



A S S U R A N C E D I M E N S I O N S

Financial Statements, Supplemental Information and
Regulatory Reports

Family Resources, Inc.

June 30, 2018 and 2017

Family Resources, Inc.

Table of Contents

Independent Auditor’s Report.....	1-2
Financial Statements:	
Statements of Financial Position.....	3
Statements of Activities	4-5
Statements of Cash Flows	6
Statements of Functional Expenses.....	7-8
Notes to Financial Statements	9-18
Supplemental Information:	
Schedule of Expenditures of Federal Awards	19
Schedule of Expenditures of State Financial Assistance.....	20
Schedule of Local and Other Awards.....	21
Notes to Schedule of Expenditures of Federal Awards, State Financial Assistance, Other State Funding, and Local Awards.....	22
Regulatory Reports:	
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 <i>Government Auditing Standards</i>	23-24
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.....	25-26
Schedule of Findings and Questioned Costs.....	27-28
“Management Letter” Based on Rule 10.654(1) (e) of the Auditor General of the State of Florida.....	29



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, 2018 and 2017, 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 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.

ASSURANCE DIMENSIONS CERTIFIED PUBLIC ACCOUNTANTS & ASSOCIATES

TAMPA BAY: 4920 W Cypress Street, Suite 102 | Tampa, FL 33607 | Office: 813.443.5048 | Fax: 813.443.5053
JACKSONVILLE: 4350 Pablo Professional Court | Jacksonville, FL 32224 | Office: 904.296.2024 | Fax: 904.296.0054
ORLANDO: 1800 Pembroke Drive, Suite 300 | Orlando, FL 32810 | Office: 888.410.2323 | Fax: 813.443.5053
SOUTH FLORIDA: 5489 Wiles Road, Unit 303 | Coconut Creek, FL 33073 | Office: 754.205.6417 | Fax: 754.205. 6519



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, 2018 and 2017, 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 September 19, 2018, 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.

Assurance Dimensions

Tampa, Florida
September 19, 2018

ASSURANCE DIMENSIONS CERTIFIED PUBLIC ACCOUNTANTS & ASSOCIATES

TAMPA BAY: 4920 W Cypress Street, Suite 102 | Tampa, FL 33607 | Office: 813.443.5048 | Fax: 813.443.5053
JACKSONVILLE: 4350 Pablo Professional Court | Jacksonville, FL 32224 | Office: 904.296.2024 | Fax: 904.296.0054
ORLANDO: 1800 Pembroke Drive, Suite 300 | Orlando, FL 32810 | Office: 888.410.2323 | Fax: 813.443.5053
SOUTH FLORIDA: 5489 Wiles Road, Unit 303 | Coconut Creek, FL 33073 | Office: 754.205.6417 | Fax: 754.205. 6519

Family Resources, Inc.
Statements of Financial Position
As of June 30, 2018 and 2017

<u>Assets</u>		
	<u>2018</u>	<u>2017</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,649,255	\$ 1,170,732
Grants receivable	1,003,610	1,004,321
Other current assets	24,665	40,033
Total current assets	<u>2,677,530</u>	<u>2,215,086</u>
PROPERTY AND EQUIPMENT, NET	4,899,123	5,041,180
ENDOWMENT FUND INVESTMENTS	141,525	137,039
INTEREST RATE SWAP ASSET	8,102	-
OTHER ASSETS	8,942	9,374
TOTAL ASSETS	<u>\$ 7,735,222</u>	<u>\$ 7,402,679</u>
<u>Liabilities and Net Assets</u>		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 479,853	\$ 353,058
Accrued payroll	161,006	145,000
Accrued benefits	123,071	107,114
Deferred Revenue	5,665	9,915
Short-term portion of notes payable	167,667	167,667
Total current liabilities	<u>937,262</u>	<u>782,754</u>
LONG TERM LIABILITIES		
Long-term portion of notes payable	1,089,833	1,257,500
Total long term liabilities	<u>1,089,833</u>	<u>1,257,500</u>
TOTAL LIABILITIES	<u>2,027,095</u>	<u>2,040,254</u>
NET ASSETS		
Unrestricted:		
Operating	2,066,504	1,746,412
Net investment in land, buildings and equipment	2,897,477	2,793,563
Total unrestricted net assets	<u>4,963,981</u>	<u>4,539,975</u>
Temporarily restricted:	744,146	822,450
Total net assets	<u>5,708,127</u>	<u>5,362,425</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 7,735,222</u>	<u>\$ 7,402,679</u>

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

Family Resources, Inc.
Statement of Activities
For the Year Ended June 30, 2018

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
SUPPORT AND REVENUE			
Special events revenue	\$ 26,304	\$ -	\$ 26,304
Special events expense	(5,439)	-	(5,439)
Net special events	20,865	-	20,865
Grant revenues	8,772,666	-	8,772,666
Contributions and fundraising	51,750	100,000	151,750
In-kind contributions	225,139	-	225,139
Other	9,330	-	9,330
	<u>9,079,750</u>	<u>100,000</u>	<u>9,179,750</u>
Net assets released from restrictions	178,304	(178,304)	-
Total Support and Revenue	9,258,054	(78,304)	9,179,750
EXPENSES			
Residential	2,874,241	-	2,874,241
Community based care	2,575,579	-	2,575,579
Childcare food program	2,436,252	-	2,436,252
Total program expenses	<u>7,886,072</u>	<u>-</u>	<u>7,886,072</u>
Supporting services	956,078	-	956,078
Total Expenses	<u>8,842,150</u>	<u>-</u>	<u>8,842,150</u>
Increase (decrease) in net assets before other changes	415,904	(78,304)	337,600
OTHER CHANGES			
Change in value on interest rate swap agreement	<u>8,102</u>	<u>-</u>	<u>8,102</u>
CHANGE IN NET ASSETS	424,006	(78,304)	345,702
NET ASSETS AT THE BEGINNING OF YEAR	<u>4,539,975</u>	<u>822,450</u>	<u>5,362,425</u>
NET ASSETS AT THE END OF YEAR	<u>\$ 4,963,981</u>	<u>\$ 744,146</u>	<u>\$ 5,708,127</u>

The accompanying notes are an integral part of this financial statement.

Family Resources, Inc.
Statement of Activities
For the Year Ended June 30, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
SUPPORT AND REVENUE			
Special events revenue	\$ 28,632	\$ -	\$ 28,632
Special events expense	(8,329)	-	(8,329)
Net special events	<u>20,303</u>	<u>-</u>	<u>20,303</u>
Grant revenues	9,173,931	-	9,173,931
Contributions and fundraising	53,317	-	53,317
In-kind contributions	151,448	9,915	161,363
Other	54,453	-	54,453
	<u>9,453,452</u>	<u>9,915</u>	<u>9,463,367</u>
Net assets released from restrictions	308,975	(308,975)	-
Total Support and Revenue	9,762,427	(299,060)	9,463,367
EXPENSES			
Residential	2,859,064	-	2,859,064
Community based care	2,662,893	-	2,662,893
Childcare food program	2,638,572	-	2,638,572
Total program expenses	<u>8,160,529</u>	<u>-</u>	<u>8,160,529</u>
Supporting services	933,319	-	933,319
Total Expenses	<u>9,093,848</u>	<u>-</u>	<u>9,093,848</u>
Increase (decrease) in net assets	668,579	(299,060)	369,519
CHANGE IN NET ASSETS	668,579	(299,060)	369,519
NET ASSETS AT THE BEGINNING OF YEAR	<u>3,871,396</u>	<u>1,121,510</u>	<u>4,992,906</u>
NET ASSETS AT THE END OF YEAR	<u>\$ 4,539,975</u>	<u>\$ 822,450</u>	<u>\$ 5,362,425</u>

The accompanying notes are an integral part of this financial statement.

Family Resources, Inc.
Statements of Cash Flows
For the Years Ended June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Cash flows from operating activities:		
Change in net assets	\$ 345,702	\$ 369,519
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	324,903	318,391
Gain on disposal of equipment	-	(37,774)
Net depreciation on endowment fund investments	2,678	3,676
Change in fair value of interest rate swap	(8,102)	
(Increase) decrease in current assets:		
Grants receivable	711	(89,020)
Other assets	15,800	38,954
Increase (decrease) in current liabilities:		
Accounts payable and accrued liabilities	126,795	(1,634)
Accrued payroll and benefits	31,963	23,079
Deferred revenue	(4,250)	4,326
Net cash provided by operating activities	<u>836,200</u>	<u>629,517</u>
Cash flows from investing activities:		
Net purchase of endowment fund investments	(7,164)	(11,017)
Purchases of property and equipment	<u>(182,846)</u>	<u>(266,468)</u>
Net cash used by investing activities	<u>(190,010)</u>	<u>(277,485)</u>
Cash flows from financing activities:		
Principal payments on long-term debt	<u>(167,667)</u>	<u>(167,666)</u>
Net cash used by financing activities	<u>(167,667)</u>	<u>(167,666)</u>
Net increase in cash	478,523	184,366
Cash, beginning of period	<u>1,170,732</u>	<u>986,366</u>
Cash, end of period	<u>\$ 1,649,255</u>	<u>\$ 1,170,732</u>
Supplemental and non-cash Disclosures:		
Interest paid	<u>\$ 39,020</u>	<u>\$ 29,724</u>

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

Family Resources, Inc.
Statement of Functional Expenses
For the Year Ended June 30, 2018

	<u>Residential Program</u>	<u>Community Based Care Services</u>	<u>Childcare Food Program</u>	<u>Total Program Cost</u>	<u>Management and General</u>	<u>Development and Fundraising</u>	<u>Supporting Services</u>	<u>Total</u>
Salaries	\$ 1,702,623	\$ 1,536,178	\$ 174,289	\$ 3,413,090	\$ 528,665	\$ -	\$ 528,665	\$ 3,941,755
Payroll taxes	167,051	159,747	16,420	343,218	43,715	-	43,715	386,933
Employee insurance	111,825	111,233	14,094	237,152	28,454	-	28,454	265,606
Employee retirement	31,070	34,251	8,171	73,492	29,023	-	29,023	102,515
Total salaries and related expenses	<u>2,012,569</u>	<u>1,841,409</u>	<u>212,974</u>	<u>4,066,952</u>	<u>629,857</u>	<u>-</u>	<u>629,857</u>	<u>4,696,809</u>
Rent	15,769	155,459	5,693	176,921	20,021	-	20,021	196,942
Repairs and Maintenance	81,942	44,132	11,619	137,693	31,066	-	31,066	168,759
Telephone	33,474	38,412	7,861	79,747	14,602	-	14,602	94,349
Utilities	64,684	24,878	3,858	93,420	10,324	-	10,324	103,744
Insurance	43,042	21,086	6,410	70,538	25,921	-	25,921	96,459
Client Services	11,946	15,643	16	27,605	39	-	39	27,644
Contract services	124,993	63,066	2,137,674	2,325,733	13,871	46,016	59,887	2,385,620
Printing	6,092	8,928	3,032	18,052	4,543	-	4,543	22,595
Travel	10,847	38,737	6,406	55,990	3,945	732	4,677	60,667
Food Supplies	66,651	21,482	180	88,313	1,813	206	2,019	90,332
Interest	10,960	13,426	4,098	28,484	10,536	-	10,536	39,020
Personnel training	5,261	17,156	227	22,644	4,408	248	4,656	27,300
Training materials	2,750	1,180	-	3,930	2	-	2	3,932
Other supplies	31,323	599	-	31,922	800	-	800	32,722
Professional fees	15,667	31,233	531	47,431	34,394	-	34,394	81,825
Professional dues	31,029	1,342	20	32,391	4,153	621	4,774	37,165
Public relations	4,622	2,259	9	6,890	684	318	1,002	7,892
Office supplies	22,456	83,180	14,669	120,305	25,847	992	26,839	147,144
Fundraising	9,868	50,252	-	60,120	-	3,563	3,563	63,683
Personnel recruiting	27,888	13,972	186	42,046	2,708	36	2,744	44,790
Other	<u>39,550</u>	<u>30,808</u>	<u>8,141</u>	<u>78,499</u>	<u>8,683</u>	<u>672</u>	<u>9,355</u>	<u>87,854</u>
Total expenses before depreciation	2,673,383	2,518,639	2,423,604	7,615,626	848,217	53,404	901,621	8,517,247
Depreciation	200,858	56,940	12,648	270,446	54,457	-	54,457	324,903
Total expenses	<u>\$ 2,874,241</u>	<u>\$ 2,575,579</u>	<u>\$ 2,436,252</u>	<u>\$ 7,886,072</u>	<u>\$ 902,674</u>	<u>\$ 53,404</u>	<u>\$ 956,078</u>	<u>\$ 8,842,150</u>

The accompanying notes are an integral part of this financial statement.

Family Resources, Inc.
Statement of Functional Expenses
For the Year Ended June 30, 2017

	<u>Residential Program</u>	<u>Community Based Care Services</u>	<u>Childcare Food Program</u>	<u>Total Program Cost</u>	<u>Management and General</u>	<u>Development and Fundraising</u>	<u>Supporting Services</u>	<u>Total</u>
Salaries	\$ 1,648,828	\$ 1,491,817	\$ 192,695	\$ 3,333,340	\$ 536,746	\$ 1,359	\$ 538,105	\$ 3,871,445
Payroll taxes	144,416	132,356	16,168	292,940	38,154	233	38,387	331,327
Employee insurance	103,566	107,987	19,030	230,583	35,890	368	36,258	266,841
Employee retirement	32,582	34,473	9,007	76,062	28,082	65	28,147	104,209
Total salaries and related expenses	<u>1,929,392</u>	<u>1,766,633</u>	<u>236,900</u>	<u>3,932,925</u>	<u>638,872</u>	<u>2,025</u>	<u>640,897</u>	<u>4,573,822</u>
Rent	18,190	157,254	4,471	179,915	19,394	33	19,427	199,342
Repairs and Maintenance	93,630	27,877	4,700	126,207	14,153	36	14,189	140,396
Telephone	31,727	34,487	8,903	75,117	16,017	110	16,127	91,244
Utilities	62,229	25,040	3,555	90,824	9,067	8	9,075	99,899
Insurance	43,490	21,173	7,075	71,738	26,979	77	27,056	98,794
Client Services	13,765	15,406	3	29,174	107	-	107	29,281
Contract services	191,960	196,948	2,321,890	2,710,798	34,574	-	34,574	2,745,372
Printing	8,172	10,902	2,976	22,050	5,437	13	5,450	27,500
Travel	7,820	34,934	9,171	51,925	4,571	529	5,100	57,025
Food Supplies	73,726	14,023	186	87,935	2,992	2	2,994	90,929
Interest	9,707	10,313	2,655	22,675	7,219	237	7,456	30,131
Personnel training	4,648	13,051	288	17,987	2,547	38	2,585	20,572
Training materials	501	119,243	-	119,744	-	-	-	119,744
Other supplies	21,368	724	-	22,092	-	-	-	22,092
Professional fees	20,952	10,129	854	31,935	33,136	-	33,136	65,071
Professional dues	33,483	4,485	471	38,439	2,084	720	2,804	41,243
Public relations	2,096	834	5	2,935	38	401	439	3,374
Office supplies	37,968	74,755	13,137	125,860	21,279	1,018	22,297	148,157
Fundraising	4,819	21,015	-	25,834	-	879	879	26,713
Personnel recruiting	29,758	18,031	151	47,940	4,103	-	4,103	52,043
Other	<u>32,946</u>	<u>33,950</u>	<u>6,353</u>	<u>73,249</u>	<u>19,138</u>	<u>326</u>	<u>19,464</u>	<u>92,713</u>
Total expenses before depreciation	2,672,347	2,611,207	2,623,744	7,907,298	861,707	6,452	868,159	8,775,457
Depreciation	186,717	51,686	14,828	253,231	65,160	-	65,160	318,391
Total expenses	<u>\$ 2,859,064</u>	<u>\$ 2,662,893</u>	<u>\$ 2,638,572</u>	<u>\$ 8,160,529</u>	<u>\$ 926,867</u>	<u>\$ 6,452</u>	<u>\$ 933,319</u>	<u>\$ 9,093,848</u>

The accompanying notes are an integral part of this financial statement.

Family Resources, Inc.

Notes to Financial Statements

June 30, 2018 and 2017

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 reimbursement to home care providers for nutritious meals and snacks served to children ages 0-13 in child care settings.

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 and U.S. Department of Agriculture. 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

Family Resources, Inc.

Notes to Financial Statements

June 30, 2018 and 2017

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, 2018, 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 Organization is currently assessing the impact that adopting this new accounting guidance will have on its financial statements and footnote disclosures.

In February 2016, the FASB issued Accounting Standards Update, *Leases* (Topic 842), intended to improve financial reporting about leasing transactions. The ASU affects all companies and other organizations that lease assets such as real estate, airplanes, and manufacturing equipment. Under the new guidance, a lessee will be required to recognize assets and liabilities for leases with lease terms of more than 12 months. Consistent with current Generally Accepted Accounting Principles (GAAP), the recognition, measurement, and presentation of expenses and cash flows arising from a lease by a lessee primarily will depend on its classification as a finance or operating lease. However, unlike current GAAP—which requires only capital leases to be recognized on the balance sheet—the new ASU will require both types of leases to be recognized on the balance sheet. The ASU on leases will take effect for all non-public companies for fiscal years beginning after December 15, 2019.

On August 18, 2016, the FASB released ASU 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*, with the goal of improving not-for-profit entity (NFP) financial statements to provide more useful information to donors, grantors, creditors, and other financial statement users. The ASU significantly changes how NFPs present net assets on the face of the financial statements, as well as requires additional disclosures for expenses by nature and function and for the liquidity and availability of resources. The ASU will take effect for all fiscal years beginning after December 15, 2018.

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, 2018 and 2017, the Organization did not record an allowance for doubtful accounts.

Family Resources, Inc.

Notes to Financial Statements

June 30, 2018 and 2017

Note B – Significant Accounting Policies (continued)

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.

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.

Family Resources, Inc.

Notes to Financial Statements

June 30, 2018 and 2017

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

Family Resources, Inc.

Notes to Financial Statements

June 30, 2018 and 2017

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, 2018. Should the Organization’s tax-exempt status be challenged in the future, the Organization’s 2016, 2017, and 2018 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 both June 30, 2018 and 2017, grants receivable of approximately \$1,004,000 consist almost entirely of amounts due from these funding sources. Accounts receivable from two and three grantors represented 54% and 65% of total accounts receivable at June 30, 2018 and 2017, respectively. The revenue from these sources represented 96% and 97%, respectively, of the Organization’s support and revenues for the years ended June 30, 2018 and 2017.

Family Resources, Inc.

Notes to Financial Statements

June 30, 2018 and 2017

Note C – Endowment Funds

The endowment fund investments at June 30, 2018 and 2017 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, 2018 and 2017 the endowment fund had a market value of approximately \$142,000 and \$137,000, respectively, and a cost basis of approximately \$135,000 and \$131,000, 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, 2018 and 2017 are as follows:

	<u>Mutual Funds</u>
June 30, 2017	\$ 137,039
Net depreciation	(2,678)
Interest	7,308
Fees	(144)
June 30, 2018	<u>\$ 141,525</u>

Note D – Property and Equipment

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

	<u>2018</u>	<u>2017</u>	<u>Useful Life (Years)</u>
Buildings and improvements	\$ 7,545,454	\$ 7,413,470	10 - 30
Land	988,259	941,849	-
Land improvements	5,350	5,350	10
Furniture and equipment	515,120	510,664	2 - 5
Motor vehicles	260,804	275,356	5
	<u>9,314,987</u>	<u>9,146,689</u>	
Less: Accumulated depreciation	<u>(4,415,864)</u>	<u>(4,105,509)</u>	
Property and equipment, net	<u>\$ 4,899,123</u>	<u>\$ 5,041,180</u>	

Depreciation expense for the years ended June 30, 2018 and June 30, 2017 were approximately \$325,000 and \$318,000, respectively.

Family Resources, Inc.

Notes to Financial Statements

June 30, 2018 and 2017

Note E – Notes Payable and Line of Credit

At June 30, 2018 and 2017, notes payable consisted of the following:

	<u>2018</u>	<u>2017</u>
a and b)	\$ 1,257,500	\$ 1,425,167
Less: current maturities	<u>(167,667)</u>	<u>(167,667)</u>
Long term notes payable	<u>\$ 1,089,833</u>	<u>\$ 1,257,500</u>

- 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% (3.45% and 2.21% at June 30, 2018 and 2017, 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, 2018 and 2017, respectively.
- b) Effective August 1, 2017 the Organization entered into a Rate Swap Agreement with a financial institution. Under the terms of the agreement, the Organization converted a notional value of \$1,000,000 of term note payable to a fixed rate of 3.06%. The agreement matures December 1, 2025 with the notional value amortizing to a value of \$0 over the life of the agreement. For the year ended June 30, 2018, the fair value of the interest-rate swap agreement was an asset of \$8,102 and has been reflected in swap asset in the accompanying statements of financial position. At June 30, 2018, the Organization recognized a gain on the interest-rate swap agreement of \$8,102 and has been reflected as a change in value on interest rate swap agreement in the accompanying statements of activities.

The Organization made all scheduled payments during the year ended June 30, 2018. At June 30, 2018, payments on notes payable and principal maturities on the bonds are as follows:

<u>Year Ending June 30,</u>	
2019	\$ 167,667
2020	167,667
2021	167,667
2022	167,667
2023	167,667
Thereafter	<u>419,165</u>
Total	<u>\$ 1,257,500</u>

The interest expense incurred by the Organization for fiscal years ended June 30, 2018 and 2017 was approximately \$39,000 and \$30,000, respectively.

Family Resources, Inc.

Notes to Financial Statements

June 30, 2018 and 2017

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

The Organization has access to a revolving line of credit that allows it to borrow up to \$250,000 at a variable interest rate of one-month LIBOR plus 3.25%, with interest payable monthly. The revolving line of credit was renewed in March 2018 and is set to mature March 2019. As of June 30, 2018 there was \$0 outstanding on the line of credit.

Note F – Temporarily Restricted Net Assets

As of June 30, 2018 and 2017, the Organization had the following temporarily restricted net assets:

	<u>2018</u>	<u>2017</u>
Buildings constructed with grant funds	\$ 644,146	\$ 812,535
Restricted contributions	100,000	9,915
	<u>\$ 744,146</u>	<u>\$ 822,450</u>

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 one 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. In October 2016, the Organization received a release from the Grantor of this lien and as such, the release was recorded into unrestricted net assets during the year ending June 30, 2017.

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 G – 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, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Services	\$ 133,613	\$ 69,837
Free use of facilities	91,526	91,526
	<u>\$ 225,139</u>	<u>\$ 161,363</u>

Family Resources, Inc.

Notes to Financial Statements

June 30, 2018 and 2017

Note H – 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, 2018 and 2017 was approximately \$105,000 and \$107,000, respectively.

Future minimum rental payments for each of the next five years at June 30, 2018 are as follows:

Fiscal Year	Operating Leases		
	Facilities	Equipment	Total
2019	\$ 63,893	\$ 40,068	\$ 103,961
2020	65,691	40,068	105,759
2021	67,540	40,068	107,608
2022	69,441	30,568	100,009
2023	71,228	28,668	99,896
Thereafter	-	2,389	2,389
	<u>\$ 337,793</u>	<u>\$ 181,829</u>	<u>\$ 519,622</u>

Note I – 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.

Family Resources, Inc.

Notes to Financial Statements

June 30, 2018 and 2017

Note I – Commitments and Contingencies

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 \$87,000 and \$70,000 as of June 30, 2018 and 2017, 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, 2018 and 2017, the Organization held deposit balances of approximately \$56,000.

Note J – 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's retirement plan contribution for the years ended June 30, 2018 and 2017, totaled approximately \$102,500 and \$104,000, 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 K – Subsequent Events

Management has assessed subsequent events through September 19, 2018, 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, 2018

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	90CY6746-02-00	\$ 33,509	\$ -
Runaway Youth - North Shelter	93.623	90CY6746-03-00	122,436	-
Runaway Youth - South Shelter	93.623	90CY6839-01-00	34,445	-
Runaway Youth - South Shelter	93.623	90CY6839-02-00	105,910	-
Runaway Youth - Manatee Shelter	93.623	90CY6746-02-00	39,117	-
Runaway Youth - Manatee Shelter	93.623	90CY6746-03-00	99,473	-
Total program			434,890	-
Direct program: Transitional Living for Homeless Youth				
Maternal Transitional Living Program	93.550	90CX6921-05-00	46,483	31,591
Transitional Living Program Demonstration LGBTQ PRISM	93.550	90LG2009-01-00	259,164	-
	93.550	90CX7022-05-00	157,848	-
Total program			463,495	31,591
Direct program: Healthy Marriage and Relationship Education				
Safe2Be You & Me Program	93.086	90FM0107-01-00	239,938	-
Safe2Be You & Me Program	93.086	90FM0107-02-00	640,340	-
Total program			880,278	-
Passed through the Florida Network:				
Foster Care Title IV-E	93.658	N/A	75,356	-
Total program			75,356	-
Passed through Eckerd Community Alternatives, Inc. (Pinellas):				
Foster Care Title IV-E	93.658	N/A	18,031	-
Social Services Block Grant	93.667	N/A	15,360	-
Total program			33,391	-
Total U.S. Department of Health and Human Services			1,887,410	31,591
U.S. Department of Justice and Consumer Services				
Passed through Pinellas County, Florida:				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2017-JAGC-PINE-4-H3-096	33,500	-
Office of Juvenile Justice and Delinquency Prevention	16.829	N/A	128,320	-
Total program			161,820	-
Total U.S. Department of Justice and Consumer Services			161,820	-
U.S. Department of Housing and Urban Development				
Passed through Florida Department of Children and Families				
Emergency Solutions Grant Program	14.231	QPZ7C	15,800	-
Total program			15,800	-
Total U.S. Department of Housing and Urban Development			15,800	-
U.S. Department of Agriculture				
Passed through Florida Department of Education:				
Child Nutrition Cluster -				
School Breakfast Program	10.553	01-187	5,531	-
National School Lunch Program	10.555	01-187	3,557	-
Total Cluster			9,088	-
Passed through Florida Department of Health:				
Child and Adult Care Food Program	10.558	H2459	46,691	-
Child and Adult Care Food Program	10.558	D3822	2,472,820	2,134,057
Child and Adult Care Food Program	10.558	A4188	12,867	-
Total program			2,532,378	2,134,057
Total U.S. Department of Agriculture			2,541,467	2,134,057
Total Expenditures of Federal Awards			\$ 4,606,497	\$ 2,165,648

Family Resources, Inc.
Schedule of Expenditures of State Financial Assistance
For the Year Ended June 30, 2018

Federal and State Grantor/Pass-Through Grantor Program Title	CFDA/ CSFA Number	Pass-through Grantor's Number	Expenditure State Awards	Transfers to Subrecipient
Florida Department of Children and Families				
Passed through Eckerd Youth Alternatives, Inc. (Pinellas)				
Community Care Based Supports	60.074		\$ 6,125	\$ -
Total Florida Department of Children and Families			<u>6,125</u>	<u>-</u>
Florida Department of Juvenile Justice				
Passed through the Florida Network of Youth and Family Services, Inc.:				
Domestic Violence Respite/Probation Respite	80.005		137,135	-
Children and Families in Need of Services (CINS/FINS)	80.005		2,377,258	-
Children and Families in Need of Services (SNAP)	80.005		375,742	-
Children and Families in Need of Services (ICM)	80.005		22,480	-
Total Florida Department of Juvenile Justice			<u>2,912,615</u>	<u>-</u>
Total state financial assistance			<u>\$ 2,918,740</u>	<u>\$ -</u>

Family Resources, Inc.
Schedule of Local and Other Awards
For the Year Ended June 30, 2018

Grantor/Program Title	Local and Other Expenditures	Transfers to Subrecipient
Pinellas Community Foundation:		
Transitional Living	\$ 5,000	\$ -
Youth Shelter	2,335	-
	<u>7,335</u>	<u>-</u>
Manatee County:		
Residential Shelter	60,000	-
CERTAIN	217,711	-
Passed through Family Partnership Center		
Chosen Families	117,217	-
Total Manatee County	<u>394,928</u>	<u>-</u>
Substance Abuse Advisory Board, Pinellas County, Florida		
Youth Shelter	<u>7,000</u>	<u>-</u>
School District of Manatee County		
Youth Shelter	<u>7,070</u>	<u>-</u>
Healthy St Pete:		
Healthy St. Pete	<u>16,448</u>	<u>12,448</u>
Juvenile Welfare Board of Pinellas County:		
Family / Youth Services - Residential	307,360	-
Non-Operating Capital Grant	20,792	-
COST Youth Enrichment Program	458,116	-
Elementary Intensive Case Management	24,380	-
Total Juvenile Welfare Board of Pinellas County	<u>810,648</u>	<u>-</u>
Total Expenditures of Local Awards	<u>\$ 1,243,429</u>	<u>\$ 12,448</u>

Family Resources, Inc.

Notes to Schedule of Expenditures of Federal Awards, State Financial Assistance, Other State Funding, and Local Awards June 30, 2018

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	\$ 93,387
93.667	Social Services Block Grant	\$ 15,360

Subrecipients

The Organization provided federal awards to subrecipients during fiscal 2018 as identified in the transferred to subrecipients' column in the 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, 2018, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 19, 2018.

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 Organization'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.

ASSURANCE DIMENSIONS CERTIFIED PUBLIC ACCOUNTANTS & ASSOCIATES

TAMPA BAY: 4920 W Cypress Street, Suite 102 | Tampa, FL 33607 | Office: 813.443.5048 | Fax: 813.443.5053
JACKSONVILLE: 4350 Pablo Professional Court | Jacksonville, FL 32224 | Office: 904.296.2024 | Fax: 904.296.0054
ORLANDO: 1800 Pembroke Drive, Suite 300 | Orlando, FL 32810 | Office: 888.410.2323 | Fax: 813.443.5053
SOUTH FLORIDA: 5489 Wiles Road, Unit 303 | Coconut Creek, FL 33073 | Office: 754.205.6417 | Fax: 754.205. 6519

www.assurancedimensions.com



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.

Assurance Dimensions

Tampa, Florida
September 19, 2018

ASSURANCE DIMENSIONS CERTIFIED PUBLIC ACCOUNTANTS & ASSOCIATES

TAMPA BAY: 4920 W Cypress Street, Suite 102 | Tampa, FL 33607 | Office: 813.443.5048 | Fax: 813.443.5053
JACKSONVILLE: 4350 Pablo Professional Court | Jacksonville, FL 32224 | Office: 904.296.2024 | Fax: 904.296.0054
ORLANDO: 1800 Pembroke Drive, Suite 300 | Orlando, FL 32810 | Office: 888.410.2323 | Fax: 813.443.5053
SOUTH FLORIDA: 5489 Wiles Road, Unit 303 | Coconut Creek, FL 33073 | Office: 754.205.6417 | Fax: 754.205. 6519

www.assurancedimensions.com



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")'s 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, 2018. 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.

ASSURANCE DIMENSIONS CERTIFIED PUBLIC ACCOUNTANTS & ASSOCIATES

TAMPA BAY: 4920 W Cypress Street, Suite 102 | Tampa, FL 33607 | Office: 813.443.5048 | Fax: 813.443.5053
JACKSONVILLE: 4350 Pablo Professional Court | Jacksonville, FL 32224 | Office: 904.296.2024 | Fax: 904.296.0054
ORLANDO: 1800 Pembroke Drive, Suite 300 | Orlando, FL 32810 | Office: 888.410.2323 | Fax: 813.443.5053
SOUTH FLORIDA: 5489 Wiles Road, Unit 303 | Coconut Creek, FL 33073 | Office: 754.205.6417 | Fax: 754.205. 6519

www.assurancedimensions.com



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, 2018.

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. 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.

Assurance Dimensions

Tampa, Florida
September 19, 2018

ASSURANCE DIMENSIONS CERTIFIED PUBLIC ACCOUNTANTS & ASSOCIATES

TAMPA BAY: 4920 W Cypress Street, Suite 102 | Tampa, FL 33607 | Office: 813.443.5048 | Fax: 813.443.5053
JACKSONVILLE: 4350 Pablo Professional Court | Jacksonville, FL 32224 | Office: 904.296.2024 | Fax: 904.296.0054
ORLANDO: 1800 Pembroke Drive, Suite 300 | Orlando, FL 32810 | Office: 888.410.2323 | Fax: 813.443.5053
SOUTH FLORIDA: 5489 Wiles Road, Unit 303 | Coconut Creek, FL 33073 | Office: 754.205.6417 | Fax: 754.205. 6519

www.assurancedimensions.com

Family Resources, Inc.

Schedule of Findings and Questioned Costs

June 30, 2018

Section 1 – Summary of Auditors’ Results

<u>Financial Statements</u>	<u>Results</u>
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

	<u>Federal Awards</u>	<u>State Projects</u>
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:

<u>CFDA</u>	<u>Name of Federal Program</u>
	U.S. Department of Agriculture
10.558	Child and Adult Care Food Program
	U.S. Department of Health and Human Services
93.086	Healthy Marriage and Relationship Education-Safe2Be You & Me Program
<u>CSFA</u>	<u>Name of State Project</u>
	Florida Department of Juvenile Justice
80.005	Children and Families in Need of Services

	<u>Federal Awards</u>	<u>State Projects</u>
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

Family Resources, Inc.

Schedule of Findings and Questioned Costs

June 30, 2018

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.



“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, 2018 and have issued our report thereon dated September 19, 2018.

Auditor’s Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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 September 19, 2018, 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.

Assurance Dimensions

Tampa, Florida
September 19, 2018

ASSURANCE DIMENSIONS CERTIFIED PUBLIC ACCOUNTANTS & ASSOCIATES

TAMPA BAY: 4920 W Cypress Street, Suite 102 | Tampa, FL 33607 | Office: 813.443.5048 | Fax: 813.443.5053
JACKSONVILLE: 4350 Pablo Professional Court | Jacksonville, FL 32224 | Office: 904.296.2024 | Fax: 904.296.0054
ORLANDO: 1800 Pembroke Drive, Suite 300 | Orlando, FL 32810 | Office: 888.410.2323 | Fax: 813.443.5053
SOUTH FLORIDA: 5489 Wiles Road, Unit 303 | Coconut Creek, FL 33073 | Office: 754.205.6417 | Fax: 754.205. 6519

www.assurancedimensions.com