Barley | McNamara | Wild
CERTIFIED PUBLIC ACCOUNTANTS & ASSOCIATES

Financial Statements, Supplemental Information and Regulatory Reports

Family Resources, Inc.

June 30, 2016 and 2015

Family Resources, Inc.
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Independent Auditor's Report

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, 2016 and 2015, 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 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 the Organization as of June 30, 2016 and 2015, 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 audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, state financial assistance, local and other awards, 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, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards,* we have also issued our report dated October 24, 2016, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 24, 2016

Family Resources, Inc.
Statements of Financial Position
As of June 30, 2016 and 2015

Assets

	2016	2015
CURRENT ASSETS		
Cash and cash equivalents	$ 986,366	$ 1,060,387
Grants receivable, net of allowance for doubtful accounts of $0 for 2016 and 2015	915,301	659,748
Other current assets	78,827	89,970
Total current assets	1,980,494	1,810,105
PROPERTY AND EQUIPMENT, NET	5,055,329	5,232,581
ENDOWMENT FUND INVESTMENTS	129,698	130,143
OTHER ASSETS	9,534	17,238
TOTAL ASSETS	$ 7,175,055	$ 7,190,067

Liabilities and Net Assets

	2016	2015
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	$ 354,692	$ 306,953
Accrued payroll	129,596	85,587
Accrued benefits	99,439	100,662
Deferred Revenue	5,589	10,772
Short-term portion of notes payable	167,667	173,990
Total current liabilities	756,983	677,964
LONG TERM LIABILITIES		
Long-term portion of notes payable	1,425,166	1,592,834
Total long term liabilities	1,425,166	1,592,834
TOTAL LIABILITIES	2,182,149	2,270,798
NET ASSETS		
Unrestricted:		
Operating	1,529,790	1,452,893
Net investment in land, buildings and equipment	2,341,606	2,201,505
Total unrestricted net assets	3,871,396	3,654,398
Temporarily restricted:	1,121,510	1,264,871
Total net assets	4,992,906	4,919,269
TOTAL LIABILTIES AND NET ASSETS	$ 7,175,055	$ 7,190,067

The accompanying notes are an integral part of these financial statements

Family Resources, Inc.

Statement of Activities

For the Year Ended June 30, 2016

	Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUE			
Special events revenue	$ 75,774	$ -	$ 75,774
Special events expense	(29,633)	-	(29,633)
Net special events	46,141	-	46,141
Grant revenues	7,220,328	-	7,220,328
Contributions and fundraising	41,918	-	41,918
In-kind contributions	182,430	5,589	188,019
Other	19,805	-	19,805
	7,510,622	5,589	7,516,211
Net assets released from restrictions	148,950	(148,950)	-
Total Support and Revenue	7,659,572	(143,361)	7,516,211
EXPENSES			
Residential	2,716,614	-	2,716,614
Community based care	1,777,206	-	1,777,206
Childcare food program	1,985,650	-	1,985,650
Total program expenses	6,479,470	-	6,479,470
Supporting services	963,104	-	963,104
Total Expenses	7,442,574	-	7,442,574
Increase (decrease) in net assets before other changes	216,998	(143,361)	73,637
CHANGE IN NET ASSETS	216,998	(143,361)	73,637
NET ASSETS AT THE BEGINNING OF YEAR	3,654,398	1,264,871	4,919,269
NET ASSETS AT THE END OF YEAR	$ 3,871,396	$ 1,121,510	$ 4,992,906

The accompanying notes are an integral part of this financial statement

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			
Residential	2,599,372	-	2,599,372
Community based care	1,610,306	-	1,610,306
Childcare food program	1,253,036	-	1,253,036
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.
Statements of Cash Flows
For the Years Ended June 30, 2016 and 2015

	2016	2015
Cash flows from operating activities:		
Change in net assets	$ 73,637	$ (703,978)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	295,495	298,881
Distribution of capital asset	-	841,071
Net depreciation on endowment fund investments	4,729	5,351
(Increase) decrease in current assets:		
Grants receivable	(255,553)	224,955
Other assets	10,825	(23,898)
Increase (decrease) in current liabilities:		
Accounts payable and accrued liabilities	47,739	19,208
Accrued payroll and benefits	42,786	(44,886)
Deferred revenue	(5,183)	10,772
Net cash provided by operating activities	214,475	627,476
Cash flows used by investing activities:		
Net purchase of endowment fund investments	(4,284)	(6,866)
Purchases of property and equipment	(110,221)	(90,296)
Net cash used by investing activities	(114,505)	(97,162)
Cash flows used by financing activities:		
Principal payments on capital leases	-	(11,405)
Principal payments on long-term debt	(173,991)	(173,732)
Net cash used by financing activities	(173,991)	(185,137)
Net increase (decrease) in cash	(74,021)	345,177
Cash, beginning of period	1,060,387	715,210
Cash, end of period	$ 986,366	$ 1,060,387
Supplemental and non-cash Disclosures:		
Interest paid	$ 30,050	$ 31,879

The accompanying notes are an integral part of these financial statements

Family Resources, Inc.
Statement of Functional Expenses
For The Year Ended June 30, 2016

	Residential Program	Community Based Care Services	Childcare Food Program	Total Program Cost	Management and General	Development and Fundraising	Supporting Services	Total
Salaries	$ 1,588,728	$ 1,028,428	$ 151,624	$ 2,768,780	$ 520,902	$ 58,674	$ 579,576	$ 3,348,356
Payroll taxes	147,368	96,285	12,808	256,461	43,340	5,104	48,444	304,905
Employee insurance	107,538	69,168	10,753	187,459	21,856	4,387	26,243	213,702
Employee retirement	23,648	17,385	6,357	47,390	22,567	1,391	23,958	71,348
Total salaries and related expenses	1,867,282	1,211,266	181,542	3,260,090	608,665	69,556	678,221	3,938,311
Rent	17,151	147,389	2,322	166,862	17,839	455	18,294	185,156
Repairs and Maintenance	111,303	32,502	3,842	147,647	17,051	981	18,032	165,679
Telephone	29,404	22,813	3,934	56,151	12,113	545	12,658	68,809
Utilities	59,531	23,164	2,105	84,800	9,712	561	10,273	95,073
Insurance	44,390	21,629	3,914	69,933	30,140	993	31,133	101,066
Client Services	11,060	5,707	2	16,769	13	-	13	16,782
Contract services	71,016	49,867	1,750,148	1,871,031	11,457	460	11,917	1,882,948
Printing	13,202	9,624	1,794	24,620	6,604	515	7,119	31,739
Travel	11,128	25,645	5,058	41,831	3,908	634	4,542	46,373
Food Supplies	67,773	11,466	89	79,328	1,294	384	1,678	81,006
Interest	9,300	10,593	2,032	21,925	7,356	589	7,945	29,870
Personnel training	4,333	12,726	28	17,087	5,473	605	6,078	23,165
Training materials	157	31,221	-	31,378	-	-	-	31,378
Other supplies	49,193	20	-	49,213	-	-	-	49,213
Professional fees	16,235	9,150	763	26,148	22,239	1,873	24,112	50,260
Professional dues	34,801	8,393	359	43,553	1,411	1,209	2,620	46,173
Public relations	486	1,081	210	1,777	3,281	974	4,255	6,032
Office supplies	24,430	55,662	14,602	94,694	29,884	5,391	35,275	129,969
Fundraising	26,587	19,150	-	45,737	4,410	2,263	6,673	52,410
Personnel recruiting	20,213	12,788	318	33,319	12,246	56	12,302	45,621
Other	65,771	-	3,385	69,156	-	889	889	70,046
Total expenses before depreciation and amortization	2,554,746	1,721,856	1,976,447	6,253,049	805,096	88,933	894,029	7,147,079
Depreciation and amortization	161,868	55,350	9,203	226,421	66,657	2,418	69,075	295,495
Total expenses	$ 2,716,614	$ 1,777,206	$ 1,985,650	$ 6,479,470	$ 871,753	$ 91,351	$ 963,104	$ 7,442,574

The accompanying notes are an integral part of this financial statements

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

	Residential Program	Community Based Care Services	Childcare Food Program	Total Program Cost	Management and General	Development and Fundraising	Supporting Services	Total
Salaries	$ 1,509,164	$ 979,661	$ 97,571	$ 2,586,396	$ 432,833	$ 79,737	$ 512,570	$ 3,098,966
Payroll taxes	155,722	102,502	9,379	267,603	39,065	7,871	46,936	314,539
Employee insurance	127,654	87,636	11,907	227,197	34,950	6,117	41,067	268,264
Employee retirement	27,311	20,790	4,947	53,048	20,299	2,865	23,164	76,212
Total salaries and related expenses	1,819,851	1,190,589	123,804	3,134,244	527,147	96,590	623,737	3,757,981
Rent	17,417	140,233	1,523	159,173	17,176	-	17,176	176,349
Repairs and Maintenance	90,949	22,682	641	114,272	20,762	-	20,762	135,034
Telephone	29,713	20,254	1,897	51,864	11,385	368	11,753	63,617
Utilities	65,631	21,266	526	87,423	15,934	-	15,934	103,357
Insurance	51,326	18,311	1,109	70,746	30,583	246	30,829	101,575
Client Services	16,472	25,296	1	41,769	32	-	32	41,801
Contract services	73,546	23,136	1,102,911	1,199,593	9,590	3,757	13,347	1,212,940
Printing	5,531	6,245	1,113	12,889	5,245	164	5,409	18,298
Travel	5,090	28,188	6,773	40,051	6,383	611	6,994	47,045
Food Supplies	79,466	10,565	21	90,052	2,563	95	2,658	92,710
Interest	9,446	5,711	550	15,707	16,034	-	16,034	31,741
Personnel training	3,447	3,547	1,181	8,175	1,987	248	2,235	10,410
Training materials	3	620	-	623	72	-	72	695
Other supplies	24,480	-	-	24,480	-	-	-	24,480
Professional fees	5,513	16,571	1,482	23,566	26,712	7,000	33,712	57,278
Professional dues	28,885	3,411	109	32,405	1,039	425	1,464	33,869
Public relations	927	2,607	-	3,534	612	2,162	2,774	6,308
Office supplies	14,457	24,414	4,193	43,064	28,395	2,647	31,042	74,106
Fundraising	6,427	3,194	-	9,621	2,196	1,202	3,398	13,019
Personnel recruiting	16,016	4,983	40	21,039	3,124	121	3,245	24,284
Other	59,903	-	2,922	62,825	17,387	500	17,887	80,712
Total expenses before depreciation and amortization	2,424,496	1,571,823	1,250,796	5,247,115	744,358	116,136	860,494	6,107,609
Depreciation and amortization	174,876	38,483	2,240	215,599	83,282	-	83,282	298,881
Total expenses	$ 2,599,372	$ 1,610,306	$ 1,253,036	$ 5,462,714	$ 827,640	$ 116,136	$ 943,776	$ 6,406,490

The accompanying notes are an integral part of this 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:

Residential Program – provides youth between the ages of 10-17 years old access to short-term residential care and counseling at three shelter locations in Pinellas and Manatee counties. The teen shelters provide respite and intervention to youth and families in crisis, truancy issues and behavioral support. Long-term residential services for youth and young adults ages 16-22 include transitional living programs which promote self-sufficiency for the LGBTQ community and for pregnant and parenting young moms.

Community Based Services – 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 individual and family counseling, truancy prevention services, and adoption counseling services. Other community based services include an after-school enrichment program, relationship and pregnancy prevention education programs, truancy program services and street outreach.

Child Care Food Program – 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

Note B – Significant Accounting Policies (continued)

Recently Issued Accounting Standards

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update, *Revenue from Contracts with Customers*. The effective date for this Standard for nonpublic entities is annual reporting periods beginning after December 15, 2017, with early adoption permitted for annual periods beginning after December 15, 2016. ASU 2014-09 outlines a new, single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance, including industry-specific guidance. This new revenue recognition model provides a five-step analysis in determining when and how revenue is recognized. The new model will require revenue recognition to depict the transfer of promised goods or services to customers in an amount that reflects the consideration a company expects to receive in exchange for those goods or services. The Company is currently assessing the impact that adopting this new accounting guidance will have on its financial statements and footnote disclosures.

On August 27, 2014, the FASB issued Accounting Standards Update No. 2014-15, *Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern*, which requires management to assess a company's ability to continue as a going concern and to provide related footnote disclosures in certain circumstances. Before this new standard, there was minimal guidance in U.S. GAAP specific to going concern. Under the new standard, disclosures are required when conditions give rise to substantial doubt about a company's ability to continue as a going concern within one year from the financial statement issuance date. The new standard applies to all companies and is effective for the annual period ending after December 15, 2016, and all annual and interim periods thereafter

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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.

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, 2016 and 2015, the Organization did not record an allowance for doubtful accounts.

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.

Note B – Significant Accounting Policies (continued)

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.

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 2 to 30 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.

Note B – Significant Accounting Policies (continued)

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.

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

Note B – Significant Accounting Policies (continued)

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, 2016. Should the Organization's tax-exempt status be challenged in the future, the Organization's 2014, 2015, and 2016 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, 2016 and 2015, grants receivable of $915,301 and $659,748 consist almost entirely of amounts due from these funding sources. Accounts receivable from two customers represented 49% of total accounts receivable at June 30, 2016 and June 30, 2015. The revenue from these sources represented 96% and 95%, respectively, of the Organization's grant revenues for the years ended June 30, 2016 and 2015.

Note C – Endowment Funds

The endowment fund investments at June 30, 2016 and 2015 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, 2016 and 2015 the endowment fund had a market value of $129,698 and $130,143, respectively, and a cost basis of $127,300 and $123,015, 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, 2016 and 2015 are as follows:

	Mutual Funds
June 30, 2015	$ 130,143
Net depreciation	(4,729)
Interest	4,434
Fees	(150)
June 30, 2016	$ 129,698

Note D – Property and Equipment

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

	2016	2015	Useful Life (Years)
Buildings and improvements	$ 7,359,946	$ 7,324,337	10 - 30
Land	941,849	941,849	-
Land improvements	5,350	5,350	10
Furniture and equipment	462,101	387,488	2 - 5
Motor vehicles	160,543	183,812	5
	8,929,789	8,842,836	
Less: Accumulated depreciation	(3,874,460)	(3,610,255)	
Property and equipment, net	$ 5,055,329	$ 5,232,581	

Depreciation expense for the years ended June 30, 2016 and June 30, 2015 were $287,473 and $279,626, 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 F for further details. Total notes payable costs were $96,033 were being amortized over the life of the notes payable. The related amortization expense for the fiscal years ended June 30, 2016 and 2015 was $8,022 and $19,255, respectively. The net notes payable insurance costs reflected in other assets in the Statements of Financial Position as of June 30, 2016 and 2015 were $0 and $8,023, respectively.

Note F – Notes Payable and Line of Credit

At June 30, 2016 and 2015, notes payable consisted of the following:

		2016	2015
	a)	$ 1,592,833	$ 1,760,500
	b)	-	6,324
		1,592,833	1,766,824
Less: current maturities		(167,667)	(173,990)
Long term notes payable		$ 1,425,166	$ 1,592,834

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% (1.81% and 1.63% at June 30, 2016 and 2015, 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, 2016 and 2015, 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, which matured in June 2016, secured by vehicle.

The Organization made all scheduled payments during the year ended June 30, 2016. At June 30, 2016, payments on notes payable and principal maturities on the bonds are as follows:

Year Ending June 30,	
2017	$ 167,667
2018	167,667
2019	167,667
2020	167,667
2021	167,667
Thereafter	754,498
Total	$ 1,592,833

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

The interest expense incurred by the Organization for fiscal years ended June 30, 2016 and 2015 was $29,870 and $31,741, respectively.

The Organization had access to a revolving line of credit that allowed it to borrow up to $250,000 at a variable interest rate of one-month LIBOR plus 3.25%. Interest was payable monthly and the revolving line of credit was set to mature on December 15, 2015. In October 2015, the revolving line of credit maturity date was extended to December 14, 2016.

Note G – Temporarily Restricted Net Assets

As of June 30, 2016 and 2015, the Organization had the following temporarily restricted net assets:

	2016	2015
Buildings constructed with grant funds	$ 1,115,302	$ 1,253,480
Restricted contributions	6,208	11,391
	$ 1,121,510	$ 1,264,871

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

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 H – 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, 2016 and 2015:

	2016	2015
Services	$ 96,493	$ 70,384
Free use of facilities	91,526	91,529
	$ 188,019	$ 161,913

Note I – 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, 2016 and 2015 was approximately $92,000 and $88,000, respectively. During the year ended June 30, 2015 the Organization paid the remaining balance on its capital lease for equipment.

Future minimum rental payments for each of the next five years at June 30, 2016 are as follows:

	Operating Leases		
Fiscal Year	Facilities	Equipment	Total
2017	$ 60,988	$ 47,403	$ 108,391
2018	35,972	37,548	73,520
2019	23,486	21,903	45,389
2020	23,907	-	23,907
2021	16,103	-	16,103
	$ 160,456	$ 106,854	$ 267,310

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.

Note J – Commitments and Contingencies (continued)

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 $88,000 and $91,000 as of June 30, 2016 and 2015, 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, 2016 and 2015, 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 2014 to August 2014 and a discretionary contributions at 2% of base salary from September 2014 to June 2015. The Organization made discretionary contributions to Plan participants at 2% of base salary from July 2015 to June 2016. The Organization made matching contributions to Plan participants up to 3% of base salary from July 2014 to August 2014 and matching contributions up to 4% of base salary from September 2014 to June 2016. The Organization's retirement plan contribution for the years ended June 30, 2016 and 2015, totaled approximately $71,000 and $76,000, 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

Management has assessed subsequent events through October 24, 2016, the date on which the financial statements were available to be issued.

Supplemental Information

Family Resources, Inc.
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2016

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	90CY6679-01-00	$ 41,514	$ -
Runaway Youth - North Shelter	93.623	90CY6679-02-00	138,532	-
Runaway Youth - Manatee Shelter	93.623	90CY6416-03-00	23,412	-
Runaway Youth - Manatee Shelter	93.623	90CY6746-01-00	103,280	-
Total program			306,738	-
Direct program: Education and Prevention Grants to Reduce Sexual Abuse of Runaway, Homeless and Street Youth				
Pinellas Programs - Street Outreach	93.557	90YO2152-02-00	23,397	-
Pinellas Programs - Street Outreach	93.557	90YO2152-03-00	102,936	-
Total program			126,333	-
Direct program: Transitional Living for Homeless Youth				
Maternal Transitional Living Program	93.550	90CX6921-03-00	4,683	-
Maternal Transitional Living Program	93.550	90CX6921-04-00	194,428	-
PRISM	93.550	90CX7022-03-00	158,793	-
PRISM	93.550	90CX7022-04-00	45,747	-
Total program			403,651	-
Direct program: Affordable Care Act Personal Responsibility Education Program				
Teen Outreach Program	93.092	90AK0020-03-00	92,434	-
Total program			92,434	-
Direct program: Healthy Marriage and Relationship Education				
Safe2Be You & Me Program	93.086	90FM0107-01-00	345,324	-
Total program			345,324	-
Passed through the Florida Network:				
Foster Care Title IV-E	93.658	N/A	75,356	-
Total program			75,356	-
Passed through the Sarasota Family YMCA:				
Foster Care Title IV-E	93.658	N/A	10,490	-
Social Services Block Grant	93.667	N/A	5,404	-
Total program			15,894	-
Passed through Eckerd Community Alternatives, Inc. (Pinellas):				
Foster Care Title IV-E	93.658	N/A	36,678	-
Social Services Block Grant	93.667	N/A	18,894	-
Total program			55,572	-
Passed through Eckerd Community Alternatives, Inc. (Hillsborough):				
Foster Care Title IV-E	93.658	N/A	23,694	-
Social Services Block Grant	93.667	N/A	12,206	-
Total program			35,900	-
Passed through Community Based Care of Central Florida:				
Foster Care Title IV-E	93.658	N/A	732	-
Social Services Block Grant	93.667	N/A	377	-
Total program			1,109	-
Passed through Devereux CBC of Okeechobee and the Treasure Coast:				
Foster Care Title IV-E	93.658	N/A	2,553	-
Social Services Block Grant	93.667	N/A	1,314	-
Total program			3,867	-
Passed through Children's Network of Southwest Florida:				
Foster Care Title IV-E	93.658	N/A	20,278	-
Social Services Block Grant	93.667	N/A	10,446	-
Total program			30,724	-
Total U.S. Department of Health and Human Services			1,492,902	-

Family Resources, Inc.
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2016

Federal and State Grantor/Pass-Through Grantor Program Title	CFDA/ CSFA Number	Contract/Grant Number	Federal Expenditures	Transfers to Subrecipient
U.S. Department of Justice and Consumer Services				
Passed through Pinellas County, Florida:				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2016-JAGC-PINE-4-H3-096	30,000	-
Office of Juvenile Justice and Delinquency Prevention	16.829	N/A	106,591	-
Total program			136,591	-
Total U.S. Department of Justice and Consumer Services			136,591	-
U.S. Department of Housing and Urban Development				
Passed through Florida Department of Children and Families				
Emergency Solutions Grant Program	14.231	QPZ6P	26,570	-
Total program			26,570	-
Total U.S. Department of Housing and Urban Development			26,570	-
U.S. Department of Agriculture				
Passed through Florida Department of Education:				
Child Nutrition Cluster -				
School Breakfast Program	10.553	01-187	1,112	-
National School Lunch Program	10.555	01-187	860	-
NSLP Equipment Assistant Grant	10.579	FDACS 022599	19,488	
Total Cluster			21,460	-
Passed through Florida Department of Health:				
Child and Adult Care Food Program	10.558	H2459	43,438	-
Child and Adult Care Food Program	10.558	D3822	2,027,419	1,745,652
Child and Adult Care Food Program	10.558	A4188	8,702	-
Total program			2,079,559	1,745,652
Total U.S. Department of Agriculture			2,101,020	1,745,652
Total Expenditures of Federal Awards			$ 3,757,083	$ 1,745,652

Family Resources, Inc.
Schedule of Expenditures of State Financial Assistance
For the Year Ended June 30, 2016

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		$ 2,916
Passed through Eckerd Youth Alternatives, Inc. (Pinellas)			
Community Care Based Supports	60.074		10,194
Passed through Eckerd Youth Alternatives, Inc. (Hillsborough)			
Community Care Based Supports	60.074		6,585
Passed through Community Based Care of Central Florida			
Community Care Based Supports	60.074		204
Passed through Devereux CBC of Okeechobee and the Treasure Coast			
Community Care Based Supports	60.074		709
Passed through Children's Network of Southwest Florida			
Community Care Based Supports	60.074		5,636
Total Florida Department of Children and Families			26,244
Florida Department of Juvenile Justice			
Passed through the Florida Network of Youth and Family Services, Inc.:			
Probation Respite	80.005		-
Domestic Violence Respite	80.005		34,628
Children and Families in Need of Services (CINS/FINS)	80.005		2,405,889
Total Florida Department of Juvenile Justice			2,440,517
Total State Financial Assistance			$ 2,466,761

Family Resources, Inc.
Schedule of Local and Other Awards
For the Year Ended June 30, 2016

Grantor/Program Title		Local and Other Expenditures
City of St. Petersburg:		
Youth Enrichment Program (f/k/a Youth Arts Corps)	$	1,041
Streetsafe		2,473
Total City of St. Petersburg		3,514
United Way:		
United Way Manatee		4,444
Pinellas Community Foundation:		
Transitional Living		10,000
Youth Shelter		12,000
Maternal Transitional Living Program		5,683
		27,683
Manatee County:		
Residential Shelter		59,471
CERTAIN		164,246
Passed through Family Partnership Center		
Chosen Families		91,330
Total Manatee County		315,047
School District of Manatee County		
Youth Shelter		6,997
Manatee Community Foundation		
Youth Shelter		1,800
Juvenile Welfare Board of Pinellas County:		
Family / Youth Services - Residential		259,054
Non-Operating Capital Grant		49,918
COST Youth Enrichment Program (Pinellas Park)_		138,488
Passed through Boys and Girls Club		
COST Youth Enrichment Program (St. Petersburg)		189,539
Total Juvenile Welfare Board of Pinellas County		636,999
Total Expenditures of Local Awards	$	996,484

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 the Uniform Guidance, 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 the Uniform Guidance, 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	$ 152,612
93.667	Social Services Block Grant	$ 65,810

Subrecipients

The Organization provided federal awards to subrecipients during fiscal 2016 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 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 Family Resources, Inc. (the "Organization"), a nonprofit organization, which comprise the statement of financial position as of June 30, 2016, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 24, 2016.

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.

Barley | McNamara | Wild
CERTIFIED PUBLIC ACCOUNTANTS & ASSOCIATES

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 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 24, 2016

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 the Uniform Guidance 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 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, 2016. 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 federal statutes, regulations, and the terms and conditions of its federal awards 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 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). Those standards and the Uniform Guidance 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 occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Barley | McNamara | Wild
CERTIFIED PUBLIC ACCOUNTANTS & ASSOCIATES

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, 2016.

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 each 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 the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. 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 a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program 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. Accordingly, this report is not suitable for any other purpose.

Barley, McNamara, Wild

Tampa, Florida
October 24, 2016

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Family Resources, Inc.

Schedule of Findings and Questioned Costs
June 30, 2016

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 the Uniform Guidance.	No	No

Identification of Major Federal Programs and Major State Projects:

CFDA	Name of Federal Program
	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	$ 750,000	$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 Uniform Guidance 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 the Uniform Guidance 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, 2016 and have issued our report thereon dated October 24, 2016.

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 the Uniform Guidance, *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 Uniform Guidance 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 24, 2016, 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 24, 2016

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