

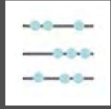
**OUR KIDS OF MIAMI-DADE/
MONROE, INC.**

**FINANCIAL STATEMENTS,
SUPPLEMENTARY INFORMATION AND
INDEPENDENT AUDITORS' REPORT**

FOR THE YEAR ENDED JUNE 30, 2018

**(WITH COMPARATIVE TOTALS FOR THE
YEAR ENDED JUNE 30, 2017)**

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of Our Kids of Miami-Dade/Monroe, Inc. (“Our Kids”) which comprise the statement of financial position as of June 30, 2018, 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, 2018, 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.

Emphasis-of-Matter Regarding Going Concern

The accompanying financial statements have been prepared assuming that Our Kids will continue as a going concern. As indicated in Notes 1 and 10 to the financial statements, Our Kids has a contract with the Department of Children and Families, its largest funder, which expires on June 30, 2019. This matter raises substantial doubt about Our Kids ability to continue as a going concern. Management's plans with respect to this matter is described in Note 10. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to this matter.

Report on Summarized Comparative Information

We have previously audited the Our Kids 2017 financial statements, and our report dated December 19, 2017, 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, 2017, 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 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, 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 17, 2018, 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 solely 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 the effectiveness of Our Kids' 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.

A handwritten signature in blue ink that reads "Veedy-DeArmas Touyelle". The signature is written in a cursive style with a large initial 'V'.

CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
December 17, 2018

OUR KIDS OF MIAMI-DADE/MONROE, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2018 (With Comparative Totals as of June 30, 2017)

ASSETS

	2018	Comparative Totals 2017
CURRENT ASSETS		
Cash and cash equivalents	\$ 5,916,460	\$ 8,132,847
Funds held for clients - social security benefits	465,466	459,176
Accounts receivable	-	128,834
Other receivables	344,455	151,155
Prepaid expenses and other current assets	332,139	245,610
TOTAL CURRENT ASSETS	<u>7,058,520</u>	<u>9,117,622</u>
 PROPERTY AND EQUIPMENT, NET	 <u>255,661</u>	 <u>328,708</u>
TOTAL ASSETS	 <u><u>\$ 7,314,181</u></u>	 <u><u>\$ 9,446,330</u></u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable and other accrued expenses	\$ 3,796,117	\$ 3,491,127
Due to clients - social security benefits	465,466	459,176
Deferred revenue - government contracts	2,125,771	4,061,050
TOTAL CURRENT LIABILITIES	<u>6,387,354</u>	<u>8,011,353</u>
TOTAL LIABILITIES	<u>6,387,354</u>	<u>8,011,353</u>
 NET ASSETS		
Unrestricted	532,915	994,402
Temporarily restricted	393,912	440,575
TOTAL NET ASSETS	<u>926,827</u>	<u>1,434,977</u>
TOTAL LIABILITIES AND NET ASSETS	 <u><u>\$ 7,314,181</u></u>	 <u><u>\$ 9,446,330</u></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, 2018 (With Comparative Totals for the Year Ended June 30, 2017)

	2018			Comparative Totals 2017
	Unrestricted	Temporarily Restricted	Total	
SUPPORT AND REVENUE				
Federal and state awards	\$ 107,018,498	\$ -	\$ 107,018,498	\$ 104,301,706
Other government contracts and private grants	-	131,258	131,258	230,596
Contributions	27,487	52,017	79,504	37,726
Other program revenue	268,509	-	268,509	278,700
Interest income	16	94	110	123
Release of restrictions	230,032	(230,032)	-	-
TOTAL SUPPORT AND RELEASE OF RESTRICTIONS	107,544,542	(46,663)	107,497,879	104,848,851
EXPENSES				
Program Services:				
Children services including foster care, adoption, and independent living	104,957,145	-	104,957,145	101,310,306
Supporting Activities:				
Management and general	3,048,884	-	3,048,884	3,342,975
TOTAL EXPENSES	108,006,029	-	108,006,029	104,653,281
CHANGE IN NET ASSETS	(461,487)	(46,663)	(508,150)	195,570
BEGINNING NET ASSETS	994,402	440,575	1,434,977	1,239,407
ENDING NET ASSETS	\$ 532,915	\$ 393,912	\$ 926,827	\$ 1,434,977

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, 2018 (With Comparative Totals for the Year Ended June 30, 2017)

	2018	Comparative Totals 2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (508,150)	\$ 195,570
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation and amortization	158,823	226,034
Loss on disposal of fixed assets	1,236	617
(Increase) Decrease in assets:		
Accounts receivables	128,834	(127,841)
Other receivables	(193,300)	11,838
Prepaid expenses and other current assets	(86,529)	136,548
Deposits	-	24,449
Increase (Decrease) in liabilities:		
Accounts payable and other accrued expenses	304,990	(1,169,998)
Deferred revenue	(1,935,279)	1,085,724
Total adjustments	<u>(1,621,225)</u>	<u>187,371</u>
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES	<u>(2,129,375)</u>	<u>382,941</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	<u>(87,012)</u>	<u>(143,195)</u>
NET CASH USED IN INVESTING ACTIVITIES	<u>(87,012)</u>	<u>(143,195)</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(2,216,387)	239,746
CASH AND CASH EQUIVALENTS		
Beginning of year	<u>8,132,847</u>	<u>7,893,101</u>
End of year	<u>\$ 5,916,460</u>	<u>\$ 8,132,847</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, 2018**

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. (See Note 10)

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, 2018, temporarily restricted net assets were \$393,912.

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, 2018, 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, 2018

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, 2018, 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, 2018.

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, 2018. 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 2015.

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, 2018

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 17, 2018, 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, 2018, Our Kids had approximately \$5,900,000 in uninsured cash balances.

NOTE 3 – PROPERTY AND EQUIPMENT, NET

Property and equipment consisted of:

Furniture and fixtures	\$	692,549
Office equipment		322,895
Computer - hardware		1,641,451
Computer - software		902,571
Vehicles		10,850
Leasehold improvements		1,087,331
		<u>4,657,647</u>
Less accumulated depreciation		<u>(4,401,986)</u>
	\$	<u>255,661</u>

Depreciation expense for the year ended June 30, 2018 was \$158,823.

NOTE 4 – DEFERRED REVENUES

Deferred revenues include \$2,075,771 of funds received from DCF and other government grants, respectively, which had not been earned at June 30, 2018.

OUR KIDS OF MIAMI-DADE/MONROE, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

NOTE 5 – TEMPORARILY RESTRICTED NET ASSETS

At June 30, 2018, temporarily restricted net assets consist of:

Beginning Temporarily Restricted	\$	440,575
Additions		
Foundation/Trust grants		131,258
Contributions		52,017
Interest income		94
Release of restrictions		(230,032)
Ending Temporarily Restricted	\$	<u>393,912</u>

For the year June 30, 2018, Our Kids has spent \$230,032 of the monies provided by donors and the balance of temporarily restricted net assets at June 30, 2018 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:

2019	\$	400,744
2020		<u>2,552</u>
Total	\$	<u>403,296</u>

Our Kids incurred rent expense of \$536,524 for the year ended June 30, 2018.

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.

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.

OUR KIDS OF MIAMI-DADE/MONROE, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

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, 2018, funds for clients amounted to \$465,466.

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 99% of Our Kids support and revenue for the fiscal year ended June 30, 2018. (See Note 10)

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, 2018, Our Kids contributed \$162,886 to the 401(k) plan. Benefits under the 401(k) plan generally depend on length of service and remuneration.

NOTE 10 – GOING CONCERN AND MANAGEMENT'S PLAN

The state of Florida's Department of Children and Families procure Community based child welfare services through a multi-year contract with a lead service agency within the counties of Florida. The nature of the procurement and the state laws that guide the procurement process requires DCF to periodically put the contract for the lead agency for child welfare services ("lead agency") in their Regions up for bid. In March 2018, DCF put out an Invitation to Negotiate ("ITN") to be the lead agency for the Southern Region for which Our Kids currently has the contract until June 30, 2019. Our Kids and one other entity submitted proposals. DCF put both vendors on their short list and began the selection process. DCF posted their decision on December 14, 2018, to reject all replies. In the same posting, DCF noted they intend to promptly reissue this competitive solicitation. Management will submit a new proposal once the new ITN is released.

In the event Our Kids does not prevail, Our Kids will no longer be able to operate as a going concern. Accordingly, Our Kids will complete its obligations under the current contract and then wind down operations. Our Kids is expected to have sufficient funds to meet future obligations.

SUPPLEMENTARY INFORMATION

OUR KIDS OF MIAMI-DADE/MONROE, INC.**STATEMENTS OF FUNCTIONAL EXPENSES****FOR THE YEAR ENDED JUNE 30, 2018 (With Comparative Totals for the Year Ended June 30, 2017)**

	2018			2017
	Program Services	Supporting Services	Total	Comparative Totals
Provider programs	\$ 93,317,217	\$ -	\$ 93,317,217	\$ 90,467,496
Salaries, taxes, and benefits	9,479,174	2,285,205	11,764,379	11,177,367
Conferences and travel	134,219	46,721	180,940	216,612
Depreciation and amortization	158,822	-	158,822	226,034
Property and equipment	43,360	-	43,360	55,811
Insurances	529,144	82,002	611,146	634,353
Licenses and dues	15,244	57,374	72,618	46,777
Miscellaneous	35,302	23,151	58,453	69,416
Office and supplies	31,629	6,460	38,089	35,732
Postage and delivery	33,466	2,909	36,375	35,465
Printing	20,235	6,007	26,242	54,228
Professional services	86,872	362,356	449,228	392,712
Rent	464,544	71,980	536,524	590,376
Repairs and maintenance	300,526	54,122	354,648	286,664
Telecommunications	307,391	50,597	357,988	364,238
	<u>\$ 104,957,145</u>	<u>\$ 3,048,884</u>	<u>\$ 108,006,029</u>	<u>\$ 104,653,281</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, 2018**

Grantor/Program Title	CFDA / CSFA Number	Contract Number	Expenditures	Transfers to Subrecipients
U.S. Department of Health and Human Services				
<i>Pass-through from Florida Department of Children and Families:</i>				
Promoting Safe And Stable Families	93.556	KJ114	\$ 1,628,367	\$ 650,262
Grants To States For Access And Visitation Programs	93.597	KJ114	33,326	33,324
Chafcc Education And Training Vouchers Program (ETV)	93.599	KJ114	869,755	-
Child Welfare Services-State Grants	93.645	KJ114	3,825,584	2,927,285
Foster Care-Title IV-E	93.658	KJ114	46,925,937	27,921,587
Adoption Assistance	93.659	KJ114	23,091,783	4,498,653
Social Services Block Grant	93.667	KJ114	4,961,647	2,594,645
Administration for Children, Youth and Families-Child Abuse	93.669	KJ114	69,713	51,197
Chafee Foster Care Independence Program	93.674	KJ114	1,975,558	715,026
Medical Assistance Program	93.778	KJ114	495,175	-
Block Grants for Community Mental Health Services	93.958	KJ114	1,641,216	-
CCDF Cluster:				
Temporary Assistance For Needy Families Block Grant (CCDF Cluster)	93.558	KJ114	12,167,558	8,232,214
U.S. Department of Health and Human Services				
Miami IMPACT Project	93.087	90CU0074-03-00	565,502	144,940
Miami CARES Project	93.670	90CA1823-03-00	222,027	50,000
Total Federal Awards			\$ 98,473,148	\$ 47,819,133
 Florida Department of Children and Families				
Out-of-Home Supports	60.074	KJ114	\$ 4,525,358	\$ 3,694,916
In-Home Supports	60.075	KJ114	930,570	861,776
Independent Living Program	60.112	KJ114	336,065	453
CBC-Sexually Exploited Children	60.138	KJ114	882,128	-
Chafee Extended Foster Care Program	60.141	KJ114	1,871,229	-
Total State Financial Assistance			8,545,350	4,557,145
Total Federal Awards and State Financial Assistance			\$ 107,018,498	\$ 52,376,278

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, 2018

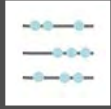
NOTE A – BASIS OF PRESENTATION

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, 2018.

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. 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*

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, 2018, 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 17, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Our Kids' 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 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*.

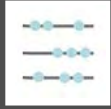
Purpose of this Report

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 the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in blue ink that reads "Veedy-DeArmas Turville". The signature is written in a cursive, flowing style.

CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
December 17, 2018



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*

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 *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 Our Kids' major federal programs and state projects for the year ended June 30, 2018. 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 federal and state statutes, regulations, and the terms and conditions of its federal awards and state projects 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, 2018.

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 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 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 17, 2018

**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, 2018**

SECTION 1 – 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:

Name of Federal Program or Cluster	CFDA Number(s)	Expenditures
U.S. Department of Health and Human Services		
Temporary Assistance For		
Needy Families Block Grant (CCDF Cluster)	93.558	\$ 12,167,558
Child Welfare Services-State Grants	93.645	\$ 3,825,584
Foster Care –Title IV-E	93.658	\$ 46,925,937
Social Services Block Grant	93.667	\$ 4,961,647
Chafee Foster Care Independence Program	93.674	\$ 1,975,558

Dollar threshold used to distinguish between type A and type B projects. \$ 2,954,194

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, 2018**

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 17, 2018.
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*

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

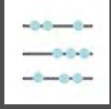
MANAGEMENT LETTER

JUNE 30, 2018

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MANAGEMENT LETTER

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

Report on the Financial Statements

We have audited the financial statements of Our Kids of Miami-Dade/Monroe, Inc., (“Our Kids”) as of and for the fiscal year ended June 30, 2018, and have issued our report thereon dated December 17, 2018.

Auditor’s Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards* (Uniform Guidance), and Chapter 10.650, Rules of the Auditor General.

Other Reports and Schedule

We have issued our Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*, Independent Auditor’s Report on Compliance for Each Major Federal Program and State Project and Report on Internal Control Over Compliance in Accordance with Uniform Guidance, and Chapter 10.650, Rules of the Auditor General; and Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule, which are dated December 17, 2018, should be considered in conjunction with this management letter.

Management Letter

In planning and performing our audit of the financial statements of Our Kids as of and for the year ended June 30, 2018, in accordance with auditing standards generally accepted in the United States of America, we considered Our Kids' internal control over financial reporting (internal control) as a basis for designing our auditing procedures 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 Our Kids financial statements will not be prevented, or detected and corrected, on a timely basis

Our consideration of internal control was for the limited purpose described in the first paragraph of this subsection and was not designed to identify all deficiencies in internal control that might be material weaknesses. 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.

During our audit we became aware of certain matters other than significant deficiencies or material weaknesses that are opportunities for strengthening internal controls and operating efficiency. The schedule that accompanies this letter summarizes our observations and suggestions concerning those matters. This letter does not affect or report dated December 17, 2018, on the financial statements of Our Kids.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with various Our Kids personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

Other Matter

Section 10.654(1)(e), Rules of the Auditor General, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements or State project amounts that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

Purpose of this Letter

This communication is intended solely for the information and use of the management, the Board of Directors, the Florida Auditor General and other granting agencies, and others within Our Kids, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in blue ink that reads "Veedy-DeArmas Touyelle". The signature is written in a cursive style with a large initial 'V'.

CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
December 17, 2018

**OUR KIDS OF MIAMI-DADE/MONROE, INC.
RECOMMENDATIONS AND OBSERVATIONS
FOR THE YEAR ENDED JUNE 30, 2018**

GOING CONCERN

Observation

As indicated in Notes 1 and 10 to the financial statements, Our Kids has a contract with the Department of Children and Families, its largest funder, which expires on June 30, 2019. This matter raises substantial doubt about Our Kids ability to continue as a going concern.

Recommendation

Our Kids should continue to closely monitor the contract award in order to make appropriate and timely decisions.

Management Response

The state of Florida's Department of Children and Families procure Community based child welfare services through a multi-year contract with a lead service agency within the counties of Florida. The nature of the procurement and the state laws that guide the procurement process requires DCF to periodically put the contract for the lead agency for child welfare services ("lead agency") in their Regions up for bid. In March 2018, DCF put out an Invitation to Negotiate ("ITN") to be the lead agency for the Southern Region for which Our Kids currently has the contract until June 30, 2019. Our Kids and one other entity submitted proposals. DCF put both vendors on their short list and began the selection process. DCF posted their decision on December 14, 2018, to reject all replies. In the same posting, DCF noted they intend to promptly reissue this competitive solicitation. Management will submit a new proposal once the new ITN is released and is confident Our Kids will prevail in being awarded a new 5 year contract.

In the event Our Kids does not prevail, Our Kids will no longer be able to operate as a going concern. Accordingly, Our Kids will complete its obligations under the current contract and then wind down operations. Our Kids believes it will have sufficient funds to meet all obligations.

CASH BALANCES

Observation

As of June 30, 2018, Our Kids' total cash balance was approximately \$6,000,000 and average monthly expenses were approximately \$9,000,000. As a result, Our Kids has less than one month's worth of cash available to cover expenses.

Recommendation

Our Kids must develop other sources of support and revenue, such as contributions and special events, to improve its unrestricted cash position.

Management Response

Management is exploring other sources of revenue in order to improve the unrestricted cash position.