Barley | McNamara | Wild
CERTIFIED PUBLIC ACCOUNTANTS & ASSOCIATES

Financial Statements, Supplementary Information and Regulatory Reports

Family Resources, Inc.

June 30, 2015 and 2014

Family Resources, Inc.

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CERTIFIED PUBLIC ACCOUNTANTS & ASSOCIATES

Report of Independent Certified Public Accountants

To the Board of Directors of
Family Resources, Inc.
Pinellas Park, FL

Report on the Financial Statements
We have audited the accompanying financial statements of **Family Resources, Inc.** (the "Organization"), a not-for-profit organization, which comprise the statements of financial position as of June 30, 2015 and 2014, and the related statements of activities, functional expenses, and cash flows for the years 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 audits. We conducted our audits 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 audits to obtain reasonable assurance about whether the financial statements are free of 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 opinions.

Opinion
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters
Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules of expenditures of federal awards, state financial assistance, local and other 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 Auditor General of the State of Florida, and are presented for purposes of additional analysis and are 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 October 19, 2015, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

Barley, McNamara, Wild

Tampa, Florida
October 19, 2015

Family Resources, Inc.
Statements of Financial Position
As of June 30, 2015 and 2014

Assets

	2015	2014
CURRENT ASSETS		
Cash and cash equivalents	$ 1,060,387	$ 715,210
Grants receivable, net of allowance for doubtful accounts of $0 for 2015 and $80,000 for 2014	659,748	884,703
Other current assets	75,988	48,828
Total current assets	1,796,123	1,648,741
PROPERTY AND EQUIPMENT, NET	5,232,581	6,262,982
ENDOWMENT FUND INVESTMENTS	130,143	128,628
OTHER ASSETS	17,238	39,755
TOTAL ASSETS	$ 7,176,085	$ 8,080,106

Liabilities and Net Assets

	2015	2014
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	$ 306,953	$ 287,745
Accrued payroll	85,587	97,258
Accrued benefits	86,680	119,895
Deferred Revenue	10,772	-
Short-term portion capital lease obligation	-	11,405
Short-term portion of notes payable	173,990	174,239
Total current liabilities	663,982	690,542
LONG TERM LIABILITIES		
Long-term portion of notes payable	1,592,834	1,766,317
Total long term liabilities	1,592,834	1,766,317
TOTAL LIABILITIES	2,256,816	2,456,859
NET ASSETS		
Unrestricted:		
Operating	1,452,893	1,311,626
Net investment in land, buildings and equipment	2,201,505	2,005,991
Total unrestricted net assets	3,654,398	3,317,617
Temporarily restricted	1,264,871	2,305,630
Total net assets	4,919,269	5,623,247
TOTAL LIABILTIES AND NET ASSETS	$ 7,176,085	$ 8,080,106

The accompanying notes are an integral part of these financial statements

Family Resources, Inc.
Statement of Activities
For the Year Ended June 30, 2015

	Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUE			
Special events revenue	$ 75,437	$ -	$ 75,437
Special events expense	(31,832)	-	(31,832)
Net special events	43,605	-	43,605
Grant revenues	6,159,074	-	6,159,074
Contributions and fundraising	63,153	-	63,153
In-kind contributions	151,141	10,772	161,913
Other	115,838	-	115,838
	6,532,811	10,772	6,543,583
Net assets released from restrictions	210,460	(210,460)	-
Total Support and Revenue	6,743,271	(199,688)	6,543,583
EXPENSES			
Program services-Pinellas	4,098,553	-	4,098,553
Program services-Hillsborough	436,976	-	436,976
Program services-Manatee	927,185	-	927,185
Total program expenses	5,462,714	-	5,462,714
Supporting services	943,776	-	943,776
Total Expenses	6,406,490	-	6,406,490
Increase (decrease) in net assets before other changes	336,781	(199,688)	137,093
OTHER CHANGES			
Disposition of capital asset	-	(841,071)	(841,071)
CHANGE IN NET ASSETS	336,781	(1,040,759)	(703,978)
NET ASSETS AT THE BEGINNING OF YEAR	3,317,617	2,305,630	5,623,247
NET ASSETS AT THE END OF YEAR	$ 3,654,398	$ 1,264,871	$ 4,919,269

The accompanying notes are an integral part of this financial statement

Family Resources, Inc.
Statement of Activities
For the Year Ended June 30, 2014

	Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUE			
Special events revenue	$ 39,133	$ -	$ 39,133
Special events expense	(11,180)	-	(11,180)
Net special events	27,953	-	27,953
Grant revenues	6,140,145	-	6,140,145
Contributions and fundraising	41,062	-	41,062
In-kind contributions	134,500	5,734	140,234
Other	69,223	-	69,223
	6,412,883	5,734	6,418,617
Net assets released from restrictions	131,524	(131,524)	-
Total Support and Revenue	6,544,407	(125,790)	6,418,617
EXPENSES			
Program Services-Pinellas	4,215,510	-	4,215,510
Program Services-Hillsborough	334,054	-	334,054
Program Services-Manatee	842,799	-	842,799
Total program expenses	5,392,363	-	5,392,363
Supporting services	981,183	-	981,183
Total Expenses	6,373,546	-	6,373,546
	170,861	(125,790)	45,071
Increase (decrease) in net assets before other changes			
CHANGE IN NET ASSETS	170,861	(125,790)	45,071
NET ASSETS AT THE BEGINNING OF YEAR	3,146,756	2,431,420	5,578,176
NET ASSETS AT THE END OF YEAR	$ 3,317,617	$ 2,305,630	$ 5,623,247

The accompanying notes are an integral part of this financial statement

Family Resources, Inc.
Statements of Cash Flows
For the Years Ended June 30, 2015 and 2014

	2015	2014
Cash flows from operating activities:		
Change in net assets	$ (703,978)	$ 45,071
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	298,881	319,760
Distribution of capital asset	841,071	-
Net (appreciation) depreciation on endowment fund investments	5,351	(5,727)
(Increase) decrease in current assets:		
Grants receivable	224,955	8,743
Other assets	(23,898)	9,398
Increase (decrease) in current liabilities:		
Accounts payable and accrued liabilities	19,208	5,937
Accrued payroll and benefits	(44,886)	(8,589)
Deferred revenue	10,772	-
Net cash provided by operating activities	627,476	374,593
Cash flows used by investing activities:		
Net purchase of endowment fund investments	(6,866)	(52,786)
Purchases of property and equipment	(90,296)	-
Net cash used by investing activities	(97,162)	(52,786)
Cash flows used by financing activities:		
Principal payments on capital leases	(11,405)	(14,024)
Principal payments on long-term debt	(173,732)	(173,460)
Net cash used by financing activities	(185,137)	(187,484)
Net increase in cash	345,177	134,323
Cash, beginning of period	715,210	580,887
Cash, end of period	$ 1,060,387	$ 715,210
Supplemental and non-cash Disclosures:		
Interest paid	$ 31,879	$ 35,216

The accompanying notes are an integral part of these financial statements

Family Resources, Inc.
Statement of Functional Expenses
For The Year Ended June 30, 2015

	Family/ Youth Services- Pinellas	Family/ Youth Services- Hillsborough	Family/ Youth Services- Manatee	Total Program Cost	Management and General	Development and Fundraising	Supporting Services	Total
Salaries	$ 1,969,305	$ 34,027	$ 583,064	$ 2,586,396	$ 432,833	$ 79,737	$ 512,570	$ 3,098,966
Payroll taxes	204,283	2,860	60,460	267,603	39,065	7,871	46,936	314,539
Employee insurance	161,554	4,563	61,080	227,197	34,950	6,117	41,067	268,264
Employee retirement	39,260	1,725	12,063	53,048	20,299	2,865	23,164	76,212
Total salaries and related expenses	2,374,402	43,175	716,667	3,134,244	527,147	96,590	623,737	3,757,981
Rent	125,356	531	33,286	159,173	17,176	-	17,176	176,349
Repairs and Maintenance	97,693	224	16,355	114,272	20,762	-	20,762	135,034
Telephone	42,691	662	8,511	51,864	11,385	368	11,753	63,617
Utilities	67,862	183	19,378	87,423	15,934	-	15,934	103,357
Insurance	54,392	387	15,967	70,746	30,583	246	30,829	101,575
Client Services	40,928	-	841	41,769	32	-	32	41,801
Contract services	803,975	384,622	10,996	1,199,593	9,590	3,757	13,347	1,212,940
Printing	10,375	388	2,126	12,889	5,245	164	5,409	18,298
Travel	32,935	2,362	4,754	40,051	6,383	611	6,994	47,045
Food Supplies	71,148	-	18,904	90,052	2,563	95	2,658	92,710
Interest	12,479	192	3,036	15,707	16,034	-	16,034	31,741
Personnel training	5,881	412	1,882	8,175	1,987	248	2,235	10,410
Training materials	620	-	3	623	72	-	72	695
Other supplies	22,974	-	1,506	24,480	-	-	-	24,480
Professional fees	21,615	517	1,434	23,566	26,712	7,000	33,712	57,278
Professional dues	24,338	1,064	7,003	32,405	1,039	425	1,464	33,869
Public relations	2,674	-	860	3,534	612	2,162	2,774	6,308
Office supplies	30,948	1,462	10,654	43,064	28,395	2,647	31,042	74,106
Fundraising	7,425	-	2,196	9,621	2,196	1,202	3,398	13,019
Personnel recruiting	16,861	14	4,164	21,039	3,124	121	3,245	24,284
Other	50,828	-	11,997	62,825	17,387	500	17,887	80,712
Total expenses before depreciation	3,918,400	436,195	892,520	5,247,115	744,358	116,136	860,494	6,107,609
Depreciation and amortization	180,153	781	34,665	215,599	83,282	-	83,282	298,881
Total expenses	$ 4,098,553	$ 436,976	$ 927,185	$ 5,462,714	$ 827,640	$ 116,136	$ 943,776	$ 6,406,490

The accompanying notes are an integral part of these financial statements

Family Resources, Inc.
Statement of Functional Expenses
For The Year Ended June 30, 2014

	Family/ Youth Services- Pinellas	Family/ Youth Services- Hillsborough	Family/ Youth Services- Manatee	Total Program Cost	Management and General	Development and Fundraising	Supporting Services	Total
Salaries	$ 2,097,044	$ 25,245	$ 521,657	$ 2,643,946	$ 473,183	$ 32,539	$ 505,722	$ 3,149,668
Payroll taxes	242,447	2,365	58,510	303,322	50,012	3,253	53,265	356,587
Employee insurance	157,654	4,072	60,351	222,077	40,466	2,012	42,478	264,555
Employee retirement	57,590	1,493	13,640	72,723	24,629	1,080	25,709	98,432
Total salaries and related expenses	2,554,735	33,175	654,158	3,242,068	588,290	38,884	627,174	3,869,242
Rent	125,657	507	29,983	156,147	11,408	-	11,408	167,555
Repairs and Maintenance	117,613	271	24,624	142,508	26,266	-	26,266	168,774
Telephone	48,846	809	8,904	58,559	14,646	229	14,875	73,434
Utilities	67,422	155	18,603	86,180	14,204	-	14,204	100,384
Insurance	63,650	288	16,756	80,694	33,731	759	34,490	115,184
Client Services	16,419	-	127	16,546	-	-	-	16,546
Contract services	711,318	294,232	3,638	1,009,188	17,690	763	18,453	1,027,641
Printing	7,849	384	1,763	9,996	6,757	-	6,757	16,753
Travel	27,503	1,204	3,345	32,052	14,900	149	15,049	47,101
Food Supplies	103,658	-	16,856	120,514	3,331	-	3,331	123,845
Interest	12,744	185	3,676	16,605	19,904	-	19,904	36,509
Personnel training	8,493	194	982	9,669	6,288	50	6,338	16,007
Training materials	5,673	-	425	6,098	239	-	239	6,337
Other supplies	4,587	-	744	5,331	-	-	-	5,331
Professional fees	6,451	52	1,060	7,563	39,536	5,125	44,661	52,224
Professional dues	29,139	789	7,144	37,072	3,109	533	3,642	40,714
Public relations	4,841	27	1,109	5,977	1,924	-	1,924	7,901
Office supplies	26,592	1,029	2,391	30,012	16,899	109	17,008	47,020
Fundraising	5,179	-	-	5,179	-	3,500	3,500	8,679
Personnel recruiting	10,662	18	3,258	13,938	6,248	27	6,275	20,213
Other	60,671	-	8,249	68,920	16,463	1,009	17,472	86,392
Total expenses before depreciation	4,019,702	333,319	807,795	5,160,816	841,833	51,137	892,970	6,053,786
Depreciation and amortization	195,808	735	35,004	231,547	88,213	-	88,213	319,760
Total expenses	$ 4,215,510	$ 334,054	$ 842,799	$ 5,392,363	$ 930,046	$ 51,137	$ 981,183	$ 6,373,546

The accompanying notes are an integral part of these financial statements

Note A – Nature of Business and Organization

Family Resources, Inc. (the Organization), is chartered as a Florida Corporation, not-for-profit, which provides a wide range of services as follows:

Pinellas County- provides prevention and early intervention services designed to keep families together and keep children out of the juvenile justice and child welfare systems. This includes outreach, individual and family counseling, short-term youth crisis shelters, case management, truancy prevention services, out of school time arts programs, pregnancy prevention and a Child Care Food Program. Long-term residential services include group homes for LGBTQ youth and a maternal group home for pregnant and parenting young moms.

Manatee County - provides prevention and early intervention services designed to keep families together and keep children out of the juvenile justice and child welfare systems. This includes outreach, truancy prevention services, individual and family counseling, pregnancy prevention and a short-term youth crisis shelter.

Hillsborough and Pasco Counties- offers a Child Care Food Program which provides financial support to licensed family child care providers by reimbursing them for serving nutritious meals and snacks to children in their care.

Funding is provided primarily by the U.S. Department of Health and Human Services, the State of Florida, through sub-grant agreements and direct agreements with the Department of Juvenile Justice, Department of Children and Families, the Juvenile Welfare Board of Pinellas County and Manatee County Government. Grant funding is primarily contracted on a year-to-year basis. There are no assurances of continued funding.

Note B – Significant Accounting Policies

Basis of Accounting

The Organization follows standards of accounting and financial reporting prescribed for voluntary health and welfare agencies, and uses the accrual basis of accounting, which recognizes revenue when earned and expenses as incurred. Federal, state, local government and public grants are recorded as revenue when performance occurs under the terms of the corresponding grant agreements.

Basis of Presentation

The accompanying financial statements include the accounts of Family Resources, Inc. The Organization is required to report information regarding its financial position and activities according to three classes of net assets:

- Unrestricted net assets
- Temporarily restricted net assets
- Permanently restricted net assets

Cash and Cash Equivalents

For purposes of reporting cash flows, cash and cash equivalents include cash on hand and certificates of deposit that are purchased with original maturities of three months or less.

Note B – Significant Accounting Policies (continued)

Accounts Receivable

Receivables consist of billings on grant and contract receivables. The Organization performs periodic evaluations of the collectability of its receivables and does not require collateral on its accounts receivable. Losses on uncollectible receivables are provided for in the financial statements based on management's expectations. At June 30, 2015 and 2014, the Organization recorded an allowance for doubtful accounts of $0 and $80,000 respectively.

Investments

Investments in equity securities with readily determinable fair values and all investments in debt securities are reported at fair value with gains and losses included in the statement of activities.

Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized. Income from investments is reflected net of related expenses.

Fair Value Measurement

The Organization categorizes its assets and liabilities measured at fair value into a three-level hierarchy based on the priority of the inputs to the valuation technique used to determine fair value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used in the determination of the fair value measurement fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement. Assets and liabilities valued at fair value are categorized based on the inputs to the valuation techniques as follows:

> Level 1 – Inputs that utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access.
>
> Level 2 – Inputs that include quoted prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument. Fair values for these instruments are estimated using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows.
>
> Level 3 – Inputs that are unobservable inputs for the asset or liability, which are typically based on an entity's own assumptions, as there is little, if any, related market activity.

The Organization has not elected to measure any existing financial instruments, other than investments, at fair value, as permitted under the guidance. However, the Organization may elect to measure newly acquired financial instruments at fair value in the future.

The carrying amounts of cash and cash equivalents, grants receivable, investments, accounts payable, accrued expenses, and notes payable are equal to their carrying amounts as presented in the accompanying Statements of Financial Position.

Note B – Significant Accounting Policies (continued)

Accounts Receivable - Promises to Give

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

Property and Equipment

Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of the donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets – generally 3 to 40 years. Individual furniture and equipment items with an acquisition cost of less than $5,000 are expensed when purchased. The only property and equipment that is capitalized at less than $5,000 are for donations to align with the funder's policies.

Notes Payable Issue Costs

Notes payable issue costs are expenditures associated with issuing notes payable, such as legal, accounting, underwriting, and commissions, which are deferred and amortized over the life of the related note payable.

Restricted and Unrestricted Revenue and Support

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statements of Activities as net assets released from restrictions.

Donated Services

Donated services must meet certain criteria in accounting for contributions received and contributions made in order to be recognized. Individuals volunteer their time and perform a variety of tasks that assist the Organization with specific assistance programs, campaign solicitations, and various committee assignments that are not recognized in the financial statements because they do not meet the criteria for recognition.

Donated Property and Equipment

Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service, as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time.

Note B – Significant Accounting Policies (continued)

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the Statements of Activities and in the Statements of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses are allocated to program and supporting services on the following basis:

- Management and general expenses are allocated on the basis of revenue and square footage
- Personnel expenses are allocated on the basis of direct salaries
- Building and occupancy costs, including related depreciation, are allocated on the basis of revenue and square footage
- Depreciation on the furniture and equipment is allocated on the basis of usage of the furniture and equipment

Income Taxes

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code (IRC) and from state corporate income tax under applicable Florida Statutes. In addition, the Organization qualifies for the charitable contribution deduction under IRC Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation and has been designated a "publicly supported" organization.

The Organization follows the income tax standard for uncertain tax positions. The Organization has evaluated their tax positions and determined they have no uncertain tax positions as of June 30, 2015. Should the Organization's tax-exempt status be challenged in the future, the Organization's 2013, 2014, and 2015 tax years are open for examination by the IRS.

Estimates

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

Concentrations

Concentration of risk is the probability of loss attributable to the Organization's financial instruments. The Organization maintains cash balances in four financial institutions.

Concentrations of credit risk with respect to receivables is limited since most of the receivables are owed from either the federal or state government, local governments, and other well established not-for-profit organizations.

As described above, the Organization receives its funding primarily from various Federal, State of Florida and local agencies. At June 30, 2015 and 2014, grants receivable of $659,748 and $884,703 consist almost entirely of amounts due from these funding sources. The revenue from these sources represented 95% and 95%, respectively, of the Organization's fees for client services for the years ended June 30, 2015 and 2014.

Note C – Endowment Funds

The endowment fund investments at June 30, 2015 and 2014 consist of asset allocation mutual funds. The objective of the investment policy is to accumulate and manage funds, based on allowable maximum allocations set by the Board, to further the Organization's mission. Funds will provide a source of assets for major capital expenditures and operational cash needs as determined by the Board. The Organization may withdraw up to 5% of the endowment fund's balance at the end of each fiscal year with the approval of the Board. As of June 30, 2015 and 2014 the endowment fund had a market value of $130,143 and $128,628, respectively, and a cost basis of $123,015 and $116,150, respectively. Fair values for endowment fund investments are determined by reference to quoted market prices and are considered Level 1 investments under the framework established by the Code. The fair value of the mutual funds for the years ending June 30, 2015 and 2014 are as follows:

	Mutual Funds
June 30, 2014	$ 128,628
Net appreciation	(5,351)
Interest	7,016
Fees	(150)
June 30, 2015	$ 130,143

Note D – Property and Equipment

Property and equipment along with the related accumulated depreciation consist of the following:

	2015	2014	Useful Life (Years)
Buildings and improvements	$ 7,324,337	$ 8,034,370	10 - 30
Land	941,849	1,101,884	-
Land improvements	5,350	5,350	10
Furniture and equipment	387,488	395,269	2 - 5
Motor vehicles	183,812	154,159	5
	8,842,836	9,691,032	
Less: Accumulated depreciation	(3,610,255)	(3,428,050)	
Property and equipment, net	$ 5,232,581	$ 6,262,982	

Depreciation expense for the years ended June 30, 2015 and June 30, 2014 were $279,626 and $294,080, respectively.

Note E – Notes Payable Issuance Costs

Notes payable issuance costs represent expenditures incurred on notes payable issued in connection with the bank-qualified loan payable. See Note G for further details. Total notes payable costs of $96,033 are being amortized over the life of the notes payable. The related amortization expense for the fiscal years ended June 30, 2015 and 2014 was $19,255 and $25,680, respectively. The net notes payable costs reflected in other assets in the Statements of Financial Position as of June 30, 2015 and 2014 were $8,023 and $30,563, respectively.

Note F – Capital and Operating Leases

The Organization has several non-cancellable operating leases for facilities and equipment. Rent expense relating to these leases for the years ended June 30, 2015 and 2014 was approximately $88,000 and $75,000, respectively. During the year ended June 30, 2015 the Organization paid the remaining balance on its capital lease for equipment. As of June 30, 2014 the remaining balance outstanding of approximately $11,000 was reflected in short-term portion capital lease obligation in the Statements of Financial Position.

Future minimum rental payments for each of the next five years at June 30, 2015 are as follows:

	Operating Leases		
Fiscal Year	Facilities	Equipment	Total
2016	$ 38,320	$ 50,688	$ 89,008
2017	12,899	47,403	60,302
2018	-	37,548	37,548
2019	-	21,903	21,903
	$ 51,219	$ 157,542	$ 208,761

Note G – Notes Payable and Line of Credit

At June 30, 2015 and 2014, notes payable consisted of the following:

		2015	**2014**
	a)	$ 1,760,500	$ 1,928,167
	b)	6,324	12,389
		1,766,824	1,940,556
Less: current maturities		(173,990)	(174,239)
Long term notes payable		$ 1,592,834	$ 1,766,317

a) 2010 bank-qualified loan payable in monthly installments of $13,972, plus interest at a variable rate of 67% of the sum of one-month LIBOR plus 2.25% (1.63% and 1.60% at June 30, 2015 and 2014, respectively), through December 2025, secured by properties, buildings, and improvements, and includes certain affirmative covenants. The bonding covenants require that the Organization maintain a Debt Service Coverage Ratio of no less than 1.30 to 1.00; and a Liquidity requirement of no less than $100,000 in unrestricted cash. The covenants also require the Organization utilize the funds for their intended purpose or the Organization will be subject to a rebate payment to the United States on each fifth anniversary of the loan payable. The Organization was in compliance with or had obtained waivers for the covenants as of June 30, 2015 and 2014, respectively. Each five year anniversary of the bank-qualified loan payable the financial institution has the option to "put" the loan to the Organization, requiring payment in full.

b) 4.53% note payable, due in monthly installments of $542, including interest, through June 2016, secured by vehicle.

Note G – Notes Payable and Line of Credit (continued)

The Organization made all scheduled payments during the year ended June 30, 2015. At June 30, 2015, payments on notes payable and principal maturities on the bonds are as follows:

Year Ending June 30,	
2016	$ 173,990
2017	167,667
2018	167,667
2019	167,667
2020	167,667
Thereafter	922,166
Total	$ 1,766,824

The interest expense incurred by the Organization for fiscal years ended June 30, 2015 and 2014 was $31,741 and $36,509, respectively.

The Organization had access to a revolving line of credit that allowed it to borrow up to $250,000 at the greater of the one-month LIBOR plus 2.75% or 3%. Interest was payable monthly and the line of credit matured on September 30, 2013. The Organization entered into a new $250,000 revolving line of credit (the "Line") on December 18, 2014. The Line has a variable interest rate of one-month LIBOR plus 3.25% and is set to mature on December 15, 2015.

Note H – Temporarily Restricted Net Assets

As of June 30, 2015 and 2014, the Organization had the following temporarily restricted net assets:

	2015	2014
Buildings constructed with grant funds	$ 1,253,480	$ 2,299,296
Restricted contributions	11,391	6,334
	$ 1,264,871	$ 2,305,630

The Organization has been the recipient of Community Development Block Grant funds through several different grants for the purpose of acquiring land and constructing facilities for use in the programs of the Organization. Under two of the grants, Family Resources, Inc. signed loan agreements in which the grantor holds a first mortgage on the building. The loan agreements do not require periodic payments of principal and interest, but stipulate that if Family Resources, Inc. operates the facility for the intended program purposes, the loan amounts and accrued interest will be forgiven on January 1, 2022. Since the Organization must operate the building for a specified purpose for a stated period of time, the grant funds are recorded as temporarily restricted net assets and will be released into unrestricted net assets in total on January 1, 2022.

Under several other grants, Family Resources, Inc. signed land use agreements or contracts requiring the facilities to be used for the intended program purpose for periods ranging from 10 to 18 years. If the facilities are not used for the intended program purpose for the required period, the grant funds will be required to be repaid to the grantor using formulas set forth in the land use agreements or contracts. Since the Organization must operate the facilities for a specified purpose for a stated period of time, the grant funds are recorded as temporarily restricted net assets and amortized into unrestricted net assets over their respective contract years.

Note H – Temporarily Restricted Net Assets (continued)

During fiscal 2009, the Organization jointly entered into a contract with the City of St. Petersburg and Boley Centers, Inc. (Boley), whereby Boley received funding under the Neighborhood Stabilization Program (NSP) to oversee the construction of Fountain View Apartments (Fountain). During 2013, Fountain construction was completed and the property was transferred to the Organization. Upon transfer, the Organization executed a mortgage and zero-percent interest promissory note with the City of St. Petersburg (City) in which the City holds a first mortgage on the building. The promissory note defers payment of principal and interest through June 30, 2043, but stipulates that if Family Resources, Inc. operates the facility for the intended program purposes, the promissory note will be forgiven on June 30, 2043. Since the Organization must operate the building for a specified purpose for a stated period of time, the grant funds are recorded as temporarily restricted net assets and will be released into unrestricted net assets in total on June 20, 2043. During the year ended June 30, 2015, the Organization transferred its rights in the Fountain property to Boley. Concurrent with this transfer the Organization recorded a distribution of the net capital assets through temporarily restricted net assets of approximately $841,000.

Note I – In-Kind Contributions

The Organization records various types of in-kind contributions. Contributed services are recognized at fair value if the services received create or enhance long-lived assets; require specialized skills; are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. Contributions of tangible assets are recognized at fair value when received. The amounts reflected in the accompanying financial statements as in-kind contributions are offset by like amounts in expenses or additions to property and equipment.

In-kind revenue and in-kind expense consist of the following for the years ended June 30, 2015 and 2014:

	2015	**2014**
Services	$ 70,384	$ 40,026
Free use of facilities	91,529	91,530
Supplies and program materials	-	3,500
Prizes for fund raising events	-	5,178
	$ 161,913	$ 140,234

Note J – Commitments and Contingencies

Litigation

Certain conditions may exist as of the date the financial statements are issued, which may result in a loss to the Organization but which will only be resolved when one or more future events occur or fail to occur. The Organization's management and its legal counsel assess such contingent liabilities, and such assessment inherently involves an exercise of judgment. In assessing loss contingencies related to legal proceedings that are pending against the Organization or unasserted claims that may result in such proceedings, the Organization's legal counsel evaluates the perceived merits of any legal proceedings or unasserted claims as well as the perceived merits of the amount of relief sought or expected to be sought therein.

If the assessment of a contingency indicates that it is probable that a material loss has been incurred and the amount of the liability can be estimated, then the estimated liability would be accrued in the Organization's financial statements. If the assessment indicates that a potentially material loss contingency is not probable, but is reasonably possible, or is probable but cannot be estimated, then the nature of the contingent liability, together with an estimate of the range of possible loss if determinable and material, would be disclosed.

Federal, State and Local Grants

Grant funds received by the Organization are subject to audit by grantor agencies and independent auditors. Audits of these grants may result in disallowed costs, which may constitute a liability of the Organization. In the opinion of management, disallowed costs, if any, would not have a materially adverse effect on the Organization's financial condition.

State Unemployment Insurance

The Organization is self-insured with regards to state unemployment insurance. The possibility exists that assessments may be made in the future by the State of Florida for unemployment claims made by former employees. The State of Florida has placed limits on the payments and duration on these claims. The Organization has estimated its future liability based on current and future claims within the limits set by the State of Florida and number of employees terminated. The Organization had accrued approximately $91,000 and $62,000 as of June 30, 2015 and 2014, respectively, related to future unemployment claims. These claims are included in accounts payable and accrued liabilities on the accompanying Statements of Financial Position. The Organization also maintains a deposit on hand for unemployment exposure. As of June 30, 2015 and 2014, the Organization held deposit balances of approximately $56,000

Note K – Retirement Plan

The Organization has implemented a defined contribution retirement plan as allowed under Section 403(b) of the Internal Revenue Code. This plan provides a defined contribution and a deferred compensation retirement arrangement for substantially all of its employees. The Organization made discretionary contributions to Plan participants at 3% of base salary from July 2013 to August 2014 and a discretionary contributions at 2% of base salary from September 2014 to June 2015. The Organization made matching contributions to Plan participants up to 3% of base salary from July 2013 to August 2014 and matching contributions up to 4% of base salary from September 2014 to June 2015. The Organization's retirement plan contribution for the years ended June 30, 2015 and 2014, totaled approximately $76,000 and $98,000, respectively. Employees are eligible to participate in the plan upon date of employment. Employees become eligible for employer matching contributions after six months of employment, and are immediately vested in their elective deferral. Participants fully vest in the employers' contributions over a period of five years of service to the Organization.

Note L – Subsequent Events

Subsequent to June 30, 2015 the Organization obtained an extension on their revolving line of credit of $250,000. The new Line will mature on December 14, 2016.

Management has assessed subsequent events through October 19, 2015, the date on which the financial statements were available to be issued.

Supplemental Information

Family Resources, Inc.
Schedule of Functional Expenses as Required by Area Agency on Aging of Pasco-Pinellas, Inc.
For The Year Ended June 30, 2015

	Caregiver Traning/ Support	Counseling - Gerontological	Non-DOEA Related Services	Total Program Cost	Management and General	Development and Fundraising	Supporting Services	Total Expenses
Salaries	$ 9,534	$ 13,444	$ 2,563,418	$ 2,586,396	$ 432,833	$ 79,737	$ 512,570	$ 3,098,966
Payroll taxes	-	-	267,603	267,603	39,065	7,871	46,936	314,539
Employee insurance	-	-	70,746	70,746	30,583	246	30,829	101,575
Employee retirement	-	-	53,048	53,048	20,299	2,865	23,164	76,212
	9,534	13,444	2,954,815	2,977,793	522,780	90,719	613,499	3,591,292
Rent	92	130	158,951	159,173	17,176	-	17,176	176,349
Repairs and maintenance	142	201	113,929	114,272	20,762	-	20,762	135,034
Telephone	157	221	51,486	51,864	11,385	368	11,753	63,617
Utilities	261	367	86,795	87,423	15,934	-	15,934	103,357
Insurance	198	279	226,720	227,197	34,950	6,117	41,067	268,264
Client services	-	-	41,769	41,769	32	-	32	41,801
Contract services	185	260	1,199,148	1,199,593	9,590	3,757	13,347	1,212,940
Printing	8	11	12,870	12,889	5,245	164	5,409	18,298
Travel	116	164	39,771	40,051	6,383	611	6,994	47,045
Food supplies	2	3	90,047	90,052	2,563	95	2,658	92,710
Interest	100	141	15,466	15,707	16,034	-	16,034	31,741
Personnel training	15	20	8,140	8,175	1,987	248	2,235	10,410
Training materials	-	-	623	623	72	-	72	695
Other supplies	-	-	24,480	24,480	-	-	-	24,480
Professional fees	28	40	23,498	23,566	26,712	7,000	33,712	57,278
Professional dues	-	-	32,405	32,405	1,039	425	1,464	33,869
Public relations	21	30	3,483	3,534	612	2,162	2,774	6,308
Office supplies	19	27	43,018	43,064	28,395	2,647	31,042	74,106
Fundraising	-	-	9,621	9,621	2,196	1,202	3,398	13,019
Personnel recruiting	58	81	20,900	21,039	3,124	121	3,245	24,284
Other	10	14	62,801	62,825	17,387	500	17,887	80,712
Total expenses before depreciation and amortization	10,946	15,433	5,220,736	5,247,115	744,358	116,136	860,494	6,107,609
Depreciation and amortization	786	1,109	213,704	215,599	83,282	-	83,282	298,881
Total expenses	$ 11,732	$ 16,542	$ 5,434,440	$ 5,462,714	$ 827,640	$ 116,136	$ 943,776	$ 6,406,490
Total DOEA units	289	408						

See Accountant's Opinion

Family Resources, Inc.
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2015

Federal and State Grantor/Pass-Through Grantor Program Title	CFDA/ CSFA Number	Contract/Grant Number	Federal Expenditures	Transfers to Subrecipient
U.S. Department of Health and Human Services				
Direct program: Basic center grant				
Runaway Youth - North Shelter	93.623	90CY2637-02-00	$ 27,023	$ -
Runaway Youth - North Shelter	93.623	90CY2637-03-00	118,485	-
Runaway Youth - Manatee Shelter	93.623	90CY6416-01-00	9,682	-
Runaway Youth - Manatee Shelter	93.623	90CY6416-02-00	51,281	-
Total program			206,471	-
Direct program: Education and Prevention Grants to Reduce Sexual Abuse of Runaway, Homeless and Street Youth				
Pinellas Programs - Street Outreach	93.557	90YO2152-01-01	104,131	-
Pinellas Programs - Street Outreach	93.557	90YO0078-03-00	42,921	-
Total program			147,052	-
Direct program: Transitional Living for Homeless Youth				
Maternal Transitional Living Program	93.550*	90CX6921-01-00	26,429	-
Maternal Transitional Living Program	93.550*	90CX6921-02-00	195,077	45,456
PRISM	93.550*	90CX7022-01-01	160,650	-
PRISM	93.550*	90CX7022-02-00	41,207	-
Total program			423,363	45,456
Direct program: Affordable Care Act Personal Responsibility Education Program				
Teen Outreach Program	93.092*	90AK0020-01-00	138,079	-
Teen Outreach Program	93.092*	90AK0020-02-00	290,854	-
Total program			428,933	-
Passed through the Florida Network:				
Foster Care Title IV-E	93.658*	N/A	43,551	-
Total program			43,551	-
Passed through the Sarasota Family YMCA:				
Foster Care Title IV-E	93.658*	N/A	28,058	-
Social Services Block Grant	93.667	N/A	23,901	-
Total program			51,959	-
Passed through Eckerd Community Alternatives, Inc.:				
Foster Care Title IV-E	93.658*	N/A	75,503	-
Social Services Block Grant	93.667	N/A	64,317	-
Total program			139,820	-
Passed through Brevard Family Partnership:				
Foster Care Title IV-E	93.658*	N/A	8,637	-
Social Services Block Grant	93.667	N/A	7,357	-
Total program			15,994	-
Passed through Childnet:				
Foster Care Title IV-E	93.658*	N/A	6,279	-
Social Services Block Grant	93.667	N/A	5,349	-
Total program			11,628	-
Passed through Community Based Care of Central Florida:				
Foster Care Title IV-E	93.658*	N/A	2,521	-
Social Services Block Grant	93.667	N/A	2,148	-
Total program			4,669	-
Passed through Community Partnership for Children:				
Foster Care Title IV-E	93.658*	N/A	2,044	-
Social Services Block Grant	93.667	N/A	1,741	-
Total program			3,785	-
Passed through Devereux CBC of Okeechobee and the Treasure Coast:				
Foster Care Title IV-E	93.658*	N/A	2,539	-
Social Services Block Grant	93.667	N/A	2,163	-
Total program			4,702	-

Family Resources, Inc.
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2015

Federal and State Grantor/Pass-Through Grantor Program Title	CFDA/ CSFA Number	Contract/Grant Number	Federal Expenditures	Transfers to Subrecipient
Passed through Families First Network of Lakeview:				
Foster Care Title IV-E	93.658*	N/A	1,697	-
Social Services Block Grant	93.667	N/A	1,446	-
Total program			3,143	-
Passed through Kids Central:				
Foster Care Title IV-E	93.658*	N/A	11,816	-
Social Services Block Grant	93.667	N/A	10,066	-
Total program			21,882	-
Passed through the Florida Department of Elder Affairs and Area Agency on Aging:				
Kinship Care - National Family Caregiver Support, Title III, Part E	93.052	OOA-EA014-FR	24,381	-
Total program			24,381	-
Total U.S. Department of Health and Human Services			1,531,333	45,456
U.S. Department of Justice and Consumer Services				
Passed through Pinellas County, Florida:				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	N/A	33,000	-
Office of Juvenile Justice and Delinquency Prevention	16.829	N/A	36,727	-
Total program			69,727	-
Total U.S. Department of Justice and Consumer Services			69,727	-
U.S. Department of Housing and Urban Development				
Passed through Florida Department of Children and Families				
Emergency Solutions Grant Program	14.231	QPZ4D	54,657	-
Total program			54,657	-
Total U.S. Department of Housing and Urban Development			54,657	-
U.S. Department of Agriculture				
Passed through Florida Department of Education:				
Child Nutrition Cluster -				
School Breakfast Program	10.553	01-187	2,549	-
National School Lunch Program	10.555	01-187	2,174	-
Total Cluster			4,723	-
Passed through Florida Department of Health:				
Child and Adult Care Food Program	10.558*	H2459	47,951	-
Child and Adult Care Food Program	10.558*	D3822	1,278,277	1,101,821
Child and Adult Care Food Program	10.558*	A4188	6,685	-
Total program			1,332,913	1,101,821
Total U.S. Department of Agriculture			1,337,637	1,101,821
Total Expenditures of Federal Awards			$ 2,993,354	$ 1,147,277

*- Major program

Family Resources, Inc.
Schedule of Expenditures of State Financial Assistance
For the Year Ended June 30, 2015

Federal and State Grantor/Pass-Through Grantor Program Title	CFDA/ CSFA Number	Pass-through Grantor's Number	Expenditure State Awards
Florida Department of Children and Families			
Passed through Sarasota Family YMCA, Inc.			
Community Care Based Supports	60.074		$ 9,531
Passed through Eckerd Youth Alternatives, Inc.			
Community Care Based Supports	60.074		25,648
Passed through Brevard Family Partnership			
Community Care Based Supports	60.074		2,934
Passed through Childnet			
Community Care Based Supports	60.074		2,133
Passed through Community Based Care of Central Florida			
Community Care Based Supports	60.074		856
Passed through Community Partnership for Children			
Community Care Based Supports	60.074		694
Passed through Devereux CBC of Okeechobee and the Treasure Coast			
Community Care Based Supports	60.074		863
Passed through Families First Network of Lakeview			
Community Care Based Supports	60.074		577
Passed through Kids Central			
Community Care Based Supports	60.074		4,014
Total Florida Department of Children and Families			47,250
Florida Department of Juvenile Justice			
Passed through the Florida Network of Youth and Family Services, Inc.:			
Probation Respite	80.005*		1,640
Domestic Violence Respite	80.005*		43,558
Children and Families in Need of Services (CINS/FINS)	80.005*		2,261,000
Total Florida Department of Juvenile Justice			2,306,198
Total state financial assistance			$ 2,353,448

*-Major project

Family Resources, Inc.
Schedule of Local and Other Awards
For the Year Ended June 30, 2015

Grantor/Program Title		Local and Other Expenditures
City of St. Petersburg:		
Youth Arts Corp	$	14,202
Streetsafe		11,281
Total City of St. Petersburg		25,483
United Way:		
United Way Manatee		5,925
Substance Abuse Advisory Board, Pinellas County, Florida:		
Youth Shelter		6,192
Pinellas Community Foundation:		
Transitional Living		4,000
Manatee County:		
Family Resolutions		2,062
Residential Shelter		40,721
CERTAIN		123,183
Total Manatee County		165,966
Juvenile Welfare Board of Pinellas County:		
Family / Youth Services - Residential		259,076
Non-Operating Capital Grant		50,000
OST Youth Arts Corps		138,465
Passed through Boys and Girls Club		
Youth Arts Corps		157,165
Total Juvenile Welfare Board of Pinellas County		604,706
Total Expenditures of Local Awards	$	812,272

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards, State Financial Assistance, Other State Funding, and Local Awards (the Schedule) presents the activity of all federal, state, and local programs administered by Family Resources, Inc. Awards received directly from governmental agencies, as well as those passed through other government agencies, are included in the Schedule. The information in this Schedule is presented in accordance with the requirements of OMB Circular A -133, Audits of States, Local Governments, and Non-Profit Organizations; and Chapter 10.650, Rules of the Auditor General. Because the Schedule presents only a selected portion of the operations of Family Resources, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

Summary of Significant Accounting Policies

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

Summarized CFDA Information

The Schedule presents federal award programs summarized by federal and pass-through agencies. Certain federal award programs were funded by multiple agencies and are summarized as follows:

CFDA No.	Federal Program	Total Expenditures
93.658	Foster Care Title IV-E	$ 182,645
93.667	Social Services Block Grant	$ 118,488

Subrecipients

The Organization provided federal awards to subrecipients during fiscal 2015 as identified in the transferred to subrecipients' column in the accompanying Schedule.

As a service provider, the Organization has certain compliance responsibilities, such as monitoring its subrecipients to help assure they use these sub-awards as authorized by laws, regulations, and the provisions of contracts or grant agreements, and that subrecipients achieve the award's performance goals.

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on Audits of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Board of Directors of
Family Resources, Inc.
Pinellas Park, FL

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Family Resources, Inc. (the "Organization"), 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 October 19, 2015.

Internal Control over Financial Reporting
In planning and performing our audits of the financial statements, we considered the Organization's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Family Resources, Inc.'s internal control.

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

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

Compliance and Other Matters
As part of obtaining reasonable assurance about whether the Organization's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits, 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 intended 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.

Barley, McNamara, Wild

Tampa, Florida
October 19, 2015

Barley | McNamara | Wild
CERTIFIED PUBLIC ACCOUNTANTS & ASSOCIATES

Independent Auditors' Report on Compliance for Each Major Program and Major Project and on Internal Control Over Compliance Required by OMB Circular A-133 and Chapter 10.650, Rules of the Auditor General of the State of Florida

To the Board of Directors of
Family Resources, Inc.
Pinellas Park, FL

Report on Compliance for Each Major Federal Program and Major State Project
We have audited Family Resources, Inc.(the "Organization"), compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement*, that could have a direct and material effect on each of the Organization's major federal programs for the year ended June 30, 2015. The Organization's major federal programs 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 major state projects.

Auditor's Responsibility
Our responsibility is to express an opinion on compliance for each of the Organization's major federal programs 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; and OMB Circular A-133, *Audits of States, Local Governments, and Non-profit Organizations*. Those standards, OMB Circular A-133, 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. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

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Opinion on Each Major Federal Program and Major State Project
In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

Report on Internal Control over Compliance
Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program 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 to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program 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 will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program and major 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 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. Accordingly, this report is not suitable for any other purpose.

Barley, McNamara, Wild

Tampa, Florida
October 19, 2015

Schedule of Findings and Questioned Costs
June 30, 2015

Section 1 – Summary of Auditors' Results

Financial Statements	Results
Type of auditors' report issued:	Unqualified
Internal control over financial reporting:	
Material weakness identified?	No
Significant deficiencies identified that are not considered to be material weaknesses?	No
Noncompliance material to financial statements noted?	No

	Federal Awards	State Projects
Internal control over major programs:		
Material weakness identified?	No	No
Significant deficiencies identified not considered to be a material weakness?	None reported	None reported
Type of auditors' report issued on compliance for major programs:	Unqualified	Unqualified
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, section 510(a)	No	No

Identification of Major Federal Programs and Major State Projects:

CFDA	Name of Federal Program
	U.S. Department of Health and Human Services
93.550	Transitional Living for Homeless Youth
93.092	Teen Outreach Program
93.658	Foster Care Title IV-E
	U.S. Department of Agriculture
10.558	Child and Adult Care Food Program
CSFA	**Name of State Project**
80.005	Florida Department of Juvenile Justice Children and Families in Need of Services

	Federal Awards	State Projects
Dollar threshold used to distinguish between Type A and Type B programs	$ 300,000	$ 300,000
Auditee qualified as low-risk auditee?	Yes	N/A

Section 2 – Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, fraud, illegal acts, violations of provisions of contracts and grant agreements, and abuse related to the financial statements for which *Government Auditing Standards* requires a reporting in a Circular A-133 audit.

Prior Year Audit Findings

No matters were reported.

Section 3 – Federal Awards Findings and Questioned Costs

This section identifies the audit findings required to be reported by section 510(a) of Circular A-133 as well as any abuse findings involving federal awards that is material to a major program. There were no instances of abuse found as a result of our audit procedure.

Barley | McNamara | Wild
CERTIFIED PUBLIC ACCOUNTANTS & ASSOCIATES

“Management Letter”
Based on Rule 10.654(1) (e) of the Rules of Auditor General of the State of Florida

To the Board of Directors of
Family Resources, Inc.
Pinellas Park, FL

Report on the Financial Statements

We have audited the financial statements of Family Resources, Inc. (the “Organization”), as of and for the fiscal year ended June 30, 2015 and have issued our report thereon dated October 19, 2015.

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; and OMB Circular A-133, *Audits of States, Local Governments, and Non-profit Organizations*; and Chapter 10.650 or 10.550 Rules of the Florida Auditor General.

Other Reports and Schedule

We have issued our Independent Auditor’s Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on Audit of the 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 OMB Circular A-133 and Chapter 10.650 or 10.550, Rules of the Florida Auditor General; and Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule, which are dated October 19, 2015, should be considered in conjunction with this management letter.

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

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, the Board of Directors, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

Barley, McNamara, Wild

Tampa, Florida
October 19, 2015

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