ASSURANCE DIMENSIONS

Financial Statements, Supplemental Information and Regulatory Reports

Family Resources, Inc.

June 30, 2020 and 2019

Family Resources, Inc.
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Family Resources, Inc.

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, 2020 and 2019, and the related statements of activities, cash flows, and functional expenses 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, 2020 and 2019, 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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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 15, 2020, 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 15, 2020

Family Resources, Inc.
Statements of Financial Position
As of June 30, 2020 and 2019

	2020	2019
Assets		
CURRENT ASSETS		
Cash and cash equivalents	$ 2,118,686	$ 1,987,246
Grants receivable	671,134	779,166
Promises to give	100,000	100,000
Investments	571,734	-
Other current assets	140,014	55,220
Total current assets	3,601,568	2,921,632
PROPERTY AND EQUIPMENT, NET	5,130,270	4,636,740
ENDOWMENT FUND INVESTMENTS	149,305	145,343
OTHER ASSETS	9,330	8,889
TOTAL ASSETS	$ 8,890,473	$ 7,712,604
Liabilities and Net Assets		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	$ 367,287	$ 356,820
Accrued payroll	175,232	290,804
Accrued benefits	129,564	145,779
Deferred revenue	15,268	18,035
Short-term portion of notes payable	471,126	167,667
Total current liabilities	1,158,477	979,105
LONG TERM LIABILITIES		
Interest rate swap liability	26,858	11,020
Long-term portion of notes payable	1,997,819	922,167
Total long term liabilities	2,024,677	933,187
TOTAL LIABILITIES	3,183,154	1,912,292
NET ASSETS		
Without donor restrictions:		
Operating	3,045,993	2,253,406
Net investment in land, buildings and equipment	2,094,706	2,891,523
Total net assets without donor restrictions	5,140,699	5,144,929
With donor restrictions:	566,620	655,383
Total net assets	5,707,319	5,800,312
TOTAL LIABILTIES AND NET ASSETS	$ 8,890,473	$ 7,712,604

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

Family Resources, Inc.
Statement of Activities
For the Year Ended June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Grant revenues	$ 8,130,699	$ -	$ 8,130,699
In-kind contributions	158,102	-	158,102
Contributions and fundraising	73,036	-	73,036
Other	87,052	-	87,052
	8,448,889	-	8,448,889
Net assets released from restrictions	88,763	(88,763)	-
Total support and revenue	8,537,652	(88,763)	8,448,889
EXPENSES			
Community based care	2,640,465	-	2,640,465
Residential	2,618,478	-	2,618,478
Childcare food program	2,323,835	-	2,323,835
Total program expenses	7,582,778	-	7,582,778
Supporting services	916,145	-	916,145
Total expenses	8,498,923	-	8,498,923
Increase (decrease) in net assets before other changes	38,729	(88,763)	(50,034)
OTHER CHANGES			
Change in value on interest rate swap agreement	(15,838)	-	(15,838)
Net investment loss	(27,121)	-	(27,121)
	(42,959)	-	(42,959)
CHANGE IN NET ASSETS	(4,230)	(88,763)	(92,993)
NET ASSETS AT THE BEGINNING OF YEAR	5,144,929	655,383	5,800,312
NET ASSETS AT THE END OF YEAR	$ 5,140,699	$ 566,620	$ 5,707,319

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

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

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
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
	8,847,532	-	8,847,532
Special events revenue	29,398	-	29,398
Special events expense	(9,159)	-	(9,159)
Net special events	20,239	-	20,239
Net assets released from restrictions	88,763	(88,763)	-
Total support and revenue	8,956,534	(88,763)	8,867,771
EXPENSES			
Community based care	2,734,475	-	2,668,262
Residential	2,668,262	-	2,734,475
Childcare food program	2,499,534	-	2,499,534
Total program expenses	7,902,271	-	7,902,271
Supporting services	854,193	-	854,193
Total expenses	8,756,464	-	8,756,464
Increase (decrease) in net assets before other changes	200,070	(88,763)	111,307
OTHER CHANGES			
Change in value on interest rate swap agreement	(19,122)	-	(19,122)
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	$ 5,144,929	$ 655,383	$ 5,800,312

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

Family Resources, Inc.
Statements of Cash Flows
For the Years Ended June 30, 2020 and 2019

	2020	2019
Cash flows from operating activities:		
Change in net assets	$ (92,993)	$ 92,185
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	338,603	354,338
Loss on disposal of equipment	963	-
Unrealized losses on investments	27,121	-
Net depreciation on endowment fund investments	4,751	3,346
Change in fair value of interest rate swap	15,838	19,122
(Increase) decrease in current assets:		
Grants receivable	108,032	122,234
Other assets	(85,235)	(28,292)
Increase (decrease) in current liabilities:		
Accounts payable and accrued liabilities	10,467	(16,038)
Accrued payroll and benefits	(131,787)	45,511
Deferred revenue	(2,767)	12,370
Net cash provided by operating activities	192,993	604,776
Cash flows from investing activities:		
Purchases of endowment fund investments	(8,713)	(7,164)
Purchases of property and equipment	(833,096)	(91,955)
Purchases of investments	(2,361,062)	-
Sales of investments	1,762,207	-
Net cash used by investing activities	(1,440,664)	(99,119)
Cash flows from financing activities:		
Proceeds from long-term debt	1,546,778	-
Principal payments on long-term debt	(167,667)	(167,666)
Net cash provided (used) by financing activities	1,379,111	(167,666)
Net increase in cash and cash equivalents	131,440	337,991
Cash and cash equivalents, beginning of period	1,987,246	1,649,255
Cash and cash equivalents, end of period	$ 2,118,686	$ 1,987,246
Supplemental and non-cash Disclosures:		
Interest paid	$ 36,451	$ 44,446

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

Family Resources, Inc.
Statement of Functional Expenses
For the Year Ended June 30, 2020

	Community Based Care Services	Residential Program	Childcare Food Program	Total Program Cost	Management and General	Development and Fundraising	Supporting Services	Total
Salaries	$ 1,670,965	$ 1,591,911	$ 159,585	$ 3,422,461	$ 522,554	$ -	$ 522,554	$ 3,945,015
Payroll taxes	158,774	150,256	14,080	323,110	50,383	-	50,383	373,493
Employee insurance	127,662	113,478	14,731	255,871	30,159	-	30,159	286,030
Employee retirement	26,073	34,429	9,226	69,728	24,066	-	24,066	93,794
Total salaries and related expenses	1,983,474	1,890,074	197,622	4,071,170	627,162	-	627,162	4,698,332
Rent	160,114	11,680	4,431	$ 176,225	20,305	-	20,305	196,530
Repairs and maintenance	28,805	44,926	4,192	77,923	10,175	-	10,175	88,098
Telephone	46,640	31,655	7,470	85,765	13,998	-	13,998	99,763
Utilities	30,434	59,907	4,445	94,786	10,663	-	10,663	105,449
Insurance	28,189	51,924	7,294	87,407	26,190	-	26,190	113,597
Client services	19,958	10,128	33	30,119	99	-	99	30,218
Contract services	81,510	124,943	2,046,545	2,252,998	13,210	2,110	15,320	2,268,318
Printing	6,715	5,632	1,758	14,105	2,951	131	3,082	17,187
Travel	25,753	11,844	4,877	42,474	1,275	1,490	2,765	45,239
Food supplies	27,139	49,289	81	76,509	747	-	747	77,256
Interest	13,060	11,421	3,393	27,874	8,577	-	8,577	36,451
Personnel training	14,054	5,022	387	19,463	13,523	-	13,523	32,986
Training materials	1,044	114	-	1,158	-	-	-	1,158
Other supplies	40	8,119	-	8,159	-	-	-	8,159
Professional fees	3,683	3,892	425	8,000	34,999	-	34,999	42,999
Professional dues	1,531	34,923	40	36,494	2,043	736	2,779	39,273
Public relations	1,793	662	-	2,455	790	1,786	2,576	5,031
Office supplies	24,453	6,481	21,681	52,615	23,777	840	24,617	77,232
Fundraising	22,977	1,450	-	24,427	14,705	1,188	15,893	40,320
Personnel recruiting	13,936	15,035	412	29,383	2,383	-	2,383	31,766
Other	30,766	25,385	4,970	61,121	43,592	245	43,837	104,958
Total expenses before depreciation	2,566,068	2,404,506	2,310,056	7,280,630	871,164	8,526	879,690	8,160,320
Depreciation	74,397	213,972	13,779	302,148	36,455	-	36,455	338,603
Total expenses	$ 2,640,465	$ 2,618,478	$ 2,323,835	$ 7,582,778	$ 907,619	$ 8,526	$ 916,145	$ 8,498,923

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

Family Resources, Inc.
Statement of Functional Expenses
For the Year Ended June 30, 2019

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

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

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 lesbian, gay, bisexual, transgender, and queer/questioning (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

Note B – Significant Accounting Policies (continued)

Recently Adopted Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU"), *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 an organization expects to receive in exchange for those goods or services. The adoption of ASC 606 resulted in an immaterial impact to the individual financial statement line items of the Organization's statement of activities during the year ended June 30, 2020.

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 adoption of ASU 2018-08 resulted in an immaterial impact to the financial statement during the year ended June 30, 2020.

In January 2016, The FASB issued ASU 2016-01, *Recognition and Measurement of Financial Assets and Financial Liabilities*. The new standard is effective for fiscal years beginning after December 15, 2018, and interim reporting periods within fiscal years beginning after December 15, 2019. Upon adoption, entities will be required to make a cumulative-effect adjustment to the statement of financial position as of the beginning of the first reporting period in which the guidance is effective. The guidance on equity securities without readily determinable fair value will be applied prospectively to all equity investments that exist as of the date of adoption of the standard.

Recently Issued Accounting Standards

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 assets, liabilities, and members' equity (deficit)—the new ASU will require both types of leases to be recognized on the statement of assets, liabilities, and members' equity (deficit). The ASU on leases will take effect for all non-public companies for fiscal years beginning after December 15, 2021.

Cash and Cash Equivalents

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

Note B – Significant Accounting Policies (continued)

Accounts and Grants 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, 2020 and 2019, the Organization did not record an allowance for doubtful accounts.

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.

Reclassifications

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

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.

Note B – Significant Accounting Policies (continued)

Revenue Recognition

All revenues are recorded in accordance with ASC 606, *Revenue from Contracts with Customers*, which is recognized when: (i) a contract with a customer has been identified, (ii) the performance obligation(s) in the contract have been identified, (iii) the transaction price has been determined, (iv) the transaction price has been allocated to each performance obligation in the contract, and (v) the Organization has satisfied the applicable performance obligation over time or at a point in time.

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. As of June 30, 2020 and 2019 the Organization had a deferred revenue balance of approximately $15,000 and $18,000, respectively. During the year ended June 30, 2020 the Organization recognized as revenue the prior year deferred revenue balance. Program revenues and support consists of federal awards, state financial assistance, and local and other awards as follows:

Federal awards	$	3,718,092
State financial assistance		3,101,303
Local and other awards		1,311,304
Total program revenues	$	8,130,699

In-Kind Contributions

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:

Note B – Significant Accounting Policies (continued)

Expense Allocation (continued)

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

Income Taxes

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

The Organization follows the income tax standard for uncertain tax positions. The Organization has evaluated their tax positions and determined they have no uncertain tax positions as of June 30, 2020. Should the Organization's tax-exempt status be challenged in the future, the Organization's 2018, 2019, and 2020 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, 2020 and 2019, grants receivable of approximately $671,000 and $779,000, respectively, consist almost entirely of amounts due from these funding sources. Accounts receivable from two grantors represented 62% of total accounts receivable at June 30, 2020 and 2019. The revenue from these sources represented 99% of the Organization's support and revenues for the years ended June 30, 2020 and 2019.

Note C – Endowment Funds

The endowment fund investments at June 30, 2020 and 2019 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, 2020 and 2019 the endowment fund had a market value of approximately $149,000 and $145,000, respectively, and a cost basis of approximately $152,000 and $147,000 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, 2020 and 2019 are as follows:

		Mutual Funds
June 30, 2019	$	145,343
Unrealized gain		4,112
Fees		(150)
June 30, 2020	$	149,305

Note D – Investments

The amortized cost and estimated fair value of investments in debt and equity securities as of June 30, 2020 are as follows:

		Amortized/Cost		**Unrealized Gains (Losses)**		**Fair Value**
Mutual funds	$	386,821	$	(12,808)	$	374,013
ETP funds		75,061		(7,459)		67,602
Equity securities		132,009		(1,890)		130,119
	$	593,891	$	(22,157)	$	571,734

The following tables summarize the amortized cost and the levels in the ASC 820 fair value hierarchy into which the Organization's investments fall as of June 30, 2020:

		Fair Value		**Level 1**		**Level 2**		**Level 3**
Mutual funds	$	374,013	$	374,013	$	-	$	-
ETP funds		67,602		67,602		-		-
Equity securities		130,119		130,119				
	$	571,734	$	571,734	$	-	$	-

There were no investments held as of June 30, 2019.

Note D – Investments (continued)

Net investment loss of the Organization for the years ended June 30, 2020 and 2019 is as follows:

	2020	2019
Interest income	$ 381	$ -
Dividends	14,686	-
Other	994	-
Net unrealized losses	(17,405)	-
Realized losses	(22,018)	-
Total investment loss	(23,362)	-
Investment expenses	(3,759)	-
Net investment loss	$ (27,121)	$ -

Note E – Property and Equipment

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

	2020	2019	Useful Life (Years)
Buildings and improvements	$ 7,474,916	$ 7,557,888	10 - 30
Land	988,259	988,259	-
Land improvements	5,350	5,350	10
Construction in progress	760,287	73,582	30
Furniture and equipment	547,610	521,061	3 - 5
Motor vehicles	260,803	260,803	5
	10,037,225	9,406,943	
Less: Accumulated depreciation	(4,906,955)	(4,770,203)	
Property and equipment, net	$ 5,130,270	$ 4,636,740	

Depreciation expense for the years ended June 30, 2020 and 2019 were approximately $339,000 and $354,000, respectively.

Note F – Notes Payable and Line of Credit

Notes payable

At June 30, 2020 and 2019, notes payable consisted of the following:

	2020	2019
Loan payable, see a) and b)	$ 922,167	$ 1,089,834
City of St. Petersburg Safe Connections Mortgage, see c)	387,558	-
Pinellas County Safe Connections Mortgage, see d)	299,420	-
PPP SBA loan, see e)	859,800	-
Total notes payable	2,468,945	1,089,834
Less: current maturities	(471,126)	(167,667)
Long term notes payable	$ 1,997,819	$ 922,167

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

Notes payable (continued)

a) 2010 bank-qualified loan payable in monthly installments of $13,972, plus interest at a variable rate of 67% of the sum of one-month LIBOR plus 2.25% (1.98% and 3.81% at June 30, 2020 and 2019, 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.

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, 2020 and 2019, the fair value of the interest-rate swap agreement was a liability of $26,858 and $11,020, respectively, and has been reflected in the accompanying statements of financial position. As of June 30, 2020 and 2019, the Organization recognized a loss on the interest-rate swap agreement of $15,838 and $19,122, respectively, and has been reflected as a change in net assets on the accompanying statements of activities.

c) Mortgage payable agreement in an amount of $387,558 effective November 8, 2018. The property is intended to be used as individual and family counseling to families and troubled youth who are runaways and at-risk of becoming homeless; providing assistance to 100 unduplicated households in crisis who are principally low and moderate income households through December 31, 2033. The note is interest free and will mature on January 1, 2034. The land use restriction will remain effective until maturity. Should all land use restrictions be met the mortgage will be forgiven.

d) Mortgage payable agreement in an amount of $299,420 effective October 18, 2018. The funding is providing for facility improvements to include the construction of an expansion of the facility for additional office and program delivery space on the property. The land use restrictions will remain effective from October 18, 2018 until December 31, 2037. Should all land use restrictions be met the mortgage will be forgiven.

e) In May 2020, the Organization participated in the Paycheck Protection Program under the CARES Act and secured financing through a financial institution for $859,800 at 1.00% interest. The first principal payment is due December 2020 and the loan matures on May 4, 2022. The loan is guaranteed by the Small Business Administration. The loan qualifies for 100% forgiveness if certain criteria are met. The Organization believes that the criteria will be met and the loan will be forgiven.

The Organization was in compliance with or had obtained waivers for all related covenants as of June 30, 2020 and 2019, respectively. At June 30, 2020, payments on notes payable and principal maturities on the bonds are as follows:

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

Notes payable (continued)

Year Ending June 30,	
2021	$ 471,126
2022	724,008
2023	167,667
2024	167,667
2025	167,667
Thereafter	770,810
Total	$ 2,468,945

The interest expense incurred by the Organization for fiscal years ended June 30, 2020 and 2019 was approximately $36,000 and $44,000, respectively.

Note G – Net Assets With Donor Restrictions

As of June 30, 2020 and 2019, the Organization had the following net assets with donor restrictions:

	2020	2019
Buildings constructed with grant funds	$ 466,620	$ 555,383
Restricted contributions	100,000	100,000
	$ 566,620	$ 655,383

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. During the years ended June 30, 2020 and 2019 approximately $89,000 was released from donor restrictions.

Note H – 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 $8,439,000 of operating expenses and $8,024,000 of grant income in reoccurring or signed Federal, State and Local grants to be paid within one year of the statement of financial postion date. The Organization plans to supplement the remainder with expected fundraising and donations.

Note H – Liquidity and Availability of Financial Assets (continued)

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, 2020, 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	$ 2,118,686
Grants receivable	671,134
Promises to give	100,000
Endowment fund investment	149,305
Investments	571,734
Total financial assets	3,610,859
Less: deferred revenue	(15,268)
Less: board designated endowment fund	(149,305)
Less: financial assets held to meet donor-imposed restrictions	(566,620)
Financial assets available to meet cash needs for general expenditures within one year	$ 2,879,666

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.

Note I – In-Kind Contributions

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

In-kind revenue and in-kind expense consist of the following for the years ended June 30, 2020 and 2019:

	2020	2019
Services	$ 66,576	$ 72,973
Free use of facilities	91,526	91,526
	$ 158,102	$ 164,499

Note J – Operating Leases

The Organization has several non-cancellable operating leases for facilities and equipment. Rent expense relating to leased facilities for the years ended June 30, 2020 and 2019 was approximately $66,000 and $64,000, respectively. Rent expense relating leased equipment for the years ended June 30, 2020 and 2019 was approximately $39,000 and $37,000, respectively.

Note J – Operating Leases (continued)

Future minimum rental payments for each of the next five years at June 30, 2020 are as follows:

	Operating Leases		
Fiscal Year	Facilities	Equipment	Total
2021	$ 65,308	$ 40,068	$ 105,376
2022	66,441	30,568	97,009
2023	61,872	28,668	90,540
2024	-	2,389	2,389
	$ 193,621	$ 101,693	$ 295,314

Note K – Commitments and Contingencies

Litigation

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

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

Federal, State and Local Grants

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

State Unemployment Insurance

The Organization is self-insured with regards to state unemployment insurance. The possibility exists that assessments may be made in the future by the State of Florida for unemployment claims made by former employees. The State of Florida has placed limits on the payments and duration on these claims. The Organization has estimated its future liability based on current and future claims within the limits set by the State of Florida and number of employees terminated. The Organization had accrued approximately $101,000 and $101,000 as of June 30, 2020 and 2019, 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, 2020 and 2019, the Organization held cash deposit balances of approximately $56,000.

Note K – Commitments and Contingencies (continued)

COVID-19

Management has concluded that the COVID-19 outbreak in 2020 may have a significant impact on the Organization in general, but the potential impact on the Organization is not currently measurable. Due to the level of risk this virus may have on the global economy, it is at least reasonably possible that it could have an impact on the operations of the Organization in the near term that could materially impact the Organization's financials. As discussed in Note D, In May 2020, the Organization participated in the Paycheck Protection Program under the CARES Act and secured financing through a financial institution for $859,800 at 1.00% interest. The loan is guaranteed by the Small Business Administration. The loan qualifies for 100% forgiveness if certain criteria are met. The Organization believes that the criteria will be met and the loan will be forgiven.

Note L – 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, 2020 and 2019, totaled approximately $94,000 and $115,000, respectively. Employees are eligible to participate in the plan upon date of employment. Employees become eligible for employer matching contributions after six months of employment, and are immediately vested in their elective deferral. Participants fully vest in the employers' contributions over a period of five years of service to the Organization.

Note M – Subsequent Events

Management has assessed subsequent events through September 15, 2020, the date on which the financial statements were available to be issued.

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Supplemental Information

Family Resources, Inc.
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2020

Federal and State Grantor/Pass-Through Grantor Program Title	CFDA/ CSFA Number	Contract/Grant Number	Federal Expenditures	Transfers to Subrecipient
U.S. Department of Health and Human Services				
Direct program: Basic center grant				
Runaway Youth - North Shelter	93.623	90CY7062-01-00	$ 17,291	$ -
Runaway Youth - North Shelter	93.623	90CY7062-02-00	109,422	-
Runaway Youth - North Shelter	93.623	90CY7062-02-01	16,063	-
Runaway Youth - South Shelter	93.623	90CY6839-03-00	27,100	-
Runaway Youth - Manatee Shelter	93.623	90CY7062-01-00	43,126	-
Runaway Youth - Manatee Shelter	93.623	90CY7062-02-00	123,284	-
Runaway Youth - Manatee Shelter	93.623	90CY7062-02-01	15,674	-
Total program			351,960	-
Direct program: Education and Prevention Grants to Reduce Sexual Abuse of Runaway, Homeless and Street Youth				
Pinellas Programs - Street Outreach	93.557	90YO2310-01-00	18,469	-
Pinellas Programs - Street Outreach	93.557	90YO2310-02-00	81,758	-
Pinellas Programs - Street Outreach	93.557	90YO2310-02-01	5,486	-
Total program			105,713	-
Direct program: Healthy Marriage and Relationship Education				
Safe2Be You & Me Program	93.086	90FM0107-04-00	210,023	-
Safe2Be You & Me Program	93.086	90FM0107-05-00	597,566	-
Total program			807,589	-
Passed through the Florida Network:				
Foster Care Title IV-E	93.658	N/A	18,839	-
Total program			18,839	-
Passed through Sarasota Emergency Shelter Beds YMCA				
Foster Care Title IV-E	93.658	N/A	1,120	-
Social Services Block Grant	93.667	N/A	954	-
Total program			2,074	-
Total U.S. Department of Health and Human Services			1,286,175	-
U.S. Department of Agriculture				
Passed through Florida Department of Health:				
Child and Adult Care Food Program	10.558	H2459	49,062	-
Child and Adult Care Food Program	10.558	D3822	2,375,273	2,186,889
Child and Adult Care Food Program	10.558	A4188	7,582	-
Total program			2,431,917	2,186,889
Total U.S. Department of Agriculture			2,431,917	2,186,889
Total Expenditures of Federal Awards			$ 3,718,092	$ 2,186,889

Family Resources, Inc.
Schedule of Expenditures of State Financial Assistance
For the Year Ended June 30, 2020

Federal and State Grantor/Pass-Through Grantor Program Title	CFDA/ CSFA Number	Expenditure State Awards
Florida Department of Children and Families		
Passed through Sarasota Emergency Shelter Beds YMCA		
Community Care Based Supports	60.074	$ 380
Passed through Communities Connected for Kids		
Community Care Based Supports	60.074	(197)
Total Florida Department of Children and Families		183
Florida Department of Juvenile Justice		
Passed through the Florida Network of Youth and Family Services, Inc.:		
Domestic Violence Respite/Probation Respite	80.005	138,510
Children and Families in Need of Services (CINS/FINS)	80.005	2,377,508
Children and Families in Need of Services (FYRAC)	80.005	1,935
Children and Families in Need of Services (SNAP)	80.005	489,013
Children and Families in Need of Services (ICM)	80.005	83,338
Total Florida Department of Juvenile Justice		3,090,304
Passed through State College of Florida, Manatee-Sarasota		10,816
Total		10,816
Total state financial assistance		$ 3,101,303

Family Resources, Inc.
Schedule of Local and Other Awards
For the Year Ended June 30, 2020

Grantor/Program Title	Local and Other Expenditures
City of St. Petersburg	
Safe Connections - Street Outreach	$ 23,375
Pinellas Community Foundation:	
Transitional Living	4,989
Family Counseling	10,000
	14,989
Community Foundation of Sarasota	
Youth Shelter	4,000
Manatee County:	
Residential Shelter	60,041
CERTAIN	237,907
Total Manatee County	297,948
Substance Abuse Advisory Board, Pinellas Conty, Florida	
Safe Connections - Street Outreach	8,000
School District of Manatee County	
Youth Shelter	6,335
Healthy St Pete:	
Healthy St. Pete	5,000
Healthy St. Pete	2,988
Healthy St. Pete	11,875
	19,863
Juvenile Welfare Board of Pinellas County:	
Family / Youth Services - Residential	326,094
Non-Operating Capital Grant	74,036
COST Youth Enrichment Program	477,093
Elementary Intensive Case Management	59,571
Total Juvenile Welfare Board of Pinellas County	936,794
Total Expenditures of Local Awards	$ 1,311,304

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:

CFDA No.	Federal Program	Total Expenditures
93.658	Foster Care Title IV-E	$ 19,959
93.667	Social Services Block Grant	$ 954

Subrecipients

The Organization provided federal awards to subrecipients during fiscal 2020 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, 2020, 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 15, 2020.

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.

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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 15, 2020

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, 2020. 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, 2020.

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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 15, 2020

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Section 1 – Summary of Auditors' Results

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

	Federal Awards	State Projects
Internal control over major programs:		
Material weakness identified?	No	No
Significant deficiencies identified not considered to be a material weakness?	None reported	None reported
Type of auditors' report issued on compliance for major programs:	Unqualified	Unqualified
Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance.	No	No

Identification of Major Federal Programs and Major State Projects:

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

	Federal Awards	State Projects
Dollar threshold used to distinguish between Type A and Type B programs	$ 750,000	$750,000
Auditee qualified as low-risk auditee?	Yes	N/A

Section 2 – Financial Statement Findings

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

Prior Year Audit Findings

No matters were reported.

Section 3 – Federal Awards Findings and Questioned Costs

This section identifies the audit findings required to be reported by the Uniform Guidance as well as any abuse findings involving federal awards that is material to a major program. There were no instances of abuse found as a result of our audit procedure.

"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, 2020 and have issued our report thereon dated September 15, 2020.

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 15, 2020, 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 15, 2020

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