

**WESLEY HOUSE FAMILY SERVICES, INC.**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTAL INFORMATION**

**YEARS ENDED JUNE 30, 2018 AND 2017**

**WESLEY HOUSE FAMILY SERVICES, INC.**  
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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Wesley House Family Services, Inc.  
Key West, Florida

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Wesley House Family Services, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2018 and 2017, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditors' 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 auditors' 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 Wesley House Family Services, Inc. as of June 30, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters**

*Other Information – Schedule of Expenditures of Federal Awards*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations 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 November 13, 2018, on our consideration of Wesley House Family Services, Inc.'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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on the effectiveness of Wesley House Family Services, Inc.'s 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 Wesley House Family Services, Inc.'s internal control over financial reporting and compliance.



**CliftonLarsonAllen LLP**  
Lakeland, Florida  
November 13, 2018

**WESLEY HOUSE FAMILY SERVICES, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2018 AND 2017**

	2018	2017
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 1,551,872	\$ 1,189,252
Cash - Restricted	271,323	231,464
Certificates of Deposit	404,426	402,621
Grants Receivable	266,427	174,647
Contributions Receivable, Current Portion	147,630	147,521
Other Accounts Receivable	55,248	53,416
Prepaid and Other Assets	154,493	154,118
Total Current Assets	2,851,419	2,353,039
<b>FIXED ASSETS</b>		
Land	960,452	960,452
Buildings	4,286,062	4,276,987
Improvements	1,467,158	1,439,397
Furniture and Fixtures	318,567	318,567
Equipment	466,535	461,885
Construction in Progress	8,184	-
Total Fixed Assets	7,506,958	7,457,288
Less: Accumulated Depreciation	(2,576,880)	(2,286,531)
Fixed Assets, Net	4,930,078	5,170,757
<b>CONTRIBUTIONS RECEIVABLE, LESS CURRENT PORTION</b>	1,258,450	1,406,079 *
Total Assets	\$ 9,039,947	\$ 8,929,875

\* See footnote 2 for additional information on contribution.

See accompanying Notes to Financial Statements.

**WESLEY HOUSE FAMILY SERVICES, INC.**  
**STATEMENTS OF FINANCIAL POSITION (CONTINUED)**  
**JUNE 30, 2018 AND 2017**

	2018	2017
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable	\$ 114,460	\$ 97,284
Accrued Expenses	426,401	386,048
Deferred Revenue	24,035	24,035
Current Portion of Long-Term Debt	39,697	38,685
Total Current Liabilities	604,593	546,052
<b>LONG-TERM DEBT, NET OF CURRENT PORTION</b>	165,728	205,426
Total Liabilities	770,321	751,478
<b>NET ASSETS</b>		
Unrestricted		
Undesignated	6,635,390	6,412,201
Total Unrestricted Net Assets	6,635,390	6,412,201
Temporarily Restricted	1,504,300	1,636,260
Permanently Restricted Endowment Funds	129,936	129,936
Total Net Assets	8,269,626	8,178,397
Total Liabilities and Net Assets	\$ 9,039,947	\$ 8,929,875

See accompanying Notes to Financial Statements.

**WESLEY HOUSE FAMILY SERVICES, INC.**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2018**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>REVENUES AND OTHER SUPPORT</b>				
Grants	\$ 5,703,496	\$ 30,000	\$ -	\$ 5,733,496
Program Fees	700,294	-	-	700,294
Special Events	191,948	-	-	191,948
Contributions	136,546	183,043	-	319,589
Donated Services, Facilities and Land	36,650	-	-	36,650
Interest Income	18,854	1,599	-	20,453
Interest Income on Contributions Receivable	26,003	-	-	26,003
United Way	3,333	6,667	-	10,000
Miscellaneous	107,218	-	-	107,218
Net Assets Released from Restrictions	353,269	(353,269)	-	-
<b>Total Revenues and Other Support</b>	<b>7,277,611</b>	<b>(131,960)</b>	<b>-</b>	<b>7,145,651</b>
<b>EXPENSES</b>				
Program Services:				
Full Case Management	4,412,637	-	-	4,412,637
Family Services	504,907	-	-	504,907
Healthy Families	425,920	-	-	425,920
Child Development Center	1,094,107	-	-	1,094,107
Management and General:				
Facility	91,861	-	-	91,861
Administration	277,969	-	-	277,969
Other Support Services	239,988	-	-	239,988
Fundraising	7,033	-	-	7,033
<b>Total Expenses</b>	<b>7,054,422</b>	<b>-</b>	<b>-</b>	<b>7,054,422</b>
<b>CHANGE IN NET ASSETS</b>	<b>223,189</b>	<b>(131,960)</b>	<b>-</b>	<b>91,229</b>
Net Assets, Beginning of Year	6,412,201	1,636,260	129,936	8,178,397
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 6,635,390</b>	<b>\$ 1,504,300</b>	<b>\$ 129,936</b>	<b>\$ 8,269,626</b>

See accompanying Notes to Financial Statements.

**WESLEY HOUSE FAMILY SERVICES, INC.**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2017**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>REVENUES AND OTHER SUPPORT</b>				
Grants	\$ 5,410,425	\$ 22,000	\$ -	\$ 5,432,425
Program Fees	725,460	-	-	725,460
Special Events	115,481	-	-	115,481
Contributions	91,544	34,176	-	125,720
Interest Income	14,679	1,539	-	16,218
Interest Income on Contributions Receivable	21,054	-	-	21,054
United Way	-	10,000	-	10,000
Miscellaneous	161,902	-	-	161,902
Net Assets Released from Restrictions	192,186	(192,186)	-	-
<b>Total Revenues and Other Support</b>	<b>6,732,731</b>	<b>(124,471)</b>	<b>-</b>	<b>6,608,260</b>
<b>EXPENSES</b>				
Program Services:				
Full Case Management	4,224,802	-	-	4,224,802
Family Services	459,924	-	-	459,924
Healthy Families	437,264	-	-	437,264
Child Development Center	1,024,431	-	-	1,024,431
Management and General:				
Facility	71,707	-	-	71,707
Administration	239,206	-	-	239,206
Other Support Services	96,422	-	-	96,422
Fundraising	47,556	-	-	47,556
<b>Total Expenses</b>	<b>6,601,312</b>	<b>-</b>	<b>-</b>	<b>6,601,312</b>
<b>CHANGE IN NET ASSETS</b>	<b>131,419</b>	<b>(124,471)</b>	<b>-</b>	<b>6,948</b>
Net Assets, Beginning of Year	6,280,782	1,760,731	129,936	8,171,449
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 6,412,201</b>	<b>\$ 1,636,260</b>	<b>\$ 129,936</b>	<b>\$ 8,178,397</b>

See accompanying Notes to Financial Statements.



**WESLEY HOUSE FAMILY SERVICES, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED JUNE 30, 2018**

	Program Services				Total Program Services	Management and General			Total Management and General	Fundraising	Total
	Full Case Management	Family Services	Healthy Families	Child Development Center		Facility	Administration	Other Support			
Salary and Wages	\$ 1,933,487	\$ 252,656	\$ 193,300	\$ 522,306	\$ 2,901,749	\$ 95,584	\$ 878,008	\$ 9,409	\$ 983,001	\$ -	\$ 3,884,750
Benefits and Payroll Taxes	526,519	39,931	44,898	159,179	770,527	34,500	216,809	1,340	252,649	-	1,023,176
Rent	7,194	-	-	148,541	155,735	149,193	4,378	-	153,571	-	309,306
Depreciation	14,993	-	-	80,153	95,146	193,221	1,981	-	195,202	-	290,348
Professional Fees	175	-	-	-	175	-	31,791	-	31,791	-	31,966
Flex Funds Expenditures	382,240	30,279	-	-	412,519	-	-	95,309	95,309	-	507,828
Travel	127,325	19,166	14,992	-	161,483	1,072	7,227	-	8,299	-	169,782
Staff Training	46,776	226	8,530	700	56,232	-	15,709	-	15,709	-	71,941
Utilities	-	-	-	25,568	25,568	31,224	-	-	31,224	-	56,792
Telephone	18,655	4,819	3,525	2,463	29,462	10,785	5,033	-	15,818	-	45,280
Office, Operating Supplies	8,038	1,032	2,982	6,959	19,011	29,527	7,989	-	37,516	-	56,527
Food and Personal Care	2,445	-	64	55,614	58,123	15	291	8,184	8,490	-	66,613
Fundraising	-	-	-	-	-	-	-	-	-	57,659	57,659
Other Grant Expenditures	3,750	-	-	-	3,750	-	-	125,746	125,746	-	129,496
Maintenance	423	-	-	36,647	37,070	91,146	26,184	-	117,330	-	154,400
Insurance	35,845	2,556	2,172	1,748	42,321	20,256	6,508	-	26,764	-	69,085
Interest	-	-	-	-	-	5,856	-	-	5,856	-	5,856
Licenses and Hiring	36,416	7,468	3,138	2,985	50,007	600	1,504	-	2,104	-	52,111
Purchase of Services	2,723	-	-	-	2,723	10,176	2,667	-	12,843	-	15,566
Miscellaneous	4,694	241	24,659	1,766	31,360	15	24,465	-	24,580	-	55,940
<b>Total Expenses</b>	<b>3,151,698</b>	<b>358,374</b>	<b>298,260</b>	<b>1,044,629</b>	<b>4,852,961</b>	<b>673,270</b>	<b>1,230,544</b>	<b>239,988</b>	<b>2,143,802</b>	<b>57,659</b>	<b>7,054,422</b>
Allocation of Facility Costs	440,152	54,548	52,668	-	547,368	(581,409)	34,041	-	(547,368)	-	-
Allocation of Administration Costs	820,787	91,985	74,992	49,478	1,037,242	-	(986,616)	-	(986,616)	(50,626)	-
<b>Total Expenses After Allocation</b>	<b>\$ 4,412,637</b>	<b>\$ 504,907</b>	<b>\$ 425,920</b>	<b>\$ 1,094,107</b>	<b>\$ 6,437,571</b>	<b>\$ 91,861</b>	<b>\$ 277,969</b>	<b>\$ 239,988</b>	<b>\$ 609,818</b>	<b>\$ 7,033</b>	<b>\$ 7,054,422</b>

See accompanying Notes to Financial Statements.

**WESLEY HOUSE FAMILY SERVICES, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED JUNE 30, 2017**

	Program Services					Management and General					Total
	Full Case Management	Family Services	Healthy Families	Child Development Center	Total Program Services	Facility	Administration	Other Support	Total Management and General	Fundraising	
Salary and Wages	\$ 1,860,562	\$ 236,785	\$ 211,419	\$ 485,068	\$ 2,793,834	\$ 91,336	\$ 876,821	\$ 11,607	\$ 979,764	\$ -	\$ 3,773,598
Benefits and Payroll Taxes	488,927	33,142	69,951	153,665	745,685	21,349	211,843	1,455	234,647	-	980,332
Rent	7,184	-	-	144,214	151,408	146,204	4,378	-	150,582	-	301,990
Depreciation	14,993	-	-	78,744	93,737	192,452	1,255	-	193,707	-	287,444
Professional Fees	-	-	-	-	-	690	38,132	-	38,822	-	38,822
Flex Funds Expenditures	325,002	5,210	-	-	330,212	-	150	38,041	38,191	-	368,403
Travel	106,285	18,311	14,032	-	138,628	2,802	10,153	-	12,955	-	151,583
Staff Training	63,367	232	13,619	10	77,228	-	5,598	-	5,598	-	82,826
Utilities	-	-	-	23,275	23,275	29,870	-	-	29,870	-	53,145
Telephone	12,843	4,046	4,331	3,482	24,702	9,509	3,464	-	12,973	-	37,675
Office, Operating Supplies	7,873	232	2,397	6,463	16,965	27,744	9,218	34	36,996	-	53,961
Food and Personal Care	1,443	-	2,558	-	4,001	246	616	12,635	13,497	-	17,498
Fundraising	500	-	-	52,956	53,456	-	32	32,650	32,682	47,556	133,694
Maintenance	558	-	-	24,050	24,608	84,237	31,474	-	115,711	-	140,319
Insurance	11,780	-	-	383	12,163	20,442	6,536	-	26,978	-	39,141
Interest	-	-	-	-	-	6,842	-	-	6,842	-	6,842
Licenses and Hiring	23,122	4,708	1,190	2,692	31,712	140	1,374	-	15,14	-	33,226
Purchase of Services	4,431	-	-	-	4,431	9,328	10,497	-	19,825	-	24,256
Miscellaneous	15,691	45	6,622	12,732	35,090	8,150	33,317	-	41,467	-	76,557
<b>Total Expenses</b>	<b>2,944,571</b>	<b>302,711</b>	<b>326,119</b>	<b>987,734</b>	<b>4,561,135</b>	<b>651,341</b>	<b>1,244,858</b>	<b>96,422</b>	<b>1,992,621</b>	<b>47,556</b>	<b>6,601,312</b>
Allocation of Facility Costs	443,268	50,787	50,307	-	544,362	(579,634)	35,272	-	(544,362)	-	-
Allocation of Administration Costs	836,963	106,426	60,838	36,697	1,040,924	-	(1,040,924)	-	(1,040,924)	-	-
<b>Total Expenses After Allocation</b>	<b>\$ 4,224,802</b>	<b>\$ 459,924</b>	<b>\$ 437,264</b>	<b>\$ 1,024,431</b>	<b>\$ 6,146,421</b>	<b>\$ 71,707</b>	<b>\$ 239,206</b>	<b>\$ 96,422</b>	<b>\$ 407,335</b>	<b>\$ 47,556</b>	<b>\$ 6,601,312</b>

See accompanying Notes to Financial Statements.

**WESLEY HOUSE FAMILY SERVICES, INC.**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED JUNE 30, 2018 AND 2017**

	2018	2017
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Increase in Net Assets	\$ 91,229	\$ 6,948
Adjustments to Reconcile Increase in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	290,348	287,444
(Increase) Decrease in Assets:		
Grants Receivable	(91,780)	(3,140)
Contributions Receivable	147,520	147,414
Other Accounts Receivable	(1,832)	(7,555)
Prepaid Expenses and Other Assets	(375)	(27,718)
Increase in Liabilities:		
Accounts Payable	17,176	13,334
Accrued Expenses	40,353	48,731
	492,639	465,458
Net Cash Provided by Operating Activities	492,639	465,458
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Certificates of Deposit	(1,805)	(1,804)
Purchase of Fixed Assets	(49,669)	(633,332)
Net Cash Used by Investing Activities	(51,474)	(635,136)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Principal Payments on Long-Term Debt	(38,686)	(37,699)
Net Cash Used by Financing Activities	(38,686)	(37,699)
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	402,479	(207,377)
Cash and Cash Equivalents, Beginning of Year	1,420,716	1,628,093
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	\$ 1,823,195	\$ 1,420,716
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS</b>		
Cash and Cash Equivalents	\$ 1,551,872	\$ 1,189,252
Cash - Restricted	271,323	231,464
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	\$ 1,823,195	\$ 1,420,716
<b>SUPPLEMENTAL DISCLOSURE</b>		
Cash Paid for Interest	\$ 5,856	\$ 6,842

See accompanying Notes to Financial Statements.

**WESLEY HOUSE FAMILY SERVICES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018 AND 2017**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Business Activity**

Wesley House Family Services, Inc. (Wesley House) is a nonprofit corporation organized under the laws of the State of Florida on January 11, 1975. Wesley House provides child care and family support services within Monroe County, Florida. Wesley House is accredited under the Council on Accreditation.

Wesley House offers four primary community support services for the families and children of Monroe County: Community based care programs working with community partners to assist children and families in the dependency care system, prevention support and intervention services, an in-home support program that promotes child health and development and encourages stable and positive child-parent relationships, and one directly operated child care site in Key West. All of the services are provided throughout Monroe County, Florida through locations in Key West, Marathon and Key Largo.

**Basis of Accounting**

The financial statements of Wesley House have been prepared on the accrual basis of accounting and accordingly, reflect all significant receivables, payables and other liabilities.

**Basis of Presentation**

Wesley House has adopted Financial Accounting Standards Board Accounting Standards Codification (FASB ASC), 958-210, *Not-for-Profit Entities – presentation of financial statements*. Under FASB ASC 958-210, Wesley House is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

**Revenue Recognition**

Wesley House recognizes grants, contracts and contributions of cash or other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Wesley House recognizes revenues from exchange transactions when the service is rendered. Receivables are recognized for outstanding invoices.

Wesley House considers its receivables to be fully collectible; accordingly, no allowance for doubtful accounts is required.

**WESLEY HOUSE FAMILY SERVICES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018 AND 2017**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Revenue Recognition (Continued)**

Wesley House received a substantial portion of its revenues from various state and federal grants. Government funding may be significantly impacted by budget allocations and, consequently, changes in that funding may affect Wesley House's operations. For the years ended June 30, 2018 and 2017, the following entities provided more than 10% of total revenues:

	<u>2018</u>	<u>2017</u>
Our Kids of Miami-Dade/Monroe, Inc.	72%	74%

**Use of Estimates**

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

**Cash**

Cash consists of cash on hand as well as demand deposits.

The carrying amount of Wesley House's cash as of June 30, 2018 and 2017 are \$1,823,195 and \$1,420,716. The bank balances are \$1,871,424 and \$1,457,164, respectively. Balances in cash and cash equivalents are collateralized, covered by the Federal Depository Insurance Corporation, or covered by the National Credit Union Association. The main operating account balance may exceed the FDIC maximum allowable amount; however, it is secured additionally by Government Securities, A-rated Corporate Bonds and/or Municipal Bonds.

**Cash – Restricted**

Wesley House restricts cash to include a balance sufficient to cover the amounts held in temporarily and permanently restricted net assets, less the contribution receivable.

**Certificates of Deposit**

Certificates of deposit are stated at cost. The certificates bear interest ranging from 0.15% to 0.85%.

Wesley House is required by Our Kids of Miami-Dade/Monroe Inc. (Our Kids) to fund an irrevocable standby letter of credit up to \$100,000 and is named as the beneficiary in the event that continuity of care as defined in the contract between Wesley House and Our Kids is disrupted or at imminent risk of disruption due to specified events. The letter of credit is secured by a certificate of deposit at the same financial institution.

**WESLEY HOUSE FAMILY SERVICES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018 AND 2017**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Fixed Assets**

Purchased fixed assets are recorded at cost. Donated assets are recorded at fair market value at the time of donation. Wesley House has a policy for capitalizing expenditures for fixed assets with costs greater than \$1,000 and an expected useful life of at least one year. Major renewals and betterments are capitalized while minor renewals and betterments are expensed as incurred. When assets are purchased with certain grant funds, they are subject to certain use restrictions and disposition procedures. Depreciation expenses are provided using the straight-line method over the estimated useful lives of the assets as follows:

Buildings and Improvements	10-35 Years
Furniture, Fixtures and Equipment	3-10 Years

**Donated Services, Facilities, and Land**

A substantial number of volunteers have donated time to Wesley House's program services and fundraising campaigns during the year; however, these donated services are not reflected in the financial statements since the services do not meet requirements for recording under generally accepted accounting principles. Materials, facilities use and other assets received as donations are recorded and reflected in the accompanying financial statements at their fair values at the date of receipt. The Organization benefited from donated services, facilities, land and supporting matching funding which were valued at \$36,650 and \$0 for the years ended June 30, 2018 and 2017, respectively. These amounts have been reported as donated services on the statement of activities.

**Income Taxes**

Wesley House is a not-for-profit organization that is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and, accordingly, no provision for income taxes has been made in the accompanying financial statements. The Organization recognizes interest accrued related to unrecognized tax benefits in interest expense and penalties in operating expenses. During the year ended June 30, 2018, the Organization did not incur interest and penalties related to tax positions. The Organization files as a tax exempt organization, should that status be challenged in the future, all years since inception would be subject to review by the IRS.

**Concentrations of Credit and Market Risk**

Financial instruments that potentially expose Wesley House to concentrations of credit and market risk consist primarily of investments, uncollateralized grants receivable, other receivables, and long-term debt. Grants receivable are primarily due from The State of Florida and other nonprofit agencies and are deemed fully collectible.

**WESLEY HOUSE FAMILY SERVICES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018 AND 2017**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Net Assets**

Wesley House's net assets are classified into three categories: (1) unrestricted net assets, which include no donor-imposed restrictions, (2) temporarily restricted net assets, which include donor-imposed restrictions that will expire in the future and (3) permanently restricted net assets, which include donor-imposed restrictions that the assets be maintained permanently.

The unrestricted net assets include operating funds available for any purpose authorized by the board of directors.

Temporarily restricted net assets consist of funds arising from gifts in which the donor has stipulated, as a condition of the gift, restrictions on how or when the gift may be spent.

Permanently restricted net assets consist of funds arising from a gift or bequest in which the donor has stipulated, as a condition of the gift that the principal be maintained in perpetuity and only the investment income from investment of the funds be expended. Certain donor endowments also specify that a portion of the earnings from the investment be reinvested as principal, or that all income earned over a period of time be reinvested. Amounts are also transferred for specific uses from time to time, as requested by the donor.

**Net Assets Released from Restrictions**

When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

**Functional Allocation of Expenses**

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Costs that are directly related to Wesley House's specific purpose have been recorded as a direct expense and included as program services.

**Subsequent Events**

Management has performed an analysis of the activities and transactions subsequent to June 30, 2018 to determine the need for any adjustments to and/or disclosures within the audited financial statements for the years ended June 30, 2018 and 2017. Management has performed their analysis through November 13, 2018, and has noted no subsequent events.

**WESLEY HOUSE FAMILY SERVICES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018 AND 2017**

**NOTE 2 CONTRIBUTIONS RECEIVABLE**

Below market leases are considered unconditional promises to give. The promise to give is recorded as revenue in the current year, though no funds have been received. For the years ended June 30, 2018 and 2017, Wesley House's contributions receivable was \$1,406,080 and \$1,553,600, respectively. Included in "contributions receivable" are below market leases for the following child care and family service sites and land for June 30, 2018:

	Inez Martin	Spalding Court	Truman Lot	Total
Due in Less than One Year	\$ 152,997	\$ 15,298	\$ 10,436	\$ 178,731
Due in One to Five Years	836,650	83,653	47,983	968,286
Due in More than Five Years	467,759	656,686	-	1,124,445
	<u>1,457,406</u>	<u>755,637</u>	<u>58,419</u>	<u>2,271,462</u>
Unamortized Discount	<u>(353,712)</u>	<u>(500,230)</u>	<u>(11,440)</u>	<u>(865,382)</u>
Total Contributions Receivable, Net	<u>\$ 1,103,694</u>	<u>\$ 255,407</u>	<u>\$ 46,979</u>	<u>\$ 1,406,080</u>

Fair values of the leases are assumed to increase 3.0% each year and the discount rate varies according to lease inception terms. Inez Martin was discounted at a rate of 2.86%. Spalding Court was discounted at a rate of 4.0%. Truman Lot was discounted at a rate of 2.7%.

**NOTE 3 LONG-TERM DEBT**

Wesley House's long-term debt is payable in consecutive monthly installments of principal and interest commencing on May 24, 2016 and continued on the same day of each calendar period thereafter, in 84 equal payments, with one final payment of all remaining principal and accrued interest due on May 09, 2023. Interest accrues at a fixed rate of 2.55% per annum. The debt is collateralized by a certificate of deposit in the amount of \$300,000 held with the lender. For the years ended June 30, 2018 and 2017, Wesley House's long-term debt was \$205,425 and \$244,111, respectively.

The debt principal payments are as follows at June 30, 2018:

2019	\$ 39,697
2020	40,726
2021	41,802
2022	42,895
2023	40,305
	<u>\$ 205,425</u>



**WESLEY HOUSE FAMILY SERVICES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018 AND 2017**

**NOTE 3 LONG-TERM DEBT (CONTINUED)**

Wesley House also has one line of credit available as of June 30, 2018.

The line of credit in the principal amount not to exceed \$100,000 at any one time outstanding is for the purpose of obtaining an operating line to fund short term needs. The line of credit was issued on August 2, 2017 and matures on August 2, 2019. Interest shall accrue on the unpaid principal balances outstanding monthly at the fixed rate of 2.150%. The line of credit is collateralized by a certificate of deposit in the amount of \$100,000 held with the lender. There currently are no borrowings.

**NOTE 4 PENSION PLAN**

Wesley House participates in the Pension Plan through the General Board of Pensions of United Methodist Church (the Plan). The Plan covers substantially all employees. Employees become eligible for active plan participation effective the month following their date of hire. Contributions to the Plan by Wesley House are calculated at 6.0% of an eligible employee's gross pay. Wesley House employees are required to make contributions of 3.0% of their gross pay to receive the employer match. Upon becoming a participant in the Plan, contributions made by the employees become full vested. Vesting of employer contributions is dependent upon hire dates. For the years ended June 30, 2018 and 2017, Wesley House's pension contribution was \$120,938 and \$120,024 respectively.

**NOTE 5 LEASES**

A facility supporting children and family is rented at a cost of \$1 per year until March 2049. The estimated fair rental value of the property is \$14,852 and \$14,419 for the years ended June 30, 2018 and 2017, respectively. The Inez Martin day care facility is provided to Wesley House at no cost. The estimated fair rental value of the facility is \$148,541 and \$144,214 for the years ended June 30, 2018 and 2017, respectively. The Wesley House lease expires December 31, 2027. The Truman Lot is rented at a cost of \$1 per year until September 2024. The estimated fair value of the property that was placed into service during the year is \$10,130 and \$9,835 for the years ended June 30, 2018 and 2017, respectively.

Future lease payments required under operating leases that have initial or remaining non-cancelable lease terms due as of June 30, 2019, 2020, and 2021 are \$125,659, \$125,659, and \$89,503, respectively.

For the years ended June 30, 2018 and 2017, lease expense under all operating leases was \$309,305 and \$301,990, respectively.

**WESLEY HOUSE FAMILY SERVICES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018 AND 2017**

**NOTE 6 PUBLIC SUPPORT REQUIRING LOCAL RESOURCE MATCH**

During 2018, Wesley House received various grants. The following contracts required a specific local match:

Contract Title	Contract Number	Match Required	Match Provided
Ounce of Prevention Fund of Florida	HF-16-17-18	74,375	76,296
Our Kids of Miami-Dade/Monroe	PSSF	126,227	156,948
		<u>\$ 200,602</u>	<u>\$ 233,244</u>

**NOTE 7 CONTINGENCIES**

Wesley House receives a substantial amount of its support from federal and state governments in the form of grants. A significant reduction in the level of this support, if this were to occur, may have a significant effect on Wesley House's programs and activities.

Government grants require the fulfillment of certain conditions as set forth in the grant agreements. Failure to fulfill the conditions could result in the return of the funds to grantors. Based upon prior experience, management believes that disallowance's, if any, would be immaterial.

**NOTE 8 ENDOWMENT COMPOSITION**

Wesley House's permanently restricted endowment consists of funds established by the Marion Stevens Will. The fund was established in 2001 requiring the principal of the endowment to remain intact. The income from the endowment principal is used to fund scholarships for children whose families barely exceed the low income guidelines.

Endowment funds by category from inception to date and changes in endowment net assets for the year ended June 30, 2018 consist of the following:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Net Assets at Beginning of Year	\$ -	\$ -	\$ 129,936	\$ 129,936
Investment Return:				
Interest Income	-	1,318	-	1,318
Appropriations	-	(1,318)	-	(1,318)
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 129,936</u>	<u>\$ 129,936</u>

**WESLEY HOUSE FAMILY SERVICES, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018 AND 2017**

**NOTE 8 ENDOWMENT COMPOSITION (CONTINUED)**

Endowment funds by category from inception to date and changes in endowment net assets for the year ended June 30, 2017 consist of the following:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Net Assets at Beginning of Year	\$ -	\$ 1,342	\$ 129,936	\$ 131,278
Investment Return:				
Interest Income	-	1,317	-	1,317
Appropriations	-	(2,659)	-	(2,659)
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 129,936</u>	<u>\$ 129,936</u>

**Interpretation of Uniform Prudent Management of Institutional Funds**

During 2011, the State of Florida has enacted Uniform Prudent Management of Institutional Funds Act (UPMIFA) enhanced disclosure required by Accounting Standard Codification Endowments of Not-for-Profit Organizations: Net Assets Classification of Funds Subject to an Enacted Version of the UPMIFA, and Enhanced Disclosure for All Endowment Funds which become effective July 1, 2012. The Board of Directors of Wesley House is requiring the preservation of the fair value of the original gift as of the gift date of the donor restricted endowment funds per the donor stipulations.

As a result of this interpretation, Wesley House classifies the endowment as permanently restricted net assets. Wesley House considers the following factors in making a determination to appropriate or accumulate donor restricted endowment funds:

- 1) The duration and preservation of the fund
- 2) The purposes of the Organization and the donor restricted endowment fund
- 3) General economic conditions
- 4) The possible effect of inflation and deflation
- 5) The expected total return from income and the appreciation of investments
- 6) Other resources of the Organization
- 7) The investment policies of the Organization.

**Return Objectives and Risk Parameters**

Wesley House has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets.

**WESLEY HOUSE FAMILY SERVICES, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018 AND 2017**

**NOTE 8 ENDOWMENT COMPOSITION (CONTINUED)**

**Strategies Employed for Achieving Objectives**

The purpose of the Endowment Fund is to facilitate the board's desire to develop a source of revenue for Wesley House. In so doing, the Endowment Fund will provide a secure, long-term source of funds to: (a) fund special grants; (b) ensure long-term growth; (c) enhance our ability to meet changing needs in both the short and long-term; and, (d) support the administrative expenses of Wesley House as deemed appropriate.

**Spending Policy and How the Investment Objectives Relate to Spending Policy**

The board of directors has allowed use of the net income from donor restricted funds since 2001 to fund scholarships for children whose families are in need of support.

**Funds with Deficiencies**

From time to time, the fair value of assets associated with the donor restricted endowment funds could fall below the level that Wesley House's policies require to retain as a fund of perpetual duration. Wesley House has limited the likelihood of this by keeping the funds conservatively invested in a banking account. If there ever was a deficiency of this nature, it would be reported in unrestricted net assets. Wesley House does not have any deficiencies as of June 30, 2018 and 2017.

Donor restricted endowment funds are included in the statement of financial position under the following asset categories:

	2018	2017
Cash - Restricted	<u>\$ 129,936</u>	<u>\$ 129,936</u>

**NOTE 9 TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets are as follows at June 30:

	2018	2017
Present Value of Below Market Leases	\$ 1,406,080	\$ 1,553,600
Backpack Program	24,349	21,116
Foster Children Fund	32,641	30,125
Holiday Helpers	39,681	24,225
Miscellaneous Programs	1,549	6,132
Food for Families	-	1,062
	<u>\$ 1,504,300</u>	<u>\$ 1,636,260</u>

**WESLEY HOUSE FAMILY SERVICES, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018 AND 2017**

**NOTE 10 NET ASSETS RELEASED FROM RESTRICTION**

Net assets were released from restriction based on time and program restrictions. Net Assets released from restriction are as follows at June 30:

	2018	2017
Hurricane Relief	\$ 150,000	\$ -
Present Value of Below Market Leases	147,520	147,414
Backpack Program	18,934	25,731
Foster Children Fund	17,903	2,584
Holiday Helpers	11,949	8,833
Miscellaneous Programs	4,583	4,965
Marion Stevens Scholarships	1,318	2,659
Food for Families	1,062	-
	<u>\$ 353,269</u>	<u>\$ 192,186</u>

**NOTE 11 RELATED PARTY TRANSACTIONS**

Wesley House shares a board member with A.H. of Monroe County, Inc. Wesley House has an agreement with A.H. of Monroe County, Inc. to share their IT services, in exchange for a monthly cost-based fee. The total revenue earned under this agreement for the year ended June 30, 2018 totaled \$78,879. A.H. of Monroe County, Inc. provides property management services to Wesley House for their rental properties. The total expense incurred under this agreement, including property management fees and maintenance of homes for the year ended June 30, 2018 was \$36,307.

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

Board of Directors  
Wesley House Family Services, Inc.  
Key West, Florida

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 Wesley House Family Services, Inc., which comprise the statement of financial position as of June 30, 2018, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 13, 2018.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Wesley House Family Services, Inc.'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 Wesley House Family Services, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Wesley House Family Services, Inc.'s internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit 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.

Board of Directors  
Wesley House Family Services, Inc.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Wesley House Family Services, Inc.'s financial statements are free from 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 audit, 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 result of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

### **CliftonLarsonAllen LLP**

Lakeland, Florida  
November 13, 2018



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Board of Directors  
Wesley House Family Services, Inc.  
Key West, Florida

**Report on Compliance for Each Major Federal Program**

We have audited Wesley House Family Services, Inc.'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 Wesley House Family Services, Inc.'s major federal programs for the year ended June 30, 2018. Wesley House Family Services, Inc.'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.

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of Wesley House Family Services, Inc.'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 Wesley House Family Services, Inc.'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 Wesley House Family Services, Inc.'s compliance.

***Opinion on Each Major Federal Program***

In our opinion, Wesley House Family Services, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.



### **Report on Internal Control Over Compliance**

Management of Wesley House Family Services, Inc. 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 Wesley House Family Services, Inc.'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 Wesley House Family Services, Inc.'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 a 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.



**CliftonLarsonAllen LLP**  
Lakeland, Florida  
November 13, 2018

**WESLEY HOUSE FAMILY SERVICES, INC.**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND**  
**STATE FINANCIAL ASSISTANCE (CONTINUED)**  
**YEAR ENDED JUNE 30, 2018**

Federal Grantory/Pass Through Grantor/ Program or Cluster Title	Federal/State CFDA/CSFA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
<b>FEDERAL AWARDS - PASSED THROUGH</b>				
<b>U.S. Department of Agriculture</b>				
Passed through the State of Florida				
Department of Health:				
Child Care Food Program	10.558	I3397		\$ 42,260
Total Department of Agriculture				<u>42,260</u>
<b>U.S. Department of Health and Human Services</b>				
Passed through Our Kids of Miami-Dade/ Monroe, Inc. for Community Based Care: (Community Based Care Cluster Program)				
Promoting Safe and Stable Families	93.556	N/A		14,593
Temporary Assistance for Needy Families (TANF) Block Grants	93.558	N/A		426,773
Child Welfare Services - State Grants	93.645	N/A		246,055
Foster Care - Title IV-E	93.658	N/A		1,193,361
Adoption Assistance	93.659	N/A		237,536
Social Services Block Grant	93.667	N/A		2,240
Child Abuse and Neglect State Grants	93.669	N/A		16,127
Independent Living	93.674	N/A		63,992
Total Passed Through Our Kids of Miami/Dade Monroe, Inc.				<u>2,200,677</u>
Passed through Our Kids of Miami-Dade/ Monroe, Inc. for Community Based Care: State Matching Funds for Federal Programs (Community Based Care Cluster Program)				
Promoting Safe and Stable Families	93.556	N/A		4,864
Temporary Assistance for Needy Families (TANF) Block Grants	93.558	N/A		699,699
Child Welfare Services - State Grants	93.645	N/A		82,018
Foster Care - Title IV-E	93.658	N/A		1,139,351
Adoption Assistance	93.659	N/A		237,536
Independent Living	93.674	N/A		16,000
Total Passed Through Our Kids of Miami/Dade Monroe, Inc.				<u>2,179,468</u>
(Community Based Care Cluster Program)				<u>4,380,145</u>

**WESLEY HOUSE FAMILY SERVICES, INC.**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND**  
**STATE FINANCIAL ASSISTANCE (CONTINUED)**  
**YEAR ENDED JUNE 30, 2018**

Federal Grantory/Pass Through Grantor/ Program or Cluster Title	CFDA/CSFA Number	Entity Identifying Number	Through to Subrecipients	Federal Expenditures
Passed through the Ounce of Prevention Fund of Florida:				
Healthy Families - TANF	93.558	HF15-20-18		115,361
Promoting Safe and Stable Families	93.556	HF15-20-18		17,940
Total Passed Through the Ounce of Prevention Fund of Florida				<u>133,301</u>
Total Health and Human Services				<u>4,513,446</u>
<b>Total Federal Awards</b>				<u><u>\$ 4,555,706</u></u>

Sum of CFDA 93.556 = \$37,397  
Sum of CFDA 93.558 TANF Cluster = \$1,241,833  
Sum of CFDA 93.645 = \$328,073  
Sum of CFDA 93.658 = \$2,332,712  
Sum of CFDA 93.659 = \$475,072  
Sum of CFDA 93.674 = \$79,992

**STATE FINANCIAL ASSISTANCE - PASSED THROUGH**

**State of Florida Department of  
Children and Families**

Passed through Our Kids of Miami-Dade/  
Monroe, Inc.:  
(Community Based Care Cluster Program)  
Fund of Florida:

State Department of Children and Families Out of Home Supports	60.074	N/A		\$ 677,554
State Department of Children and Families In Home Supports	60.075	N/A		<u>68,524</u>
Total Passed through Our Kids of Miami-Dade/Monroe, Inc. (Community Based Care Cluster Program)				<u>746,078</u>
<b>Total State Financial Assistance</b>				<u><u>\$ 746,078</u></u>

**WESLEY HOUSE FAMILY SERVICES, INC.**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**AND STATE FINANCIAL ASSISTANCE**  
**YEAR ENDED JUNE 30, 2018**

**NOTE 1 BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards and state financial assistance (the "Schedule") includes the federal award and state financial assistance activity of Wesley House Family Services, Inc. (Wesley House) under programs of the federal government and State of Florida for the year ended June 30, 2018. The information in this Schedule is presented in accordance with the requirements of 2 CFR Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* and Chapter 10.650, *Florida Single Audit Act Audits – Nonprofit and For-Profit Organizations*, issued by the Auditor General of the State of Florida. Because the Schedule presents only a selected portion of the operations of Wesley House, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Wesley House.

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and Chapter 10.650, *Rules of the Auditor General*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Wesley House has elected not to use the 10-percent de minimus indirect cost rate as allowed under the Uniform Guidance.

**NOTE 3 MAJOR PROGRAM DETERMINATION**

The Community Based Care Cluster Program has funding sources which indicate that the source of funds includes multiple federal awards and state financial assistance. In accordance with Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* and Chapter 10.650, *Rules of the Auditor General*, each major program cannot be "unclustered" and, therefore, has been tested as a cluster. Wesley House did not have any major state programs for the year ended June 20, 2018. See the Summary of Auditor's Results on page 27.

**WESLEY HOUSE FAMILY SERVICES, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS –  
FEDERAL AWARDS**

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***Section I – Summary of Auditors' Results***

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***Financial Statements***

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None noted
Noncompliance material to basic consolidated financial statements noted?	No

***Federal Awards***

Internal control over major federal programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None noted
Type of auditor's report issued on compliance for major federal programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No

***Identification of Major Federal Programs***

<b>CFDA Number(s)</b>	<b>Name of Federal Program(s) or Cluster</b>	
Various	Community Based Care Cluster Program	
Dollar threshold used to determine Type A and Type B programs:		\$750,000
Auditee qualified as low-risk auditee?		Yes