

**OUR KIDS OF MIAMI-DADE/  
MONROE, INC.**

**FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITORS' REPORT**

**FOR THE YEAR ENDED JUNE 30, 2015**

**(WITH COMPARATIVE TOTALS FOR THE  
YEAR ENDED JUNE 30, 2014)**

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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Our Kids of Miami-Dade/Monroe, Inc.  
Miami, Florida

We have audited the accompanying statement of financial position of Our Kids of Miami-Dade/Monroe, Inc. (“Our Kids”) as of June 30, 2015, and the related statements of activities, 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 Our Kids 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 Our Kids of Miami-Dade/Monroe, Inc.'s 2014 financial statements, and our report dated January 26, 2015, expressed an unmodified opinion on those audited financial statements. 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***

### ***Other Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The statement of functional expenses is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and Chapter 10.650 Rules of the Auditor General of the State of Florida, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

## **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2015, on our consideration of Our Kids' 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 Our Kids' internal control over financial reporting and compliance.



CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida  
December 18, 2015

**OUR KIDS OF MIAMI-DADE/MONROE, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2015 (With Comparative Totals as of June 30, 2014)**

**ASSETS**

	2015	Comparative Totals 2014
<b>CURRENT ASSETS</b>		
Cash and equivalents	\$ 4,741,741	\$ 7,590,800
Funds held for clients - social security benefits	328,691	323,368
Accounts receivable	350,341	723,556
Other receivables	352,587	110,011
Prepaid expenses and other current assets	365,805	553,702
TOTAL CURRENT ASSETS	<u>6,139,165</u>	<u>9,301,437</u>
PROPERTY AND EQUIPMENT, NET	567,531	1,058,464
DEPOSITS	32,533	47,809
	<u>600,064</u>	<u>1,106,273</u>
TOTAL ASSETS	<u>\$ 6,739,229</u>	<u>\$ 10,407,710</u>

**LIABILITIES AND NET ASSETS**

<b>CURRENT LIABILITIES</b>		
Accounts payable and other accrued expenses	\$ 4,548,889	\$ 6,925,905
Due to clients - social security benefits	328,691	323,368
Deferred revenue - government contracts	223,014	906,032
TOTAL CURRENT LIABILITIES	<u>5,100,594</u>	<u>8,155,305</u>
TOTAL LIABILITIES	<u>5,100,594</u>	<u>8,155,305</u>
<b>NET ASSETS</b>		
Unrestricted	1,139,340	1,851,352
Temporarily restricted	499,295	401,053
TOTAL NET ASSETS	<u>1,638,635</u>	<u>2,252,405</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 6,739,229</u>	<u>\$ 10,407,710</u>

The accompanying notes are an integral part of these financial statements.

**OUR KIDS OF MIAMI-DADE/MONROE, INC.****STATEMENTS OF ACTIVITIES****FOR THE YEAR ENDED JUNE 30, 2015 (With Comparative Totals for the Year Ended June 30, 2014)**

	2015			Comparative Totals 2014
	Unrestricted	Temporarily Restricted	Total	
<b>SUPPORT AND REVENUE</b>				
Federal and State Awards	\$ 105,414,790	\$ -	\$ 105,414,790	\$ 100,775,957
Other government contracts and private grants	98,644	118,300	216,944	275,284
Contributions	36,430	97,320	133,750	110,656
Other program revenue	264,005	-	264,005	264,000
Interest income	169	34	203	265
Release of restrictions	117,412	(117,412)	-	-
<b>TOTAL SUPPORT AND RELEASE OF RESTRICTIONS</b>	<b>105,931,450</b>	<b>98,242</b>	<b>106,029,692</b>	<b>101,426,162</b>
<b>EXPENSES</b>				
Program Services:				
Children services including Foster Care, Adoption, and Independent Living	103,718,859	-	103,718,859	98,813,040
Supporting Activities:				
Management and general	2,924,603	-	2,924,603	3,354,961
<b>TOTAL EXPENSES</b>	<b>106,643,462</b>	<b>-</b>	<b>106,643,462</b>	<b>102,168,001</b>
<b>CHANGE IN NET ASSETS</b>	<b>(712,012)</b>	<b>98,242</b>	<b>(613,770)</b>	<b>(741,839)</b>
<b>BEGINNING NET ASSETS</b>	<b>1,851,352</b>	<b>401,053</b>	<b>2,252,405</b>	<b>2,994,244</b>
<b>ENDING NET ASSETS</b>	<b>\$ 1,139,340</b>	<b>\$ 499,295</b>	<b>\$ 1,638,635</b>	<b>\$ 2,252,405</b>

The accompanying notes are an integral part  
of these financial statements.

**OUR KIDS OF MIAMI-DADE/MONROE, INC.****STATEMENTS OF CASH FLOWS****FOR THE YEAR ENDED JUNE 30, 2015 (With Comparative Totals for the Year Ended June 30, 2014)**

	2015	Comparative Totals 2014
Cash Flows from Operating Activities		
Change in Net Assets	<u>\$ (613,770)</u>	<u>\$ (741,839)</u>
Adjustments to reconcile excess to net cash (used in) operating activities:		
Depreciation and amortization	539,873	670,120
Loss on disposal of fixed asset	60,066	56,182
Change in Assets and Liabilities:		
(Increase) Decrease in Operating Assets		
Accounts receivables	373,215	(723,556)
Other receivables	(242,576)	(49,331)
Prepaid expenses and other current assets	187,897	268,282
Deposits	15,276	-
Increase (Decrease) in Operating Liabilities		
Accounts payable and other accrued expenses	(2,412,124)	189,313
Deferred revenue	(647,910)	(1,907,676)
Total adjustments	<u>(2,126,283)</u>	<u>(1,496,666)</u>
Net Cash Used in Operating Activities	<u>(2,740,053)</u>	<u>(2,238,505)</u>
Cash Flows from Investing Activities		
Acquisition of property and equipment	<u>(109,006)</u>	<u>(396,350)</u>
Net Cash Used in Investing Activities	<u>(109,006)</u>	<u>(396,350)</u>
Net Decrease in Cash	(2,849,059)	(2,634,855)
Cash at beginning of year	7,590,800	10,225,655
Cash at end year	<u>\$ 4,741,741</u>	<u>\$ 7,590,800</u>

The accompanying notes are an integral part  
of these financial statements.

**OUR KIDS OF MIAMI-DADE/MONROE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

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**NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES**

**Organization**

Our Kids of Miami-Dade/Monroe, Inc. (“Our Kids”) was incorporated as a nonprofit corporation in the State of Florida in September 2002 by the Miami-Dade and Monroe Counties local child advocacy communities in response to the need for local control and leadership of the child welfare system. Our Kids builds on the strength of existing community agencies that have established an accredited history and reputation for quality service. Our Kids has a five year contract with the Florida Department of Children and Families (“DCF”) expiring June 30, 2019. The contract may be terminated by either party upon no less than 30 calendar days.

**Basis of Accounting**

The financial statements have been prepared using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recorded as earned and expenses are recorded at the time liabilities are incurred.

**Financial Statement Presentation**

Our Kids prepares its financial statements in accordance with the Financial Accounting Standards Board Accounting Standards Codification (FASB ASC). Our Kids is required to report information regarding its financial position and activities according to three classes of net assets. Accordingly, net assets of Our Kids and changes therein are classified and reported as follows:

Unrestricted net assets are the part of net assets that are neither permanently nor temporarily restricted by donor-imposed stipulations. Generally, operating revenues and expenses have been recorded in the Unrestricted Fund.

Temporarily restricted net assets result from contributions and other inflows of assets whose use is limited by donor-imposed stipulations that either expire by passage of time or can be removed by actions of the organization pursuant to those stipulations. As of June 30, 2015, temporarily restricted net assets were \$499,295.

Permanently restricted net assets result from contributions and other inflows of assets whose use is limited by donor-imposed stipulations that neither expire by the passage of time nor can be fulfilled or otherwise removed by actions of the organizations. As of June 30, 2015, Our Kids does not have permanently restricted net assets.

**Cash and Cash Equivalents**

For the purpose of reporting cash flows, Our Kids considers all highly liquid financial instruments with maturity of three months or less to be cash equivalents.

**Fair Value of Financial Instruments**

The carrying amounts of cash and cash equivalents, receivables, prepaid expenses and other assets, and accounts payable and accrued expenses approximate fair value due to the short maturity of these financial instruments. The carrying value of receivables has been reduced by an appropriate allowance for uncollectible accounts, based on historical collection experience and therefore approximates net realizable value.

**OUR KIDS OF MIAMI-DADE/MONROE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

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NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Grants and Contracts Receivable**

Grant and contract receivable consists primarily of federal and state grant. Government contract revenues are recognized as allowable expenses, and are incurred in accordance with contractual and regulatory provisions. Revenue received in advance is deferred and recognized over the period to which the related services are provided.

**Property and Equipment**

Property and equipment are stated at cost, net of accumulated depreciation. Depreciation is computed on the straight-line method over the useful lives of the assets, generally five years. Leasehold improvements are amortized over the lesser of the lease term or the useful life of the asset. Assets acquired with state funds may revert back to the state at the termination of Our Kids contract with the State of Florida.

**Impairment of Long-Lived Assets**

Our Kids management evaluates the recoverability of the investment in long-lived assets on an ongoing basis and recognizes any impairment in the year of determination. Long-lived assets were tested for impairment as of June 30, 2015, and in the opinion of management, there was no impairment.

**Allowance for Accounts Receivable**

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through adjustments to valuation allowances based on its assessment of the current status of individual receivables. Balances still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance. Our Kids does not believe they need an allowance for uncollectible accounts receivable as of June 30, 2015.

**Income Taxes**

Our Kids is exempt from income tax under Section 501(c) (3) of the Internal Revenue Code and therefore, has made no provision for federal income taxes in the accompanying financial statements. In addition, Our Kids qualifies for the charitable contribution deduction under Section 170 (b) (1) (A) and has been classified as an organization other than a private foundation under Section 509 (a) (2).

There are no reserves held for uncertain tax positions at June 30, 2015. Tax years that are open under the statute of limitations remain subject to examination by the IRS. Our Kids is generally no longer subject to U.S. Federal or State examinations by tax authorities for years before 2012.

**Revenue Recognition/Deferred Revenue**

It is the policy of Our Kids to record the total grant amount at the time of award and defer the unexpended portion until earned. Government funds restricted by the grantor for plant acquisitions or operating purposes are deemed to be earned and reported as revenue when Our Kids has incurred expenditures in compliance with specific restrictions.

**OUR KIDS OF MIAMI-DADE/MONROE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

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NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Allocation of Functional Expenses**

Identifiable expenditures made in direct fulfillment of Our Kids expressed goals are classified as child welfare, foster care, adoption, and independent living services. In addition, the costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain common expenses have been allocated among the programs and supporting services based upon management's estimate of factors such as time spent or space utilized.

**Management Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires Our Kids to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the report period. Actual results could differ from those estimates.

**Subsequent Events**

Our Kids has evaluated subsequent events through December 18, 2015, which is the date the financial statements were available to be issued.

NOTE 2 – CREDIT RISK

Financial institutions can potentially subject Our Kids to concentrations of credit risk. At times, cash in banks can exceed the Federal Deposit Insurance Corporation (FDIC) insurance limit. Our Kids maintains cash balances in several financial institutions. The balances at separate institutions are insured by the FDIC up to \$250,000. At June 30, 2015, Our Kids had approximately \$5,000,000 in uninsured cash balances.

NOTE 3 – ACCOUNTS RECEIVABLE -DEPARTMENT OF CHILDREN AND FAMILIES

Accounts receivable consist of amounts due from the Florida Department of Children and Families. At June 30, 2015, there was \$350,341 of accounts receivable from DCF.

NOTE 4 – PROPERTY AND EQUIPMENT, NET

Property and equipment consisted of:

Furniture and fixtures	\$	708,415
Office Equipment		203,575
Computer - hardware		1,828,414
Computer - software		762,077
Vehicles		16,825
Leasehold improvements		1,087,331
		<u>4,606,637</u>
Less accumulated depreciation		(4,039,106)
	\$	<u><u>567,531</u></u>

**OUR KIDS OF MIAMI-DADE/MONROE, INC.  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015**

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**NOTE 4 – PROPERTY AND EQUIPMENT, NET (CONTINUED)**

Assets acquired with state funds may revert back to the state at the termination of the DCF contract. Depreciation expense for the year ended June 30, 2015 was \$539,873.

**NOTE 5 – DEFERRED REVENUES**

Deferred revenues consist of \$223,014 in funds received from DCF and other government grants, respectively, which had not been earned at June 30, 2015.

**NOTE 6 – TEMPORARILY RESTRICTED NET ASSETS**

At June 30, 2015, temporarily restricted net assets consist of:

	<u>2015</u>
Beginning Temporarily Restricted	\$ 401,053
Additions	
Foundation/Trust grants	118,300
Contributions	97,320
Interest income	34
Release of restrictions	<u>(117,412)</u>
Ending Temporarily Restricted	<u>\$ 499,295</u>

For the year June 30, 2015, Our Kids has spent \$117,412 of the monies provided by donors and the balance of temporarily restricted net assets at June 30, 2015 remains in cash and other receivables.

**NOTE 7 – COMMITMENTS AND CONTINGENCIES**

Lease Commitments

Our Kids leases office space under four operating leases expiring at various dates also through 2019. In addition, Our Kids has copier and equipment leases expiring at various dates through 2020. The minimum future rental payments by year and in the aggregate are:

2016	\$ 787,406
2017	258,571
2018	63,820
2019	4,200
2020	<u>2,800</u>
Total	<u>\$ 1,116,797</u>

Our Kids incurred rent expense of \$858,001 for the year ended June 30, 2015.

Grant Contracts

The recorded government contract revenues are subject to audit and adjustment. If any expenditure is disallowed by the grantor agency as a result of such an audit, any claim for reimbursement would become a liability of Our Kids. In the opinion of management, all grant expenditures were made in compliance with the terms of the grants or contracts and applicable federal and state laws and regulations.

**OUR KIDS OF MIAMI-DADE/MONROE, INC.  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015**

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**NOTE 7 – COMMITMENTS AND CONTINGENCIES (CONTINUED)**

Litigation

Our Kids is subject to claims and lawsuits in the ordinary course of its business. In the opinion of management, Our Kids has adequate legal defenses and/or adequate indemnification or insurance coverage for such matters. As such, management believes that such matters will not, in the aggregate, have a material adverse impact upon the Our Kid's financial position, results of future operations or cash flows.

**NOTE 8 – DUE TO CLIENTS – SOCIAL SECURITY BENEFITS**

Our Kids acts as a representative payee for social security benefits on behalf of children who are in custody of the State of Florida. The benefits are managed by Our Kids to ensure that the children's current and foreseeable needs are being provided. The benefits in excess of current needs requirements are held in escrow in an interest bearing account with a financial institution. As of June 30, 2015, funds for clients consisted of \$328,691.

**NOTE 9 – ECONOMIC DEPENDENCE**

Our Kids provides its program services with funds received from the Federal Government, State of Florida, and Miami-Dade County. A significant reduction in the level of this funding, if this were to occur, may have an effect on Our Kids programs and activities. Our Kids receives the majority of its funding from DCF. Our Kids has a five year contract with DCF expiring on June 30, 2019. Revenues received under contracts with DCF represent 99% of Our Kids support and revenue for the fiscal year ended June 30, 2015.

**NOTE 10 – 401(k) PLAN CONTRIBUTIONS**

Our Kids has a 401(k) plan covering substantially all of its employees. During the year ended June 30, 2015, Our Kids contributed \$195,389 to the 401(k) plan. Benefits under the 401(k) plan generally depend on length of service and remuneration.

**NOTE 11 – SUBSEQUENT EVENT**

Our Kids terminated one of its full case management agency contracts subsequent to June 30, 2015. The clients of this full case management agency are under the care of two other contracted case management agencies.

**SUPPLEMENTARY INFORMATION**

**OUR KIDS OF MIAMI-DADE/MONROE, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2015 (With Comparative Totals for the Year Ended June 30, 2014)**

	2015			Comparative
	Program Services	Supporting Services	Total	Totals 2014
Provider programs	\$ 91,486,009	\$ -	\$ 91,486,009	\$ 84,796,744
Salaries, taxes, and benefits	8,845,420	1,783,276	10,628,696	11,258,138
Conferences and travel	97,150	55,615	152,765	460,880
Depreciation and amortization	539,872	-	539,872	670,120
Property and equipment	32,955	-	32,955	140,652
Insurances	580,022	244,328	824,350	812,819
Licenses and dues	63,797	1,586	65,383	58,295
Miscellaneous	33,622	97,856	131,478	131,303
Office and supplies	26,072	14,842	40,914	78,150
Postage and delivery	43,391	5,538	48,929	66,573
Printing	3,174	10,223	13,397	31,741
Professional services	493,511	558,164	1,051,675	1,949,314
Rent	786,760	71,241	858,001	897,778
Repairs and maintenance	213,176	33,305	246,481	282,595
Telecommunications	473,928	48,629	522,557	532,899
	<u>\$ 103,718,859</u>	<u>\$ 2,924,603</u>	<u>\$ 106,643,462</u>	<u>\$ 102,168,001</u>

The accompanying notes are an integral part of these financial statements.

**OUR KIDS OF MIAMI-DADE/MONROE, INC.  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
AND STATE FINANCIAL ASSISTANCE  
FOR THE YEAR ENDED JUNE 30, 2015**

Grantor/Program Title	CFDA / CSFA Number	Contract Number	Expenditures	Transfers to Subrecipients
<b>U.S. Department of Health and Human Services</b>				
<i>Pass-through from Florida Department of Children and Families:</i>				
Temporary Assistance For Needy Families Block Grant	93.558	KJ114	\$ 7,772,328	\$ 5,102,324
Grants To States For Access And Vistitation Programs	93.597	KJ114	33,326	33,326
Chafee Education And Training Vouchers Program (ETV)	93.599	KJ114	760,935	-
Child Welfare Services-State Grants	93.645	KJ114	1,223,424	918,432
Promoting Safe And Stable Families	93.556	KJ114	6,932,309	5,749,341
Foster Care-Title IV-E	93.658	KJ114	16,485,593	14,274,280
Adoption Assistance	93.659	KJ114	11,292,149	1,723,363
Social Services Block Grant	93.667	KJ114	4,511,805	4,229,299
Child Abuse and Neglect State Grants	93.669	KJ114	161,246	98,512
Chafee Foster Care Independence Program	93.674	KJ114	1,710,319	884,135
Medical Assistance Program	93.778	KJ114	221,092	-
Adoption Incentive Payments	96.603	KJ114	835,884	-
<b>U.S. Department of Health and Human Services</b>				
Miami IMPACT Project	93.087	90CU0074-02-00	320,661	-
Miami CARES Project	93.670	90CA1823-01-00	157,091	-
Education Collaboration	93.652	90CO1080	86,868	-
Total Federal Awards			<b>\$ 52,505,030</b>	<b>\$ 33,013,012</b>
 <b>Florida Department of Children and Families</b>				
In Home Supports	60.074	KJ114	\$ 6,774,406	\$ 5,289,031
Out of Home Supports	60.075	KJ114	953,415	943,129
Adoption Services	60.076	KJ114	322,524	280,576
Independent Living Program	60.112	KJ114	3,628,979	897,144
Sexually Exploited Children	60.138	KJ114	842,441	817,647
Total State Financial Assistance			<b>12,521,765</b>	<b>8,227,527</b>
<b>Total Federal Awards and State Financial Assistance</b>			<b>\$ 65,026,795</b>	<b>\$ 41,240,539</b>

The accompanying note is an integral part of these financial statements.

**OUR KIDS OF MIAMI-DADE/MONROE, INC.**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE**  
**FINANCIAL ASSISTANCE**  
**FOR THE YEAR ENDED JUNE 30, 2015**

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**1. General**

The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance (the "Schedule") presents the activity of all state and federal award programs of Our Kids of Miami-Dade/Monroe, Inc. for the year ended June 30, 2015. All federal and state awards received directly from federal and state agencies, as well as federal and state awards received from other government agencies are included in the Schedule. The information in this schedule is in accordance with U.S. Office of Management and Budget Circular A-133, Audits of States, Local Government, and Non-Profit Organizations and Chapter 10.650, Rules of the Auditor General.

**2. Basis of Accounting**

The accompanying Schedule is presented on the accrual basis of accounting.



**INDEPENDENT AUDITOR'S 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***

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The Board of Directors of  
Our Kids of Miami-Dade/Monroe, 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 Our Kids of Miami-Dade/Monroe, Inc. ("Our Kids"), a nonprofit organization, which comprise the statement of financial position as of June 30, 2015, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 18, 2015.

**Internal Control Over Financial Reporting**

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

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the 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 Our Kids' internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in blue ink, appearing to read "Vicky - Debrau Trejo", is written over the printed name of the firm.

CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida  
December 18, 2015



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 CHAPTER 10.650, *RULES OF THE AUDITOR GENERAL*

Manny Alvarez, C.P.A.  
Monique Bustamante, C.P.A.  
John-Paul Madariaga, C.P.A.  
Alex Montero, C.P.A.  
Maria C. Perez-Abreu, C.P.A.  
Octavio F. Verdeja, C.P.A.

Board of Directors  
Our Kids of Miami-Dade/Monroe, Inc.  
Miami, Florida

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

We have audited Our Kids of Miami-Dade/Monroe, Inc.'s ("Our Kids"), compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement*, and the requirements described in the *Department of Financial Services' State Projects Compliance Supplement*, that could have a direct and material effect on each of Our Kids' major Federal programs and State projects for the year ended June 30, 2015. Our Kids' 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.

#### ***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of Our Kids' 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 Our Kids' 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 Our Kids' compliance.

### ***Opinion on Each Major Federal Program and State Project***

In our opinion, Our Kids 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 Our Kids 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 Our Kids' internal control over compliance with the types of requirements that could have a direct and material effect on each major Federal program and State project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major Federal program and State project and to test and report on internal control over compliance in accordance with OMB Circular A-133 and Chapter 10.650, Rules of the Auditor General, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Our Kids' 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 and State project that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the 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.



CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida  
December 18, 2015

**OUR KIDS OF MIAMI-DADE/MONROE, INC.  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS –  
 FEDERAL AWARDS PROGRAM AND STATE FINANCIAL ASSISTANCE  
 FOR THE YEAR ENDED JUNE 30, 2015**

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**SECTION I – SUMMARY OF AUDITOR'S RESULTS**

***Financial Statements***

Type of auditor's report issued: *Unmodified*

Internal control over financial reporting:

- Material weakness(es) identified?  yes  no
- Significant deficiencies identified that are not considered to be material weaknesses?  yes  none reported

Noncompliance material to financial statements noted?  yes  no

***Federal Awards***

Type of auditor's report issued on compliance for major federal programs: *Unmodified*

Internal control over major federal programs:

- Material weakness(es) identified?  yes  no
- Significant deficiencies identified that are not considered to be material weaknesses?  yes  none reported

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

Identification of major federal programs:

<b>Name of Federal Program or Cluster</b>	<b>CFDA Number(s)</b>	<b>Expenditures</b>
U.S. Department of Health and Human Services		
Promoting Safe and Stable Families	93.556	\$ 6,932,309
Temporary Assistance for Needy Families	93.558	\$ 7,772,328
Foster Care –Title IV-E	93.658	\$ 16,485,593
Adoption Assistance	93.659	\$ 11,292,149
Social Services Block Grant	93.667	\$ 4,511,805
Independent Living	93.674	\$ 1,710,319

Dollar threshold used to distinguish between type A and type B projects. \$ 1,575,151

Auditee qualified as low-risk auditee?  yes  no



**OUR KIDS OF MIAMI-DADE/MONROE, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS –  
FEDERAL AWARDS PROGRAM AND STATE FINANCIAL ASSISTANCE  
FOR THE YEAR ENDED JUNE 30, 2015**

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**SECTION II – FINANCIAL STATEMENT FINDINGS**

None

**SECTION III – FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARDS PROGRAMS**

None

**SECTION IV - FINDINGS AND QUESTIONED COSTS - MAJOR STATE FINANCIAL ASSISTANCE PROJECTS**

None

**SECTION V – OTHER ISSUES**

1. A management letter was issued and reported to management in a separate letter dated December 18, 2015.
2. No Summary Schedule of Prior Audit Findings is required because there were no prior audit findings relating to Federal award programs or State financial assistance projects.
3. No corrective action plan is required because there were no findings required to be reported under the Federal OMB Circular A-133 Compliance Supplement or the Department of Financial Services' State Project Compliance Supplement.

ADDITIONAL INFORMATION



INDEPENDENT AUDITORS' REPORT ON MANAGEMENT  
DISCUSSION AND ANALYSIS

Board of Directors  
Our Kids of Miami-Dade/Monroe, Inc.  
Miami, Florida

Management's discussion and analysis information on page 22 is presented to supplement the basic financial statements. Such information is not a part of the basic financial statements. We have applied certain limited procedures to this supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida  
December 18, 2015

**OUR KIDS OF MIAMI-DADE/MONROE, INC.  
MANAGEMENT DISCUSSION AND ANALYSIS OF CERTAIN FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015**

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**MANAGEMENT DISCUSSION AND ANALYSIS OF CERTAIN FINANCIAL STATEMENTS**

Although not required by generally accepted accounting principles, management provides the following to enhance the understanding of the financial statements and additional information:

- **Statement of Financial Position**
  - Cash and equivalents decreased compared to prior year due to an increase in spending as a result of a 42% increase in population served by Our Kids.
  - Accounts payable and other accrued expenses decreased compared to prior year as a result of the change in payment structure for room and board.
  - Deferred revenues decreased due to the recognition of approximately \$683,000, which in turn increased revenue as of June 30, 2015.
  
- **Statement of Functional Expenses**
  - Provider programs increased from the prior year due to a 42% growth in the population served by Our Kids.
  - As a result of management's strategy to reduce the Our Kids' cost structure, the following expenses decreased from prior year:
    - Salaries, taxes and benefits
    - Professional services
    - Other administrative expenses such as conferences and travel, office supplies, printing, and rent