

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

FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITORS' REPORT

FOR THE YEAR ENDED JUNE 30, 2016

(WITH COMPARATIVE TOTALS FOR THE  
YEAR ENDED JUNE 30, 2015)

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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, 2016, 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, 2016, 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 2015 financial statements, and our report dated December 18, 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, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

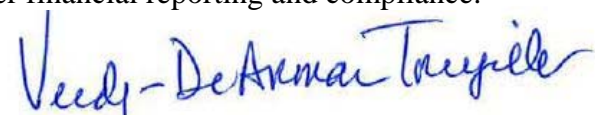
## ***Other Matters***

### ***Other Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards and state financial assistance, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* 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 taken as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2016, 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 13, 2016

**OUR KIDS OF MIAMI-DADE/MONROE, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2016 (With Comparative Totals as of June 30, 2015)**

<b>ASSETS</b>		
	2016	Comparative Totals 2015
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 7,893,101	\$ 4,741,741
Funds held for clients - social security benefits	314,931	328,691
Accounts receivable	993	350,341
Other receivables	162,993	352,587
Prepaid expenses and other current assets	382,158	365,805
<b>TOTAL CURRENT ASSETS</b>	<u>8,754,176</u>	<u>6,139,165</u>
PROPERTY AND EQUIPMENT, NET	412,164	567,531
DEPOSITS	24,449	32,533
	<u>436,613</u>	<u>600,064</u>
<b>TOTAL ASSETS</b>	<u>\$ 9,190,789</u>	<u>\$ 6,739,229</u>
 <b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and other accrued expenses	\$ 4,661,125	\$ 4,548,889
Due to clients - social security benefits	314,931	328,691
Deferred revenue - government contracts	2,975,326	223,014
<b>TOTAL CURRENT LIABILITIES</b>	<u>7,951,382</u>	<u>5,100,594</u>
<b>TOTAL LIABILITIES</b>	<u>7,951,382</u>	<u>5,100,594</u>
<b>NET ASSETS</b>		
Unrestricted	801,416	1,139,340
Temporarily restricted	437,991	499,295
<b>TOTAL NET ASSETS</b>	<u>1,239,407</u>	<u>1,638,635</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 9,190,789</u>	<u>\$ 6,739,229</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, 2016 (With Comparative Totals for the Year Ended June 30, 2015)**

	2016			Comparative Totals 2015
	Unrestricted	Temporarily Restricted	Total	
<b>SUPPORT AND REVENUE</b>				
Federal and state awards	\$ 100,406,583	\$ -	\$ 100,406,583	\$ 105,414,790
Other government contracts and private grants	46,415	215,000	261,415	216,944
Contributions	30,131	47,605	77,736	133,750
Other program revenue	264,700	-	264,700	264,005
Interest income	101	18	119	203
Release of restrictions	323,927	(323,927)	-	-
<b>TOTAL SUPPORT AND RELEASE OF RESTRICTIONS</b>	<b>101,071,857</b>	<b>(61,304)</b>	<b>101,010,553</b>	<b>106,029,692</b>
<b>EXPENSES</b>				
Program Services:				
Children services including foster care, adoption, and independent living	98,474,754	-	98,474,754	103,718,859
Supporting Activities:				
Management and general	2,935,027	-	2,935,027	2,924,603
<b>TOTAL EXPENSES</b>	<b>101,409,781</b>	<b>-</b>	<b>101,409,781</b>	<b>106,643,462</b>
<b>CHANGE IN NET ASSETS</b>	<b>(337,924)</b>	<b>(61,304)</b>	<b>(399,228)</b>	<b>(613,770)</b>
<b>BEGINNING NET ASSETS</b>	<b>1,139,340</b>	<b>499,295</b>	<b>1,638,635</b>	<b>2,252,405</b>
<b>ENDING NET ASSETS</b>	<b>\$ 801,416</b>	<b>\$ 437,991</b>	<b>\$ 1,239,407</b>	<b>\$ 1,638,635</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, 2016 (With Comparative Totals for the Year Ended June 30, 2015)**

	2016	Comparative Totals 2015
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	<u>\$ (399,228)</u>	<u>\$ (613,770)</u>
Adjustments to reconcile excess to net cash used in operating activities:		
Depreciation and amortization	433,016	539,873
Loss on disposal of fixed assets	2,096	60,066
(Increase) Decrease in assets:		
Accounts receivables	349,348	373,215
Other receivables	189,594	(242,576)
Prepaid expenses and other current assets	(16,353)	187,897
Deposits	8,084	15,276
Increase (Decrease) in liabilities:		
Accounts payable and other accrued expenses	94,682	(2,412,124)
Deferred revenue	2,769,866	(647,910)
Total adjustments	<u>3,830,333</u>	<u>(2,126,283)</u>
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	<u>3,431,105</u>	<u>(2,740,053)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of property and equipment	<u>(279,745)</u>	<u>(109,006)</u>
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<u>(279,745)</u>	<u>(109,006)</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	3,151,360	(2,849,059)
<b>CASH AND CASH EQUIVALENTS</b>		
Beginning of year	<u>4,741,741</u>	<u>7,590,800</u>
End of year	<u><u>\$ 7,893,101</u></u>	<u><u>\$ 4,741,741</u></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, 2016**

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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 notice.

**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, 2016, temporarily restricted net assets were \$437,991.

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, 2016, 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, 2016**

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NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Accounts and Other Receivable**

Accounts and other receivable consists primarily of federal and state grants. Government contract revenues are recognized as allowable expenses, and are incurred in accordance with contractual and regulatory provisions.

**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, 2016, 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, 2016.

**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, 2016. 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 2013.

**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. Revenue received in advance is deferred and recognized over the period to which the related services are provided.

**OUR KIDS OF MIAMI-DADE/MONROE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

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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 13, 2016, 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, 2016, Our Kids had approximately \$7,700,000 in uninsured cash balances.

NOTE 3 – PROPERTY AND EQUIPMENT, NET

Property and equipment consisted of:

Furniture and fixtures	\$	692,549
Office equipment		296,817
Computer - hardware		1,722,156
Computer - software		883,726
Vehicles		10,850
Leasehold improvements		1,087,331
		<u>4,693,429</u>
Less accumulated depreciation		(4,281,265)
	\$	<u>412,164</u>

Depreciation expense for the year ended June 30, 2016 was \$433,016.

**OUR KIDS OF MIAMI-DADE/MONROE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

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**NOTE 4 – DEFERRED REVENUES**

Deferred revenues include \$2,975,326 of funds received from DCF and other government grants, respectively, which had not been earned at June 30, 2016.

**NOTE 5 – TEMPORARILY RESTRICTED NET ASSETS**

At June 30, 2016, temporarily restricted net assets consist of:

Beginning Temporarily Restricted	\$	499,295
Additions		
Foundation/Trust grants		215,000
Contributions		47,605
Interest income		18
Release of restrictions		(323,927)
Ending Temporarily Restricted	\$	<u>437,991</u>

For the year June 30, 2016, Our Kids has spent \$323,927 of the monies provided by donors and the balance of temporarily restricted net assets at June 30, 2016 remains in cash and other receivables.

**NOTE 6 – COMMITMENTS AND CONTINGENCIES**

Lease Commitments

Our Kids leases office space under four operating leases expiring at various dates 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:

2017	\$	258,571
2018		63,820
2019		4,200
2020		2,800
Total	\$	<u>329,391</u>

Our Kids incurred rent expense of \$762,406 for the year ended June 30, 2016.

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, 2016**

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**NOTE 6 – 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 7 – 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 for. 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, 2016, funds for clients amounted to \$314,931.

**NOTE 8 – ECONOMIC DEPENDENCE**

Our Kids provides its program services with funds received from the Federal Government and State of Florida. 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 98% of Our Kids support and revenue for the fiscal year ended June 30, 2016.

**NOTE 9 – 401(k) PLAN CONTRIBUTIONS**

Our Kids has a 401(k) plan covering substantially all of its employees. During the year ended June 30, 2016, Our Kids contributed \$148,764 to the 401(k) plan. Benefits under the 401(k) plan generally depend on length of service and remuneration.

**SUPPLEMENTARY INFORMATION**

**OUR KIDS OF MIAMI-DADE/MONROE, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2016 (With Comparative Totals for the Year Ended June 30, 2015)**

	2016			2015
	Program Services	Supporting Services	Total	Comparative Totals
Provider programs	\$ 88,096,343	\$ -	\$ 88,096,343	\$ 91,486,009
Salaries, taxes, and benefits	7,831,612	2,037,680	9,869,292	10,628,696
Conferences and travel	92,705	32,178	124,883	152,765
Depreciation and amortization	433,017	-	433,017	539,872
Property and equipment	92,944	-	92,944	32,955
Insurances	565,044	90,898	655,942	824,350
Licenses and dues	574	51,382	51,956	65,383
Miscellaneous	41,506	24,466	65,972	131,478
Office and supplies	29,882	6,343	36,225	40,914
Postage and delivery	29,833	2,840	32,673	48,929
Printing	9,634	6,294	15,928	13,397
Professional services	83,832	494,742	578,574	1,051,675
Rent	656,935	105,470	762,405	858,001
Repairs and maintenance	144,863	27,233	172,096	246,481
Telecommunications	366,030	55,501	421,531	522,557
	<u>\$ 98,474,754</u>	<u>\$ 2,935,027</u>	<u>\$ 101,409,781</u>	<u>\$ 106,643,462</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, 2016**

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	\$ 6,257,702	\$ 4,769,746
Grants To States For Access And Vistitation Programs	93.597	KJ114	33,326	30,547
Chafee Education And Training Vouchers Program (ETV)	93.599	KJ114	641,347	-
Child Welfare Services-State Grants	93.645	KJ114	2,054,652	1,566,250
Promoting Safe And Stable Families	93.556	KJ114	2,661,933	2,124,033
Foster Care-Title IV-E	93.658	KJ114	18,786,992	11,752,476
Adoption Assistance	93.659	KJ114	12,143,691	2,097,630
Social Services Block Grant	93.667	KJ114	4,510,415	2,325,257
Chafee Foster Care Independence Program	93.674	KJ114	1,710,319	1,189,900
Medical Assistance Program	93.778	KJ114	221,092	-
Adoption Incentive Payments	93.603	KJ114	812,990	-
<b>U.S. Department of Health and Human Services</b>				
Miami IMPACT Project	93.087	90CU0074-02-00	637,610	-
Miami CARES Project	93.670	90CA1823-01-00	292,860	-
Total Federal Awards			\$ 50,764,929	\$ 25,855,839
 <b>Florida Department of Children and Families</b>				
Out-of-Home Supports	60.074	KJ114	\$ 3,975,384	\$ 2,992,108
In-Home Supports	60.075	KJ114	811,125	752,181
Independent Living Program	60.112	KJ114	3,097,641	756,250
CBC-Sexually Exploited Children	60.138	KJ114	937,099	823,779
Total State Financial Assistance			8,821,249	5,324,318
<b>Total Federal Awards and State Financial Assistance</b>			<b>\$ 59,586,178</b>	<b>\$ 31,180,157</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, 2016**

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**NOTE A – BASIS OF PRESENTATION**

The Schedules of Expenditures of Federal Awards and State Financial Assistance (the “Schedules”) represent all of the Federal and State awards to Our Kids during the year ended June 30, 2016.

The information in the schedules are presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and Chapter 10.650, *Rules of the Auditor General of the State of Florida*. Because the Schedules present only a selected portion of the operation of Our Kids, they are not intended to and do not present the financial position, changes in net assets, or cash flows of Our Kids.

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

- (1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- (2) Our Kids has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.



INDEPENDENT AUDITORS' 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, 2016, 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 13, 2016.

### **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.



CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida  
December 13, 2016



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE  
FOR EACH MAJOR FEDERAL PROGRAM AND MAJOR  
STATE PROJECT AND ON INTERNAL CONTROL OVER  
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE  
AND CHAPTER 10.650, *RULES OF THE AUDITOR GENERAL*

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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 with the types of compliance requirements described in the *OMB Compliance Supplement*, and the requirements described in the *Department of Financial Services' State Projects Compliance Supplement*, that could have a direct and material effect on each of the Organization's major federal programs and state projects for the year ended June 30, 2016. 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; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and Chapter 10.650, *Rules of the Auditor General*. Those standards, the Uniform Guidance, 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, 2016.

### **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 or state project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and state project and to test and report on internal control over compliance in accordance with the Uniform Guidance 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 the Uniform Guidance 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 13, 2016

**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, 2016**

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**SECTION I – SUMMARY OF AUDITORS’ RESULTS**

***Financial Statements***

Type of auditors’ 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 auditors’ 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 the Uniform Guidance?  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		
Chafee Education and Training Vouch	93.599	\$ 641,347
Adoption Incentive Payments	93.603	\$ 812,990
Foster Care –Title IV-E	93.658	\$ 18,786,992
Adoption Assistance	93.659	\$ 12,143,691

Dollar threshold used to distinguish between type A and type B projects. \$ 1,522,948

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, 2016**

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*State Financial Assistance*

Type of auditors’ report issued on compliance for major state projects:

*Unmodified*

Internal control over major state projects:

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

Any audit findings disclosed that are required to be reported in accordance with Chapter 10.650, *Rules of the Auditor General*?

\_\_\_\_\_ yes      X   no

Identification of major state projects:

<b>Name of State Project or Cluster</b>	<b>CSFA Number(s)</b>	<b>Expenditures</b>
Department of Children and Families		
Out-of-Home Supports	60.074	\$ 3,975,384
In-Home Supports	60.075	\$ 811,125
Independent Living Program	60.112	\$ 3,097,641
CBC-Sexually Exploited Children	60.138	\$ 937,099

Dollar threshold used to distinguish between type A and type B projects.

\$ 300,000

**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, 2016**

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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 13, 2016.
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 Compliance Supplement or the Department of Financial Services' State Project Compliance Supplement