



Kristi House, Inc.

**Financial Statements, Reports Required
by *Government Auditing Standards* and
OMB Circular A-133, Schedule of Expenditures
of Federal Awards and Supplemental Information**

For the year ended June 30, 2015

Kristi House, Inc.
Contents

	<u>Page</u>
Independent Auditor's Report	3-4
Financial Statements	
Statement of Financial Position	5
Statement of Activities	6
Statement of Functional Expenses	7
Statement of Cash Flows	8
Notes to Financial Statements	9-17
Single Audit Reporting	
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	19-20
Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance Required by OMB Circular A-133 and Chapter 10.650, <i>Rules of the Florida Auditor General</i>	21-22
Schedule of Expenditures of Federal Awards and State Financial Assistance Projects	23-24
Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance Projects	25
Schedule of Findings and Questioned Costs	26-27
Schedule of Prior Year Audit Finding	28



Tel: 305-381-8000
Fax: 305-374-1135
www.bdo.com

1111 Brickell Avenue, Suite 2801
Sabadell Financial Center
Miami, FL 33131

Independent Auditor's Report

To the Board of Directors of
Kristi House, Inc.
Miami, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of Kristi House, Inc. (the "Organization"), which comprise the statement of financial position as of June 30, 2015 and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Kristi House, Inc. as of June 30, 2015, and changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of federal awards and state financial assistance projects, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Government, and Non-Profit Organizations* and Chapter 10.650, *Rules of the Florida Auditor General*, is presented for the purpose 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 January 26, 2016 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.

Miami, Florida
January 26, 2016

BDO USA, LLP

Certified Public Accountants

Kristi House, Inc.
Statement of Financial Position
June 30, 2015

Assets

Cash and cash equivalents	\$ 96,576
Investments	671,834
Grants and other receivables	348,708
Contributions receivable	39,156
Prepaid expenses	20,739
Property and equipment, net	1,991,598
<hr/>	
Total assets	\$ 3,168,611

Liabilities and net assets

Accounts payable and accrued expenses	\$ 133,334
Margin loan	250,000
Deferred rent revenue	456,099
<hr/>	
Total liabilities	839,433
Net assets	
Unrestricted	2,232,772
Temporarily restricted	96,406
<hr/>	
Total net assets	2,329,178
<hr/>	
Total liabilities and net assets	\$ 3,168,611

See accompanying notes to financial statements.

Kristi House, Inc.
Statement of Activities
For the year ended June 30, 2015

	Unrestricted	Temporarily Restricted	Total
Support and other revenues			
Government grants	\$ 1,557,264	\$ -	\$ 1,557,264
Fundraising events	688,946	-	688,946
Contributions	216,234	163,500	379,734
Program service fees	394,283	-	394,283
Occupancy reimbursements	139,283	-	139,283
Investment income	31,559	-	31,559
Miscellaneous income	8,458	-	8,458
Net assets released from restrictions	278,155	(278,155)	-
Total support and other revenue	3,314,182	(114,655)	3,199,527
Expenses			
Program services			
Child abuse services	2,944,569	-	2,944,569
Total program services	2,944,569	-	2,944,569
Supporting services			
Management and general	344,931	-	344,931
Fundraising	362,006	-	362,006
Total supporting services	706,937	-	706,937
Total expenses	3,651,506	-	3,651,506
Change in net assets	(337,324)	(114,655)	(451,979)
Net assets-beginning of year	2,570,096	211,061	2,781,157
Net assets -end of year	\$ 2,232,772	\$ 96,406	\$ 2,329,178

See accompanying notes to financial statements.

Kristi House, Inc.
Statement of Functional Expenses
For the year ended June 30, 2015

	Program Services		Supporting Services		Total	Grand Total
	Child Services	Abuse Services	Management And General	Fundraising		
Compensation	\$ 1,715,441		\$ 188,341	\$ 155,333	\$ 343,674	\$ 2,059,115
Employee benefits	356,329		7,957	25,013	32,970	389,299
Payroll taxes	137,390		14,893	12,321	27,214	164,604
Subtotal	2,209,160		211,191	192,667	403,858	2,613,018
Professional fees	176,846		15,588	-	15,588	192,434
Client transportation	11,125		-	-	-	11,125
Direct client assistance	35,384		-	-	-	35,384
Communication	24,001		29,517	60	29,577	53,578
Supplies, postage, and printing	23,304		26,738	3,001	29,739	53,043
Occupancy costs	137,375		151,960	-	151,960	289,335
Meeting and administrative	11,142		36,412	60	36,472	47,614
Membership and dues	1,507		1,326	-	1,326	2,833
Insurance	48		33,101	-	33,101	33,149
Rental and maintenance	235		20,066	-	20,066	20,301
Training and travel	41,364		610	24	634	41,998
Events	-		-	152,445	152,445	152,445
Depreciation	10,745		94,504	-	94,504	105,249
Total direct expenses	2,682,236		621,013	348,257	969,270	3,651,506
Allocation of expenses						
General overhead	262,333		(276,082)	13,749	(262,333)	-
Total expenses	\$ 2,944,569		\$ 344,931	\$ 362,006	\$ 706,937	\$ 3,651,506

See accompanying notes to financial statements.

Kristi House, Inc.
Statement of Cash Flows
For the year ended June 30, 2015

Reconciliation of change in net assets to net cash used in operating activities	
Change in net assets	\$ (451,979)
Adjustments to reconcile change in net assets to net cash used in operating activities	
Depreciation	105,249
Amortization of construction costs advanced by Miami-Dade County	(31,925)
Unrealized loss on investments	35,401
(Increase) decrease in assets	
Grants and other receivables	105,595
Contributions receivable	18,312
Prepaid expenses	29,794
Increase (decrease) in liabilities	
Accounts payable and accrued expenses	(22,389)
Insurance payable	(5,750)
Net cash used in operating activities	(217,692)
Cash flows from investing activities	
Proceeds from sale of investments	389,669
Purchase of investments	(238,660)
Purchases of property and equipment	(26,445)
Net cash provided by investing activities	124,564
Cash flows from financing activities	
Proceeds from margin loan	300,000
Repayment of margin loan	(200,000)
Net cash provided by financing activities	100,000
Net increase in cash and cash equivalents	6,872
Cash and cash equivalents-beginning of year	89,704
Cash and cash equivalents-end of year	\$ 96,576
Supplemental Disclosure of Cash Flow	
Interest paid	\$ 8,609

See accompanying notes to financial statements.

Kristi House, Inc.
Notes to the Financial Statements
June 30, 2015

1. Organization

Kristi House, Inc. (the "Organization") is a non-profit organization whose mission is to provide treatment, advocacy, and coordination of services, within a healing environment, for all children of victims of sexual abuse and their families, while providing education and prevention services to end child sexual abuse. Kristi House operates the Orlowitz Lee Child Advocacy Center, which is responsible for coordination of child sexual abuse cases for all of Miami-Dade County, as designated by Florida State Statute.

Kristi House is fully accredited by the National Children's Alliance and the Council on Accreditation (CAC). It is a federally funded Substance Abuse and Mental Health Services Administration (SAMSHA) site for treatment and services for child trauma, and a member of the National Child Traumatic Stress Network and the Florida Network of CACs. In 2015, the Organization marked its 20th year since founding.

2. Summary of Accounting Policies

This summary of the Organization's significant accounting policies is presented to assist the reader in interpreting the financial statements. The policies are considered essential and should be read in conjunction with the financial statements.

Basis of Presentation

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting requirements generally accepted in the United States of America ("GAAP").

Net Assets

The net assets, revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions, as follows:

- (i) Unrestricted - consists of net assets that are neither temporarily nor permanently restricted by donor-imposed stipulations.
- (ii) Temporarily restricted - represent net assets with a donor-imposed restriction that is satisfied either by the passage of time or by actions of the Organization.
- (iii) Permanently restricted - result primarily from contributions and other inflows of assets whose use by the Organization is limited by legally imposed stipulations that neither expire by the passage of time nor can be fulfilled or otherwise removed by actions of the Organization.

Expiration of donor-imposed stipulations that simultaneously increase one class of net assets and decrease another are reported as reclassifications between the applicable classes of net assets.

Kristi House, Inc.
Notes to the Financial Statements
June 30, 2015

Fair Value Measurements

Generally accepted accounting principles (GAAP) provides a framework for measuring fair value establishes a hierarchy based on the inputs used to measure fair value and expands disclosure requirements for fair value measurement. GAAP maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the observable inputs be used when available.

Observable inputs are inputs that market participants would use in pricing the asset or liability based on market data obtained from independent sources. Unobservable inputs reflect assumptions that market participants would use in pricing the asset or liability based on the best information available.

The hierarchy is broken down into three levels based on the transparency of inputs as follows:

- Level 1 -quoted prices are available in active markets for identical assets and liabilities. A quoted price for an identical asset or liability in an active market provides the most reliable fair value measurement because it is directly observable to the market.
- Level 2 -observable market inputs, other than quoted prices included in Level 1, which are either directly or indirectly observable. Such inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, and market inputs other than quoted prices (such as interest rates and yield curves) that are directly observable for the asset or liability.
- Level 3 - unobservable market inputs that are used to measure fair value if observable market inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability.

Inputs are used in applying the various valuation techniques and broadly refer to the assumptions that market participants use to make valuation decisions, including assumptions about risk. Inputs may include price information, volatility statistics, specific and broad credit data, liquidity statistics, and other factors. A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. However, the determination of what constitutes "observable" requires significant judgment by the Organization. The Organization considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market. The categorization of a financial instrument within the hierarchy is based upon the pricing transparency of the instrument and does not necessarily correspond to the Organization's perceived risk of that instrument. The application of the valuation techniques applied to similar assets and liabilities has been consistent.

Cash and Cash Equivalents

For purposes of reporting cash flows, the Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Kristi House, Inc.
Notes to the Financial Statements
June 30, 2015

Investments

Investments consist of marketable debt securities, equity securities, and mutual funds, and are recorded at fair market value. In general, the fair market value of investments is determined by using quoted market prices on the last business day of the fiscal year. Pooled investments represent ownership of a portion of a pooled investment fund maintained at The Miami Foundation. The fund invests primarily in equity, fixed income securities and alternative investments. Realized and unrealized gains and losses are included in the accompanying statement of activities and changes in net assets

Property and Equipment

Property and equipment purchased by the Organization greater than \$1,000 are capitalized and recorded at cost. Donated assets greater than \$1,000 are capitalized and recorded at fair market value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Expenses for maintenance and repairs are charged to expense when incurred.

Donations of property and equipment are reported as unrestricted support unless the donor has restricted the donated asset for a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or 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 estimated useful lives of property and equipment are as follows:

	<u>Years</u>
Building	39
Signs	5
Automobile	5
Office furniture and fixtures	5-7
Office equipment	5

Revenue Recognition

Contribution

Contributions received, including unconditional promises to give, are recognized as revenues when the donor's commitment is received. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. When donor restrictions expire, 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. Collections on promises to give are current and management believes no allowance for uncollectible promises to give is considered necessary.

Kristi House, Inc.
Notes to the Financial Statements
June 30, 2015

Government Grants

The Organization receives funding from several federal, state, and local governments as financial assistance for its program services. Grant revenues are recognized when the requirements under the grant have been fulfilled.

Program Services

The Organization recognizes fee based revenue, principally Medicaid, when such services are performed in accordance with regulatory requirements.

Rental income is recognized on a straight-line basis over the term of the contract.

Fundraising

Fundraising events revenue is recognized when events take place.

Allowance for uncollectible receivables

The Organization uses the allowance method to determine uncollectible receivables. The allowance is based on management's estimation of potential uncollectible amounts, if any, based on specific identification of balances at year-end. Recoveries of accounts receivable previously written off are recorded when received. As of June 30, 2015, management deems all receivables to be collectible. As such, no provision for uncollectible receivables was necessary.

Donated goods and services

During 2015, donated office supplies and professional services totaled \$1,334 and are reflected as in-kind contributions and expensed in the statement of activities. These donations are recorded at fair market value when received.

Cost of Direct Benefit to Donors

Costs of direct benefit to donors include all costs associated with an event in which the donor received a direct benefit in exchange for participating in the event in which they have made a contribution. These costs include meal, beverages, entertainment, and costs of the venue, services such as green fees and entrance fees, and various other items. During the year ended June 30, 2015, cost of direct benefit to donors amounted to approximately \$105,000 and is included as a component of events expenses in the statement of functional expenses.

Functional allocation of expenses

The cost of providing various programs and other activities are summarized on a functional basis in the statement of activities. Accordingly, certain costs are allocated among the programs and supporting services benefitted based on square footage of facility space, equivalent full time employee, and total program cost. Indirect costs have been allocated between the various programs and support services based on estimates, as determined by management. Although the methods of allocation used are considered reasonable, other methods could be used that would produce a different amount.

Kristi House, Inc.
Notes to the Financial Statements
June 30, 2015

Income Taxes

The Organization is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and Chapter 220.13, Florida Statutes, respectively. As a result, no income tax provision or liability has been provided in the accompanying financial statements. The Organization has been classified as an organization that is not a private foundation under IRC Section 509(a) and qualifies for deductible contributions as provided in Section 170(b)(1)(A)(vi).

GAAP prescribed a comprehensive model for how an entity should measure, recognize, present, and disclose in its financial statements uncertain tax positions that the entity has taken or expects to take on a tax return. In the unlikely event an uncertain tax position exists in which the Organization could incur income taxes, the Organization would evaluate whether there is a probability that the uncertain tax position taken would be sustained upon examination by a taxing authority. Reserves for uncertain tax positions would then be recorded if the Organization determined that it is probable that either a position would not be sustained upon examination or if a payment would have to be made to a taxing authority and the amount was reasonably estimable. As of June 30, 2015, the Organization does not believe it has any uncertain tax positions that would result in the Organization having a liability to a taxing authority. The Organization is subject to federal and state tax examinations for tax years 2012 forward.

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 the amounts reported in the financial statements and accompanying notes. Although these estimates are based on management's knowledge of current events and actions it may undertake in the future, they may ultimately differ from actual results.

3. Concentration of Credit Risk

The Organization maintains cash balances at several banks. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. Management continually reviews the bank institutions for deposit risk and believes the risk associated with the current banking institutions is minimal. At June 30, 2015, the Organization had no cash balances in excess of Federal Deposit Insurance Corporation (FDIC) insured limits.

To manage investment risks, it is the Organization's policy to invest on high quality institution with a high credit rating. As of June 30, 2015, investments consisted of debt and equity securities, and mutual funds, which are protected by the Securities Investor Protection Corporation (SIPC) insurance up to \$500,000. At June 30, 2015, the Organization's investment, net of margin loan, does not exceed the SIPC's insured limit.

The Organization received approximately 49% of its revenue from various governmental agencies in the form of grants and contracts for the year ended June 30, 2015.

Kristi House, Inc.
Notes to the Financial Statements
June 30, 2015

4. Investments

The Organization's investments are recorded at fair value on a recurring basis and have been categorized based upon a fair value hierarchy in accordance with GAAP and the Organization's accounting policies as disclosed in Note 2.

The following table presents information about the Organization's assets measured at fair value as of June 30, 2015:

	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
U.S. Equity securities	\$ 191,245	\$ -	\$ -	\$ 191,245
U.S. Taxable bond fund	87,804	-	-	87,804
Global Fixed Income bond fund	89,060	-	-	89,060
International equity mutual funds	72,772	-	-	72,772
Emerging market mutual funds	17,083	-	-	17,083
Dynamic asset allocation overlay portfolio	195,983	-	-	195,983
Pooled investment - Miami Foundation	-	-	17,887	17,887
Total	\$ 653,947	\$ -	\$ 17,887	\$ 671,834

The following schedule summarizes the investment return in the statement of activities during the year ended June 30, 2015:

Interest and dividends	\$ 28,850
Investment management fee	(9,160)
Realized gain	47,270
Unrealized loss	(35,401)
Total	\$ 31,559

Investments in debt and equity securities, mutual funds, and fixed income funds are valued at the closing price reported in the active market in which the individual securities are traded.

Investments in Level 3 pertain to pooled investment fund maintained at The Miami Foundation and are valued at the net asset value (NAV) of shares held by the Organization at the reporting date. The pooled investment fund invests primarily in equity, fixed income securities and alternative investments, which are recorded at market value based upon quoted prices in markets for identical assets and/or valuations provided by the external investment managers. Realized and unrealized gains and losses are included as component of investment income in the statement of activities.

The following table presents additional information about Level 3 assets measured at fair value:

Beginning balance - June 30, 2014	\$ 18,109
Net investment loss, including fees	(222)
Ending balance - June 30, 2015	\$ 17,887

Kristi House, Inc.
Notes to the Financial Statements
June 30, 2015

5. Grants and Contributions Receivable

Grants and contributions receivable at June 30, 2015 consist of the following:

Grants and other receivables	
South Florida Behavioral Health	\$ 18,978
Miami-Dade County, Florida	62,640
Florida Network of Children's Advocacy Center	4,336
Our Kids, Inc.	12,553
State of Florida, Department of Children and Families	27,273
State of Florida, Office of the Governor, Medicaid	44,923
State of Florida, Office of Attorney General	100,328
Substance Abuse & Mental Health Services	69,350
Others	8,327
Total grants and other receivables	348,708
Contribution receivable	
World Childhood Foundation	17,500
Health Foundation of South Florida	11,656
Robert Wood Johnson Foundation	10,000
Total contribution receivable	39,156
Total	\$ 387,864

6. Property and Equipment

Property and equipment at June 30, 2015 consist of the following:

Building	\$ 3,010,328
Land	31,944
Signs	19,879
Automobile	37,285
Office furniture and fixtures	302,920
Office equipment	386,768
Total	3,789,124
Less accumulated depreciation	1,797,526
Property and equipment, net	\$ 1,991,598

Depreciation expense for the year ended June 30, 2015 totaled \$105,249.

Kristi House, Inc.
Notes to the Financial Statements
June 30, 2015

7. Deferred Rent Revenue/Occupancy Reimbursement

On November 16, 1998, the Organization entered into a lease agreement with Miami-Dade County, Florida to provide office space to the State Attorney's Office, who occupied the space commencing July 11, 1999. The lease term is for a period of 25 years with an option to renew for 5 additional years. In accordance with the agreement, the County paid the Organization \$957,795 as reimbursement of building construction costs in exchange for 7,605 square feet of office space for an annual rent of \$1. The payment was reported as deferred rent revenue in the statement of financial position and is amortized over the 30 year lease period. For the year ended June 30, 2015, the Organization amortized \$31,925 and reported the revenue as component of occupancy reimbursements in the statement of activities.

The Organization, as a lessor, also receives a monthly amount of \$8,947 from Miami Dade County as reimbursement for its share of building operating expenses. Total reimbursement received for the year ended June 30, 2015 is \$107,364 and is recorded as a reduction of occupancy costs in the statement of functional expenses.

8. Margin Loan

In order to increase investment yield, the Organization obtained margin loan with its investment custodian during the year. The Organization's investments are pledged as collateral under this loan. The margin loan has an outstanding balance of \$250,000 at June 30, 2015 with interest accruing at 3.25% per annum. Total interest paid during the year ended June 30, 2015, amounted to \$8,609.

9. Temporarily Restricted Net Assets

Temporarily restricted net assets at June 30, 2015 are available for the purposes specified by the contributors as follows:

Donor	Purpose	Amount
Miami Foundation	Case Coordination	\$ 30,000
World Childhood Foundation, Inc.	Education & Outreach	30,806
Paul Palank Memorial Foundation	Therapy Services	20,833
Peacock Foundation, Inc.	Therapy Services	14,767
Total		\$ 96,406

10. Operating Leases

As of June 30, 2015, the Organization was obligated under operating leases for equipment and office facilities. Future minimum lease payments under these operating leases are as follows:

Year ending June 30,	Amount
2016	\$ 17,028
2017	5,800
	\$ 22,828

Total equipment rent expense and office facilities rent expense totaled \$20,301 and \$43,953, respectively, for the year ended June 30, 2015.

Kristi House, Inc.
Notes to the Financial Statements
June 30, 2015

11. Employee Benefit Plan

The Organization sponsors a salary reduction Safe Harbor (401k) profit sharing plan, covering substantially all employees. Eligible participants may contribute the maximum of \$18,000 to the plan, and an additional catch-up contribution of \$6,000 for participants age 50 or older by the end of the plan year.

At the Board of Director's discretion, the Organization can match 100% of the amount of the elective deferrals that do not exceed 3% of compensation, plus 50% of the elective deferrals that exceed 3% of compensation but not to exceed 5% of compensation. Matching contributions made by the Organization for the year ended June 30, 2015 totaled \$47,843.

12. Contingencies

The Organization is subject to review or audit by these agencies regarding compliance with terms and conditions of the grants and contracts and specific program performance. Management believes that the Organization has complied with all aspect of the grant and contract provisions and that adjustment, if any, would be insignificant to the financial position of the Organization.

13. Subsequent Events

The Organization has evaluated subsequent events through January 26, 2016, which is the date the financial statements were available to be issued.

In September 2015, the Organization received an award notice from the U.S. Office of the Assistant Attorney General to fund its Specialized for Victim of Human Trafficking program in the amount of \$600,000 over the three (3) years period effective October 1, 2015. The Organization also received a grant from Florida Department of Children and Families in the amount of \$550,000 for case coordination, therapy, and Project GOLD programs.

14. Management's Plan for Operations

The Board and management are actively monitoring the Organization's financial conditions and had adopted various measures to ensure fiscal integrity of the organization including measures to reduce operating expenses. Beginning in fiscal year 2016, personnel costs were reduced significantly while the Board and management are aggressively seeking financial support from foundations, individuals and corporations. Additionally, to bolster the fiscal strength of the organization, the Board of Directors hired Claudia Kitchens, a well-known community leader with strong fundraising skills to serve as CEO.

The fiscal year 2016 budget, as approved by the Board, reflects a net positive surplus for the year and management is confident that this will be achieved.

Single Audit Reporting



Tel: 305-381-8000
Fax: 305-374-1135
www.bdo.com

Sabadell Financial Center
1111 Brickell Avenue,
Suite 2801
Miami, FL 33131

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

To the Board of Directors of
Kristi House, Inc.
Miami, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Kristi House, Inc. (the "Organization"), which comprise the statement of financial position as of June 30, 2015, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 26, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, 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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Organization'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 financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

Miami, Florida
January 26, 2016

BDO USA, LLP

Certified Public Accountants



Tel: 305-381-8000
Fax: 305-374-1135
www.bdo.com

1111 Brickell Avenue, Suite 2801
Sabadell Financial Center
Miami, FL 33131

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

To the Board of Directors of
Kristi House, Inc.
Miami, Florida

Report on Compliance for Each Major Federal Program

We have audited the compliance of Kristi House, Inc. (the “Organization”) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement*, and the requirements described in the State of Florida’s 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 auditor’s 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 each of its federal programs and state projects.

Auditor’s 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 Florida Auditor General*. Those standards, OMB Circular A-133, and Chapter 10.650, *Rules of the Florida 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 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 respect, 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 a 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 Florida 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 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 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 Florida Auditor General*. Accordingly, this report is not suitable for any other purpose.

Miami, Florida
January 26, 2016

BDO USA, LLP

Certified Public Accountants

Kristi House, Inc.
Schedule of Expenditures of Federal Awards and
State Financial Assistance Projects
For the year ended June 30, 2015

Federal or State Agency/Project Title/Pass Through Agency	Federal CFDA Numbers	Grant/Contract Number	Expenditures
U.S. Department of Health and Human Services			
Passed-through SAMHSA:			
Substance Abuse and Mental Health Services - Project of Regional and National Significance	93.243	5U79SM061116-03	\$ 242,514
Substance Abuse and Mental Health Services - Project of Regional and National Significance	93.243	5U79SM061116-02	214,343
Subtotal			456,857
Passed-through Our Kids of Miami-Dade/Monroe, Inc.			
Block Grants for Community Mental Health Services	93.958	6000-009	4,535
Promoting Safe & Stable Families	93.556	5000-117	66,000
Subtotal			70,535
Passed-through South Florida Behavioral Health			
Block Grants for Community Mental Health Services	93.958	ME225-4-41	37,311
Subtotal			37,311
Total U.S. Department of Health and Human Services			564,703
U.S. Department of Justice			
Passed-through Florida Department of Legal Affairs/ Office of the Attorney General			
Victim of Crime Assistance	16.575	V14083	152,561
Victim of Crime Assistance	16.575	V13083	63,321
Subtotal			215,882
Passed-through National Children's Alliance			
Missing Children's Assistance	16.543	7MIA-FL-SA15	4,336
Missing Children's Assistance	16.543	7MIA-FL-SA14	5,123
Missing Children's Assistance	16.543	Miami-FL-CSEC-2014	17,503
Missing Children's Assistance - Exploitation of Children	16.543	2014-JU-FC-0006	34,477
Subtotal			61,439
Total U.S. Department of Justice			277,321
U.S. Department of Housing and Urban Development			
Passed-through City of Miami Garden			
Community Development Block Grant/Entitlement Grant	14.218	FY2014-2015	9,070
Community Development Block Grant/Entitlement Grant	14.218	FY2013-2014	3,154
Total U.S. Department of Housing and Urban Development			12,224
U.S. Department of Homeland Security			
Passed-through the United Way of Miami-Dade County			
Emergency Food & Shelter National Board Program	97.024	FY2014-2015	18,525
Total U.S. Department of Homeland Security			18,525
Total Expenditures of Federal Awards			\$ 872,773

Kristi House, Inc.
Schedule of Expenditures of Federal Awards and
State Financial Assistance Projects
For the year ended June 30, 2015

State Agency/Project Title/Pass Through Agency	Florida CSFA Numbers	Grant/Contract Number	Expenditures
Florida Network for Children's Advocacy Center, Inc.			
Trust Fund Award	22.016	N/A	\$ 6,496
Stop Child Abuse License Plate and Voluntary Contribution Program	22.016	N/A	4,760
Grant-In-Aid	22.016	N/A	228,507
Total Florida Network for Children's Advocacy Center, Inc.			239,763
Florida Department of Children and Families			
Project GOLD (Girls Owning their Lives and Dreams)	60.127	KJ122	295,250
Total of Expenditures of State Financial Assistance Projects			535,013
Total of Expenditures of Federal Awards and State Financial Assistance Projects			\$ 1,407,786

Kristi House, Inc.
Notes to Schedule of Expenditures of Federal Awards and
State Financial Assistance Projects

For the Year ended June 30, 2015

NOTE A - GENERAL

The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance Projects (the "Schedule") presents the activity of all federal programs and State projects of Kristi House, Inc. (the "Organization") over which the Organization exercised direct operating control for the year ended June 30, 2015. All federal and State grant awards expended during the year ended June 30, 2015 from federal and State agencies are included on the Schedule.

NOTE B - BASIS OF PRESENTATION

The accompanying Schedule is presented using the accrual basis of accounting. The information in the Schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments and Non-Profit Organizations and Chapter 10.650, Rules of the Florida Auditor General. Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Kristi House, Inc.
Schedule of Findings and Questioned Costs
For the year ended June 30, 2015

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statement Section

Type of auditor's report issued: Unmodified

Internal Control over Financial Reporting

Material weakness (es) identified?	<u> </u> Yes	<u> x </u> No
Significant deficiency (ies) identified?	<u> </u> Yes	<u> x </u> None noted
Noncompliance material to financial Statements noted?	<u> </u> Yes	<u> x </u> No

Federal Awards and State Projects Section

Material weakness (es) identified?	<u> </u> Yes	<u> x </u> No
Significant deficiency (ies) identified?	<u> </u> Yes	<u> x </u> None noted

Type of auditor's report issued on compliance for major federal programs and state projects: Unmodified

Any audit findings disclosed that are required to be reported in accordance with section .510(a) of OMB Circular A-133 or Chapter 10.650, *Rules of the Florida Auditor General*? Yes x No

Identification of Major Federal Program and State Projects

Federal Program:

CFDA Number	Name of Program
93.243	Substance Abuse and Mental Health Services

State Project:

CSFA Number	Name of Program
22.016	Florida Network for Children's Advocacy Center, Inc.
60.17	Project GOLD (Girls Owning their Lives and Dreams)

Dollar threshold used to distinguish between Type A and Type B programs:

Type A and Type B programs	
Federal programs	\$300,000
State projects	\$300,000
Auditee qualified as low-risk auditee?	<u> x </u> Yes <u> </u> No

Kristi House, Inc.
Notes to Schedule of Expenditures of Federal Awards and
State Financial Assistance Projects

For the Year ended June 30, 2015

SECTION II- FINANCIAL STATEMENT FINDINGS

There were no deficiencies that were required to be reported.

SECTION III- FEDERAL AWARD AND STATE PROJECTS FINDINGS AND QUESTIONED COSTS

There were no findings identified that were required to be reported in accordance with Section .510(a) of OMB A-133 or Chapter 10.650, *Rules of the Florida Auditor General* during the year ended June 30, 2015.

Kristi House, Inc.
Schedule of Prior Year Audit Finding
For the Year ended June 30, 2014

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS SECTION

Finding Number 2014-01 *Case Files Documentation*

During the fiscal year 2014, there were findings noted related to participant files not having the required referral form from Our Kids of Miami Dade/Monroe, Inc.

Kristi House's Quality Assurance personnel and the Program Director developed a checklist to facilitate review on completeness of documents/case files contained in participant case folders.

Current Year Status

No similar instances of findings noted during the 2015 audit.