

**FEDERATION OF FAMILIES MIAMI-DADE
CHAPTER, INC.**

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED
JUNE 30, 2019

TABLE OF CONTENTS

INDEPENDENT AUDITOR'S REPORT	1-2
FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of Activities and Changes in Net Assets	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements	7-9
SUPPLEMENTARY INFORMATION	
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an audit of Financial Statements Performed In Accordance With <i>Government Auditing Standards</i>	10-11



GUTIERREZ MADARIAGA

CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Federation of Families Miami-Dade Chapter, Inc.
Miami, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of Federation of Families Miami-Dade Chapter, Inc. (the "Organization") (a nonprofit corporation) which comprise the statement of financial position as of June 30, 2019, and the related statement of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 24, 2020 on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

Gutierrez Madariaga, CPA P.A.

GUTIERREZ MADARIAGA, CPA P.A.
Miami, Florida
January 24, 2020

FEDERATION OF FAMILIES MIAMI-DADE CHAPTER, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2019

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 218,706
Grants receivable	<u>63,475</u>
TOTAL CURRENT ASSETS	282,181

FURNITURE AND EQUIPMENT, NET

4,470

OTHER ASSETS

3,928

TOTAL ASSETS

\$ 290,579

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable and accrued expenses	\$ <u>16,547</u>
TOTAL LIABILITIES	16,547

NET ASSETS

Without donor restrictions	<u>274,032</u>
TOTAL NET ASSETS	<u>274,032</u>

TOTAL LIABILITIES AND NET ASSETS

\$ 290,579

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

**FEDERATION OF FAMILIES MIAMI-DADE CHAPTER, INC.
 STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
 FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Without Donor Restrictions</u>
SUPPORT AND REVENUE	
Grant revenue	\$ 620,407
Contributions	150
Special events and other income	4,897
TOTAL SUPPORT AND REVENUE	<u>625,454</u>
EXPENSES	
Program services	
Youth and Families Prevention Services	569,811
Total Program Services	<u>569,811</u>
Support Activities	
General and administrative	145,191
Total Support Activities	<u>145,191</u>
TOTAL EXPENSES	<u>715,002</u>
CHANGE IN NET ASSETS	(89,548)
NET ASSETS AT BEGINNING OF YEAR	<u>363,580</u>
NET ASSETS AT END OF YEAR	<u><u>\$ 274,032</u></u>

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

**FEDERATION OF FAMILIES MIAMI-DADE CHAPTER, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2019**

	Program Services	Supporting Services	Total
	Youth and Families Prevention Services	General & Administrative	Expenses
Salaries	\$ 300,661	\$ 115,308	\$ 415,969
Benefits and payroll taxes	62,793	6,976	69,769
Advertising	29	3	32
Conferences and meetings	16,583	1,842	18,425
Information technology	4,116	457	4,573
Insurance	15,510	1,723	17,233
Occupancy	25,920	2,880	28,800
Office expenses	8,299	922	9,221
Other programming and supporting	38,246	4,249	42,495
Outside services	34,004	3,778	37,782
Professional fees	14,592	1,621	16,213
Program facilitators	16,447	1,827	18,274
Travel	10,225	1,136	11,361
Youth move expenses	18,367	2,023	20,390
Sub-total	565,792	144,745	710,537
Depreciation	4,019	446	4,465
Total	<u>\$ 569,811</u>	<u>\$ 145,191</u>	<u>\$ 715,002</u>

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

**FEDERATION OF FAMILIES MIAMI-DADE CHAPTER, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2019**

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	<u>\$ (89,548)</u>
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Depreciation	4,465
(Increase) Decrease in operating assets:	
Grants receivable	(29,970)
Other assets	4,244
Increase (Decrease) in operating liabilities:	
Accounts payable and accrued expenses	<u>(344)</u>
Total adjustments	<u>(21,605)</u>
NET CASH USED IN OPERATING ACTIVITIES	(111,153)
 NET DECREASE IN CASH AND EQUIVALENTS	 (111,153)

CASH AND CASH EQUIVALENTS

Beginning of year	<u>329,859</u>
 End of year	 <u><u>\$ 218,706</u></u>

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

**FEDERATION OF FAMILIES MIAMI-DADE CHAPTER, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 1 – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

Nature of Activities

Federation of Families Miami-Dade Chapter, Inc. (the "Organization"), is a 501c 3 not for profit organization and the local chapter of the National Federation of Families for Children's Mental Health, a family-run organization linking over 120 chapters and state organizations focused on the challenges of children and youth with behavioral health needs and their families. The Organization collaborates with other organizations to improved behavioral health services in a manner that is responsive to the cultural diversity of the community.

Basis of Accounting and Presentation

The accompanying financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") promulgated by the Financial Accounting Standards Board Accounting Standards Codification ("ASC"). Consequently, the Organization's resources are classified and reported in the accompanying financial statements as separate classes of net assets based on the existence or absence of donor-imposed restrictions as follows:

Net assets without donor restrictions – include those net assets whose use is not restricted by donors, even though their use may be limited in other respects, such as by contract or by board designation. Changes in net assets arising from exchange transactions (except income and gains on assets that are restricted by donors or by law) are included in the net assets without donor restriction class.

Net assets with donor restrictions – include those net assets whose use by the Organization has been limited by donor imposed stipulations that either expire by the passage of time or can be fulfilled by expending the funds for their restricted purpose. These include donor restrictions requiring the net assets be held in perpetuity or for a specified term with the investment return available for operations.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, amounts due from banks and investments with a maturity of three months or less when purchased.

Concentration of Credit Risk

Financial instruments that potentially subject the Organization to concentration of credit risk consist principally of cash equivalents. At times, cash balances may exceed the levels of insurance provided by the Federal Deposit Insurance Coverage (FDIC).

Grants receivable

Grants receivable are stated at the amount management expects to collect from balances outstanding. Management closely monitors outstanding balances throughout the year, and writes off all balances that are considered uncollectible.

Revenue Recognition

Revenues are recognized when earned and costs and expenses when incurred. Also, contributions received, including unconditional promises, are recognized as revenues when the donor's commitment is received. Conditional promises are recognized as revenue when the donor's stipulations are substantially met.

Revenues from grants are recognized according to the specific agreement. Generally, revenues from purpose or time restricted grants are recognized in the period of the grant award. Revenues from cost reimbursement and performance grants are recognized to the extent of project expenses incurred. Grants are subject to audit by the awarding agency. Based on prior experience, management believes that costs ultimately disallowed, if any, would not materially affect the Organization's financial position.

Contributions

All contributions are without donor restrictions unless specifically restricted by the donor. All pledges receivable and amounts received that are donor restricted for future periods or donor restricted for specific purposes are reported as net assets with donor restrictions, depending upon the nature of the restriction. Net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the statement of activities as net assets released from restriction when the donor stipulated time restriction ends or the purpose restriction is accomplished by the Organization. All gifts granted to the Organization are recorded at fair value at the time of receipt.

**FEDERATION OF FAMILIES MIAMI-DADE CHAPTER, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 1 – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (Continued)

Impairment of Long-Lived Assets

The Organization's management evaluates the recoverability of the investment in long-lived assets on an ongoing basis and recognizes any impairment in the year of determination. Long-lived assets were tested for impairment as of June 30, 2019, and in the opinion of management, there was no impairment.

Furniture and Equipment

Furniture and equipment are stated at cost, net of accumulated depreciation. Depreciation is computed using the straight line method over the useful lives of the asset, which range from 5 to 15 years. The cost of repairs and maintenance is expense as incurred; major replacements and improvements are capitalized. When assets are retired or disposed of the cost and accumulated depreciation are removed from the accounts, and any resulting gains or losses are included in changes in net assets in the year of disposition.

Income Taxes

The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for federal or state income taxes has been made in the accompanying financial statements. The Organization recognizes and measures tax positions taken or expected to be taken in its tax return based on their technical merit and assesses the likelihood that the positions will be sustained upon examination based on the facts, circumstances and information available at the end of each period. Interest and penalties on tax liabilities, if any, would be recorded in interest expense and other non-interest expense, respectively.

The U.S. Federal jurisdiction and Florida are the major tax jurisdictions where the Organization files tax returns. The Organization is generally no longer subject to U.S. Federal or State examinations by tax authorities for years before 2016.

Use of Estimates

The preparation of these financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Fair Value Measurement

Assets and liabilities that are measured at fair value use valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs by requiring that the observable inputs be used when available. Fair value estimates involve uncertainties and matters of significant judgment.

Functional Allocation of Expenses

The costs of providing programs and other activities have been summarized on a functional basis in the statement of functional expenses. The financial statements report certain categories of expenses that are attributable to the program or supporting function of the Organization, including certain administrative costs, depreciation, and insurance. Allocation of such expenses is based upon the Organization's personnel time and effort. Such estimates are determined by management.

New Accounting Pronouncements

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-14, Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities. The Organization has adjusted the presentation of its financial statements accordingly. The new standard changes the following aspects of the Organization's financial statements:

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

Subsequent Events

The Organization has evaluated subsequent events through January 24, 2020, which is the date the financial statements were available to be issued.

**FEDERATION OF FAMILIES MIAMI-DADE CHAPTER, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

NOTE 2 – GRANTS RECEIVABLE

Grants receivable consist of the following as of June 30, 2019:

Citrus Family Care Network	\$ 30,332
The Children's Trust	<u>33,143</u>
Total	<u><u>\$ 63,475</u></u>

NOTE 3 – FURNITURE AND EQUIPMENT, NET

Furniture and equipment consist of the following as of June 30, 2019:

Equipment	\$ 13,718
Furniture and fixtures	14,960
Leasehold improvements	<u>1,545</u>
Total	30,223
Less: Accumulated depreciation	<u>(25,753)</u>
Property and equipment, net	<u><u>\$ 4,470</u></u>

Depreciation expense for the year ended June 30, 2019 was \$4,465.

NOTE 4 - CONTRACT FUNDING AND ECONOMIC DEPENDENCE

A significant portion of the Organization's funding is received from Citrus Family Care Network and The Children's Trust. The contracts with Citrus Family Care Network and The Children's Trust are on a cost reimbursement basis and are renewable on an annual basis. A significant reduction in the level of this funding, if this were to occur, may have a material effect on the Organization's programs and activities. Revenues received under these contracts represent 99% of the Organization's total support and revenue for the year ended June 30, 2019.

NOTE 5- GRANTS

The Organization participates in federal grant assistance programs. Amounts received and expended under various federal and state programs are subject to audit by governmental agencies to determine if activities undertaken by the Organization comply with conditions of the grants. Management believes that no material liability will arise from any such audits.

NOTE 6 – COMMITMENTS

The Organization has an operating lease for office rent and is currently on a month to month basis. Rent expense for the year ended June 30, 2019 was \$28,800.

NOTE 7 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Organization has \$282,181 of financial assets available within one year of June 30, 2019 to meet cash needs for general expenditures, consisting of \$218,706 of cash and grants receivable of \$63,475. None of these financial assets are subject to donor or contractual restrictions that make them unavailable for general expenditures within one year of June 30, 2019. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due.

SUPPLEMENTARY INFORMATION



GUTIERREZ MADARIAGA

CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

INDEPENDENT AUDITOR'S 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*

To the Board of Directors of
Federation of Families Miami-Dade Chapter, Inc.

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 Federation of Families Miami-Dade Chapter, Inc. (the "Organization") (a nonprofit organization), which comprise the statement of financial position as of June 30, 2019, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 24, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

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

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

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Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Gutierrez Madariaga, CPA P.A.

GUTIERREZ MADARIAGA, CPA P.A.
Miami, Florida
January 24, 2020