

KIDS IN DISTRESS, INC.

CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

June 30, 2015

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AND SUPPLEMENTARY INFORMATION

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INDEPENDENT AUDITORS' REPORT

Boards of Directors
Kids In Distress, Inc.

We have audited the accompanying consolidated financial statements of Kids In Distress, Inc. and its affiliates (a nonprofit organization) (the "Organization"), which comprise the consolidated statement of financial position as of June 30, 2015, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of 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 risk 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 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Kids In Distress, Inc. and its affiliates as of June 30, 2015, and the changes in its net assets, and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Kids in Distress, Inc.'s June 30, 2014 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated October 14, 2014. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. The accompanying Supplementary Consolidated Schedule of Expenditures of Federal Awards and State Financial Assistance with Notes, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and State of Florida Chapter 10.650, *Rules of the Auditor General*, is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 consolidated financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 28, 2015, 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 results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.


FALKINS & COMPANY

October 28, 2015

KIDS IN DISTRESS, INC.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
June 30, 2015
(With Comparative Totals for June 30, 2014)

ASSETS

	2015	2014
ASSETS:		
Cash	\$ 2,890,420	\$ 2,688,975
Investments	8,558,916	8,511,026
Grants and contracts receivable, net	1,245,265	1,223,764
Other receivables, net	-	-
Unconditional promises to give, net	-	1,722
Prepaid expenses	66,139	147,587
Other assets	193,868	151,710
Land, buildings, and equipment, net	8,573,951	8,893,275
Assets restricted for endowment purposes, net	12,500	12,500
Total assets	\$ 21,541,059	\$ 21,630,559

LIABILITIES AND NET ASSETS

LIABILITIES:		
Accounts payable and accrued expenses	\$ 502,389	\$ 546,505
Debt	66,200	82,750
Total liabilities	568,589	629,255
COMMITMENTS		
NET ASSETS:		
Unrestricted	20,748,994	20,751,851
Temporarily restricted	210,976	236,953
Permanently restricted	12,500	12,500
Total net assets	20,972,470	21,001,304
Total liabilities and net assets	\$ 21,541,059	\$ 21,630,559

See accompanying notes to consolidated financial statements

KIDS IN DISTRESS, INC.
CONSOLIDATED STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2015
(With Comparative Totals for the Year Ended June 30, 2014)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals 2015	Totals 2014
REVENUES, GAINS, AND OTHER SUPPORT:					
Community Support:					
Contributions	\$ 1,656,897	\$ 408,971	\$ -	\$ 2,065,868	\$ 1,962,502
In-kind contributions	243,126	-	-	243,126	228,416
	<u>1,900,023</u>	<u>408,971</u>	<u>-</u>	<u>2,308,994</u>	<u>2,190,918</u>
Governmental grants and contracts	7,414,029	-	-	7,414,029	6,909,983
Medicaid/HMO revenue	553,282	-	-	553,282	551,644
Client fees	243,045	-	-	243,045	173,565
Rental and other earned income	370,835	-	-	370,835	389,909
Other revenues	56,679	-	-	56,679	65,542
Investment income net of investment expenses of \$34,839 for 2015 and \$27,080 for 2014	343,484	-	-	343,484	174,493
Gain (loss) on sale of securities	(269,381)	-	-	(269,381)	19,146
Unrealized gain (loss) on investments	(63,893)	-	-	(63,893)	976,071
Net assets released from restrictions:					
Restrictions satisfied by payments	434,948	(434,948)	-	-	-
Total revenues, gains, and other support	<u>10,983,051</u>	<u>(25,977)</u>	<u>-</u>	<u>10,957,074</u>	<u>11,451,271</u>
EXPENSES AND LOSSES:					
Program Services:					
Abuse/Neglect Prevention	3,257,645	-	-	3,257,645	3,413,896
Adoption	154,904	-	-	154,904	167,345
Childhood Education	1,239,781	-	-	1,239,781	953,377
Family Counseling	1,303,627	-	-	1,303,627	1,489,854
Maternal & Child Health	365,673	-	-	365,673	411,335
Mentoring	42,472	-	-	42,472	31,408
Residential	149,782	-	-	149,782	78,536
Supportive Foster Care	1,183,069	-	-	1,183,069	1,095,624
Supportive Housing	1,038,564	-	-	1,038,564	1,046,573
General Programs incl. Facilities	248,139	-	-	248,139	221,563
	<u>8,983,656</u>	<u>-</u>	<u>-</u>	<u>8,983,656</u>	<u>8,909,511</u>
Supporting Services:					
General and Administrative	1,151,573	-	-	1,151,573	1,045,696
Marketing and Development	850,679	-	-	850,679	838,752
Total expenses	<u>10,985,908</u>	<u>-</u>	<u>-</u>	<u>10,985,908</u>	<u>10,793,959</u>
Other Items:					
Write down in promise to give	-	-	-	-	1,101,000
Total expenses and losses	<u>10,985,908</u>	<u>-</u>	<u>-</u>	<u>10,985,908</u>	<u>11,894,959</u>
CHANGE IN NET ASSETS	(2,857)	(25,977)	-	(28,834)	(443,688)
NET ASSETS, beginning of year	20,751,851	236,953	12,500	21,001,304	21,444,992
Transfer of net assets	-	-	-	-	-
NET ASSETS, end of year	<u>\$ 20,748,994</u>	<u>\$ 210,976</u>	<u>\$ 12,500</u>	<u>\$ 20,972,470</u>	<u>\$ 21,001,304</u>

See accompanying notes to consolidated financial statements

KIDS IN DISTRESS, INC.
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2015
(With Comparative Totals for the Year Ended June 30, 2014)

	Supporting Services			Totals 2015	Totals 2014
	Program Services	General and Administrative	Marketing and Development		
Salaries and wages	\$ 4,679,636	\$ 566,228	\$ 314,768	\$ 5,560,632	\$ 5,305,409
Payroll taxes and benefits	1,057,475	108,758	68,344	1,234,577	1,122,387
Shared personnel allocation	(73,547)	44,389	29,158	-	-
	<u>5,663,564</u>	<u>719,375</u>	<u>412,270</u>	<u>6,795,209</u>	<u>6,427,796</u>
Bad debt expense (recovery)	(17,100)	-	-	(17,100)	18,662
Building maintenance and janitorial supplies	64,919	30,038	3,257	98,214	96,776
Client related expenses	322,370	-	-	322,370	327,068
Depreciation	465,865	55,016	28,719	549,600	544,164
Equipment maintenance	57,460	19,428	6,408	83,296	121,819
Event expenses	13,675	12	154,628	168,315	111,196
Food and classroom supplies	83,372	581	323	84,276	55,973
Insurance	275,821	67,755	22,238	365,814	388,569
Marketing, promotions, and community relations	2,120	1,959	22,518	26,597	34,068
Membership, publications, and licenses	48,949	6,539	1,831	57,319	53,727
Miscellaneous	267	428	14,270	14,965	14,089
Office, printing, and software	51,318	81,122	6,840	139,280	95,537
Postage and direct mail	4,270	2,961	14,055	21,286	25,287
Professional fees, contractors, and consultants	1,078,229	52,223	108,087	1,238,539	1,278,308
Rent and Utilities	215,773	58,507	18,560	292,840	278,655
Staff recruitment and related expenses	94,222	29,672	985	124,879	162,015
Telecommunications	150,731	18,137	10,091	178,959	156,880
Training and conferences	17,712	3,354	2,005	23,071	47,864
Vehicle and mileage expense	210,455	3,452	851	214,758	201,415
In-kind expense	179,664	1,014	22,743	203,421	354,091
	<u>\$ 8,983,656</u>	<u>\$ 1,151,573</u>	<u>\$ 850,679</u>	<u>\$ 10,985,908</u>	<u>\$ 10,793,959</u>
Total expenses	<u>\$ 8,983,656</u>	<u>\$ 1,151,573</u>	<u>\$ 850,679</u>	<u>\$ 10,985,908</u>	<u>\$ 10,793,959</u>

See accompanying notes to consolidated financial statements

KIDS IN DISTRESS, INC.
CONSOLIDATED STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2015
(With Comparative Totals for the Year Ended June 30, 2014)

	<u>2015</u>	<u>2014</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (28,834)	\$ (443,688)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	549,600	544,164
Bad debt expense (recovery) and write down in promise to give	(17,100)	1,119,662
Unrealized and realized gains (losses) on investments	333,274	(995,217)
Gain on disposal of property and equipment	(600)	(22,000)
(Increase) decrease in assets:		
Grants and contracts receivable	(21,501)	(417,109)
Unconditional promises to give	18,822	17,858
Prepaid expenses and other assets	39,290	199,144
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	(44,116)	129,529
Net cash provided by operating activities	<u>828,835</u>	<u>132,343</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of land, buildings, and equipment	(230,276)	(28,081)
Proceeds from sales of investments	5,143,103	613,452
Proceeds from sales of land, buildings, and equipment	600	22,000
Purchases of investments	(5,524,267)	(1,150,252)
Net cash used in investing activities	<u>(610,840)</u>	<u>(542,881)</u>
CASH FLOWS FROM FINANCING ACTIVITY:		
Forgiveness of debt	(16,550)	(16,550)
Net cash used in financing activity	<u>(16,550)</u>	<u>(16,550)</u>
NET INCREASE (DECREASE) IN CASH	201,445	(427,088)
CASH, beginning of year	<u>2,688,975</u>	<u>3,116,063</u>
CASH, end of year	<u>\$ 2,890,420</u>	<u>\$ 2,688,975</u>

See accompanying notes to consolidated financial statements

KIDS IN DISTRESS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended June 30, 2015
(With Comparative Totals for the Year Ended June 30, 2014)

Note 1 - Nature of Activities and Summary of Significant Accounting Policies

The following is the nature of activities of Kids In Distress, Inc. and its affiliates (the "Organization"), and a summary of significant accounting policies followed by the Organization in the preparation of the accompanying financial statements.

Kids In Distress, Inc. ("KID") - KID is a nonprofit organization dedicated to the prevention of child abuse, the preservation of the family, and the care and treatment of abused and neglected children in South Florida through its various programs. KID is principally supported by contracts with ChildNet, Inc. (approximately 24% and 21% of revenues in 2015 and 2014, respectively), Children's Services Council of Broward County, Inc. (approximately 20% and 19% of revenues in 2015 and 2014, respectively) and other grants and contracts from governmental agencies, as well as contributions from members of the surrounding community (approximately 21% and 19% of revenues in 2015 and 2014, respectively). If a significant reduction in the level of support from governmental agencies were to occur, it could have a material effect on KID's activities.

Consolidated financial statements - These financial statements consolidate the accounts of Kids in Distress, Inc. and its affiliates, as described below. All inter-organization transactions and balances have been eliminated in consolidation.

Kids in Distress Foundation, Inc. (the "Foundation") - Kids in Distress Foundation, Inc. was formed to support KID by providing financial resources, operating and expanding facilities and equipment, and investing funds of KID under a management contract and lease between the two entities. The Foundation is included in consolidation because KID has both an economic interest in and control over the Foundation through a majority voting interest in the governing board of the Foundation.

Healthcare Solutions, LLC - Healthcare Solutions, LLC ("Healthcare"), a Florida Limited Liability Company was formed during the year ended June 30, 2010 to operate a dental and optometry program serving client children and their families. During the preceding year the program's administration was assumed by the dental and optometry departments of Nova Southeastern University ("NSU"), and KID leased its real property and equipment to NSU for these purposes, under an agreement for five years, which contains a renewal option. The accounts of Healthcare have been included in those of KID prior to consolidation in these financial statements.

Basis of presentation - The accompanying consolidated financial statements have been prepared on the accrual basis of accounting.

Comparative Financial Information - The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2014, from which the summarized information was derived.

Financial Statement Presentation - The Organization is required to report information regarding their financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Fair Value of Financial Instruments - The Organization estimates that the fair value of all financial instruments at June 30, 2015 and 2014 does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying Consolidated Statement of Financial Position.

Cash and Cash Equivalents – For purposes of reporting cash flows, the Organization considers any highly liquid instruments with an initial maturity of three months or less to be cash equivalents. The Organization maintains cash balances at a bank and brokerage firms located within the same geographic region, which may, at times, exceed federally insured limits. The Organization has not experienced any losses on such accounts and does not believe it is exposed to any significant risk with respect to cash and cash equivalents.

Investments – Investments in debt securities and marketable equity securities with readily determinable fair values are reported at their quoted fair market values. Equity securities without readily determinable fair values are stated at cost. Donated marketable securities are recorded as contributions at their estimated fair values at the date of receipt of the donation.

Receivables - Receivables primarily consist of grant and contract receivables from federal, state and local governmental agencies, and not-for-profit organizations, and are stated at estimated net realizable value. The Organization uses the allowance method to determine uncollectible receivables. The allowance is based upon management estimates of current economic factors and analysis of specific accounts.

Promises to Give – Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefit received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

Land, Buildings, and Equipment – The Organization capitalizes, at cost, all material expenditures for land, buildings and equipment. Donated land, buildings, and equipment are capitalized at the approximate fair market value at the date of the gift. Depreciation is calculated using the straight-line method over useful lives of three to thirty years.

Impairment of long-lived assets – The carrying value of property and equipment is reviewed for impairment whenever events or changes in circumstances indicate such value may not be recoverable. No impairment of the Organization’s long-lived assets has been recognized during the current fiscal year.

Donated Materials and Services – Donated equipment and materials are reflected as in-kind contributions at their estimated value when received. Such contributions are reported as increases in unrestricted net assets unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire land, buildings, and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated and acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time.

The value of certain donated clothing and other supplies used in the Organization’s programs have been estimated and are included in the Consolidated Statement of Activities under the caption “In-kind contributions”. Also included under the same caption are donated vendor services, which are recorded at their estimated fair values. The Organization generally pays for services requiring specific expertise. However, a substantial number of volunteers have donated significant amounts of their time to the operations of the Organization and in its fund raising campaigns. The Organization benefits from more than 5,000 volunteer hours per year.

Support and revenues – The Organization is principally funded by grants and contracts from federal, state and local governmental agencies, and not-for-profit organizations. Grants and contracts generally provide reimbursement for allowable costs incurred. Revenue from cost reimbursement grants and contracts is recognized as eligible costs are incurred. Receivables are recorded to the extent costs have been incurred but not reimbursed by the granting agencies.

Contributions – Contributions received are recorded at fair value as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Consolidated Statement of Activities as net assets released from restrictions.

Program Costs – The costs of providing the various programs and other activities have been detailed in the Consolidated Statement of Functional Expenses and summarized on a functional basis in the Consolidated Statement of Activities. Salaries and other expenses which are associated with a specific program are charged directly to that program. Salaries and other expenses which benefit more than one program are allocated to the various programs based on the relative benefit provided. Management and general expenses include those expenses that are not directly identifiable with any other specific function but to provide for the overall support and direction of the Organization.

Income Taxes – The Organization is exempt from Federal income taxes under Internal Revenue Code Section 501(c)(3). However, income from certain activities not directly related to the Organization’s tax-exempt purpose may be subject to taxation as unrelated business income. Management has reviewed its tax status and determined that there are no significant uncertain tax positions. The Organization’s federal Return of Organization Exempt from Income Tax (Form 990) for 2014, 2013, and 2012 are subject to examination by the IRS, generally for three years after they were filed.

Note 2 – Unconditional Promises to Give

Unconditional promises to give at June 30, 2015 and 2014 for KID consist of the following:

	<u>2015</u>	<u>2014</u>
Unrestricted	\$ 1,507,900	\$ 1,526,722
Restricted for future operations	-	-
Restricted to capital expenditures	-	-
Less valuation allowance	-	-
Gross unconditional promises to give	<u>\$ 1,507,900</u>	<u>\$ 1,526,722</u>
Gross unconditional promises to give are expected to be collected over the following periods:		
Receivable in less than one year	\$ 19,900	\$ 38,722
Receivable in one to five years	400,000	400,000
Receivable in more than five years	<u>1,088,000</u>	<u>1,088,000</u>
Gross unconditional promises to give	1,507,900	1,526,722
Less discounts to net present value	(369,900)	(387,000)
Less allowance for uncollectible promises to give	<u>(1,138,000)</u>	<u>(1,138,000)</u>
Unconditional promises to give, net	<u>\$ -</u>	<u>\$ 1,722</u>

Promises to give which are expected to be collected beyond one year are recognized at fair value using present value techniques and have been discounted at rates ranging from 3.22% to 3.52% when the donor has made an unconditional promise to give to the Organization.

Note 3 – Assets Restricted for Endowment Purposes

The assets restricted for endowment purposes at June 30, 2015 and 2014 in the amount of \$12,500 consists of cash.

Note 4 – Fair Value Measurements

The Organization follows accounting standards relating to fair value measurements which defines fair value, establishes a framework for measuring fair value in accordance with accounting principles generally accepted in the United States of America, and expands disclosures about fair value measurements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The accounting standards relative to fair value measurements establish a three-level valuation hierarchy for disclosure of fair value measurements. The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. Level inputs, as defined by this guidance, are as follows:

<u>Level Input</u>	<u>Input Definitions</u>
Level I	Inputs are unadjusted, quoted prices for identical assets or liabilities in active markets at the measurement date.
Level II	Inputs other than quoted prices included in Level I that are observable for the asset or liability through corroboration with market data at the measurement date.
Level III	Unobservable inputs that reflect management's best estimate of what market participants would use in pricing the asset or liability at the measurement date.

Fair value of actively traded debt and equity securities are based on quoted market prices. All of the Organization's investments consist of equities and other funds with readily determinable fair values (Level I). There were no assets subject to Level 2 or Level 3 fair value measurements at June 30, 2015 and 2014. The value of the brokerage accounts was \$8,558,916 and \$8,511,026 for June 30, 2015 and 2014, respectively. Cash held in the brokerage accounts amounted to \$118,654 and \$158,011 for June 30, 2015 and 2014, respectively, and are included in cash on the Consolidated Statement of Financial Position.

Note 5 – Land, Buildings, and Equipment

Land, buildings, and equipment consist of the following:

	<u>2015</u>	<u>2014</u>
Land	\$ 2,574,091	\$ 2,574,091
Buildings	8,867,161	8,867,161
Building improvements	1,748,131	1,743,098
Furniture and equipment	2,012,916	1,835,563
Transportation equipment	141,808	172,034
	<u>15,344,107</u>	<u>15,191,947</u>
Less accumulated depreciation	<u>6,770,156</u>	<u>6,298,672</u>
	<u>\$ 8,573,951</u>	<u>\$ 8,893,275</u>

Note 6 – Debt

In a prior year, the Organization entered into a Consent to and Assignment of Agreement, non-interest bearing Promissory Note, and Mortgage with Broward County, Florida to purchase a building. The loan is to be forgiven over the term of the original loan, at the rate of 5% per year or \$16,550, as long as the Organization retains title to the property and complies with the terms and conditions of the Agreement. The loan is secured by a mortgage on the property.

Note 7 – Governmental Grants and Contracts

Governmental grants and contracts consist of the following:

	Term	Amount	Support	
			2015	2014
Broward County, Children's Service Administration Division				
10-CP-CSA-8233-01	10/01/12 - 09/30/13	235,000	\$ -	\$ 30,546
11-CP-CSA-8233-01	10/01/12 - 09/30/13	104,741	-	22,676
14-CP-CSA-8233-01	10/01/13 - 09/30/14	205,000	18,180	91,620
14-CP-CSA-8233-02	10/01/13 - 09/30/14	140,000	7,974	87,144
14-CP-HCS-8233-01	10/01/13 - 09/30/14	40,000	3,118	11,902
14-CP-CSA-8233-01	10/01/14 - 09/30/15	112,000	71,425	-
14-CP-CSA-8233-02	10/01/14 - 09/30/15	140,000	17,568	-
14-CP-HCS-8233-01	10/01/14 - 09/30/15	36,000	17,862	-
			<u>136,127</u>	<u>243,888</u>
Children's Services Council of Broward County				
KID 11-2210	10/01/12 - 09/30/13	1,086,654	-	234,577
KID 11-2210	10/01/13 - 09/30/14	1,086,654	304,393	728,593
KID 11-2210	10/01/14 - 09/30/15	1,086,654	737,673	-
KID 12-2211	10/01/12 - 09/30/13	169,455	-	79,351
KID 12-2211	10/01/13 - 09/30/14	166,565	32,961	132,046
KID 12-2211	10/01/14 - 09/30/15	167,861	119,817	-
KID 11-2218	10/01/12 - 09/30/13	489,013	-	123,971
KID 11-2218	10/01/13 - 09/30/14	489,013	157,050	328,196
KID 11-2218	10/01/14 - 09/30/15	489,013	377,571	-
KID 10-2219	10/01/12 - 09/30/13	434,000	-	124,390
KID 13-2212	10/01/13 - 09/30/14	564,000	147,574	416,396
KID 13-2212	10/01/14 - 09/30/15	421,944	289,019	-
OTHER	07/01/13 - 07/31/13	-	-	1,200
			<u>2,166,058</u>	<u>2,168,720</u>
Broward Regional Health Planning Council, Inc.				
Healthy Families Broward				
CSC 12-13 KIDS	10/01/12 - 09/30/13	301,000	-	66,246
CSC 13-14 KIDS	10/01/13 - 09/30/14	301,000	93,879	216,853
CSC 14-15 KIDS	10/01/14 - 09/30/15	315,000	245,660	-
			<u>339,539</u>	<u>283,099</u>
Broward Healthy Start Coalition, Inc.				
KIDSCC13	07/01/13 - 09/30/14	482,358	92,885	381,210
KIDSCC14	10/01/14 - 06/30/15	289,462	241,821	-
			<u>334,706</u>	<u>381,210</u>
Family Central, Inc.				
General Agreement				
	07/01/13 - 06/30/15	-	329,637	254,589
			<u>329,637</u>	<u>254,589</u>

	Term	Amount	Support	
			2015	2014
ChildNet, Inc.				
PKID13FHM	03/01/13 - 08/31/14	783,769	64,492	544,910
KID13FHM	07/01/13 - 08/31/14	861,245	124,316	802,374
KID13FFG	07/01/13 - 08/31/14	195,360	46,941	130,880
KID13ADP	07/01/13 - 08/31/14	143,396	16,712	120,654
KID13VIS	07/01/13 - 06/30/14	43,475	-	43,475
KID13CFS	07/01/13 - 08/31/14	868,205	122,575	714,713
KID-POS	07/01/13 - 06/30/14	-	-	2,960
PKID14FHM	09/01/14 - 06/30/15	545,905	410,938	-
KID14FHM	09/01/14 - 06/30/15	871,843	859,902	-
KID14FFG	10/01/14 - 06/30/15	288,691	284,832	-
KID14ADP	09/01/14 - 06/30/15	140,185	112,206	-
KID14VIS	07/01/14 - 06/30/15	43,475	43,475	-
KID14CFS	09/01/14 - 06/30/15	585,633	583,321	-
KID-POS	07/01/14 - 06/30/15	-	8,306	-
			<u>2,678,016</u>	<u>2,359,966</u>
Department of Health and Human Services				
Administration for Children and Families				
90CA1791-01	09/30/12 - 09/29/13	579,677	-	327,815
90CA1791-02	09/30/13 - 09/29/14	1,065,323	299,233	765,120
90CA1791-03	09/30/14 - 09/29/15	1,175,000	966,801	-
			<u>1,266,034</u>	<u>1,092,935</u>
Broward Behavioral Health				
Coalition, Inc.				
34323	07/01/13 - 06/30/14	143,976	-	124,151
34360	07/01/14 - 06/30/15	233,952	163,912	-
			<u>163,912</u>	<u>124,151</u>
Broward County Board				
of Commissions				
	07/01/13 - 06/30/14	-	-	1,425
Total governmental grants and contracts			<u>\$ 7,414,029</u>	<u>\$ 6,909,983</u>

Note 8 – Commitments

KID leases real property operating facilities from the Foundation under a lease agreement in the amount of \$436,000 for 2015 and 2014. KID also leases certain equipment from the Foundation at an annual amount of \$152,000 for 2015 and 2014. The effects of these transactions are eliminated in consolidation.

Effective July 1, 1998, KID entered into a management agreement with the Foundation, whereby KID provides investment administration, real estate management, professional fund raising, reporting, and other services to the Foundation for a monthly fee of \$4,000 for 2015 and 2014, which amounted to \$48,000 for June 30, 2015 and 2014. The effects of this agreement are eliminated in consolidation.

Note 9 – Contingencies

As described in Note 1 to the financial statements, the Organization has a long history of serving the South Florida community in matters involving abused and neglected children through its various programs. From time to time the Organization could be presented with claims contending damages to third parties associated with that service. The Organization believes it is adequately insured for such claims in the event they are ever successfully asserted.

By terms of the Organization's grants and contracts, certain funding agencies reserve the right to examine records relating to cost reimbursements. In the event there is a determination of non-qualifying expenditures for which a reimbursement has been made, the funding agency may demand repayment. Management of the Organization does not anticipate any repayments will have to be made for grants or contracts terminated or in process as of June 30, 2015. Accordingly, no provision for liability has been made in the accompanying consolidated financial statements.

Note 10 – Restrictions On Net Assets

Temporarily Restricted Net Assets

Temporarily restricted net assets are available for subsequent years' activities in the amounts of \$210,976 and \$236,593 at June 30, 2015 and 2014, respectively.

Endowment Funds

Endowment net assets for the funds in the amount of \$12,500 are permanently restricted. There were no changes in endowment net assets during the year ended June 30, 2015.

Note 11 – Auxiliary

The Organizations' volunteer auxiliary is separately incorporated under the name Kids In Distress Auxiliary, Inc. (the "Auxiliary") with the express purpose of raising funds for the benefit of the Organization. None of the results of operations or accounts of the Auxiliary is included in the accompanying financial statements because it does not meet the requirements for consolidation. The Auxiliary has a separate board of directors, is not under the control of KID, and both it and KID are not economically dependent on each other.

The Auxiliary made contributions to KID in the approximate amount of \$91,000 and \$121,000 during the years ended June 30, 2015 and 2014, respectively. These amounts are included in Community Support – Contributions on the Consolidated Statement of Activities.

Note 12 – Retirement Plans

KID sponsors a retirement savings plan, which qualifies under Section 401(k) of the Internal Revenue Code. The plan covers substantially all employees, and matching contributions are made by the Organization for the first four percent of compensation deferred by participating employees. Plan expense for 2015 and 2014 was approximately \$95,000 and \$115,000, respectively.

KID previously adopted a Top Hat Deferred Compensation Plan, which qualifies under Section 457(b) of the Internal Revenue Code, for certain of its employees and independent contractors. The Organization may make contributions to the Plan; however, no amounts were contributed by KID in 2015.

Note 13 – Matching Requirements

Some grants require matching of amounts awarded with amounts contributed by other sources. All contractual matching requirements have been met.

Note 14 – Subsequent Events

Management has evaluated subsequent events through October 28, 2015, which is the date these financial statements were available to be issued.

KIDS IN DISTRESS, INC.
SUPPLEMENTARY INFORMATION
June 30, 2015

KIDS IN DISTRESS, INC.
 SUPPLEMENTARY CONSOLIDATED SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 AND STATE FINANCIAL ASSISTANCE WITH NOTES
 For the Year Ended June 30, 2015

Federal/State Agency, Pass-Through Entity	CFDA CSFA Number	Federal Program/State Project	Contract Grant Number
EXPENDITURES OF FEDERAL AWARDS			
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:			
Direct Programs:			
H.E.A.R.T. Alliance for Sustainable Families	93.670	Child Abuse and Neglect Discretionary Activities	90CA1791-02 90CA1791-03
		Subtotal Child Abuse and Neglect Discretionary Activities	
		Subtotal Department of Health and Human Services direct programs	
Pass-through Programs:			
Passed through ChildNet, Inc.	93.556	Promoting Safe and Stable Families	KID13FHM KID14FHM KID13CFS KID14CFS KID13ADP KID14ADP PKID13FHM PKID14FHM
		Subtotal Promoting Safe and Stable Families	
Passed through ChildNet, Inc.	93.558	Temporary Assistance For Needy Families	KID13FHM KID14FHM PKID13FHM PKID14FHM
Passed through Broward Regional Health Planning Council, Inc.-Healthy Families	93.558	Temporary Assistance For Needy Families	CSC13-14 KIDS CSC14-15 KIDS
		Subtotal Temporary Assistance for Needy Families	
Passed through ChildNet, Inc.	93.597	Grants to States for Access and Visitation Programs	KID14VIS
Passed through ChildNet, Inc.	93.645	Child Welfare Services	KID13FHM KID14FHM PKID13FHM PKID14FHM
		Subtotal Child Welfare Services	

<u>Expenditures</u>	<u>Transfer to Subrecipients (Subcontractors)</u>
\$ 299,233	\$ 176,698
966,801	348,239
<hr/>	<hr/>
1,266,034	524,937
<hr/>	<hr/>
1,266,034	524,937
534	-
3,698	-
122,575	13,222
583,321	134,835
16,712	-
112,206	-
277	-
1,767	-
<hr/>	<hr/>
841,090	148,057
17,591	-
121,676	-
9,016	-
57,449	-
93,879	-
245,660	-
<hr/>	<hr/>
545,271	-
43,475	-
<hr/>	<hr/>
4,314	-
29,838	-
2,206	-
14,055	-
<hr/>	<hr/>
50,413	-
<hr/>	<hr/>

KIDS IN DISTRESS, INC.
 SUPPLEMENTARY CONSOLIDATED SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE
 FINANCIAL ASSISTANCE WITH NOTES
 For the Year Ended June 30, 2015

Federal/State Agency, Pass-Through Entity	CFDA CSFA Number	Federal Program/State Project	Contract Grant Number
Passed through ChildNet, Inc.	93.658	Foster Care - Title IV E	KID13FHM KID14FHM PKID13FHM PKID14FHM KID13FFG KID14FFG
		Subtotal Foster Care - Title IV E	
Passed through ChildNet, Inc.	93.659	Adoption Assistance	KID13FHM KID14FHM PKID13FHM PKID14FHM
		Subtotal Adoption Assistance	
Passed through ChildNet, Inc.	93.667	Social Services Block Grant	KID13FFG KID14FFG
		Subtotal Social Services Block Grant	
Passed through Broward Behavioral Health Coalition, Inc.	93.958	Block Grants for Community Mental Health Services	34360
Passed through Broward Healthy Start Coalition, Inc.	93.994	Maternal and Child Health Services Block Grant to the States	KIDSCC13 KIDSCC14
		Subtotal Maternal and Child Health Services Block Grant to the States	
		Subtotal Department of Health and Human Services pass-through programs	
TOTAL EXPENDITURES OF FEDERAL AWARDS			
EXPENDITURES OF STATE FINANCIAL ASSISTANCE			
STATE OF FLORIDA DEPARTMENT OF CHILDREN AND FAMILIES:			
Passed through ChildNet, Inc.	60.094	Community-Based Care Supports	KID13FFG KID14FFG KID13FHM KID14FHM PKID13FHM PKID14FHM KIDPOS
		Subtotal Community-Based Care Supports	
Passed through Broward Behavioral Health Coalition, Inc.	60.048	Children's Mental Health Community Support Services	34360
TOTAL EXPENDITURES OF STATE FINANCIAL ASSISTANCE			

Expenditures	Transfer to Subrecipients (Subcontractors)
28,220	-
195,198	-
14,762	-
94,064	-
21,513	-
130,538	-
<hr/>	
484,295	-
<hr/>	
14,905	-
103,103	-
7,797	-
49,682	-
<hr/>	
175,487	-
<hr/>	
14,082	-
85,450	-
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99,532	-
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34,618	-
<hr/>	
18,577	-
48,364	-
<hr/>	
66,941	-
<hr/>	
2,341,122	148,057
<hr/>	
<u>\$ 3,607,156</u>	<u>\$ 672,994</u>

\$ 11,346	\$ -
68,844	-
58,752	-
406,389	-
30,434	-
193,921	-
8,306	-
<hr/>	
777,992	-
<hr/>	
129,294	-
<hr/>	
<u>\$ 907,286</u>	<u>\$ -</u>

NOTES TO SUPPLEMENTARY CONSOLIDATED SCHEDULE OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
For the Year Ended June 30, 2015

Note 1 – Basis of Presentation

The accompanying consolidated schedule of expenditures of federal awards and state financial assistance with notes includes the federal grant activity of Kids In Distress, Inc., under programs of the federal and state governments for the year ended June 30, 2015. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because this schedule presents only a selected portion of the operations of Kids In Distress, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of Kids In Distress, Inc.

Note 2 – Summary of Significant Accounting Policies

Expenditures reported on this schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-122, *Cost Principles for Non-Profit Organizations*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3 – Subrecipients

Of the federal expenditures presented in this schedule, Kids In Distress, Inc. provided federal awards to subrecipients (subcontractors) as noted.

KIDS IN DISTRESS, INC.
SUPPLEMENTARY CONSOLIDATING STATEMENT OF FINANCIAL POSITION
June 30, 2015
(With Comparative Totals for the Year Ended June 30, 2014)

ASSETS					
	Kids In Distress, Inc.	Kids In Distress Foundation, Inc.	Consolidating Adjustments	Consolidated Totals 2015	Consolidated Totals 2014
ASSETS:					
Cash	\$ 885,182	\$ 2,005,238	\$ -	\$ 2,890,420	\$ 2,688,975
Investments	-	8,558,916	-	8,558,916	8,511,026
Grants and contracts receivable, net	1,245,265	-	-	1,245,265	1,223,764
Other receivables, net	-	2,057,939	(2,057,939)	-	-
Unconditional promises to give, net	-	-	-	-	1,722
Prepaid expenses	42,399	23,740	-	66,139	147,587
Other assets	193,868	-	-	193,868	151,710
Land, buildings, and equipment, net	418,106	8,155,845	-	8,573,951	8,893,275
Assets restricted for endowment purposes, net	-	12,500	-	12,500	12,500
Total assets	\$ 2,784,820	\$ 20,814,178	\$ (2,057,939)	\$ 21,541,059	\$ 21,630,559

LIABILITIES AND NET ASSETS

LIABILITIES:					
Accounts payable and accrued expenses	\$ 2,517,814	\$ 42,514	\$ (2,057,939)	\$ 502,389	\$ 546,505
Debt	-	66,200	-	66,200	82,750
Total liabilities	2,517,814	108,714	(2,057,939)	568,589	629,255
COMMITMENTS					
NET ASSETS:					
Unrestricted	56,030	20,692,964	-	20,748,994	20,751,851
Temporarily restricted	210,976	-	-	210,976	236,953
Permanently restricted	-	12,500	-	12,500	12,500
Total net assets	267,006	20,705,464	-	20,972,470	21,001,304
Total liabilities and net assets	\$ 2,784,820	\$ 20,814,178	\$ (2,057,939)	\$ 21,541,059	\$ 21,630,559

KIDS IN DISTRESS, INC.
SUPPLEMENTARY CONSOLIDATING STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2015
(With Comparative Totals for the Year Ended June 30, 2014)

	Kids In Distress, Inc.			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Subtotals
REVENUES, GAINS, AND OTHER SUPPORT:				
Community Support:				
Contributions	\$ 1,656,897	\$ 408,971	\$ -	\$ 2,065,868
In-kind contributions	243,126	-	-	243,126
	1,900,023	408,971	-	2,308,994
Governmental grants and contracts	7,414,029	-	-	7,414,029
Medicaid/HMO revenue	553,282	-	-	553,282
Client fees	243,045	-	-	243,045
Rental and other earned income	48,887	-	-	48,887
Other revenues	39,370	-	-	39,370
Investment income net of investment expenses of \$34,839 for 2015 and \$27,080 for 2014	81	-	-	81
Gain (loss) on sale of securities	-	-	-	-
Unrealized gain (loss) on investments	-	-	-	-
Net assets released from restrictions:				
Restrictions satisfied by payments	434,948	(434,948)	-	-
Total revenues, gains, and other support	<u>10,633,665</u>	<u>(25,977)</u>	<u>-</u>	<u>10,607,688</u>
EXPENSES AND LOSSES:				
Program Services:				
Abuse/Neglect Prevention	3,262,079	-	-	3,262,079
Adoption	155,183	-	-	155,183
Childhood Education	1,241,843	-	-	1,241,843
Family Counseling	1,307,189	-	-	1,307,189
Maternal & Child Health	366,151	-	-	366,151
Mentoring	42,599	-	-	42,599
Residential	150,810	-	-	150,810
Supportive Foster Care	1,183,869	-	-	1,183,869
Supportive Housing	1,039,703	-	-	1,039,703
General Programs incl. Facilities	248,400	-	-	248,400
	<u>8,997,826</u>	<u>-</u>	<u>-</u>	<u>8,997,826</u>
Supporting Services:				
General and Administrative	956,383	-	-	956,383
Marketing and Development	850,969	-	-	850,969
Total expenses	<u>10,805,178</u>	<u>-</u>	<u>-</u>	<u>10,805,178</u>
Other Items:				
Write down in promise to give	-	-	-	-
Total expenses and losses	<u>10,805,178</u>	<u>-</u>	<u>-</u>	<u>10,805,178</u>
CHANGE IN NET ASSETS	(171,513)	(25,977)	-	(197,490)
NET ASSETS, beginning of year	227,543	236,953	-	464,496
Transfer of net assets	-	-	-	-
NET ASSETS, end of year	<u>\$ 56,030</u>	<u>\$ 210,976</u>	<u>\$ -</u>	<u>\$ 267,006</u>

Kids In Distress Foundation, Inc.

Unrestricted	Temporarily Restricted	Permanently Restricted	Subtotals	Consolidating Adjustments	Consolidated Totals 2015	Consolidated Totals 2014
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,065,868	\$ 1,962,502
-	-	-	-	-	243,126	228,416
-	-	-	-	-	2,308,994	2,190,918
-	-	-	-	-	7,414,029	6,909,983
-	-	-	-	-	553,282	551,644
-	-	-	-	-	243,045	173,565
957,948	-	-	957,948	(636,000)	370,835	389,909
17,309	-	-	17,309	-	56,679	65,542
343,403	-	-	343,403	-	343,484	174,493
(269,381)	-	-	(269,381)	-	(269,381)	19,146
(63,893)	-	-	(63,893)	-	(63,893)	976,071
-	-	-	-	-	-	-
<u>985,386</u>	<u>-</u>	<u>-</u>	<u>985,386</u>	<u>(636,000)</u>	<u>10,957,074</u>	<u>11,451,271</u>
166,674	-	-	166,674	(171,108)	3,257,645	3,413,896
9,364	-	-	9,364	(9,643)	154,904	167,345
65,558	-	-	65,558	(67,620)	1,239,781	953,377
82,462	-	-	82,462	(86,024)	1,303,627	1,489,854
21,572	-	-	21,572	(22,050)	365,673	411,335
2,813	-	-	2,813	(2,940)	42,472	31,408
12,966	-	-	12,966	(13,994)	149,782	78,536
56,354	-	-	56,354	(57,154)	1,183,069	1,095,624
27,967	-	-	27,967	(29,106)	1,038,564	1,046,573
37,783	-	-	37,783	(38,044)	248,139	221,563
<u>483,513</u>	<u>-</u>	<u>-</u>	<u>483,513</u>	<u>(497,683)</u>	<u>8,983,656</u>	<u>8,909,511</u>
301,343	-	-	301,343	(106,153)	1,151,573	1,045,696
31,874	-	-	31,874	(32,164)	850,679	838,752
816,730	-	-	816,730	(636,000)	10,985,908	10,793,959
-	-	-	-	-	-	1,101,000
<u>816,730</u>	<u>-</u>	<u>-</u>	<u>816,730</u>	<u>(636,000)</u>	<u>10,985,908</u>	<u>11,894,959</u>
168,656	-	-	168,656	-	(28,834)	(443,688)
20,524,308	-	12,500	20,536,808	-	21,001,304	21,444,992
-	-	-	-	-	-	-
<u>\$ 20,692,964</u>	<u>\$ -</u>	<u>\$ 12,500</u>	<u>\$ 20,705,464</u>	<u>\$ -</u>	<u>\$ 20,972,470</u>	<u>\$ 21,001,304</u>

KIDS IN DISTRESS, INC.
SUPPLEMENTARY CONSOLIDATING STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2015
(With Comparative Totals for the Year Ended June 30, 2014)

	Program Services										Supporting Services				Totals 2015	Totals 2014	
	Abuse/ Neglect Prevention	Adoption	Childhood Education	Family Counseling	Maternal & Child Health	Mentoring	Residential	Supportive Foster Care	Supportive Housing	General Programs incl Facilities	Subtotals	General and Administrative	Marketing and Development	Subtotals			
Kids In Distress, Inc.																	
Salaries and wages	\$ 1,570,814	\$ 92,596	\$ 669,415	\$ 790,272	\$ 215,284	\$ 29,573	\$ 58,273	\$ 617,730	\$ 274,497	\$ 361,182	\$ 4,679,636	\$ 566,228	\$ 318,768	\$ 880,996	\$ 5,560,632	\$ 5,305,186	
Payroll taxes and benefits	364,962	22,531	143,876	162,838	48,185	5,102	16,589	135,885	65,597	91,910	1,057,475	108,758	68,344	177,102	1,234,577	1,122,348	
Shared personnel allocation	128,820	6,963	47,872	52,224	17,408	1,741	4,352	49,177	17,843	(398,947)	(73,547)	44,389	29,158	73,547	-	-	
	2,064,596	122,090	861,163	1,005,334	280,877	36,416	79,214	802,792	357,937	53,145	5,663,564	719,375	412,270	1,131,645	6,795,209	6,427,534	
Bad debt expense (recovery)	-	-	-	-	-	-	-	-	-	(17,100)	(17,100)	-	-	-	(17,100)	18,662	
Building maintenance and janitorial supplies	14,412	721	17,095	6,025	2,055	183	5,946	8,716	2,108	7,658	64,919	3,827	3,257	7,084	72,003	71,531	
Client related expenses	141,455	-	18,546	465	-	-	15,597	58,324	87,983	-	322,370	-	-	-	322,370	327,068	
Depreciation	3,810	-	1,744	11,960	672	-	-	3,299	-	-	21,485	3,091	-	3,091	24,576	26,906	
Equipment maintenance	51,650	2,420	19,777	20,920	7,309	639	3,201	20,091	6,626	14,347	146,980	26,818	11,567	38,385	185,365	186,465	
Event expenses	1,038	11	324	-	-	-	-	12,122	180	-	13,675	12	154,628	154,640	168,315	111,196	
Food and classroom supplies	167	419	57,750	36	87	-	21,100	947	2,852	14	83,372	581	323	904	84,276	55,973	
Insurance	98,247	5,311	36,511	39,830	13,277	1,328	3,319	37,506	13,608	26,884	275,821	33,855	22,238	56,093	331,914	353,725	
Marketing, promotions, and community relations	7	-	780	-	-	3	-	1,230	25	75	2,120	1,959	22,518	24,477	26,597	34,068	
Membership, publications, and licenses	1,656	692	813	-	-	-	122	5,328	34,500	6,036	48,949	3,146	1,831	4,977	53,926	49,641	
Miscellaneous	-	-	85	-	-	-	78	-	239	(135)	267	399	14,270	14,669	14,936	15,048	
Office, printing, and software	12,166	453	6,887	7,162	2,084	110	4,653	9,215	6,238	2,350	51,318	7,564	6,840	14,404	65,722	92,414	
Postage and direct mail	1,533	-	420	308	131	-	-	1,772	106	-	4,270	2,961	14,055	17,016	21,286	25,287	
Professional fees, contractors, and consultants	399,322	3,108	75,445	48,600	8,476	780	3,363	28,877	432,955	77,303	1,078,229	46,523	108,087	154,610	1,232,839	1,266,691	
Rent and Utilities	186,557	9,462	75,052	76,317	25,487	2,462	6,894	84,431	56,905	61,236	584,803	58,965	42,410	101,375	686,178	689,540	
Staff recruitment and related expenses	51,848	205	26,079	3,684	651	136	214	9,188	955	1,262	94,222	29,672	985	30,657	124,879	161,991	
Telecommunications	50,168	2,867	13,544	26,739	7,458	542	1,294	25,159	10,615	12,345	150,731	10,574	10,091	20,665	171,396	146,866	
Training and conferences	1,441	135	5,001	1,058	207	-	-	3,926	5,024	900	17,712	3,354	2,005	5,359	23,071	47,864	
Vehicle and mileage expense	103,005	7,289	3,571	44,433	8,473	-	1,834	52,336	8,922	592	210,455	3,452	851	4,303	214,758	201,415	
In-kind expense	79,001	-	21,454	14,318	8,907	-	3,981	38,600	11,915	1,488	179,664	255	22,743	22,998	202,662	354,091	
Total expenses	3,262,079	155,183	1,241,843	1,307,189	366,151	42,599	150,810	1,183,869	1,039,703	248,400	8,997,826	956,383	850,969	1,807,552	10,805,178	10,663,976	
Kids In Distress Foundation, Inc.																	
Total expenses	166,674	9,364	65,558	82,462	21,572	2,813	12,966	56,354	27,967	37,783	483,513	301,343	31,874	333,217	816,730	765,983	
Consolidating adjustments	(171,108)	(9,643)	(67,620)	(86,024)	(22,050)	(2,940)	(13,994)	(57,354)	(29,106)	(38,044)	(497,683)	(106,153)	(32,164)	(138,317)	(636,000)	(636,000)	
Total consolidated expenses	\$ 3,257,645	\$ 154,904	\$ 1,239,781	\$ 1,303,627	\$ 365,673	\$ 42,472	\$ 149,782	\$ 1,183,069	\$ 1,038,564	\$ 248,139	\$ 8,983,656	\$ 1,151,573	\$ 850,679	\$ 2,002,252	\$ 10,985,908	\$ 10,793,959	

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

Boards of Directors
Kids In Distress, Inc.

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Kids In Distress, Inc. and its affiliates (a nonprofit organization) (the "Organization"), which comprise the consolidated statement of financial position as of June 30, 2015, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated October 28, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, we considered the Organization's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the 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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal controls and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


FALKINS & COMPANY

October 28, 2015

FALKINS & COMPANY
PROFESSIONAL ASSOCIATION

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

Boards of Directors
Kids In Distress, Inc.

Report on Compliance for Each Major Federal Program and State Project

We have audited Kids In Distress, Inc. and its affiliates' (a nonprofit organization) (the "Organization") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement*, and the requirements described in the *Department of Financial Services' State Projects Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs and state projects for the year ended June 30, 2015. The Organization'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 the Organization's major federal programs and state projects based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and Chapter 10.650, *Rules of the Auditor General*. Those standards, OMB Circular A-133, and Chapter 10.650, *Rules of the Auditor General*, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program or state project occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program and State Project

In our opinion, the Organization 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, 2015.

Report on Internal Control Over Compliance

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program or state project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and state project and to test and report on internal control over compliance in accordance with OMB Circular A-133 and Chapter 10.650, *Rules of the Auditor General*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133 and Chapter 10.650, *Rules of the Auditor General*. Accordingly, this report is not suitable for any other purpose.


FALKINS & COMPANY

October 28, 2015

KIDS IN DISTRESS, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2015

SECTION I – SUMMARY OF AUDITORS’ RESULTS

1. The auditors’ report expresses an unmodified opinion on the consolidated financial statements of Kids In Distress, Inc.
2. No significant deficiencies were reported during the audit of the consolidated financial statements. No material weaknesses were identified.
3. There were no instances of noncompliance material to the financial statements noted during the audit.
4. No significant deficiencies were reported during the audit of internal control over major Federal programs or major State projects. No material weaknesses were identified.
5. The auditors’ report on compliance for the major Federal programs and major State projects for Kids In Distress, Inc. expresses an unmodified opinion.
6. Our audit disclosed no findings required to be reported related to Federal programs under section 510(a) of OMB Circular A-133, nor did our audit disclose any findings related to State projects required to be disclosed under Chapter 10.656 for nonprofit and for-profit organizations.
7. The programs/projects tested as major programs/projects included:

<u>Federal Program</u>	<u>CFDA Number</u>
Promoting Safe and Stable Families	93.556
Foster Care – Title IV E	93.658
<u>State Project</u>	<u>CSFA Number</u>
Community Based Care (CBC) Supports	60.094

8. The threshold for distinguishing Types A and B programs/projects was \$300,000 for major Federal programs and \$300,000 for major State projects.
9. Kids In Distress, Inc. was determined to be a low-risk auditee pursuant to OMB Circular A-133.

SECTION II - FINDINGS – FINANCIAL STATEMENT FINDINGS

None

SECTION III - FINDINGS AND QUESTIONED COSTS – FEDERAL PROGRAMS AND STATE PROJECTS

None

SECTION IV – SUMMARY OF PRIOR AUDIT FINDINGS

None