



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, 2019 and 2018

# 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, 2019 and 2018, 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.

### 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, 2019 and 2018, 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.

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### **Emphasis of Matter**

As described in Note B of the financial statements, in the June 30, 2019 financial statements the Organization adopted Accounting Standards Update (ASU) 2016-14; Not-For-Profit Entities, which did not change opening net assets.

### **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, and local 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 13, 2019, 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 13, 2019

**Family Resources, Inc.**  
**Statements of Financial Position**  
**As of June 30, 2019 and 2018**

| <u>Assets</u>                                   | <u>2019</u>         | <u>2018</u>         |
|---|---------------------|---------------------|
| CURRENT ASSETS                                  |                     |                     |
| Cash and cash equivalents                       | \$ 1,987,246        | \$ 1,649,255        |
| Grants receivable                               | 881,376             | 1,003,610           |
| Other current assets                            | 53,010              | 24,665              |
| Total current assets                            | <u>2,921,632</u>    | <u>2,677,530</u>    |
| PROPERTY AND EQUIPMENT, NET                     | 4,636,740           | 4,899,123           |
| ENDOWMENT FUND INVESTMENTS                      | 145,343             | 141,525             |
| INTEREST RATE SWAP ASSET                        | -                   | 8,102               |
| OTHER ASSETS                                    | 8,889               | 8,942               |
| TOTAL ASSETS                                    | <u>\$ 7,712,604</u> | <u>\$ 7,735,222</u> |
| <u>Liabilities and Net Assets</u>               |                     |                     |
| CURRENT LIABILITIES                             |                     |                     |
| Accounts payable and accrued liabilities        | \$ 356,820          | \$ 372,858          |
| Accrued payroll                                 | 290,804             | 268,001             |
| Accrued benefits                                | 145,779             | 123,071             |
| Deferred revenue                                | 18,035              | 5,665               |
| Short-term portion of notes payable             | 167,667             | 167,667             |
| Total current liabilities                       | <u>979,105</u>      | <u>937,262</u>      |
| LONG TERM LIABILITIES                           |                     |                     |
| Interest rate swap liability                    | 11,020              | -                   |
| Long-term portion of notes payable              | 922,167             | 1,089,833           |
| Total long term liabilities                     | <u>933,187</u>      | <u>1,089,833</u>    |
| TOTAL LIABILITIES                               | <u>1,912,292</u>    | <u>2,027,095</u>    |
| NET ASSETS                                      |                     |                     |
| Without donor restrictions:                     |                     |                     |
| Operating                                       | 2,253,406           | 2,066,504           |
| Net investment in land, buildings and equipment | 2,891,523           | 2,897,477           |
| Total net assets without donor restrictions     | <u>5,144,929</u>    | <u>4,963,981</u>    |
| With donor restrictions:                        | 655,383             | 744,146             |
| Total net assets                                | <u>5,800,312</u>    | <u>5,708,127</u>    |
| TOTAL LIABILITIES AND NET ASSETS                | <u>\$ 7,712,604</u> | <u>\$ 7,735,222</u> |

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

**Family Resources, Inc.**  
**Statement of Activities**  
**For the Year Ended June 30, 2019**

|  | <u>Without Donor<br/>Restrictions</u> | <u>With Donor<br/>Restrictions</u> | <u>Total</u>        |
|--|---------------------------------------|------------------------------------|---------------------|
| <b>SUPPORT AND REVENUE</b>                             |                                       |                                    |                     |
| Special events revenue                                 | \$ 29,398                             | \$ -                               | \$ 29,398           |
| Special events expense                                 | (9,159)                               | -                                  | (9,159)             |
| Net special events                                     | 20,239                                | -                                  | 20,239              |
| <br>   |                                       |                                    |                     |
| Grant revenues   | 8,575,368                             | -                                  | 8,575,368           |
| In-kind contributions                                  | 164,499                               | -                                  | 164,499             |
| Contributions and fundraising                          | 68,606                                | -                                  | 68,606              |
| Other  | 39,059                                | -                                  | 39,059              |
|  | <u>8,867,771</u>                      | <u>-</u>                           | <u>8,867,771</u>    |
| <br>   |                                       |                                    |                     |
| Net assets released from restrictions                  | 88,763                                | (88,763)                           | -                   |
| <br>   |                                       |                                    |                     |
| Total support and revenue                              | <u>8,956,534</u>                      | <u>(88,763)</u>                    | <u>8,867,771</u>    |
| <br><b>EXPENSES</b>                                    |                                       |                                    |                     |
| Community based care                                   | 2,734,475                             | -                                  | 2,734,475           |
| Residential  | 2,668,262                             | -                                  | 2,668,262           |
| Childcare food program                                 | 2,499,534                             | -                                  | 2,499,534           |
| Total program expenses                                 | <u>7,902,271</u>                      | <u>-</u>                           | <u>7,902,271</u>    |
| <br>   |                                       |                                    |                     |
| Supporting services                                    | 854,193                               | -                                  | 854,193             |
| <br>   |                                       |                                    |                     |
| Total expenses   | <u>8,756,464</u>                      | <u>-</u>                           | <u>8,756,464</u>    |
| Increase (decrease) in net assets before other changes | 200,070                               | (88,763)                           | 111,307             |
| <br><b>OTHER CHANGES</b>                               |                                       |                                    |                     |
| Change in value on interest rate swap agreement        | <u>(19,122)</u>                       | <u>-</u>                           | <u>(19,122)</u>     |
| <br>   |                                       |                                    |                     |
| CHANGE IN NET ASSETS                                   | 180,948                               | (88,763)                           | 92,185              |
| NET ASSETS AT THE BEGINNING OF YEAR                    | 4,963,981                             | 744,146                            | 5,708,127           |
| NET ASSETS AT THE END OF YEAR                          | <u>\$ 5,144,929</u>                   | <u>\$ 655,383</u>                  | <u>\$ 5,800,312</u> |

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

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

|  | <u>Without Donor<br/>Restrictions</u> | <u>With Donor<br/>Restrictions</u> | <u>Total</u>        |
|--|---------------------------------------|------------------------------------|---------------------|
| <b>SUPPORT AND REVENUE</b>                             |                                       |                                    |                     |
| Special events revenue                                 | \$ 26,304                             | \$ -                               | \$ 26,304           |
| Special events expense                                 | (5,439)                               | -                                  | (5,439)             |
| Net special events                                     | 20,865                                | -                                  | 20,865              |
| <br>   |                                       |                                    |                     |
| Grant revenues   | 8,772,666                             | -                                  | 8,772,666           |
| In-kind contributions                                  | 225,139                               | -                                  | 225,139             |
| Contributions and fundraising                          | 51,750                                | 100,000                            | 151,750             |
| Other  | 9,330                                 | -                                  | 9,330               |
|  | <u>9,079,750</u>                      | <u>100,000</u>                     | <u>9,179,750</u>    |
| <br>   |                                       |                                    |                     |
| Net assets released from restrictions                  | 178,304                               | (178,304)                          | -                   |
| <br>   |                                       |                                    |                     |
| Total support and revenue                              | <u>9,258,054</u>                      | <u>(78,304)</u>                    | <u>9,179,750</u>    |
| <b>EXPENSES</b>  |                                       |                                    |                     |
| 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>    |
| <br>   |                                       |                                    |                     |
| Supporting services                                    | 956,078                               | -                                  | 956,078             |
| <br>   |                                       |                                    |                     |
| 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             |
| <b>OTHER CHANGES</b>                                   |                                       |                                    |                     |
| Change in value on interest rate swap agreement        | <u>8,102</u>                          | <u>-</u>                           | <u>8,102</u>        |
| <br>   |                                       |                                    |                     |
| CHANGE IN NET ASSETS                                   | 424,006                               | (78,304)                           | 345,702             |
| NET ASSETS AT THE BEGINNING OF YEAR                    | 4,539,975                             | 822,450                            | 5,362,425           |
| 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.**  
**Statements of Cash Flows**  
**For the Years Ended June 30, 2019 and 2018**

|   | <u>2019</u>         | <u>2018</u>         |
|---|---------------------|---------------------|
| <b>Cash flows from operating activities:</b>  |                     |                     |
| Change in net assets  | \$ 92,185           | \$ 345,702          |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: |                     |                     |
| Depreciation and amortization   | 354,338             | 324,903             |
| Net depreciation on endowment fund investments  | 3,346               | 2,678               |
| Change in fair value of interest rate swap  | 19,122              | (8,102)             |
| (Increase) decrease in current assets:  |                     |                     |
| Grants receivable   | 122,234             | 711                 |
| Other assets  | (28,292)            | 15,800              |
| Increase (decrease) in current liabilities:   |                     |                     |
| Accounts payable and accrued liabilities  | (16,038)            | 126,795             |
| Accrued payroll and benefits  | 45,511              | 31,963              |
| Deferred revenue  | 12,370              | (4,250)             |
| Net cash provided by operating activities   | <u>604,776</u>      | <u>836,200</u>      |
| <b>Cash flows from investing activities:</b>  |                     |                     |
| Net purchases of endowment fund investments   | (7,164)             | (7,164)             |
| Purchases of property and equipment   | (91,955)            | (182,846)           |
| Net cash used by investing activities   | <u>(99,119)</u>     | <u>(190,010)</u>    |
| <b>Cash flows from financing activities:</b>  |                     |                     |
| Principal payments on long-term debt  | (167,666)           | (167,667)           |
| Net cash used by financing activities   | <u>(167,666)</u>    | <u>(167,667)</u>    |
| <b>Net increase in cash and cash equivalents</b>  | 337,991             | 478,523             |
| <b>Cash and cash equivalents, beginning of period</b>                                       | <u>1,649,255</u>    | <u>1,170,732</u>    |
| <b>Cash and cash equivalents, end of period</b>   | <u>\$ 1,987,246</u> | <u>\$ 1,649,255</u> |
| <b>Supplemental and non-cash Disclosures:</b>   |                     |                     |
| Interest paid   | <u>\$ 44,446</u>    | <u>\$ 39,020</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, 2019**

|                                     | <u>Residential<br/>Program</u> | <u>Community<br/>Based<br/>Care Services</u> | <u>Childcare<br/>Food<br/>Program</u> | <u>Total<br/>Program<br/>Cost</u> | <u>Management<br/>and<br/>General</u> | <u>Development<br/>and<br/>Fundraising</u> | <u>Supporting<br/>Services</u> | <u>Total</u>        |
|-------------------------------------|--------------------------------|--|---------------------------------------|-----------------------------------|---------------------------------------|--|--------------------------------|---------------------|
| Salaries                            | \$ 1,605,229                   | \$ 1,661,626                                 | \$ 184,002                            | \$ 3,450,857                      | \$ 498,965                            | \$ -                                       | \$ 498,965                     | \$ 3,949,822        |
| Payroll taxes                       | 151,215                        | 164,480                                      | 16,953                                | 332,648                           | 40,151                                | -  | 40,151                         | 372,799             |
| Employee insurance                  | 106,126                        | 132,561                                      | 16,304                                | 254,991                           | 24,741                                | -  | 24,741                         | 279,732             |
| Employee retirement                 | 40,545                         | 37,712                                       | 8,923                                 | 87,180                            | 28,065                                | -  | 28,065                         | 115,245             |
| Total salaries and related expenses | <u>1,903,115</u>               | <u>1,996,379</u>                             | <u>226,182</u>                        | <u>4,125,676</u>                  | <u>591,922</u>                        | <u>-</u>                                   | <u>591,922</u>                 | <u>4,717,598</u>    |
| Rent                                | 9,726                          | 157,651                                      | 5,643                                 | 173,020                           | 19,941                                | -  | 19,941                         | 192,961             |
| Repairs and maintenance             | 52,051                         | 33,774                                       | 7,794                                 | 93,619                            | 18,745                                | -  | 18,745                         | 112,364             |
| Telephone                           | 33,941                         | 43,270                                       | 6,910                                 | 84,121                            | 13,488                                | -  | 13,488                         | 97,609              |
| Utilities                           | 60,374                         | 29,025                                       | 4,098                                 | 93,497                            | 9,940                                 | -  | 9,940                          | 103,437             |
| Insurance                           | 47,686                         | 24,259                                       | 6,386                                 | 78,331                            | 24,261                                | -  | 24,261                         | 102,592             |
| Client services                     | 13,519                         | 27,276                                       | 6                                     | 40,801                            | 14                                    | 225  | 239                            | 41,040              |
| Contract services                   | 107,007                        | 94,302                                       | 2,193,047                             | 2,394,356                         | 16,045                                | 13,290                                     | 29,335                         | 2,423,691           |
| Printing                            | 4,106                          | 9,146  | 2,060                                 | 15,312                            | 3,128                                 | 142  | 3,270                          | 18,582              |
| Travel                              | 26,279                         | 26,347                                       | 6,364                                 | 58,990                            | 1,118                                 | -  | 1,118                          | 60,108              |
| Food supplies                       | 56,321                         | 31,208                                       | 91                                    | 87,620                            | 1,039                                 | 60   | 1,099                          | 88,719              |
| Interest                            | 12,538                         | 16,103                                       | 4,480                                 | 33,121                            | 11,325                                | -  | 11,325                         | 44,446              |
| Personnel training                  | 5,178                          | 19,771                                       | 184                                   | 25,133                            | 2,985                                 | 294  | 3,279                          | 28,412              |
| Training materials                  | 220                            | 1,328  | -                                     | 1,548                             | -                                     | -  | -                              | 1,548               |
| Other supplies                      | 10,034                         | -  | -                                     | 10,034                            | -                                     | -  | -                              | 10,034              |
| Professional fees                   | 3,011                          | 2,562  | 238                                   | 5,811                             | 20,373                                | -  | 20,373                         | 26,184              |
| Professional dues                   | 43,829                         | 1,569  | 25                                    | 45,423                            | 1,870                                 | 961  | 2,831                          | 48,254              |
| Public relations                    | 458                            | 1,303  | 30                                    | 1,791                             | 1,271                                 | 1,182                                      | 2,453                          | 4,244               |
| Office supplies                     | 12,151                         | 47,489                                       | 16,003                                | 75,643                            | 19,563                                | 270  | 19,833                         | 95,476              |
| Fundraising                         | 2,136                          | 27,250                                       | -                                     | 29,386                            | 12,409                                | 1,291                                      | 13,700                         | 43,086              |
| Personnel recruiting                | 19,810                         | 22,392                                       | 503                                   | 42,705                            | 2,527                                 | -  | 2,527                          | 45,232              |
| Other                               | 32,183                         | 49,895                                       | 5,880                                 | 87,958                            | 8,179                                 | 372  | 8,551                          | 96,509              |
| Total expenses before depreciation  | <u>2,455,673</u>               | <u>2,662,299</u>                             | <u>2,485,924</u>                      | <u>7,603,896</u>                  | <u>780,143</u>                        | <u>18,087</u>                              | <u>798,230</u>                 | <u>8,402,126</u>    |
| Depreciation                        | 212,589                        | 72,176                                       | 13,610                                | 298,375                           | 55,963                                | -  | 55,963                         | 354,338             |
| Total expenses                      | <u>\$ 2,668,262</u>            | <u>\$ 2,734,475</u>                          | <u>\$ 2,499,534</u>                   | <u>\$ 7,902,271</u>               | <u>\$ 836,106</u>                     | <u>\$ 18,087</u>                           | <u>\$ 854,193</u>              | <u>\$ 8,756,464</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, 2018**

|                                     | <u>Residential<br/>Program</u> | <u>Community<br/>Based<br/>Care Services</u> | <u>Childcare<br/>Food<br/>Program</u> | <u>Total<br/>Program<br/>Cost</u> | <u>Management<br/>and<br/>General</u> | <u>Development<br/>and<br/>Fundraising</u> | <u>Supporting<br/>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.

## Notes to Financial Statements

June 30, 2019 and 2018

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### 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:

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, and truancy prevention services. Other community based services include an after-school enrichment program with two locations, relationship and pregnancy prevention education programs, and truancy program services.

Residential Program – provides youth between the ages of 10-17 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, with truancy issues, and who are in need of behavioral support. Long-term residential services for youth and young adults ages 16-22 include transitional living programs which promote self-sufficiency for LGBTQ youth.

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 direct and sub-grant agreements with the U.S. Department of Health and Human Services, U.S. Department of Agriculture via Florida Department of Health, Florida Department of Juvenile Justice, and locally through 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 two classes of net assets:

- *Net assets without donor restriction* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The Board of Directors (the “Board”) has designated, from net assets without donor restrictions, net assets for various reasons
- *Net assets with donor restriction* – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

# Family Resources, Inc.

## Notes to Financial Statements

June 30, 2019 and 2018

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### Note B – Significant Accounting Policies (continued)

#### Recently Adopted Accounting Standards

On August 18, 2016, the Financial Accounting Standards Board (“FASB”) released Accounting Standards Update (“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 Organization adopted this ASU in the current year, applying the changes retrospectively. The new standard changes the following aspects of these financial statements:

- The unrestricted net asset class has been renamed net assets without donor restrictions.
- The temporarily restricted and permanently restricted net asset classes have been combined into a single net asset class called net assets with donor restrictions.
- The financial statements include a note about liquidity and availability of financial assets.

These changes had no effect on total net assets at June 30, 2018.

#### Recently Issued Accounting Standards Not Yet Adopted

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 statement of financial position—the new ASU will require both types of leases to be recognized on the statement of financial position. The ASU on leases will take effect for all non-public companies for fiscal years beginning after December 15, 2019.

In June 2018, the FASB released ASU 2018-08, *Not-for-Profit Entities (Topic 958) Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, to assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, *Not-for-Profit Entities*, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. The ASU will take effect for all fiscal years beginning after December 15, 2018.

# Family Resources, Inc.

## Notes to Financial Statements

June 30, 2019 and 2018

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### Note B – Significant Accounting Policies (continued)

#### 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, 2019 and 2018, 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 statements 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, 2019 and 2018

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### Note B – Significant Accounting Policies (continued)

#### Program Revenue and Support

Contributions received are recorded as with or without donor restrictions.

Support that is restricted by the donor is reported as an increase in without donor restriction 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 net assets with donor restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Federal and other grant awards are classified as deferred revenue until expended for the purposes of the grants.

#### 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 net assets with donor restrictions to net assets without donor restrictions 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, 2019 and 2018

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### Note B – Significant Accounting Policies (continued)

#### Reclassifications

Certain reclassifications of prior year amounts have been made to conform to the current year presentation.

#### 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, 2019. Should the Organization’s tax-exempt status be challenged in the future, the Organization’s 2017, 2018, and 2019 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, 2019 and 2018, grants receivable of approximately \$881,000 and \$1,004,000 respectively, consist almost entirely of amounts due from these funding sources. Accounts receivable from two grantors represented 62% and 54% of total accounts receivable at June 30, 2019 and 2018, respectively. The revenue from these sources represented 97% and 96%, respectively, of the Organization’s support and revenues for the years ended June 30, 2019 and 2018.

### Note C – Endowment Funds

The endowment fund investments at June 30, 2019 and 2018 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, 2019 and 2018 the endowment fund had a market value of approximately \$145,000 and \$142,000, respectively, and a cost basis of approximately \$147,000 and \$135,000 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, 2019 and 2018 are as follows:

# Family Resources, Inc.

## Notes to Financial Statements

June 30, 2019 and 2018

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### Note C – Endowment Funds (continued)

|                  | <u>Mutual Funds</u> |
|------------------|---------------------|
| June 30, 2018    | \$ 141,525          |
| Net depreciation | (3,346)             |
| Interest         | 7,308               |
| Fees             | (144)               |
| June 30, 2019    | <u>\$ 145,343</u>   |

### Note D – Property and Equipment

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

|                                | <u>2019</u>         | <u>2018</u>         | <u>Useful Life</u><br><u>(Years)</u> |
|--------------------------------|---------------------|---------------------|--------------------------------------|
| Buildings and improvements     | \$ 7,631,470        | \$ 7,545,454        | 10 - 30                              |
| Land                           | 988,259             | 988,259             | -                                    |
| Land improvements              | 5,350               | 5,350               | 10                                   |
| Furniture and equipment        | 521,060             | 515,120             | 2 - 5                                |
| Motor vehicles                 | 260,804             | 260,804             | 5                                    |
|                                | <u>9,406,943</u>    | <u>9,314,987</u>    |                                      |
| Less: Accumulated depreciation | <u>(4,770,203)</u>  | <u>(4,415,864)</u>  |                                      |
| Property and equipment, net    | <u>\$ 4,636,740</u> | <u>\$ 4,899,123</u> |                                      |

Depreciation expense for the years ended June 30, 2019 and 2018 were approximately \$354,000 and \$325,000, respectively.

### Note E – Notes Payable and Line of Credit

At June 30, 2019 and 2018, notes payable consisted of the following:

|                             | <u>2019</u>       | <u>2018</u>         |
|-----------------------------|-------------------|---------------------|
| Loan payable, see a) and b) | \$ 1,089,834      | \$ 1,257,500        |
| Less: current maturities    | <u>(167,667)</u>  | <u>(167,667)</u>    |
| Long term notes payable     | <u>\$ 922,167</u> | <u>\$ 1,089,833</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% (3.81% and 3.45% at June 30, 2019 and 2018, 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, 2019 and 2018, respectively.

# Family Resources, Inc.

## Notes to Financial Statements

June 30, 2019 and 2018

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

- 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 years ended June 30, 2019 and 2018, the fair value of the interest-rate swap agreement was a (liability)/asset of (\$11,020) and \$8,102, respectively, and has been reflected in the accompanying statements of financial position. As of June 30, 2019 and 2018, the Company recognized a (loss)/gain on the interest-rate swap agreement of (\$19,122) and \$8,102, respectively, and has been reflected as a change in net assets on the accompanying statements of activities.

The Organization made all scheduled payments during the year ended June 30, 2019. At June 30, 2019, payments on notes payable and principal maturities on the bonds are as follows:

| <u>Year Ending June 30,</u> |                     |
|-----------------------------|---------------------|
| 2020                        | \$ 167,667          |
| 2021                        | 167,667             |
| 2022                        | 167,667             |
| 2023                        | 167,667             |
| 2024                        | 167,667             |
| Thereafter                  | <u>251,499</u>      |
| Total                       | <u>\$ 1,089,834</u> |

The interest expense incurred by the Organization for fiscal years ended June 30, 2019 and 2018 was approximately \$44,000 and \$39,000, 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%, with interest payable monthly. The revolving line of credit expired in March 2019 and was not renewed. As of June 30, 2018 there was \$0 outstanding on the line of credit.

### Note F – Net Assets With Donor Restrictions

As of June 30, 2019 and 2018, the Organization had the following net assets with donor restrictions:

|  | <u>2019</u>       | <u>2018</u>       |
|--|-------------------|-------------------|
| Buildings constructed with grant funds | \$ 555,383        | \$ 644,146        |
| Restricted contributions               | 100,000           | 100,000           |
|  | <u>\$ 655,383</u> | <u>\$ 744,146</u> |

The Organization entered into a new agreement for land usage with Safe Connections in May 2018 for approximately \$155,000. Per the Organization's policy, the asset will be recorded as a net asset with donor restrictions once the funds have been received.

# Family Resources, Inc.

## Notes to Financial Statements

June 30, 2019 and 2018

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### Note F – Net Assets With Donor Restrictions (continued)

Under several 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 net assets with donor restrictions and amortized into net assets without donor restrictions over their respective contract years.

### Note G – Liquidity and Availability of Financial Assets

The Organization's management monitors its liquidity so that it is able to cover operating expenses. The Organization budgets for such costs based on the prior year actual expenses and anticipated future expenses. Budgets are approved by the Board.

Management has budgeted approximately \$8,989,000 of operating expenses and \$8,664,000 of grant income in recurring or signed Federal, State and Local grants to be paid within one year of the statement of financial position date. The Organization plans to supplement the remainder with expected fundraising and donations. As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

The following reflects the Organization's financial assets as of June 30, 2019, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date.

|  |                     |
|--|---------------------|
| Financial assets:  |                     |
| Cash and cash equivalents  | \$ 1,987,246        |
| Grants receivable  | 881,376             |
| Other current assets   | 53,010              |
| Endowment fund investment  | 145,343             |
| Total financial assets   | <u>3,066,975</u>    |
| Less: Deferred revenue   | (18,035)            |
| Less: Board designated endowment fund  | (145,343)           |
| Less: Financial assets held to meet donor-imposed restrictions                         | <u>(655,383)</u>    |
| Financial assets available to meet cash needs for general expenditures within one year | <u>\$ 2,248,214</u> |

The above table reflects donor-restricted and board designated endowment funds as unavailable because it is the Organization's intention to invest those resources for the long-term support of the Organization. However, in the case of need, the board of directors could appropriate resources from its designated endowment.

# Family Resources, Inc.

## Notes to Financial Statements

June 30, 2019 and 2018

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### 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, 2019 and 2018:

|                        | <u>2019</u>       | <u>2018</u>       |
|------------------------|-------------------|-------------------|
| Services               | \$ 72,973         | \$ 133,613        |
| Free use of facilities | 91,526            | 91,526            |
|                        | <u>\$ 164,499</u> | <u>\$ 225,139</u> |

### 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, 2019 and 2018 was approximately \$101,000 and \$105,000, respectively.

Future minimum rental payments for each of the next five years at June 30, 2019 are as follows:

| Fiscal Year | <u>Operating Leases</u> |                   |                   |
|-------------|-------------------------|-------------------|-------------------|
|             | <u>Facilities</u>       | <u>Equipment</u>  | <u>Total</u>      |
| 2020        | \$ 64,873               | \$ 40,068         | \$ 104,941        |
| 2021        | 65,933                  | 40,068            | 106,001           |
| 2022        | 67,010                  | 30,568            | 97,578            |
| 2023        | 68,012                  | 28,668            | 96,680            |
| 2024        | -                       | 2,389             | 2,389             |
|             | <u>\$ 265,828</u>       | <u>\$ 141,761</u> | <u>\$ 407,589</u> |

### 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.

# Family Resources, Inc.

## Notes to Financial Statements

June 30, 2019 and 2018

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### 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 \$101,000 and \$87,000 as of June 30, 2019 and 2018, 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, 2019 and 2018, 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's retirement plan contribution for the years ended June 30, 2019 and 2018, totaled approximately \$115,000 and \$102,500, 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 September 13, 2019, 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, 2019**

| Federal and State Grantor/Pass-Through Grantor<br>Program Title   | CFDA/<br>CSFA Number | Contract/Grant<br>Number | Federal Expenditures | Transfers to<br>Subrecipient |
|---|----------------------|--------------------------|----------------------|------------------------------|
| U.S. Department of Health and Human Services  |                      |                          |                      |                              |
| Direct program: Basic center grant  |                      |                          |                      |                              |
| Runaway Youth - North Shelter   | 93.623               | 90CY6746-03-00           | \$ 37,564            | \$ -                         |
| Runaway Youth - North Shelter   | 93.623               | 90CY7062-01-00           | 142,709              | -                            |
| Runaway Youth - South Shelter   | 93.623               | 90CY6839-02-00           | 39,090               | -                            |
| Runaway Youth - South Shelter   | 93.623               | 90CY6839-03-00           | 117,900              | -                            |
| Runaway Youth - Manatee Shelter   | 93.623               | 90CY6746-03-00           | 40,527               | -                            |
| Runaway Youth - Manatee Shelter   | 93.623               | 90CY7062-01-00           | 136,874              | -                            |
| Total program   |                      |                          | <u>514,664</u>       | <u>-</u>                     |
| Direct program: Education and Prevention Grants to Reduce Sexual Abuse of Runaway,<br>Homeless and Street Youth |                      |                          |                      |                              |
| Pinellas Programs - Street Outreach   | 93.557               | 90YO2310-01-00           | 62,702               | -                            |
| Total program   |                      |                          | <u>62,702</u>        | <u>-</u>                     |
| Direct program: Transitional Living for Homeless Youth  |                      |                          |                      |                              |
| Transitional Living Program Demonstration LGBTQ   | 93.550               | 90LG2009-01-00           | 108,213              | -                            |
| Total program   |                      |                          | <u>108,213</u>       | <u>-</u>                     |
| Direct program: Healthy Marriage and Relationship Education   |                      |                          |                      |                              |
| Safe2Be You & Me Program  | 93.086               | 90FM0107-03-00           | 210,252              | -                            |
| Safe2Be You & Me Program  | 93.086               | 90FM0107-04-00           | 675,909              | -                            |
| Total program   |                      |                          | <u>886,161</u>       | <u>-</u>                     |
| Passed through the Florida Network:   |                      |                          |                      |                              |
| Foster Care Title IV-E  | 93.658               | N/A                      | 75,355               | -                            |
| Total program   |                      |                          | <u>75,355</u>        | <u>-</u>                     |
| Passed through Eckerd Community Alternatives, Inc. (Pinellas):  |                      |                          |                      |                              |
| Foster Care Title IV-E  | 93.658               | N/A                      | 22,506               | -                            |
| Social Services Block Grant   | 93.667               | N/A                      | 19,172               | -                            |
| Total program   |                      |                          | <u>41,678</u>        | <u>-</u>                     |
| Passed through Communities Connected for Kids   |                      |                          |                      |                              |
| Foster Care Title IV-E  | 93.658               | N/A                      | 579                  | -                            |
| Social Services Block Grant   | 93.667               | N/A                      | 494                  | -                            |
| Total program   |                      |                          | <u>1,073</u>         | <u>-</u>                     |
| Total U.S. Department of Health and Human Services  |                      |                          | <u>1,689,846</u>     | <u>-</u>                     |
| U.S. Department of Agriculture  |                      |                          |                      |                              |
| Passed through Florida Department of Education:   |                      |                          |                      |                              |
| Child Nutrition Cluster -   |                      |                          |                      |                              |
| School Breakfast Program  | 10.553               | 01-187                   | 785                  | -                            |
| National School Lunch Program   | 10.555               | 01-187                   | 1,254                | -                            |
| Total Cluster   |                      |                          | <u>2,039</u>         | <u>-</u>                     |
| Passed through Florida Department of Health:  |                      |                          |                      |                              |
| Child and Adult Care Food Program   | 10.558               | H2459                    | 44,541               | -                            |
| Child and Adult Care Food Program   | 10.558               | D3822                    | 2,535,712            | 2,186,889                    |
| Child and Adult Care Food Program   | 10.558               | A4188                    | 11,902               | -                            |
| Total program   |                      |                          | <u>2,592,155</u>     | <u>2,186,889</u>             |
| Total U.S. Department of Agriculture  |                      |                          | <u>2,594,194</u>     | <u>2,186,889</u>             |
| Total Expenditures of Federal Awards  |                      |                          | <u>\$ 4,284,040</u>  | <u>\$ 2,186,889</u>          |

**Family Resources, Inc.**  
**Schedule of Expenditures of State Financial Assistance**  
**For the Year Ended June 30, 2019**

| Federal and State Grantor/Pass-Through Grantor<br>Program Title        | CFDA/<br>CSFA Number | Expenditure State<br>Awards |
|--|----------------------|-----------------------------|
| Florida Department of Children and Families                            |                      |                             |
| Passed through Eckerd Youth Alternatives, Inc. (Pinellas)              |                      |                             |
| Community Care Based Supports  | 60.074               | \$ 7,645                    |
| Passed through Communities Connected for Kids                          |                      |                             |
| Community Care Based Supports  | 60.074               | 197                         |
| Total Florida Department of Children and Families                      |                      | <u>7,842</u>                |
| Florida Department of Juvenile Justice                                 |                      |                             |
| Passed through the Florida Network of Youth and Family Services, Inc.: |                      |                             |
| Domestic Violence Respite/Probation Respite                            | 80.005               | 167,735                     |
| Children and Families in Need of Services (CINS/FINS)                  | 80.005               | 2,444,427                   |
| Children and Families in Need of Services (FYRAC)                      | 80.005               | 3,708                       |
| Children and Families in Need of Services (SNAP)                       | 80.005               | 407,120                     |
| Children and Families in Need of Services (ICM)                        | 80.005               | 70,214                      |
| Total Florida Department of Juvenile Justice                           | 80.005               | <u>3,093,204</u>            |
| Florida Department of Education  |                      |                             |
| Passed through State College of Florida, Manatee-Sarasota              |                      | <u>5,152</u>                |
| Total  |                      | <u>5,152</u>                |
| <br>   |                      |                             |
| Total state financial assistance                                       |                      | <u>\$ 3,106,198</u>         |

**Family Resources, Inc.**  
**Schedule of Local and Other Awards**  
**For the Year Ended June 30, 2019**

| <u>Grantor/Program Title</u>                             | <u>Local and Other Expenditures</u> |
|--|-------------------------------------|
| Pinellas Community Foundation:                           |                                     |
| Youth Shelter  | \$ 5,465                            |
|  | <u>5,465</u>                        |
| Manatee County:  |                                     |
| Residential Shelter                                      | 60,000                              |
| CERTAIN  | 217,711                             |
| Total Manatee County                                     | <u>277,711</u>                      |
| Substance Abuse Advisory Board, Pinellas County, Florida |                                     |
| Youth Shelter  | <u>5,997</u>                        |
| School District of Manatee County                        |                                     |
| Youth Shelter  | <u>7,450</u>                        |
| Healthy St Pete:   |                                     |
| Healthy St. Pete   | <u>12,851</u>                       |
| Juvenile Welfare Board of Pinellas County:               |                                     |
| Family / Youth Services - Residential                    | 316,597                             |
| Non-Operating Capital Grant                              | 21,044                              |
| COST Youth Enrichment Program                            | 470,463                             |
| Elementary Intensive Case Management                     | 67,552                              |
| Total Juvenile Welfare Board of Pinellas County          | <u>875,656</u>                      |
| Total Expenditures of Local Awards                       | <u>\$ 1,185,130</u>                 |

# Family Resources, Inc.

## Notes to Schedule of Expenditures of Federal Awards, State Financial Assistance, and Local Awards June 30, 2019

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### Basis of Presentation

The accompanying schedule of expenditures of federal awards, state financial Assistance, 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:

| <b>CFDA No.</b> | <b>Federal Program</b>      | <b>Total Expenditures</b> |
|-----------------|-----------------------------|---------------------------|
| 93.658          | Foster Care Title IV-E      | \$ 98,440                 |
| 93.667          | Social Services Block Grant | \$ 19,666                 |

### Subrecipients

The Organization provided federal awards to subrecipients during fiscal 2019 as identified in the transferred to subrecipient 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, 2019, 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 13, 2019.

**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.



### 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 13, 2019



**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, 2019. 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.



### **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, 2019.

### **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 13, 2019

**Family Resources, Inc.**

**Schedule of Findings and Questioned Costs**

**June 30, 2019**

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**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:**

|                    |  |
|--------------------|--|
| <b><u>CFDA</u></b> | <b><u>Name of Federal Program</u></b>                                |
|                    | 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 |
| <b><u>CSFA</u></b> | <b><u>Name of State Project</u></b>                                  |
|                    | 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            | \$750,000             |
| Auditee qualified as low-risk auditee?                                  | Yes                   | N/A                   |

## **Family Resources, Inc.**

### **Schedule of Findings and Questioned Costs**

**June 30, 2019**

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#### **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, 2019 and have issued our report thereon dated September 13, 2019.

**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 13, 2019, 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 13, 2019