisions related to banking related matters and also does not personally benefit from this relationship.

One of the board members has been retained as legal counsel for Wesley House. For the years ended June 30, 2014 and 2013, expenditures for services provided were at a discounted rate of \$6,000 and \$6,000, respectively.



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INDEPENDENT AUDITORS' REPORT ON 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, 2014 and 2013, and the related statements of activities, and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated November 17, 2014.

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.

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
November 17, 2014



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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, 2014. 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; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and Chapter 10.650 Rules of the Auditor General. Those standards, OMB Circular A-133 and Chapter 10.650, Rules of the Auditor General require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program 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.

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, 2014.

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 and Chapter 10.650 Rules of the Auditor General, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of 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.

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the 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
November 17, 2014

**WESLEY HOUSE FAMILY SERVICES, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
YEAR ENDED JUNE 30, 2014**

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	\$ 66,928
Total Department of Agriculture			<u>66,928</u>
U.S. Department of Health and Human Services			
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	413,781
Child Welfare Services - State Grants	93.645	N/A	78,659
Promoting Safe and Stable Families	93.556	N/A	38,636
Foster Care - Title IV-E	93.658	N/A	937,049
Adoption Assistance	93.659	N/A	172,313
Social Services Block Grant	93.667	N/A	219,084
Child Abuse and Neglect State Grants	93.669	N/A	18,404
Independent Living	93.674	N/A	33,189
Promoting Safe and Stable Families - IV - B	93.556	N/A	8,134
Subtotal			<u>1,919,249</u>
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)			
Temporary Assistance for			
Needy Families (TANF) Block Grants	93.558	N/A	694,722
Child Welfare Services - State Grants	93.645	N/A	26,220
Foster Care - Title IV-E	93.658	N/A	9,283
Adoption Assistance	93.659	N/A	168,340
Independent Living	93.674	N/A	8,297
Blocks Grants for Community Mental Health Services	93.958	N/A	36,506
Family Preservation and Support Services	93.556	N/A	2,711
Subtotal			<u>946,079</u>
Total Passed Through Our Kids of Miami/Dade Monroe, Inc.			<u>2,865,328</u>

**WESLEY HOUSE FAMILY SERVICES, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE (CONTINUED)
YEAR ENDED JUNE 30, 2014**

Agency/Pass-Through Entity Program Title	CSFA Number	Contract or Grant Number	Expenditures
Passed through the Ounce of Prevention Fund of Florida:			
Healthy Families - TANF	93.558	LJ910	206,557
Healthy Families - CBCAP	93.590	LJ910	7,643
Total Passed Through the Ounce of Prevention Fund of Florida			<u>214,200</u>
Total Health and Human Services			<u>3,079,528</u>
Total Federal Awards			<u><u>\$ 3,146,456</u></u>
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)			
State Department of Children and Families in Home	60.074	N/A	\$ 327,320
State Department of Children and Families Out of Home	60.075	N/A	691,502
State Department of Children and Families Independent Living	60.112	N/A	28,567
Total Passed through Our Kids of Miami-Dade/Monroe, Inc.			<u>1,047,389</u>
Total State Projects			<u>\$ 1,047,389</u>
Total Federal Awards and State Projects			<u><u>\$ 4,193,845</u></u>

WESLEY HOUSE FAMILY SERVICES, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
YEAR ENDED JUNE 30, 2014

NOTE 1 GENERAL

The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance 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 Community Based Care State Cluster Program has 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 28 and 29.

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 FINANCIAL ASSISTANCE
 YEAR ENDED JUNE 30, 2014**

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

Community Based Care State Cluster Program Various

State Projects

CSFA Number

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 FINANCIAL ASSISTANCE
YEAR ENDED JUNE 30, 2014**

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

We have audited the financial statements of Wesley House Family Services, Inc., as of and for the fiscal year ended June 30, 2014, and have issued our report thereon dated November 17, 2014.

We conducted our audit 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; (if applicable) OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations; and Chapter 10.650, Rules of the Florida Auditor General. We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with Government Auditing Standards, Independent Auditor's Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program, on Internal Control over Compliance, and on the Schedule of Expenditures of Federal Awards and State Financial Assistance in Accordance with OMB Circular A-133 and Chapter 10.650, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated November 17, 2014, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with Chapter 10.650, Rules of the Auditor General, which requires disclosure in the management letter noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements or State project amounts that is less than material but which warrants the attention of those charged with governance.

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, and applicable management and is not intended to be and should not be used by anyone other than these specified parties.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Lakeland, Florida
November 17, 2014