

WESLEY HOUSE FAMILY SERVICES, INC.

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEARS ENDED JUNE 30, 2019 AND 2018



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**WESLEY HOUSE FAMILY SERVICES, INC.
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YEARS ENDED JUNE 30, 2019 AND 2018**

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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, 2019 and 2018, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

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, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

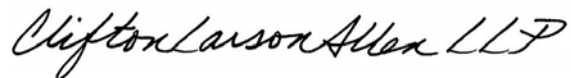
Other Matters

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 22, 2019, 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 22, 2019

WESLEY HOUSE FAMILY SERVICES, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2019 AND 2018

ASSETS	2019	2018
CURRENT ASSETS		
Cash	\$ 2,093,268	\$ 1,551,872
Cash - Restricted	417,931	271,323
Certificates of Deposit	101,044	404,426
Grants Receivable	136,522	266,427
Contributions Receivable, Current Portion	147,740	147,630
Other Accounts Receivable	33,141	55,248
Prepaid and Other Assets	180,806	154,493
Total Current Assets	3,110,452	2,851,419
FIXED ASSETS		
Land	1,025,499	960,452
Buildings	4,588,442	4,286,062
Improvements	1,492,033	1,467,158
Furniture and Fixtures	318,567	318,567
Equipment	456,176	466,535
Construction in Progress	-	8,184
Total Fixed Assets	7,880,717	7,506,958
Less: Accumulated Depreciation	(2,812,983)	(2,576,880)
Fixed Assets, Net	5,067,734	4,930,078
CONTRIBUTIONS RECEIVABLE, LESS CURRENT PORTION	1,110,711	1,258,450 *
Total Assets	\$ 9,288,897	\$ 9,039,947

* 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, 2019 AND 2018

	2019	2018
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 84,838	\$ 114,460
Accrued Expenses	429,082	426,401
Deferred Revenue	24,035	24,035
Current Portion of Long-Term Debt	-	39,697
Total Current Liabilities	537,955	604,593
LONG-TERM DEBT, NET OF CURRENT PORTION	-	165,728
Total Liabilities	537,955	770,321
NET ASSETS		
Without Donor Restrictions:		
Undesignated	7,079,331	6,635,390
Designated by the Board for Operating Reserve	39,562	-
Total Without Donor Restrictions	7,118,893	6,635,390
With Donor Restrictions:		
Purpose Restrictions	373,598	228,156
Time-Restricted for Future Periods	1,258,451	1,406,080
Total With Donor Restrictions	1,632,049	1,634,236
Total Net Assets	8,750,942	8,269,626
Total Liabilities and Net Assets	\$ 9,288,897	\$ 9,039,947

See accompanying Notes to Financial Statements.

WESLEY HOUSE FAMILY SERVICES, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND OTHER SUPPORT			
Grants	\$ 5,529,434	\$ 10,000	\$ 5,539,434
Program Fees	675,168	37,850	713,018
Special Events	123,306	44,275	167,581
Contributions	431,595	102,734	534,329
Donated Services, Facilities and Land	28,396	-	28,396
Interest Income	61,503	2,839	64,342
Interest Income on Contributions Receivable	31,099	-	31,099
United Way	7,500	10,000	17,500
Miscellaneous	176,253	-	176,253
Net Assets Released from Restrictions	209,885	(209,885)	-
Total Revenues and Other Support	7,274,139	(2,187)	7,271,952
EXPENSES			
Program Services:			
Full Case Management	4,236,172	-	4,236,172
Family Services	552,792	-	552,792
Healthy Families	445,780	-	445,780
Child Development Center	1,050,322	-	1,050,322
Management and General:			
Facility	94,026	-	94,026
Administration	274,496	-	274,496
Other Support Services	118,306	-	118,306
Fundraising	18,742	-	18,742
Total Expenses	6,790,636	-	6,790,636
CHANGE IN NET ASSETS	483,503	(2,187)	481,316
Net Assets, Beginning of Year	6,635,390	1,634,236	8,269,626
NET ASSETS, END OF YEAR	\$ 7,118,893	\$ 1,632,049	\$ 8,750,942

See accompanying Notes to Financial Statements.

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

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND OTHER SUPPORT			
Grants	\$ 5,703,496	\$ 30,000	\$ 5,733,496
Program Fees	700,294	-	700,294
Special Events	137,754	-	137,754
Contributions	136,546	183,043	319,589
Donated Services and Facilities	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	161,412	-	161,412
Net Assets Released from Restrictions	353,269	(353,269)	-
Total Revenues and Other Support	7,277,611	(131,960)	7,145,651
EXPENSES			
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
Total Expenses	7,054,422	-	7,054,422
CHANGE IN NET ASSETS	223,189	(131,960)	91,229
Net Assets, Beginning of Year	6,412,201	1,766,196	8,178,397
NET ASSETS, END OF YEAR	\$ 6,635,390	\$ 1,634,236	\$ 8,269,626

See accompanying Notes to Financial Statements.

**WESLEY HOUSE FAMILY SERVICES, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2019**

	Program Services				Management and General						
	Full Case Management	Family Services	Healthy Families	Child Development Center	Total Program Services	Facility	Administration	Other Support	Total Management and General	Fundraising	Total
Salary and Wages	\$ 1,931,993	\$ 286,593	\$ 217,971	\$ 478,398	\$ 2,914,955	\$ 98,674	\$ 686,489	\$ 7,033	\$ 792,196	\$ -	\$ 3,707,151
Benefits and Payroll Taxes	534,191	52,155	64,860	141,061	792,267	37,034	192,098	1,021	230,153	-	1,022,420
Rent	7,788	-	-	152,997	160,785	152,578	5,280	-	157,858	-	318,643
Depreciation	12,860	-	-	81,598	94,458	193,484	2,446	-	195,930	-	290,388
Professional Fees	8,963	-	-	-	8,963	-	43,761	-	43,761	-	52,724
Flex Funds Expenditures	364,310	35,147	-	-	399,457	-	-	64,576	64,576	-	464,033
Travel	112,773	18,349	26,522	-	157,644	1,708	5,110	-	6,818	-	164,462
Staff Training	22,007	2,832	-	868	25,707	-	10,135	-	10,135	-	35,842
Utilities	-	-	-	24,017	24,017	30,686	-	-	30,686	-	54,703
Telephone	28,335	3,965	4,858	682	37,840	1,866	23,301	-	25,167	-	63,007
Office, Operating Supplies	4,581	66	1,485	8,343	14,475	27,811	10,037	-	37,848	-	52,323
Food and Personal Care	2,045	-	351	66,189	68,585	68	511	9,275	9,854	-	78,439
Fundraising	-	-	-	-	-	-	-	-	-	53,560	53,560
Other Grant Expenditures	3,091	-	-	-	3,091	-	79	36,401	36,480	-	39,571
Maintenance	223	-	-	28,175	28,398	92,580	34,143	-	126,723	-	155,121
Insurance	36,900	2,646	2,042	2,077	43,665	23,191	7,324	-	30,515	-	74,180
Licenses and Hiring	31,065	12,620	225	4,830	48,740	-	3,452	-	3,452	-	52,192
Purchase of Services	320	-	-	-	320	11,024	3,568	-	14,592	-	14,912
Miscellaneous	37,327	2,130	11,620	15,186	66,263	5,867	24,835	-	30,702	-	96,965
Total Expenses	3,138,772	416,503	329,934	1,004,421	4,889,630	676,571	1,052,569	118,306	1,847,446	53,560	6,790,636
Allocation of Facility Costs	443,757	59,350	43,029	-	546,136	(582,545)	36,409	-	(546,136)	-	-
Allocation of Administration Costs	653,643	76,939	72,817	45,901	849,300	-	(814,482)	-	(814,482)	(34,818)	-
Total Expenses After Allocation	\$ 4,236,172	\$ 552,792	\$ 445,780	\$ 1,050,322	\$ 6,285,066	\$ 94,026	\$ 274,496	\$ 118,306	\$ 486,828	\$ 18,742	\$ 6,790,636

See accompanying Notes to Financial Statements.

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

	Program Services				Management and General						
	Full Case Management	Family Services	Healthy Families	Child Development Center	Total Program Services	Facility	Administration	Other Support	Total Management and General	Fundraising	Total
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	115	24,465	-	24,580	-	55,940
Total Expenses	3,151,698	358,374	298,260	1,044,629	4,852,961	673,270	1,230,544	239,988	2,143,802	57,659	7,054,422
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)	-
Total Expenses After Allocation	\$ 4,412,637	\$ 504,907	\$ 425,920	\$ 1,094,107	\$ 6,437,571	\$ 91,861	\$ 277,969	\$ 239,988	\$ 609,818	\$ 7,033	\$ 7,054,422

See accompanying Notes to Financial Statements.

WESLEY HOUSE FAMILY SERVICES, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2019 AND 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in Net Assets	\$ 481,316	\$ 91,229
Adjustments to Reconcile Increase in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	290,388	290,348
(Increase) Decrease in Assets:		
Grants Receivable	129,905	(91,780)
Contributions Receivable	147,629	147,520
Other Accounts Receivable	22,107	(1,832)
Prepaid Expenses and Other Assets	(26,313)	(375)
Increase (Decrease) in Liabilities:		
Accounts Payable	(29,622)	17,176
Accrued Expenses	2,681	40,353
	1,018,091	492,639
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Sale of Investments	304,567	-
Purchase of Certificates of Deposit	(1,185)	(1,805)
Purchase of Fixed Assets	(428,044)	(49,669)
	(124,662)	(51,474)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal Payments on Long-Term Debt	(205,425)	(38,686)
	(205,425)	(38,686)
NET CHANGE IN CASH AND CASH EQUIVALENTS	688,004	402,479
Cash and Cash Equivalents, Beginning of Year	1,823,195	1,420,716
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 2,511,199	\$ 1,823,195
RECONCILIATION OF CASH AND CASH EQUIVALENTS		
Cash and Cash Equivalents	\$ 2,093,268	\$ 1,551,872
Cash - Restricted	417,931	271,323
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 2,511,199	\$ 1,823,195
SUPPLEMENTAL DISCLOSURE		
Cash Paid for Interest	\$ 4,295	\$ 5,856

See accompanying Notes to Financial Statements.

WESLEY HOUSE FAMILY SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

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.

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, net assets with restriction are reclassified to net assets without restriction 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 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, 2019 and 2018, the following entities provided more than 10% of total revenues:

	<u>2019</u>	<u>2018</u>
Our Kids of Miami-Dade/Monroe, Inc.	68%	72%

WESLEY HOUSE FAMILY SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2019 and 2018 are \$2,511,199 and \$1,823,195. The bank balances are \$2,532,813 and \$1,871,424, 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 net assets with donor restriction, less the contribution receivable.

Certificates of Deposit

Certificates of deposit are stated at cost. The certificates bear an interest rate of 0.15%.

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.

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 \$5,000 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	10-39 Years
Furniture, Fixtures and Equipment	3-10 Years

WESLEY HOUSE FAMILY SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 liability insurance valued at \$28,396 and \$36,650 for the years ended June 30, 2019 and 2018, respectively. See Note 3 for information on below market leases received by Wesley House.

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, 2019, 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.

Basis of Presentation

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve and board-designated endowment.

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) 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. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. 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.

WESLEY HOUSE FAMILY SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

We report contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions

Net Assets Released from Restrictions

When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restriction are reclassified to net assets without donor restriction 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. This allocation is based upon time and effort spent on the programs and supporting services. 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, 2019 to determine the need for any adjustments to and/or disclosures within the audited financial statements for the years ended June 30, 2019 and 2018. Management has performed their analysis through November 22, 2019, and has noted no subsequent events.

Pending Accounting Pronouncements

In May 2014, the FASB issued Accounting Standards Update (ASU) No. 2014-09, Revenue from Contracts with Customers (Topic 606), requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The updated standard will replace most existing revenue recognition in U.S. GAAP when it becomes effective and permits the use of either a full retrospective or retrospective with cumulative effect transition method. In August 2015, the FASB issued ASU No. 2015-14, which defers the effective date of ASU No. 2014-09 one year, making it effective for annual reporting periods beginning after December 15, 2018. Wesley House is currently evaluating the impact the adoption of this guidance will have on its financial statements.

WESLEY HOUSE FAMILY SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Pending Accounting Pronouncements (Continued)

In June 2018, the FASB issued amended guidance to clarify and improve the scope and the accounting guidance for contributions received and contributions made. This amended guidance distinguishes between contributions and exchange transactions and assists in determining which guidance to apply. For contributions, the guidance in Subtopic 958-605, *Not-for-Profit Entities—Revenue Recognition*, should be followed. For exchange transactions, Topic 606, *Revenue from Contracts with Customers*, should be followed. In addition, once a transaction is deemed to be a contribution, this amended guidance assists in determining whether a contribution is conditional or unconditional, and if unconditional, whether the transaction is donor-restricted for a limited purpose or timing. The guidance should be applied on a modified prospective basis. As a resource recipient, the guidance will be effective for the Wesley House for the year ending June 30, 2020. As a resource provider, the guidance will be effective for Wesley House for the year ending June 30, 2020. Early adoption is permitted.

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*. A lessee is required to record a right-of-use asset and a lease liability for all leases with a term of greater than 12 months. Leases with a term of 12 months or less will be accounted for similar to existing guidance for operating leases. The ASU is expected to impact Wesley House's financial statements as Wesley House has certain operating lease arrangements for which it is the lessee. The standard is effective on for fiscal years beginning after December 15, 2020, with early adoption permitted. Management is currently evaluating the impact the adoption of this guidance will have on its financial statements.

Reclassifications

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements. The reclassifications have no effect on the previously reported net income or equity.

NOTE 2 LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

Cash and Cash Equivalents	\$ 2,093,268
Grants Receivable	136,522
Contributions Receivable, Current Portion	147,740
Accounts Receivable	33,141
Total	<u>\$ 2,410,671</u>

WESLEY HOUSE FAMILY SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 2 LIQUIDITY AND AVAILABILITY (CONTINUED)

The vast majority of Wesley House Family Services, Inc.'s assets are without donor restriction. The Organization's endowment funds consist of donor-restricted endowments and funds designated by the board as endowments. Income from donor-restricted endowments is restricted for specific purposes, with the exception of the amounts available for general use. Donor-restricted endowment funds are not available for general expenditure.

Although the Organization does not intend to spend from the board-designated funds of \$39,562, (other than amounts appropriated for general expenditure as part of the board's annual budget approval and appropriation), these amounts could be made available if necessary.

NOTE 3 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, 2019 and 2018, Wesley House's contributions receivable was \$1,258,451 and \$1,406,080, respectively. Included in "contributions receivable" are below market leases for the following child care and family service sites and land for June 30, 2019:

	Inez Martin	Spalding Court	Truman Lot	Total
Due in Less than One Year	\$ 157,587	\$ 15,757	\$ 10,746	\$ 184,090
Due in One to Five Years	861,749	86,163	37,237	985,149
Due in More than Five Years	285,073	638,421	-	923,494
	<u>1,304,409</u>	<u>740,341</u>	<u>47,983</u>	<u>2,092,733</u>
Unamortized Discount	<u>(329,897)</u>	<u>(494,487)</u>	<u>(9,898)</u>	<u>(834,282)</u>
Total Contributions Receivable, Net	<u>\$ 974,512</u>	<u>\$ 245,854</u>	<u>\$ 38,085</u>	<u>\$ 1,258,451</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%.

WESLEY HOUSE FAMILY SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

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, 2019 and 2018, Wesley House's pension contribution was \$139,534 and \$120,938 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 \$15,298 and \$14,852 for the years ended June 30, 2019 and 2018, respectively. The Inez Martin day care facility is provided to Wesley House at no cost. The estimated fair rental value of the facility is \$154,258 and \$148,541 for the years ended June 30, 2019 and 2018, 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 \$10,433 and \$10,130 for the years ended June 30, 2019 and 2018, respectively.

Future lease payments required under operating leases that have initial or remaining non-cancelable lease terms due as of June 30, 2020 and 2021 are \$125,658 and \$89,503 respectively.

For the years ended June 30, 2019 and 2018, lease expense under all operating leases was \$318,643 and \$309,306, respectively.

NOTE 6 PUBLIC SUPPORT REQUIRING LOCAL RESOURCE MATCH

During 2019, 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	92,350
Our Kids of Miami-Dade/Monroe	PSSF	137,536	173,380
		<u>\$ 211,911</u>	<u>\$ 265,730</u>

WESLEY HOUSE FAMILY SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

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 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, 2019 consist of the following:

	<u>Without Restrictions</u>	<u>With Restrictions</u>	<u>Total</u>
Net Assets at Beginning of Year	\$ -	\$ 129,936	\$ 129,936
Investment Return:			
Interest Income	-	2,350	2,350
Appropriations	-	(2,350)	(2,350)
	<u>\$ -</u>	<u>\$ 129,936</u>	<u>\$ 129,936</u>

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:

	<u>Without Restrictions</u>	<u>With Restrictions</u>	<u>Total</u>
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>\$ 129,936</u>	<u>\$ 129,936</u>

WESLEY HOUSE FAMILY SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 8 ENDOWMENT COMPOSITION (CONTINUED)

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 net assets with donor restrictions. 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.

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, 2019 and 2018.

**WESLEY HOUSE FAMILY SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018**

NOTE 8 ENDOWMENT COMPOSITION (CONTINUED)

Funds with Deficiencies (Continued)

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

	2019	2018
Cash - Restricted	<u>\$ 129,936</u>	<u>\$ 129,936</u>

NOTE 9 NET ASSETS WITH DONOR RESTRICTION

Net assets with donor restriction are restricted for the following purposes as follows at June 30:

	2019	2018
Subject to Expenditure for Specified Purpose:		
Present Value of Below Market Leases	\$ 1,258,451	\$ 1,406,080
Backpack Program	27,521	24,349
Foster Children Fund	29,877	32,641
Holiday Helpers	40,165	39,681
Summer Camps	33,555	-
Edward Knight Foundation	75,000	-
Miscellaneous Programs	37,544	1,549
Total	<u>1,502,113</u>	<u>1,504,300</u>
Endowments		
Not Subject to Spending Policy or Appropriation	<u>129,936</u>	<u>129,936</u>
Total Net Assets with Donor Restrictions	<u>\$ 1,632,049</u>	<u>\$ 1,634,236</u>

Net assets were released from donor restriction by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the years ended June 30:

	2019	2018
Satisfaction of Purpose Restrictions:		
Hurricane Relief	\$ -	\$ 150,000
Present Value of Below Market Leases	147,629	147,520
Backpack Program	17,329	18,934
Foster Children Fund	18,066	17,903
Holiday Helpers	11,936	11,949
Miscellaneous Programs	12,575	4,583
Marion Stevens Scholarships	2,350	1,318
Food for Families	-	1,062
	<u>\$ 209,885</u>	<u>\$ 353,269</u>

WESLEY HOUSE FAMILY SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 10 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, 2019 totaled \$96,081. 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, 2019 was \$22,315.



**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, 2019, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 22, 2019.

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.

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 results 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.



CliftonLarsonAllen LLP

Lakeland, Florida
November 22, 2019



**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, 2019. 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, 2019.

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 22, 2019

WESLEY HOUSE FAMILY SERVICES, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND
STATE FINANCIAL ASSISTANCE
YEAR ENDED JUNE 30, 2019

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
FEDERAL AWARDS - PASSED THROUGH				
U.S. Department of Agriculture				
Passed through the State of Florida				
Department of Health:				
Child Care Food Program	10.558	I3397		\$ 17,937
Total Department of Agriculture				<u>17,937</u>
U.S. Department of Health and Human Services				
Passed through Our Kids of Miami-Dade/ Monroe, Inc. for Community Based Care: (Community Based Care Cluster Program)				
Promoting Safe and Stable Families Temporary Assistance for Needy Families (TANF) Block Grants	93.556	N/A		110,574
Child Welfare Services - State Grants	93.558	N/A		541,297
Foster Care - Title IV-E	93.645	N/A		152,736
Adoption Assistance	93.658	N/A		1,250,391
Social Services Block Grant	93.659	N/A		286,839
Child Abuse and Neglect State Grants	93.667	N/A		2,293
Total Passed Through Our Kids of Miami/Dade Monroe, Inc.	93.669	N/A		<u>18,620</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 Temporary Assistance for Needy Families (TANF) Block Grants	93.556	N/A		22,532
Child Welfare Services - State Grants	93.558	N/A		459,164
Foster Care - Title IV-E	93.645	N/A		50,222
Adoption Assistance	93.658	N/A		1,104,375
Total Passed Through Our Kids of Miami/Dade Monroe, Inc.	93.659	N/A		<u>271,745</u>
Total Passed Through Our Kids of Miami/Dade Monroe, Inc. (Community Based Care Cluster Program)				<u>1,908,038</u>
				<u>4,270,788</u>

**WESLEY HOUSE FAMILY SERVICES, INC.
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND
 STATE FINANCIAL ASSISTANCE (CONTINUED)
 YEAR ENDED JUNE 30, 2019**

Passed through the Ounce of Prevention
 Fund of Florida:

Healthy Families - TANF	93.558	HF15-20-18	98,709
Promoting Safe and Stable Families	93.556	HF15-20-18	15,351
Total Passed Through the Ounce of Prevention Fund of Florida			114,060
Total Health and Human Services			4,384,848
Total Federal Awards			\$ 4,402,785

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	\$ 580,821
State Department of Children and Families In Home Supports	60.075	N/A	55,215
State Department of Children and Families CBC Purchase Therapeutic Services for Children	60.183	NA	47,007
Total Passed through Our Kids of Miami-Dade/Monroe, Inc. (Community Based Care Cluster Program)			683,043
Total State Financial Assistance			\$ 683,043

WESLEY HOUSE FAMILY SERVICES, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
YEAR ENDED JUNE 30, 2019

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, 2019. 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 30, 2019. See the Summary of Auditor's Results on page 28.

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

Section I – Summary of Auditors' Results

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

CFDA Number(s)	Name of Federal Program(s) or Cluster
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