

**HARBOR HOUSE OF  
CENTRAL FLORIDA, INC.**

**Orlando, Florida**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**Years Ended June 30, 2015 and 2014**

**HARBOR HOUSE OF CENTRAL FLORIDA, INC.**

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## **Independent Auditors' Report**

To the Board of Directors  
Harbor House of Central Florida, Inc.  
Orlando, Florida

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

We have audited the accompanying financial statements of Harbor House of Central Florida, Inc. (the "Organization") (a nonprofit organization), which comprise the statement of financial position as of June 30, 2015, and the related statements of activities, functional expenses, and cash flows for the year 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 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 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 auditors consider internal control relevant to the Organization'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 Organization'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 Harbor House of Central Florida, Inc. as of June 30, 2015, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Prior Year Financial Statements**

The financial statements of Harbor House of Central Florida, Inc. as of June 30, 2014, were audited by other auditors whose report dated November 20, 2014, expressed an unmodified opinion on those statements.

## **Other Matters**

### *Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal, state, and local awards, as required by the Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, 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 March 9, 2016, 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.

*WithumSmith+Brown, PC*

Orlando, Florida  
March 9, 2016

# HARBOR HOUSE OF CENTRAL FLORIDA, INC.

## Statements of Financial Position June 30, 2015 and 2014

<b>Assets</b>	<u>2015</u>	<u>2014</u>
Current Assets:		
Cash and cash equivalents	\$ 1,973,699	\$ 2,302,405
Restricted cash	402,392	130,655
Grants receivable	322,591	226,113
Contributions receivable, net	716,931	108,752
Prepaid expenses and other assets	69,582	44,532
Total current assets	<u>3,485,195</u>	<u>2,812,457</u>
Property and Equipment, net	4,620,454	4,378,738
Beneficial Interest in Assets Held by Central Florida Foundation, Inc.	<u>12,276</u>	<u>12,331</u>
Total assets	<u>\$ 8,117,925</u>	<u>\$ 7,203,526</u>
<b>Liabilities and Net Assets</b>		
Current Liabilities:		
Accounts payable and accrued expenses	\$ 137,634	\$ 164,792
Deferred revenue	59,167	57,636
Total current liabilities	<u>196,801</u>	<u>222,428</u>
Net Assets:		
Unrestricted:		
Designated by the Board of Directors	889,058	920,703
Undesignated, available for general activities	1,628,744	1,448,750
Invested in property and equipment	4,620,454	4,378,738
Total unrestricted net assets	<u>7,138,256</u>	<u>6,748,191</u>
Temporarily restricted	<u>782,868</u>	<u>232,907</u>
Total net assets	<u>7,921,124</u>	<u>6,981,098</u>
Total liabilities and net assets	<u>\$ 8,117,925</u>	<u>\$ 7,203,526</u>

See accompanying notes.

**HARBOR HOUSE OF CENTRAL FLORIDA, INC.**

**Statements of Activities  
Years Ended June 30, 2015 and 2014**

	2015			2014		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
<b>Revenue and Other Support:</b>						
Federal grants	\$ 1,412,794	\$ -	\$ 1,412,794	\$ 1,142,170	\$ -	\$ 1,142,170
Other government grants	1,307,807	-	1,307,807	1,191,650	-	1,191,650
Contributions	1,105,314	1,296,032	2,401,346	1,349,450	203,837	1,553,287
Special events, net of direct benefit to donor cost of \$48,734 and \$50,725	83,782	-	83,782	68,209	-	68,209
Investment income	1,749	-	1,749	4,628	-	4,628
Other revenue	49,406	-	49,406	26,650	-	26,650
Net assets released from restrictions:						
Restrictions satisfied by time	746,071	(746,071)	-	89,801	(89,801)	-
Satisfaction of purpose restrictions	-	-	-	118,317	(118,317)	-
Total revenue and other support	<u>4,706,923</u>	<u>549,961</u>	<u>5,256,884</u>	<u>3,990,875</u>	<u>(4,281)</u>	<u>3,986,594</u>
<b>Expenses:</b>						
<b>Program services:</b>						
Emergency services facilities and kennel	1,782,867	-	1,782,867	1,840,024	-	1,840,024
Prevention services and community outreach	288,896	-	288,896	276,118	-	276,118
Outreach services	438,846	-	438,846	373,880	-	373,880
Court services	665,061	-	665,061	558,295	-	558,295
Children's services	281,815	-	281,815	294,903	-	294,903
Total program services	<u>3,457,485</u>	<u>-</u>	<u>3,457,485</u>	<u>3,343,220</u>	<u>-</u>	<u>3,343,220</u>
<b>Supporting services:</b>						
General and administrative	477,300	-	477,300	271,728	-	271,728
Fundraising	382,073	-	382,073	221,609	-	221,609
Total supporting services	<u>859,373</u>	<u>-</u>	<u>859,373</u>	<u>493,337</u>	<u>-</u>	<u>493,337</u>
Total expenses	<u>4,316,858</u>	<u>-</u>	<u>4,316,858</u>	<u>3,836,557</u>	<u>-</u>	<u>3,836,557</u>
Increase (Decrease) in Net Assets	390,065	549,961	940,026	154,318	(4,281)	150,037
Net Assets, beginning of year	<u>6,748,191</u>	<u>232,907</u>	<u>6,981,098</u>	<u>6,593,873</u>	<u>237,188</u>	<u>6,831,061</u>
Net Assets, end of year	<u>\$ 7,138,256</u>	<u>\$ 782,868</u>	<u>\$ 7,921,124</u>	<u>\$ 6,748,191</u>	<u>\$ 232,907</u>	<u>\$ 6,981,098</u>

See accompanying notes.

**HARBOR HOUSE OF CENTRAL FLORIDA, INC.**

**Statements of Functional Expenses  
Year Ended June 30, 2015**

	Program Services					Supporting Services			
	Emergency Services Facilities and Kennel	Prevention Services and Community Outreach	Outreach Services	Court Services	Children's Services	Total Program Services	General and Administrative	Fundraising	Total
Salaries and Related Expenses:									
Salaries	\$ 720,024	\$ 183,741	\$ 267,849	\$ 476,698	\$ 151,609	\$ 1,799,921	\$ 176,388	\$ 174,288	\$ 2,150,597
Payroll taxes	56,443	14,087	20,265	37,219	12,193	140,207	17,389	13,706	171,302
Fringe benefits	89,510	24,918	38,102	53,212	13,645	219,387	34,588	16,422	270,397
Total salaries and related expenses	865,977	222,746	326,216	567,129	177,447	2,159,515	228,365	204,416	2,592,296
Functional Expenses:									
Advertising	-	8,107	-	-	-	8,107	1,007	21,680	30,794
Capital campaign costs	-	-	-	-	-	-	28,471	1,009	29,480
Client needs	539,099	2,624	73,134	3,490	3,251	621,598	10,262	159	632,019
Communications	23,606	3,354	2,031	2,522	-	31,513	3,431	2,275	37,219
Conferences and meetings	1,688	95	50	-	-	1,833	4,637	960	7,430
Dues and licenses	1,210	18,154	-	2,898	135	22,397	32,814	3,515	58,726
Insurance	17,553	-	128	67	7,419	25,167	21,735	-	46,902
Office	5,469	1,760	3,598	12,774	987	24,588	20,669	1,088	46,345
Postage	507	-	-	7	-	514	1,523	48	2,085
Printing	1,383	5,825	977	3,599	351	12,135	7,314	26,592	46,041
Professional fees	(1,250)	2,060	-	16,250	-	17,060	65,668	25,598	108,326
Rent	2,231	7,563	22,486	21,357	-	53,637	377	-	54,014
Repairs and maintenance	53,527	-	774	-	5,706	60,007	20,227	79	80,313
Supplies	53,649	2,738	-	3,100	20,800	80,287	6,510	535	87,332
Temporary services	4,750	-	-	9,500	4,750	19,000	-	86,400	105,400
Training	1,627	4,078	440	967	741	7,853	12,834	1,124	21,811
Transportation	9,022	6,504	5,176	17,017	-	37,719	8,168	2,759	48,646
Utilities	71,627	-	-	-	6,625	78,252	-	-	78,252
Total functional expenses before depreciation	1,651,675	285,608	435,010	660,677	228,212	3,261,182	474,012	378,237	4,113,431
Depreciation	131,192	3,288	3,836	4,384	53,603	196,303	3,288	3,836	203,427
Total expenses	\$ 1,782,867	\$ 288,896	\$ 438,846	\$ 665,061	\$ 281,815	\$ 3,457,485	\$ 477,300	\$ 382,073	\$ 4,316,858

See accompanying notes.

**HARBOR HOUSE OF CENTRAL FLORIDA, INC.**

**Statements of Functional Expenses – Continued  
Year Ended June 30, 2014**

	Program Services					Supporting Services			
	Emergency Services Facilities and Kennel	Prevention Services and Community Outreach	Outreach Services	Court Services	Children's Services	Total Program Services	General and Administrative	Fundraising	Total
Salaries and Related Expenses:									
Salaries	\$ 830,833	\$ 180,806	\$ 248,178	\$ 383,942	\$ 155,826	\$ 1,799,585	\$ 168,754	\$ 78,851	\$ 2,047,190
Payroll taxes	67,188	13,764	19,052	29,675	12,760	142,439	11,379	6,026	159,844
Fringe benefits	101,222	19,928	33,826	37,943	15,246	208,165	18,018	5,385	231,568
Total salaries and related expenses	999,243	214,498	301,056	451,560	183,832	2,150,189	198,151	90,262	2,438,602
Functional Expenses:									
Advertising	5,221	1,494	1,061	1,585	837	10,198	2,428	5,788	18,414
Client needs	395,788	1,964	24,452	8,255	2,386	432,845	2,502	219	435,566
Communications	20,946	3,913	3,456	1,858	206	30,379	1,053	869	32,301
Conferences and meetings	886	280	141	211	111	1,629	650	367	2,646
Dues and licenses	13,684	2,107	2,528	4,613	2,129	25,061	15,706	1,652	42,419
Insurance	21,580	850	1,150	1,719	10,233	35,532	7,760	-	43,292
Office	11,650	3,804	5,405	17,311	2,030	40,200	7,581	1,630	49,411
Postage	748	462	152	248	120	1,730	832	236	2,798
Printing	15,538	8,578	3,794	6,605	2,299	36,814	425	23,542	60,781
Professional fees	11,042	1,657	2,243	12,477	1,770	29,189	11,800	4,080	45,069
Rent	3,019	7,251	15,942	15,555	22	41,789	190	-	41,979
Repairs and maintenance	82,847	3,287	3,849	6,269	6,114	102,366	14,646	1,888	118,900
Supplies	49,781	13,058	661	1,441	12,832	77,773	956	152	78,881
Temporary services	-	-	-	9,000	9,000	18,000	-	86,440	104,440
Training	4,195	2,990	654	2,169	481	10,489	2,368	1,141	13,998
Transportation	14,245	7,028	4,922	13,557	354	40,106	2,266	929	43,301
Utilities	67,813	-	-	-	9,253	77,066	-	-	77,066
Total functional expenses before depreciation	1,718,226	273,221	371,466	554,433	244,009	3,161,355	269,314	219,195	3,649,864
Depreciation	121,798	2,897	2,414	3,862	50,894	181,865	2,414	2,414	186,693
Total expenses	<u>\$ 1,840,024</u>	<u>\$ 276,118</u>	<u>\$ 373,880</u>	<u>\$ 558,295</u>	<u>\$ 294,903</u>	<u>\$ 3,343,220</u>	<u>\$ 271,728</u>	<u>\$ 221,609</u>	<u>\$ 3,836,557</u>

See accompanying notes.



# HARBOR HOUSE OF CENTRAL FLORIDA, INC.

## Statements of Cash Flows Years Ended June 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Cash Flows From Operating Activities:		
Increase in net assets	\$ 940,026	\$ 150,037
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	203,427	186,693
Contributed property and equipment	-	(35,445)
Changes in:		
Restricted cash	(271,737)	15,817
Grants receivable	(96,478)	(1,499)
Contributions receivable, net	(608,179)	(18,036)
Prepaid expenses and other assets	(25,050)	(12,876)
Beneficial interest in assets held by Central Florida Foundation, Inc.	55	(1,226)
Accounts payable and accrued expenses	(27,158)	5,586
Deferred revenue	1,531	57,636
Net cash provided by operating activities	<u>116,437</u>	<u>346,687</u>
Cash Flows From Investing Activities:		
Acquisition of property and equipment	<u>(445,143)</u>	<u>(29,570)</u>
Net cash used in investing activities	<u>(445,143)</u>	<u>(29,570)</u>
Increase (Decrease) in Cash and Cash Equivalents	(328,706)	317,117
Cash and Cash Equivalents, beginning of year	<u>2,302,405</u>	<u>1,985,288</u>
Cash and Cash Equivalents, end of year	<u>\$ 1,973,699</u>	<u>\$ 2,302,405</u>

See accompanying notes.

# HARBOR HOUSE OF CENTRAL FLORIDA, INC.

## Notes to Financial Statements June 30, 2015 and 2014

### 1. Summary of Significant Accounting Policies:

#### Nature of Operations

Since 1976, Harbor House of Central Florida, Inc.'s (the "Organization") mission has been to end domestic abuse in Central Florida by providing safety, shelter, empowerment, education, and justice. This is accomplished through several key initiatives that create a spectrum approach to ending family violence and creating a safer community.

#### Spectrum Approach – Homicide Prevention

The most critical end of the spectrum is homicide prevention. This component involves crisis intervention services that protect victims at that most dangerous time, when they make the courageous decision to leave their batterer. These programs include a 24-hour emergency hotline, InVEST partnership with law enforcement and the Department of Children and Families, injunctions for protection, and the emergency shelter.

The major programs that accomplish this are:

- InVEST – This innovative program brings together advocates, law enforcement, and child protective services to prevent homicides and serious injury for hundreds of survivors in highly dangerous situations each year. As a supplement to traditional services, InVEST partners identify high lethality cases and refer them to the Organization for emergency intervention.
- Legal Advocacy – Providing assistance and support to more than 4,000 survivors of abuse annually, this program reaches the largest numbers of any program offered by the Organization. Advocates provide assistance with injunctions for protection, translation, court accompaniment, and crisis intervention.
- Hotline – Operated 24 hours per day, advocates respond to a call on average every 15 minutes, 365 days a year. Providing crisis counseling, referrals, after hour's injunctions, and support, this life line is a critical component to crisis intervention.
- Emergency Shelter – With 106 beds and its 24-hour hotline, the Organization is one of the largest, most comprehensive domestic abuse shelters in the United States. The program employs state certified staff, and offers onsite medical services, counseling, case management, and crisis intervention.
- Child Care – The Organization offers licensed childcare five days a week at no cost to survivors residing in the shelter. With a capacity of serving 60 children, plus afterschool programming, this state of the art, trauma-informed program helps children recover and gives parents the time they need to find housing, employment, and tend to legal matters, all of which enable them to become economically independent and thereby freeing them from dependency on the abuser.
- Kennel – In Central Florida, not only is domestic abuse the leading cause of child abuse, it is also a leading cause of animal cruelty. Those living with violent abusers know too well what can happen to an unprotected pet and will not leave their pet to an uncertain fate. Working to break down the barriers that trap survivors in abusive homes, in December 2012, the Organization opened Central Florida's only safe haven for pets of domestic abuse survivors. The Paws for Peace Kennel is located on the Organization's five-acre campus, where survivors can conveniently spend time with their pets and participate in human-animal interaction that will support trauma therapy for both. The kennel's mission is to support survivors fleeing abuse so that they can bring their pets to safety as well, keeping the entire family together.

## **HARBOR HOUSE OF CENTRAL FLORIDA, INC.**

### **Notes to Financial Statements – Continued June 30, 2015 and 2014**

#### **1. Summary of Significant Accounting Policies – Continued:**

##### **Spectrum Approach – Homicide Prevention – Continued**

- In-Kind Donation Center – The In-Kind Donation Center is a multifunctional, innovative facility for a domestic abuse shelter that was designed to improve the Organization’s capacity in both the immediate and long-term future. Due to space restrictions and lack of materials, such as high-volume freezer and refrigeration units, the Organization was unable in the past to utilize many of the generous food, produce, and meat donations it received. As the shelter regularly operates above the 106-person maximum capacity, shelter advocates and staff oftentimes purchased additional food and supplies since there was no space to keep donations onsite. With the completion of the facility in 2013, the Organization is able to house all of its valuable in-kind donations – from cleaning and maintenance items to food and baby supplies – and significantly reduce operating costs incurred throughout the year. The Organization is now better positioned, both financially and through improved service delivery, to meet the needs of domestic abuse survivors and position them for future success, safety, and prosperity.

##### **Spectrum Approach – Intervention Services**

The next component of the Organization’s approach is intervention. These include programs such as transitional and community-based housing, outreach services, counseling, and support groups.

The major programs that accomplish this are:

- Transitional Housing – This eight-bed program is offered onsite at the emergency shelter and provides housing and assistance for up to one year. The program assists those survivors who, for a variety of reasons, cannot transition into the community on their own without a longer support period. In the case of mothers awaiting delivery of a child, this program allows them the time to safely start their new life and then gain employment without having to worry about becoming independent in the late stages of pregnancy. The program also supports survivors with serious injury requiring multiple surgeries.
- Community-Based Housing – A 28-unit scattered site housing program provides rental assistance and case management to those needing longer-term support in the community. This program serves Orange, Osceola, and Seminole Counties.
- Outreach – This program serves over 800 survivors annually at scattered locations throughout the community. Working with survivors who are not in need of or have left emergency shelter, outreach advocates provide crisis counseling, safety planning, relocation assistance, and support groups.

##### **Spectrum Approach – Prevention**

The final component is the prevention of domestic abuse. Primary prevention programs teach youth about healthy relationships, bullying and how to be safe, active bystanders, thereby preventing the next generation from being abused or becoming an abuser. Project Courage engages the community to end domestic abuse by utilizing a spectrum approach in a defined zip code. This approach reaches all levels of the community from youth in the Little Leaders and Leaders of Courage Programs, businesses in the Organization’s Key Business Initiative, first responders, and faith institutions. Project Courage continues to have an astounding effect on the Pine Castle community and, because of this success, has been replicated in Malibu Groves.

## HARBOR HOUSE OF CENTRAL FLORIDA, INC.

### Notes to Financial Statements – Continued June 30, 2015 and 2014

#### 1. Summary of Significant Accounting Policies – Continued:

##### Spectrum Approach – Prevention – Continued

Evidence based work that is replicable is the basis for the Organization’s prevention efforts. The Organization has been able to share what it has learned across the country and is proud to see the same approach working in other locations. With the R3 App, the Organization’s effort to engage more physicians in screening has gone global. This comprehensive approach allows the Organization to successfully address the epidemic of domestic abuse and make significant progress towards the mission of ending the cycle of abuse.

##### Basis of Presentation

The accompanying financial statements are presented on the accrual basis and represent the financial position and results of operations of the Organization.

The Organization has adopted the provisions of Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) 958, *Accounting for Contributions Received and Contributions Made and Financial Statements for Not-for-Profit Organizations*.

These financial statements are prepared on an entity-wide basis, focusing on the Organization as a whole and present balances and transactions according to the existence or absence of donor-imposed restrictions. This has been accomplished by aggregating all funds into one set of financial statements and classifying net assets and transactions into three classes of net assets:

Unrestricted – Net assets that are not subject to donor-imposed stipulations. The Organization reports donor-restricted contributions whose restrictions are met in the same reporting period as unrestricted support.

Temporarily Restricted – Net assets subject to donor-imposed stipulations that may or will be met by actions of the Organization and/or the passage of time.

Permanently Restricted – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. There were no permanently restricted net assets as of or for the years ended June 30, 2015 and 2014.

##### Revenue Recognition

Under accounting principles generally accepted in the United States of America, contributions are generally recognized as revenue when the gift is made and are recorded as unrestricted, temporarily restricted, or permanently restricted, depending on the presence or absence and type of donor-imposed restrictions or conditions.

The Organization’s resources as presented on the statements of activities include revenue and other support. Revenue consists of public support such as contributions and grants, investment income which consists of dividends, interest, and similar payments on assets held as investments, and other revenue or support. Public support represents unconditional gifts to the Organization of cash or other assets in a voluntary nonreciprocal transfer by another entity.

# HARBOR HOUSE OF CENTRAL FLORIDA, INC.

## Notes to Financial Statements – Continued June 30, 2015 and 2014

### 1. Summary of Significant Accounting Policies – Continued:

#### Revenue Recognition – Continued

Revenue and other support are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets unless their use is limited by donor-imposed restrictions. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets. Donor restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted support.

#### Contributions

Contributions, including unconditional promises to give, are recognized as revenue in the period made or received. Heart of Florida United Way and other pledges are recorded as unconditional promises to give and temporarily restricted net assets in the period that notification is received. Pledges are discounted, using a market discount rate, to present value for collections expected in future years. Accretion of the discount in subsequent years is also recorded as contribution revenue. An allowance for uncollectible contributions receivable is provided based upon management's judgment considering such factors as prior collection history, type of contribution, relationship with donor, and other relevant factors. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. The Organization also receives indications of intent to support, which are commitments that are open-ended and subject to unilateral change by the donor. The amounts are not measurable since the commitments do not express a term or period. Thus, they are not considered to be unconditional promises to give and are not recognized prior to the receipt of the contribution.

#### In-Kind Contributions

In-kind contributions of assets, materials and supplies, and facilities are recorded at their estimated fair value at the date of the gift. Such values are recorded as an asset or expense and contribution revenue in the accompanying financial statements. In addition, the Organization receives contributed time related to various program services and construction projects. These contributed services are recorded in the accompanying financial statements as an asset or expense and contribution revenue at their estimated fair value at the date of services if they meet the following criteria: (a) the service enhances or creates a nonfinancial asset or (b) the service would have otherwise been purchased by the Organization and required a specialized skill. For the years ended June 30, 2015 and 2014, in-kind contributions consisted of the following:

	<u>2015</u>	<u>2014</u>
Property and equipment	\$ -	\$ 35,445
Materials and supplies	447,983	352,000
Services – expensed	99,513	39,977
Use of facilities (rent)	<u>28,026</u>	<u>20,124</u>
	<u>\$ 575,522</u>	<u>\$ 447,546</u>

# HARBOR HOUSE OF CENTRAL FLORIDA, INC.

## Notes to Financial Statements – Continued June 30, 2015 and 2014

### 1. Summary of Significant Accounting Policies – Continued:

#### Cash and Cash Equivalents

For purposes of the statements of cash flows, the Organization considers all highly liquid investments with a maturity of three months or less to be cash equivalents.

#### Restricted Cash

Cash which is externally restricted by agreements is classified as restricted cash. Such cash is excluded from the statements of cash flows, as it is not available for general operating purposes. Restricted cash consists of the following at June 30, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Restricted for:		
Capital campaign	\$ 371,737	\$ 30,000
Program services	<u>30,655</u>	<u>100,655</u>
	<u>\$ 402,392</u>	<u>\$ 130,655</u>

#### Property and Equipment

Property and equipment are recorded at cost. Donated property and equipment are valued at fair value at the date of donation. Depreciation is provided using the straight-line method over the estimated useful lives of the assets, which range from 5 to 40 years. The Organization's policy is to capitalize assets, the cost of which is \$750 or more, and have an estimated useful life of greater than one year.

#### Functional Allocation of Expenses

The costs of providing various program and supporting services 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.

#### Advertising

Advertising costs are expensed as incurred.

#### 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 of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

# HARBOR HOUSE OF CENTRAL FLORIDA, INC.

## Notes to Financial Statements – Continued June 30, 2015 and 2014

### 1. Summary of Significant Accounting Policies – Continued:

#### Income Taxes

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, the Organization has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a) of the Code. Consequently, no provision for income taxes has been included in the accompanying financial statements.

In accordance with FASB ASC Topic 740, *Income Taxes* (“Topic 740”), all entities are required to evaluate and disclose income tax risks. Topic 740 clarifies the accounting for uncertainty in tax positions and prescribes guidance related to the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The tax benefit from an uncertain tax position is only recognized in the statements of financial position if the tax position is more likely than not to be sustained upon an examination, based on the technical merits of the position. Interest and penalties, if any, are included in expenses in the statements of activities. As of June 30, 2015 and 2014, the Organization had no uncertain tax positions that qualify for recognition or disclosure in the financial statements.

The Organization’s income tax returns are subject to review and examination by federal authorities. The Organization is not aware of any activities that would jeopardize its tax exempt status. The Organization is not aware of any activities that are subject to tax on unrelated business income, excise, or other taxes.

#### Fair Value of Financial Instruments

The Organization’s financial instruments are cash and cash equivalents, restricted cash, grants receivable, short-term contributions receivable, prepaid expenses and other assets, accounts payable, and accrued expenses. The recorded values of these instruments approximate their fair value based on their short-term nature.

#### Long-Lived Assets

The Organization follows the policy of lifting restrictions on contributions of cash and other assets received for the acquisition of long-lived assets when the long-lived assets are acquired.

In accordance with accounting principles generally accepted in the United States of America, long-lived assets, such as property and equipment, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If circumstances require a long-lived asset be tested for possible impairment, the Organization first compares undiscounted cash flows expected to be generated by an asset to the carrying value of the asset. If the carrying value of the long-lived asset is not recoverable on an undiscounted cash flow basis, an impairment is recognized to the extent that the carrying value exceeds its fair value. Fair value is determined through various valuation techniques including discounted cash flow models, quoted market value, and third-party independent appraisals, as considered necessary. No impairment charges have been recorded in the accompanying financial statements related to long-lived assets.

#### Reclassifications

Certain amounts in the 2014 financial statements have been reclassified to conform with the 2015 presentation. These classifications had no effect on total assets, liabilities, or net assets.

**HARBOR HOUSE OF CENTRAL FLORIDA, INC.**

**Notes to Financial Statements – Continued**  
**June 30, 2015 and 2014**

**1. Summary of Significant Accounting Policies – Continued:**

**Subsequent Events**

The Organization has evaluated subsequent events through March 9, 2016, the date which the financial statements were available to be issued.

**2. Grants Receivable:**

Grants receivable as of June 30, 2015 and 2014, consists of the following:

	<u>2015</u>	<u>2014</u>
Florida Coalition Against Domestic Violence:		
Domestic Violence Trust Fund	\$ 15,523	\$ 20,759
Temporary Assistance for Needy Families	26,656	26,656
Family Violence Prevention and Services Act/Grants for Battered Women’s Shelters and Grants to States and Indian Tribes	13,891	17,816
General Revenue	34,509	35,029
Allstate	3,273	-
Rural Initiative	5,273	-
Child Protection Investigations	6,250	-
Violence Against Women Act/Stop	4,718	5,242
Centers for Disease Control and Prevention (“CDC”)/Delta	15,750	7,875
Injury Prevention	3,333	-
Victims of Crime Act	73,513	35,569
Homeless Services Network of Central Florida, Inc.	11,995	9,743
Community Based Care of Central Florida, Inc.	10,701	6,321
Emergency Food and Shelter Program	11,935	-
Orange County, Florida	49,316	49,040
Other	35,955	12,063
	<u>\$ 322,591</u>	<u>\$ 226,113</u>

In addition to grants and contributions receivable, the Organization received conditional promises to give totaling \$1,000,000 as of June 30, 2015, related to future expenses.

The timing of fulfillment of the conditions and, consequently, of recognizing the contributions is estimated to be less than one year.



**HARBOR HOUSE OF CENTRAL FLORIDA, INC.**

**Notes to Financial Statements – Continued**  
**June 30, 2015 and 2014**

**3. Contributions Receivable:**

Contributions receivable at June 30, 2015 and 2014, consists of the following:

	<u>2015</u>	<u>2014</u>
Receivables in less than one year	\$ 377,341	\$ 108,752
Receivables in more than one year	351,371	-
Total contributions receivable	<u>728,712</u>	<u>108,752</u>
Less:		
Allowance for uncollectible contributions	(10,548)	-
Discount to present value of net realizable value	<u>(1,233)</u>	<u>-</u>
Contributions receivable, net	<u>\$ 716,931</u>	<u>\$ 108,752</u>

Contributions have been discounted at a 2% annual rate of interest.

**4. Property and Equipment, Net:**

Property and equipment, net consists of the following at June 30, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Land	\$ 148,177	\$ 73,558
Land improvements	554,933	554,933
Buildings and building improvements	4,784,877	4,784,877
Furniture and equipment	537,866	494,830
Vehicles	39,493	39,493
Construction in process	332,494	5,006
	<u>6,397,840</u>	<u>5,952,697</u>
Less accumulated depreciation	<u>(1,777,386)</u>	<u>(1,573,959)</u>
Property and equipment, net	<u>\$ 4,620,454</u>	<u>\$ 4,378,738</u>

## HARBOR HOUSE OF CENTRAL FLORIDA, INC.

### Notes to Financial Statements – Continued June 30, 2015 and 2014

#### 5. Beneficial Interest in Assets Held by Central Florida Foundation, Inc.:

In 2012, the Organization established an endowment with Central Florida Foundation, Inc. (“CFF”) in the amount of \$10,000. This endowment will provide a permanent source of income for the Organization. Future income may be withdrawn or added to the principal balance of the endowment at CFF’s discretion. In accordance with accounting standards on the reporting of endowment funds, those funds are classified as unrestricted and are carried as assets in the accompanying statements of financial position.

The terms of the fund agreement with CFF provide, among other things, that distributions are subject to CFF’s policies. The Organization may recommend distribution from certain funds at any time; however, all recommendations are solely advisory and may be accepted or rejected by CFF. At the time of the transfers, the Organization granted variance power to CFF. That power gives the Board of Directors of CFF the power to modify or eliminate any restriction, limitation, or condition on the distribution of funds, including their use for any specified purposes or their distribution to specific organizations, if the Board of Directors determines that such restriction, limitation, or condition becomes by material and significant change of circumstances in effect unnecessary, incapable of fulfillment, or inconsistent with the proper charitable, religious, scientific, literary, cultural, or educational uses and purposes of the Central Florida area.

#### 6. Designated Net Assets:

At June 30, 2015 and 2014, the Board of Directors designated funds for the following purposes:

	<u>2015</u>	<u>2014</u>
Program services	\$ 804,160	\$ 835,805
Capital campaign	<u>84,898</u>	<u>84,898</u>
	<u>\$ 889,058</u>	<u>\$ 920,703</u>

The amount of these reserves was determined based on management’s and the Board of Directors’ efforts to achieve reserves equal to three months of operations available for program services and a planned capital campaign.

#### 7. Temporarily Restricted Net Assets:

At June 30, 2015 and 2014, temporarily restricted net assets consists of the following:

	<u>2015</u>	<u>2014</u>
Heart of Florida United Way	\$ 11,462	\$ 99,552
Capital campaign	726,243	-
Other pledges	14,508	2,700
Edyth Bush – Director of Community Education and Awareness and Software purposes	28,155	28,155
Other purposes	<u>2,500</u>	<u>102,500</u>
	<u>\$ 782,868</u>	<u>\$ 232,907</u>

## HARBOR HOUSE OF CENTRAL FLORIDA, INC.

### Notes to Financial Statements – Continued June 30, 2015 and 2014

#### 8. Operating Leases:

The Organization leases office space, storage, and equipment under long-term and month-to-month noncancelable operating lease agreements that expire through January 2016. Rent expense for these leases was \$72,759 and \$59,975 for the years ended June 30, 2015 and 2014, respectively. Future minimum rental payments under these operating leases, as of June 30, 2015, total \$24,451, all of which is attributable to fiscal year 2016.

The Organization occupies space in the Orange County Courthouse as well as space in several other locations used for counseling and meetings with clients. The Organization is not charged for the use of any of these spaces. The fair value of these various spaces was \$28,026 and \$20,124 for the years ended June 30, 2015 and 2014, respectively, and is included in contributions on the statements of activities.

#### 9. Retirement Plan:

The Organization has adopted a 403(b) retirement plan covering all full-time employees who have completed one year of service. Contributions to the plan are discretionary and are limited to 2% of eligible salaries. For the years ended June 30, 2015 and 2014, the Organization contributed approximately \$21,000 and \$22,000, respectively, to the plan.

#### 10. Commitments and Contingencies:

##### Concentrations of Business and Credit Risks

Financial instruments which potentially expose the Organization to concentrations of credit risk, as defined by accounting principles generally accepted in the United States of America, consist primarily of bank accounts with balances, at times, in excess of amounts insured by the Federal Deposit Insurance Corporation, brokerage accounts with balances, at times, in excess of amounts insured by the Securities Investor Protection Corporation, and grants and contracts receivable. The Organization evaluates the financial stability of its depositories and brokerage firms and considers the risk of loss to be remote. The Organization's grants receivable arise as a result of agreements with third parties to provide specified services. The grants are monitored on a monthly basis and are not collateralized.

##### Economic Dependency

The Organization derives a majority of its revenue through grants from government agencies. If either a significant reduction in the level of this support or a change in the method of administration of domestic violence treatment were to occur, it would have an effect on the Organization's programs and services and could prevent the Organization from continuing existence in its present form.

Grants require the fulfillment of certain conditions set forth in the grant agreement. Failure to fulfill or comply with the conditions could result in the return of funds to the grantor. Although this is a possibility, the Board of Directors considers the contingency remote, since by accepting the grants it has accommodated the objectives of the Organization to the provisions of the grants.

##### Emergency Shelter Project

During 2014, the Organization began construction on a new emergency shelter. The total project is expected to cost approximately \$4,300,000 and is expected to be completed in 2016. As of June 30, 2015 and 2014, the Organization had paid \$332,494 and \$5,006, respectively, to the contractor which is included in property and equipment, net, on the statements of financial position.

SUPPLEMENTARY INFORMATION

**HARBOR HOUSE OF CENTRAL FLORIDA, Inc.**

**Schedule of Expenditures of Federal, State and Local Awards  
Year Ended June 30, 2015**

	<u>Period of Award</u>	<u>Federal CFDA No.</u>	<u>Contract Number</u>	<u>Amount of Award</u>	<u>Grant Expenditures</u>
Federal Programs:					
<u>U.S. Department of Health &amp; Human Services:</u>					
Family Violence Prevention and Services /Domestic Violence Shelter and Supportive Services:					
Passed through from the State of Florida Department of Children and Families/Florida Coalition Against Domestic Violence					
	7/1/14 - 6/30/15	93.671	15-2210-DVS	\$ 166,688	\$ <u>166,688</u>
Temporary Assistance for Needy Families (TANF):					
Passed through from the State of Florida Department of Children and Families/Florida Coalition Against Domestic Violence					
	7/1/14 - 6/30/15	93.558	15-2210-DVS	319,877	319,877
Passed through from Community Based Care and Central Florida					
	7/1/14 - 6/30/15	93.558	OROS018-1415	6,686	<u>6,686</u>
					<u>326,563</u>
Injury Prevention and Control Research and State and Community Based Programs:					
Passed through from the State of Florida Department of Children and Families/Florida Coalition Against Domestic Violence					
	3/2/14 - 3/1/15	93.136	14-2210-DELTA	94,500	63,000
	3/2/15 - 3/1/16	93.136	16-2210-DELTA	94,500	31,500
					<u>94,500</u>
Promoting Safe and Stable Families:					
Passed through from Community Based Care and Central Florida					
	7/1/14 - 6/30/15	93.556	OROS018-1415	49,356	<u>49,356</u>
Stephanie Tubbs Jones Child Welfare Services Program:					
Passed through from Community Based Care and Central Florida					
	7/1/14 - 6/30/15	93.645	OROS018-1415	548	<u>548</u>
Foster Care Title IV-E:					
Passed through from Community Based Care and Central Florida					
	7/1/14 - 6/30/15	93.658	OROS018-1415	7,227	<u>7,227</u>

**HARBOR HOUSE OF CENTRAL FLORIDA, Inc.**

**Schedule of Expenditures of Federal, State and Local Awards – Continued  
Year Ended June 30, 2015**

	<u>Period of Award</u>	<u>Federal CFDA No.</u>	<u>Contract Number</u>	<u>Amount of Award</u>	<u>Grant Expenditures</u>
Federal Programs – Continued:					
<u>U.S. Department of Health &amp; Human Services – Continued:</u>					
Adoption Assistance:					
Passed through from Community Based Care and Central Florida	7/1/14 - 6/30/15	93.659	OROS018-1415	264	<u>264</u>
Child Abuse and Neglect State Grants:					
Passed through from Community Based Care and Central Florida	7/1/14 - 6/30/15	93.669	OROS018-1415	124	<u>124</u>
Subtotal - Department of Health & Human Services					<u>645,270</u>
<u>U.S. Department of Justice:</u>					
Crime Victim Assistance - Victims of Crime Act (VOCA):					
Passed through from the State of Florida, Office of Attorney General	10/1/13 - 9/30/14	16.575	V13108	185,523	51,114
	10/1/14 - 9/30/15	16.575	V14108	195,523	<u>112,486</u>
					<u>163,600</u>
STOP Violence Against Women Formula Grants-ARRA (Recovery Act):					
Passed through from the State of Florida, Office of the Attorney General/Florida Coalition Against Domestic Violence	8/1/14 - 6/30/15	16.588	15-2210-RURAL	58,000	58,000
	7/1/14-6/30/15	16.588	15-2210-CCI	56,619	56,619
	7/1/14-6/30/15	16.588	15-2210-LCH	9,126	<u>9,126</u>
					<u>123,745</u>
Subtotal – U.S. Department of Justice					<u>287,345</u>
<u>U.S. Department of Housing and Urban Development:</u>					
Community Development Block Grants/Entitlement Grants:					
Passed through from Orange County, Florida	2013 - 2014	14.218	2013-2014	220,000	214,994
	10/1/14 - 9/30/15	14.218	FY 2014-2015	36,697	<u>33,013</u>
					<u>248,007</u>

**HARBOR HOUSE OF CENTRAL FLORIDA, Inc.**

**Schedule of Expenditures of Federal, State and Local Awards – Continued  
Year Ended June 30, 2015**

	Period of Award	Federal CFDA No.	Contract Number	Amount of Award	Grant Expenditures
Federal Programs – Continued:					
<u>U.S. Department of Housing and Urban Development – Continued:</u>					
Emergency Solutions Grants Program:					
Passed through from City of Orlando, Florida	10/1/14 - 9/30/15	14.231	141208F06	39,119	24,173
	10/1/14 - 9/30/15	14.231	2014-2015	57,675	47,731
Passed through from Orange County, Florida	10/1/14 - 9/30/15	14.231	FY 2014-2015	50,616	39,582
					<u>111,486</u>
Continuum of Care Program:					
Passed through from Homeless Services Network of Central Florida	11/1/13 - 10/31/14	14.267	FL0081L4H071202	88,390	10,390
	11/1/14 - 10/31/15	14.267	FL0081L4H071303	85,518	41,498
					<u>51,888</u>
Subtotal – Department of Housing and Urban Development					<u>411,381</u>
<u>U.S. Department of Agriculture:</u>					
Child and Adult Care Food Program:					
Passed through from the Florida Department of Health	10/1/13 - 9/30/14	10.558	H-1935 2013-2014	15,144	4,723
	10/1/14 - 9/30/15	10.558	H-1935 2014-2015	26,568	12,524
Subtotal – U.S. Department of Agriculture					<u>17,247</u>
United States Department of Homeland Security, Federal <u>Emergency Management Agency:</u>					
Emergency Food and Shelter National Board Program					
Passed through from The Orange County Emergency Food and Shelter Program Local Board:					
Heart of Florida United Way	7/1/14 - 6/30/15	97.024	EFSP - Phase 32	82,486	51,551
Subtotal – United States Department of Homeland Security					<u>51,551</u>
Total Federal Awards				\$	<u><u>1,412,794</u></u>

**HARBOR HOUSE OF CENTRAL FLORIDA, Inc.**

**Schedule of Expenditures of Federal, State and Local Awards – Continued  
Year Ended June 30, 2015**

	Period of Award	Federal CFDA No.	Contract Number	Amount of Award	Grant Expenditures
State of Florida Department of Children and Families:					
Passed-through from Florida Coalition Against Domestic Violence:					
Domestic Violence Trust Fund (DVTF)	07/01/14 – 06/30/15	*	15-2210-DVS	\$ 185,975	\$ 185,975
General Revenue (GR)	07/01/14 – 06/30/15	*	15-2210-DVS	414,105	414,105
General Revenue (GR CPI-219)	07/01/14 – 06/30/15	*	15-2210-CPI	75,000	75,000
Primary Prevention (PPE)	07/01/14 – 06/30/15	*	15-2210-DVS	18,183	18,183
					<u>693,263</u>
Total state awards					<u>\$ 693,263</u>
Orange County, Florida:					
Animal Services	10/01/14 – 09/30/15		FY 2014-2015	2,000	\$ 2,000
Domestic Violence Program	10/01/14 – 09/30/15		Y15-2009	307,000	307,000
Domestic Violence Program	10/01/14 – 09/30/15		C152009	175,000	175,000
Subtotal – Orange County, Florida					<u>484,000</u>
City of Orlando:					
Children’s Services and Court Advocacy	10/01/13 – 09/30/14		131007AO4	130,544	97,910
Children’s Services and Court Advocacy	10/01/14 – 09/30/15		140929AO4	130,544	32,634
Subtotal – City of Orlando					<u>130,544</u>
Total local awards					<u>\$ 614,544</u>

\*Denotes general appropriations not subject to State of Florida single audit requirements.



## HARBOR HOUSE OF CENTRAL FLORIDA, INC.

### Notes to Schedule of Expenditures of Federal, State, and Local Awards Year Ended June 30, 2015

#### **1. Basis of Presentation:**

The accompanying schedule of expenditures of federal, state, and local awards presents the activity of all federal, state, and local financial assistance and federal, state, and local cost reimbursement contracts of Harbor House of Central Florida, Inc. Harbor House of Central Florida, Inc. receives federal and state awards indirectly through pass-through entities. Other local awards are received directly from entities.

Federal program and state and local project expenditures included in the accompanying schedule are presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

#### **2. Matching Requirements:**

Certain federal programs require that Harbor House of Central Florida, Inc. contribute nonfederal funds (matching funds) to support the federally-funded programs. Harbor House of Central Florida, Inc. has complied with the matching requirements. The expenditure of nonfederal matching funds is not included on the schedule.

**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***

To the Board of Directors  
Harbor House of Central Florida, Inc.  
Orlando, 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 Harbor House of Central Florida, Inc. (the "Organization") (a nonprofit organization), which comprise the statement of financial position as of June 30, 2015, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 9, 2016.

**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.

Our consideration of the internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified a certain deficiency in internal control that we consider to be a material weakness.

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 Organization's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs to be a material weakness. (Item 2015-1)

A *significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to meet attention by those charged with governance.

### **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*.

### **Organization's Response to Finding**

The Organization's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Organization's response was not subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on it.

### **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.



Orlando, Florida  
March 9, 2016

**Independent Auditors' Report on Compliance for Each Major Federal Program  
and on Internal Control Over Compliance Required by OMB Circular A-133**

To the Board of Directors  
Harbor House of Central Florida, Inc.  
Orlando, Florida

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

We have audited Harbor House of Central Florida, Inc.'s (the "Organization") (a nonprofit organization) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended June 30, 2015. The Organization's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

**Auditors' Responsibility**

Our responsibility is to express an opinion on compliance for each of the Organization's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Organization's compliance.

**Opinion on Each Major Federal Program**

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

## Report on Internal Control Over Compliance

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*Withum Smith + Brown, PC*

Orlando, Florida  
March 9, 2016

**HARBOR HOUSE OF CENTRAL FLORIDA, INC.**

**Schedule of Findings and Questioned Costs  
Year Ended June 30, 2015**

**I. Summary of Auditors' Results:**

1. Financial Statements:

- |  |              |                        |
|--|--------------|------------------------|
| a. Type of auditors' report issued on the financial statements?                  | Unmodified   |                        |
| b. Internal control over financial reporting:                                    |              |                        |
| 1) Material weakness(es) identified?   | <u>X</u> Yes | ___ No                 |
| 2) Significant deficiencies identified not considered to be material weaknesses? | ___ Yes      | <u>X</u> None reported |
| c. Noncompliance that is material to the financial statements reported?          | ___ Yes      | <u>X</u> No            |

2. Federal Awards Programs:

- |   |            |                        |
|---|------------|------------------------|
| a. Internal control over major federal awards programs:   |            |                        |
| 1) Material weakness(es) identified?  | ___ Yes    | <u>X</u> No            |
| 2) Significant deficiencies identified not considered to be material weaknesses?  | ___ Yes    | <u>X</u> None reported |
| b. Type of auditors' report issued on compliance for major federal awards programs:                                     | Unmodified |                        |
| c. Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133, Section 510(a)? | ___ Yes    | <u>X</u> No            |

d. Identification of major federal awards programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
93.558	Temporary Assistance for Needy Families
14.231	Emergency Shelter Grants Program

- |   |                  |        |
|---|------------------|--------|
| e. Dollar threshold used to distinguish between Type A and Type B programs: | <u>\$300,000</u> |        |
| f. Auditee qualified as low-risk auditee?                                   | <u>X</u> Yes     | ___ No |

**HARBOR HOUSE OF CENTRAL FLORIDA, INC.**

**Schedule of Findings and Questioned Costs – Continued  
Year Ended June 30, 2015**

**II. Findings Relating to the Financial Statements Reported in Accordance With *Government Auditing Standards*:**

2015-1 Bank and Grants Receivable Reconciliations

Criteria: The COSO framework for effective internal control over financial reporting states that control activities relating to reliable financial reporting should be established and communicated to personnel throughout the Organization with corresponding procedures established to ensure that these control activities are operating effectively, resulting in management directives being carried out. Although the Organization has established procedures and controls related to bank and grants receivable reconciliations, we found that these procedures and controls are not being followed in a timely manner. As a result, material misstatements of the cash and grants receivable accounts and the misappropriation of assets may occur and not be prevented or detected and corrected on a timely basis.

Condition: At the date of fieldwork, bank and grants receivable reconciliations had not been completed for all cash and grants receivable accounts, and the reconciliations that had been completed contained errors in reconciling to the general ledger.

Cause: While procedures had been set in place by Management to perform monthly reconciliations, Management had neglected to perform them on a monthly basis and in a timely manner.

Effect: Bank and grants receivable reconciliations for June 30, 2015, contained material errors that had to be corrected by the Organization.

Recommendation: The Organization should enforce its policy to prepare bank and grants receivable reconciliations on a monthly basis and investigate any difference with the general ledger.

Views of responsible officials and planned corrective actions: Harbor House management agrees with the audit finding regarding reconciliations of bank and grants receivable accounts. Additional staffing resources have been assigned the responsibility to bring current these reconciliations, research and resolve the causes of previous errors, and implement new procedures to prevent their recurrence. Related procedures will also be refined so as to achieve the timely completion and review of reconciliations on a monthly basis.

**III. Findings and Questioned Costs Relating to Major Federal Awards Programs:**

None reported.

**IV. Summary of Prior Year Findings Relating to Major Federal Awards Programs:**

No prior year findings.