

FLORIDA KEYS CHILDREN'S SHELTER, INC.

**FINANCIAL STATEMENTS AND
SUPPLEMENTAL INFORMATION**

YEAR ENDED JUNE 30, 2009

FLORIDA KEYS CHILDREN'S SHELTER, INC.
FINANCIAL STATEMENTS
JUNE 30, 2009

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MAGRAM & MAGRAM, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

GARY R. MAGRAM, C.P.A.
HOWARD J. MAGRAM, C.P.A.

MEMBERS: AMERICAN INSTITUTE OF C.P.A.'S
FLORIDA INSTITUTE OF C.P.A.'S

INDEPENDENT AUDITOR'S REPORT

To The Board of Directors
Florida Keys Children's Shelter, Inc.
Tavernier, Florida

We have audited the accompanying statement of financial position of the Florida Keys Children's Shelter, Inc. as of June 30, 2009 and the related statement of activities, cash flows and functional expenses for the year then ended. These financial statements are the responsibility of the Florida Keys Children's Shelter, Inc.'s management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Florida Keys Children's Shelter, Inc. as of June 30, 2009, and the changes in its net assets and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards we have also issued a report dated October 16, 2009 on our consideration of the Florida Keys Children's Shelter, 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Magram & Magram, P.A.

MAGRAM & MAGRAM, P.A.

October 16, 2009

FLORIDA KEYS CHILDREN'S SHELTER, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2009

ASSETS

CURRENT ASSETS

| | | |
|---------------------------------|----|---------------|
| Cash and cash equivalents | \$ | 36,842 |
| Grants and contracts receivable | | 171,524 |
| Prepaid expenses | | <u>39,623</u> |

Total Current Assets \$ 247,989

Property and Equipment, net of
\$712,135 accumulated depreciation 797,552

Investments 123,009

Other Assets 7,477

TOTAL ASSETS \$ 1,176,027

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

| | | |
|------------------|----|----------------|
| Accounts payable | \$ | 15,705 |
| Accrued expenses | | <u>170,669</u> |

Total Current Liabilities \$ 186,374

Net Assets

| | | |
|------------------------|--|---------------|
| Unrestricted | | 928,599 |
| Temporarily restricted | | 11,054 |
| Permanently restricted | | <u>50,000</u> |

Total Net Assets 989,653

TOTAL LIABILITIES AND NET ASSETS \$ 1,176,027

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

FLORIDA KEYS CHILDREN'S SHELTER, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2009

| | |
|---|-----------------------|
| REVENUE & SUPPORT | |
| Federal awards | \$ 280,352 |
| State financial assistance | 678,768 |
| Other grants and contracts | 796,200 |
| Special events | 41,197 |
| In-kind contributions | 76,840 |
| Contributions | 259,981 |
| Interest and dividends | 12,931 |
| Unrealized loss on investments | (56,492) |
| Net assets released from restrictions | <u>446</u> |
| Total Revenue and Support | <u>2,090,223</u> |
| EXPENSES | |
| Program Services | |
| Wesley House | 305,325 |
| CINS/FINS Shelter | 677,712 |
| Poinciana Emergency Shelter | 230,139 |
| Poinciana Group Home | 246,744 |
| School Board Counselors | 225,339 |
| Jelesma Counselors | 65,446 |
| Project Outreach | 135,466 |
| Runaway & Homeless | <u>206,506</u> |
| Total Program Services | <u>2,092,677</u> |
| Support Services | |
| Management and general | 95,866 |
| Fund raising | <u>112,224</u> |
| Total Support Services | <u>208,090</u> |
| Total Expenses | <u>2,300,767</u> |
| DECREASE IN UNRESTRICTED NET ASSETS | (210,544) |
| TEMPORARILY RESTRICTED NET ASSETS | |
| Donations | 11,500 |
| Net assets released from restrictions | <u>(446)</u> |
| Increase in Temporarily Restricted Net Assets | <u>11,054</u> |
| DECREASE IN NET ASSETS | (199,490) |
| NET ASSETS, beginning of year | <u>1,189,143</u> |
| NET ASSETS, end of year | <u>\$ 989,653</u> |

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

FLORIDA KEYS CHILDREN'S SHELTER, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2009

| | |
|---|----------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | |
| Decrease in Net Assets | \$ (199,490) |
| Adjustments to reconcile decrease in net assets to net cash provided by operating activities: | |
| Depreciation | 58,736 |
| Change in unrealized loss on marketable securities | 56,492 |
| Changes in assets and liabilities: | |
| Decrease in grants and contracts receivable | 49,576 |
| Increase in prepaid expenses | (17,709) |
| Decrease in accounts payable | (11,858) |
| Increase in deposits | (2,208) |
| Decrease in accrued expenses | <u>(21,802)</u> |
| Net Cash Provided By Operating Activities | \$ (88,263) |
| CASH FLOWS FROM INVESTING ACTIVITIES: | |
| Purchase of property and equipment | (4,811) |
| Purchase of securities | <u>(12,767)</u> |
| Net Cash (Used) By Investing Activities | <u>(17,578)</u> |
| NET (DECREASE) IN CASH AND CASH EQUIVALENTS | (105,841) |
| CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR | <u>142,683</u> |
| CASH AND CASH EQUIVALENTS - END OF YEAR | <u>\$ 36,842</u> |
| SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION: | |
| Cash paid for interest | <u>\$ -</u> |

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

FLORIDA KEYS CHILDREN'S SHELTER, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2009

| | PROGRAM SERVICES | | | | | | | | | | SUPPORT SERVICES | | |
|--|------------------|-------------------|-----------------------------|----------------------|-------------------------|---------------------|------------------|--------------------|--------------|------------------------|------------------|--------------|--|
| | Wesley House | CINS/FINS Shelter | Poinciana Emergency Shelter | Poinciana Group Home | School Based Counselors | Jetelesa Counselors | Project Outreach | Runaway & Homeless | Total | Management and General | Fund Raising | Total | |
| Salaries | \$ 169,135 | \$ 406,056 | \$ 96,989 | \$ 94,629 | \$ 119,816 | \$ 37,058 | \$ 85,857 | \$ 132,133 | \$ 1,141,673 | \$ 29,260 | \$ 51,862 | \$ 1,222,795 | |
| Fringe Benefits | 39,351 | 94,463 | 31,254 | 30,910 | 28,555 | 9,405 | 20,509 | 35,728 | 290,175 | 5,948 | 9,632 | 305,755 | |
| Total Personnel Expenses | 208,486 | 500,519 | 128,243 | 125,539 | 148,371 | 46,463 | 106,366 | 167,861 | 1,431,848 | 35,208 | 61,494 | 1,528,550 | |
| Building Occupancy | 13,514 | 32,838 | 24,028 | 32,960 | - | 1,347 | 225 | 6,863 | 111,775 | 6,735 | 1,347 | 119,857 | |
| Professional Services | 3,147 | 2,516 | 1,618 | 1,618 | 1,618 | 809 | 809 | 809 | 12,944 | 2,832 | 405 | 16,181 | |
| Travel & Transportation | 5,520 | 4,413 | 2,838 | 2,838 | 2,838 | 1,419 | 1,419 | 1,419 | 22,704 | 4,967 | 710 | 28,381 | |
| Equipment Costs | 4,481 | 3,583 | 2,304 | 2,304 | 2,304 | 1,152 | 1,152 | 1,152 | 18,432 | 4,032 | 576 | 23,040 | |
| Food Services | 11,956 | 29,042 | 16,193 | 22,360 | - | - | 795 | 6,071 | 86,417 | 670 | 3,704 | 90,791 | |
| Medical and Pharmacy | 2,097 | 5,095 | 1,775 | 3,133 | - | - | 735 | 1,065 | 13,900 | - | - | 13,900 | |
| Insurance | 10,139 | 8,114 | 4,868 | 4,868 | 4,868 | 2,434 | 2,434 | 1,217 | 38,942 | 7,302 | 2,434 | 48,678 | |
| Operating Supplies and Expenses | 28,794 | 69,950 | 32,721 | 35,573 | 23,409 | 8,497 | 18,556 | 14,623 | 232,123 | 23,411 | 39,713 | 295,247 | |
| Depreciation | 12,235 | 9,791 | 5,874 | 5,874 | 5,874 | 2,937 | 2,937 | 2,937 | 48,459 | 8,810 | 1,467 | 58,736 | |
| Other | 110 | 88 | 57 | 57 | 57 | 28 | 28 | 28 | 453 | 99 | 14 | 566 | |
| Donated Items | 4,846 | 11,773 | 9,620 | 9,620 | 36,000 | 360 | - | 2,461 | 74,680 | 1,800 | 360 | 76,840 | |
| Total Operating Expenses | 96,839 | 177,193 | 101,896 | 121,205 | 76,968 | 18,983 | 29,100 | 38,645 | 660,829 | 60,658 | 50,730 | 772,217 | |
| Total Personnel and Operating Expenses | 305,325 | 677,712 | 230,139 | 246,744 | 225,339 | 65,446 | 135,466 | 206,506 | 2,092,677 | 95,866 | 112,224 | 2,300,767 | |
| Allocation of Management and General | 12,175 | 29,575 | 10,271 | 10,271 | 10,271 | 3,424 | 10,271 | 6,183 | 92,441 | (95,866) | 3,425 | - | |
| Total | \$ 317,500 | \$ 707,287 | \$ 240,410 | \$ 257,015 | \$ 235,610 | \$ 68,870 | \$ 145,737 | \$ 212,689 | \$ 2,185,118 | \$ - | \$ 115,649 | \$ 2,300,767 | |

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

FLORIDA KEYS CHILDREN'S SHELTER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

**NOTE 1 - NATURE OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT
ACCOUNTING POLICIES**

Nature of the Organization

Florida Keys Children's Shelter, Inc. (the "Organization") was incorporated as a nonprofit organization on November 21, 1985, in the State of Florida. The specific and primary purposes of the Shelter is to operate for the advancement of the well-being of abused and runaway children and other charitable purposes, by the distribution of its funds for such purposes and particularly for the operation of a shelter for abused and runaway children.

Basis of Presentation

The Organization reports 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.

All contributions received are considered to be available for unrestricted use unless specifically restricted by the donor. Any contributions received that are designated for future periods or are restricted by the donor for a specific purpose are reported as temporarily restricted or permanently restricted support that increases those respective net asset classes. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Basis of Accounting

The Organization prepares its financial statements in accordance with U.S. generally accepted accounting principles, which involves the application of accrual accounting; consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

FLORIDA KEYS CHILDREN'S SHELTER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009
(CONTINUED)

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a 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 restriction.

Cash and Cash Equivalents

Cash and cash equivalents consist of all highly liquid investments with a maturity of three months or less.

Property and Equipment

Property and equipment acquisitions in excess of \$500 are recorded, at cost except for donated assets which are recorded at their estimated fair value at the date of donation. The costs of renewals and betterments are capitalized when the life of the property is materially extended. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets.

Investments

Investments are measured at fair value. Fair value is determined using the quoted closing or latest bid prices. Realized gains and losses are included in investment income and are calculated based on proceeds received less cost. The cost of securities sold is based on the specific-identification method. Net unrealized gains and losses are reported in the statement of activities and represent the change in the fair value of investment holdings during the year.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefitted.

FLORIDA KEYS CHILDREN'S SHELTER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009
(CONTINUED)

Emergency Shelter - Tavernier

The Florida Keys Children's Shelter, Inc. operates an 18-bed shelter for youths 10 to 17 years of age, on Plantation Key (Jelsema Center) for abused, abandoned and neglected youths who may be in the temporary custody of Wesley House Family Services (10 beds), non-delinquent youths who may be voluntary or court-ordered Families in Need of Services/Children in Need of Services (FINS/CINS, 6 beds), and HHS Basic Center Grant for homeless runaway youths (2 beds). The Shelter provides 24-hour awake supervision, basic shelter care, case management, counseling, recreation, clothing, transportation and other items.

Runaway and Homeless Youth Street Outreach

This model program, funded through the US Department of Health and Human Services, Administration for Children, Youth and Families, Runaway and Homeless Youth Program, provides basic health and safety information to street youth, counseling, case management, opportunities for re-connecting or reunification with families, life skills development, preparation and entry into employment.

Families in Need of Services and Children in Need of Services

This program is designed primarily to provide to youth and families an array of services from voluntary or court-ordered intensive community-based individual and family counseling, case management, and group counseling services through temporary residential services (see Emergency Shelter above). An additional component of the community-based counseling program is the provision of anger management classes for youth.

Poinciana

The Florida Keys Children's Shelter, Inc. operates two programs in Key West at Poinciana, a former Navy property now under the operation of the Key West Housing Authority.

Emergency Home - This six-bed program, under contract with Wesley House Family Services, serves abused, abandoned and neglected children ages 0-10. The program provides 24-hour supervision provided by live-in house parents. Counseling is provided by a contract between Wesley House Family Services and the Care Center for Mental Health.

Residential Group Home - This six-bed program, under contract with Wesley House Family Services, serves abused, abandoned and neglected youths 11-17 years of age who need long-term residential care. The program provides 24-hour supervision provided by live-in house parents. Counseling is provided by a contract between Wesley House Family Services and the Care Center for Mental Health.

FLORIDA KEYS CHILDREN'S SHELTER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009
(CONTINUED)

Contributed Facilities

The Organization leases land from Monroe County on which the residential shelter was constructed and apartments from the Key West Housing Authority for two child/youth residential programs. Both of these leases are for one dollar (\$1.00) per year. In addition, the Monroe County School Board provides office space for the Shelter's counseling program. The difference between the rent paid and the estimated fair rental is reported as support and expense in the period in which the premises are used.

Contributed Services

The Organization records only those contributed services which are a significant and integral part of the efforts of the Shelter and would have to be provided by outside vendors or personnel had the services not been contributed. Additionally, those services must fall under the control of the Shelter's Management and have a clearly measurable basis of valuation.

Donated Materials

The Organization receives donations of food, clothing, and furniture. These donations are not recorded since values cannot reasonably be determined and, in some cases, go directly to clients. Donations of items for fund raising events are also not recorded as a matter of policy.

Income Taxes

The Organization is a not-for-profit organization exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and is classified as an organization that is not a private foundation under Section 509(a) of the Internal Revenue Code. Accordingly, no provision for federal or state income taxes has been included in the accompanying financial statements.

NOTE 2 - GRANTS AND CONTRACTS RECEIVABLE

Management believes that all grants and contracts receivable are fully collectible as of June 30, 2009, and therefore, has not provided a related valuation allowance on these amounts.

FLORIDA KEYS CHILDREN'S SHELTER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009
(CONTINUED)

NOTE 3 - PROPERTY AND EQUIPMENT

Property and equipment are stated at cost, or if donated, at the approximate fair market value at the date of donation. An analysis of property and equipment at June 30, 2009 is as follows:

| | |
|--------------------------------|-------------------|
| Building and improvements | \$ 1,158,128 |
| Equipment | 62,853 |
| Office furniture and equipment | 163,940 |
| Transportation equipment | <u>124,766</u> |
| | 1,509,687 |
| Less accumulated depreciation | <u>712,135</u> |
| Net property and equipment | <u>\$ 797,552</u> |

Depreciation expense was \$58,736 for the year and has been allocated among the various cost centers in the Statement of Functional Expenses.

NOTE 4 - INVESTMENTS RESTRICTED

Investments as of June 30, 2009 are carried at quoted market prices and consists of mutual funds with a cost of \$204,248 and a market value of \$123,009. Mutual funds with a value of \$50,000 have been permanently restricted as an endowment by the Board of Directors.

NOTE 5 - LINE OF CREDIT

The Organization has an unsecured demand line of credit with a bank in the amount of \$100,000. At June 30, 2009, there was no outstanding principal balance owed. This loan is due on demand and has no fixed maturity date.

NOTE 6 - RESTRICTIONS ON NET ASSETS

Temporarily restricted net assets at June 30, 2009 relate to funds contributed to the Organization restricted for education purposes.

Permanently restricted net assets at June 30, 2009 consist of investments to be held indefinitely, the income from which is generally expendable to support programs of the Organization.

FLORIDA KEYS CHILDREN'S SHELTER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009
(CONTINUED)

NOTE 7 - OPERATING LEASES

On March 4, 1986, the Organization entered into an agreement to lease the parcel of land on which the residential shelter was constructed for a period of fifteen (15) years commencing on April 4, 1986 for the annual rental of one dollar (1.00). On March 3, 1987, the first addendum to the lease agreement extended the period of the lease to twenty-five (25) years and provided for the option to renew the lease for five consecutive five year terms at the same annual rent.

On May 2, 2000 the Organization entered into an agreement to lease apartments in which the Poinciana program is located for a period of fifty (50) years for an annual rent of one dollar (\$1.00). The parties may extend the term of the lease as long as the extension is consistent with the Master Lease and the Key West City Charter and Ordinance.

The Organization leases office space under operating leases expiring through 2012. Future minimum rentals under these leases are as follows:

| Year Ending June 30, | |
|-------------------------|------------------|
| 2010 | \$ 33,199 |
| 2011 | 9,161 |
| 2012 | <u>2,290</u> |
| | <u>\$ 44,650</u> |

Rent expense under these leases for the year ended June 30, 2009 was \$73,411.

The Organization also leases office equipment under non-cancelable leases through April, 2010. Rent expense under these operating leases was \$45,684. Future minimum lease payments under these operating leases for the years ending June 30, are as follows:

| Year Ending June 30, | |
|-------------------------|------------------|
| 2010 | \$ 18,694 |
| 2011 | 17,144 |
| 2012 | 17,144 |
| 2013 | 17,144 |
| 2014 | <u>6,448</u> |
| | <u>\$ 76,574</u> |

FLORIDA KEYS CHILDREN'S SHELTER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009
(CONTINUED)

NOTE 8 - RETIREMENT PLAN

The Organization sponsors a Simple IRA Plan covering all employees who elect to participate. Under the plan, the Organization contributes the lesser of 3% of the participant's wages or the participant's contribution. The Organization's contribution for the year ended June 30, 2009 was \$14,264.

NOTE 9 - FUNDING/ECONOMIC DEPENDENCE

For the year ended June 30, 2009, approximately 77% of the Shelter's total revenues were derived from governmental and related entities. A significant reduction in the government funding, if this were to occur, may have an adverse effect on the Shelter's programs and activities.

NOTE 10 - CREDIT RISK

Financial instruments which potentially subject the Organization to concentrations of credit risk consist principally of cash, investments and grants receivable. The Organization maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts. The Organization believes it is not exposed to any significant credit risk on cash. Credit risk with respect to governmental agency is mitigated by the taxing authority of the governmental entity funding the programs. The Organization's investments in mutual funds are subject to the usual risk of market fluctuations inherent in these types of investments.

NOTE 11 - SUBSEQUENT EVENTS

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosures through October 27, 2009, the date the financial statements were available to be issued.



MAGRAM & MAGRAM, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

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MEMBERS: AMERICAN INSTITUTE OF C.P.A.'S
FLORIDA INSTITUTE OF C.P.A.'S

**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS
ON SUPPLEMENTAL INFORMATION**

To The Board of Directors
Florida Keys Children's Shelter, Inc.
Tavernier, Florida

Our report on our audit of the basic financial statements of The Florida Keys Children's Shelter, Inc. for the year ended June 30, 2009 appears on page 1. Our audit was performed for the purpose of forming an opinion on the basic financial statements of the Florida Keys Children's Shelter, Inc. taken as a whole. The supplemental information included herein on page 15 is presented for purposes of additional analysis as required by Chapter 10.650, the Rules of the Auditor General and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Magram & Magram, P.A.

MAGRAM & MAGRAM, P.A.
October 16, 2009

FLORIDA KEYS CHILDREN'S SHELTER, INC.
 SCHEDULE OF STATE FINANCIAL ASSISTANCE
 FOR THE YEAR ENDED JUNE 30, 2009

| <u>State Agency, State Project</u> | <u>CSFA Number</u> | <u>Grantor Contract Number</u> | <u>Expenditures</u> |
|--|------------------------|--|---------------------|
| Indirect Projects | | | |
| Department of Juvenile Justice passed through Florida Network of Youth and Family Services CINS/FINS | 80.005 | N/A | \$ 647,742 |
| Department of Children and Families passed through Southermost Homeless Challenge Grant | 60.014 | N/A | 20,526 |
| Department of Transportation passed through Guidance Clinic of the Middle Keys, Inc. | 55.001 | N/A | <u>10,500</u> |
| Total Indirect Projects | | | <u>678,768</u> |
| Total Expenditures of State Financial Assistance | | | <u>\$ 678,768</u> |

The significant accounting policies for the schedule of state financial assistance are stated in Note 1 -Nature of the Organization and Summary of Significant Accounting Policies of the notes to the basic financial statements

See report of independent certified public accountants on supplemental information.



**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS
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
Florida Keys Children's Shelter, Inc.
Tavernier, Florida

We have audited the financial statements of the Florida Keys Children's Shelter, Inc. (the "Organization") as of and for the year ended June 30, 2009 and have issued our report thereon dated October 16, 2009. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Organization's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Organization's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the Organization's financial statements that is more than inconsequential will not be prevented or detected by the Organization's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Organization's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free of material misstatements, 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.

This report is intended solely for information and use of the board of directors, management and federal, state and local awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Magram & Magram, P.A.

MAGRAM & MAGRAM, P.A.
October 16, 2009



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**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON COMPLIANCE
WITH REQUIREMENTS APPLICABLE TO EACH MAJOR STATE PROJECT AND ON
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE CHAPTER
10.650 RULES OF THE AUDITOR GENERAL**

To the Board of Directors
Florida Keys Children's Shelter, Inc.
Tavernier, Florida

Compliance

We have audited the compliance of the Florida Keys Children's Shelter, Inc. with the types of compliance requirements described in the Executive Office of the Governor's State Projects Compliance Supplement that are applicable to each of its major state projects for the year ended June 30, 2009. The Florida Keys Children's Shelter, Inc.'s major state projects are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major state projects is the responsibility of the Florida Keys Children's Shelter, Inc.'s management. Our responsibility is to express an opinion on the Florida Keys Children's Shelter, Inc.'s compliance based on our audit.

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 Chapter 10.650, Rules of the Auditor General. Those standards, and Chapter 10.650, Rules of Auditor General, 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 state project occurred. An audit includes examining, on a test basis, evidence about the Florida Keys Children's Shelter, 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. Our audit does not provide a legal determination on the Florida Keys Children's Shelter, Inc.'s compliance with those requirements.

In our opinion, the Florida Keys Children's Shelter, Inc. complied, in all material respects, with the requirements referred to above that are applicable to each of its major state projects for the year ended June 30, 2009.

Internal Control Over Compliance

The Management of the Florida Keys Children's Shelter, Inc. is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to state projects. In planning and performing our audit, we considered the Organization's internal control over compliance with requirements that could have a direct and material effect on a state project in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Florida Keys Children's Shelter, Inc.'s internal control over compliance.

A control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a state project on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a state project such that there is more than remote likelihood that noncompliance with a type of compliance requirement of a state project that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a state project will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for information and use of the board of directors, management and federal, state and local awarding agencies and pass through entities and is not intended to be and should not be used by anyone other than these specified parties.

Magram, Magram, P.A.

MAGRAM & MAGRAM, P.A.

October 16, 2009

THE FLORIDA KEYS CHILDREN'S SHELTER, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - STATE PROJECTS
FOR THE YEAR ENDED JUNE 30, 2009

SECTION 1 - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Unqualified

Internal control over financial reporting:

Material weakness(es) identified?

___ Yes X No

Reportable condition(s) identified not
considered to be material weakness(es)

___ Yes X None Reported

Noncompliance material to financial
statements noted

___ Yes X No

State Financial Assistance

Internal control over major state projects:

Material weakness(es) identified?

___ Yes X No

Reportable condition(s) identified not
considered to be material weakness(es)?

___ Yes X None Reported

Type of auditor's report issued on compliance
for major state projects:

Unqualified

See report of Independent Certified Public Accountant on Supplemental Information

THE FLORIDA KEYS CHILDREN'S SHELTER, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - STATE PROJECTS
FOR THE YEAR ENDED JUNE 30, 2009

State Financial Assistance Continued

Identification of state projects:

| <u>Name of State Project</u> | <u>CSFA Number</u> |
|---|------------------------|
| State of Florida Office of Attorney General Minority Communities Crime Prevention | 80.005 |
| Dollar threshold used to distinguish between Type A and Type B projects for major state financial assistance: | \$203,630 |

SECTION II - FINANCIAL STATEMENT FINDINGS

No findings were reported

SECTION III - STATE FINANCIAL ASSISTANCE
FINDINGS AND QUESTIONED COSTS

No findings were reported

SECTION IV - STATE FINANCIAL ASSISTANCE
SUMMARY OF PRIOR AUDIT FINDINGS

No findings were reported

SECTION V - FINANCIAL ASSISTANCE -
MANAGEMENT LETTER

No management letter was issued

See report of Independent Certified Public Accountant on Supplemental Information