SOS Children's Villages - Florida, Inc.

Financial Statements and Additional Information
For the Years Ended December 31, 2016 and 2015

SOS Children's Villages - Florida, Inc.

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Keefe
McCullough
CPA's + Trusted Advisors

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
SOS Children's Villages - Florida, Inc.
Coconut Creek, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of SOS Children's Villages - Florida, Inc. (a not-for-profit organization) (the "Organization"), which comprise the statements of financial position as of December 31, 2016 and 2015, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

CPA's + Trusted Advisors

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

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 awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management, and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

Other Reports Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 10, 2017, 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, 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 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* in considering the Organization's internal control over financial reporting and compliance.

Keefe McCullough

KEEFE McCULLOUGH

Fort Lauderdale, Florida
May 10, 2017

FINANCIAL STATEMENTS

SOS Children's Villages - Florida, Inc.
Statements of Financial Position
December 31, 2016 and 2015

	2016	2015
Assets:		
Cash and cash equivalents	$ 61,196	$ 86,541
Investments	5,750	5,750
Contracts and other receivables	314,074	353,455
Prepaids and other assets	12,046	64,072
Property and equipment, less accumulated depreciation of $ 3,720,661 and $ 3,488,057, respectively	1,344,230	1,463,845
Total assets	$ 1,737,296	$ 1,973,663
Liabilities:		
Accounts payable	$ 6,500	$ 85,499
Accrued expenses	186,589	112,300
Capital leases payable	123,704	154,753
Notes payable	550,000	500,000
Line of credit	52,000	-
Total liabilities	918,793	852,552
Net Assets:		
Unrestricted	818,503	1,121,111
Total net assets	818,503	1,121,111
Total liabilities and net assets	$ 1,737,296	$ 1,973,663

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

SOS Children's Villages - Florida, Inc.
Statement of Activities
For the Years Ended December 31, 2016 and 2015

	2016	2015
Public Support and Revenues:		
Grants and contracts	$ 1,982,612	$ 2,046,527
Contributions, including in-kind donations of $ 131,085 and $ 245,464, respectively	1,127,880	1,386,250
Special events	429,893	389,178
Miscellaneous revenues	144,495	72,890
Total public support and revenues	3,684,880	3,894,845
Expenses:		
Program services	2,990,494	3,243,269
Supporting services:		
Fundraising	507,536	519,899
Management and general	257,122	267,256
Total supporting services	764,658	787,155
Total expenses	3,755,152	4,030,424
Revenues over (under) expenses before other revenues (expenses):	(70,272)	(135,579)
Other revenues (expenses):		
Interest income	269	248
Provision for depreciation - program	(208,879)	(181,629)
Provision for depreciation - support	(23,726)	(20,630)
Total other revenues (expenses)	(232,336)	(202,011)
Change in net assets	(302,608)	(337,590)
Net Assets, beginning of year	1,121,111	1,458,701
Net Assets, end of year	$ 818,503	$ 1,121,111

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

SOS Children's Villages - Florida, Inc.
Statement of Functional Expenses
For the Year Ended December 31, 2016

	Program Services	Supporting Services: Fund-Raising	Supporting Services: Management and General	Total Supporting Services	Total 2016
Personnel Costs:					
Salaries	$ 1,702,295	$ 199,551	$ 134,392	$ 333,943	$ 2,036,238
Taxes and benefits	306,611	35,942	24,207	60,149	366,760
Other personnel costs	14,646	1,717	1,156	2,873	17,519
Total personnel costs	2,023,552	237,210	159,755	396,965	2,420,517
Other Expenses:					
Home expenses	352,399	-	-	-	352,399
Event expenses	-	202,339	-	202,339	202,339
Vehicle expenses	156,977	1,670	8,350	10,020	166,997
General office expenses	87,668	11,157	60,569	71,726	159,394
Insurance	94,143	981	2,942	3,923	98,066
Maintenance service and supplies	80,010	824	1,650	2,474	82,484
Children's services	81,940	-	-	-	81,940
Electric and water	74,354	2,425	4,041	6,466	80,820
Professional fees	31,201	34,038	5,673	39,711	70,912
Interest expense and bank fees	8,250	16,892	14,142	31,034	39,284
Total other expenses	966,942	270,326	97,367	367,693	1,334,635
Total personnel costs and other expenses	2,990,494	507,536	257,122	764,658	3,755,152
Provision for depreciation	208,879	-	23,726	23,726	232,605
Total expenses	$ 3,199,373	$ 507,536	$ 280,848	$ 788,384	$ 3,987,757

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

SOS Children's Villages - Florida, Inc.
Statement of Functional Expenses
For the Year Ended December 31, 2015

	Program Services	Supporting Services: Fund-Raising	Supporting Services: Management and General	Total Supporting Services	Total 2015
Personnel Costs:					
Salaries	$ 1,769,794	$ 207,464	$ 139,721	$ 347,185	$ 2,116,979
Taxes and benefits	352,379	41,308	27,819	69,127	421,506
Other personnel costs	25,996	3,047	2,053	5,100	31,096
Total personnel costs	2,148,169	251,819	169,593	421,412	2,569,581
Other Expenses:					
Home expenses	374,945	-	-	-	374,945
Event expenses	-	205,506	-	205,506	205,506
General office expenses	90,405	10,464	62,697	73,161	163,566
Vehicle expenses	152,755	2,400	7,711	10,111	162,866
Maintenance service and supplies	134,895	101	1,269	1,370	136,265
Children's services	120,561	-	-	-	120,561
Insurance	107,093	1,116	3,347	4,463	111,556
Electric and water	79,036	2,496	3,909	6,405	85,441
Professional fees	27,445	30,000	4,869	34,869	62,314
Interest expense and bank fees	7,605	15,584	13,275	28,859	36,464
Board of directors expenses	360	413	586	999	1,359
Total other expenses	1,095,100	268,080	97,663	365,743	1,460,843
Total personnel costs and other expenses	3,243,269	519,899	267,256	787,155	4,030,424
Provision for depreciation	181,629	-	20,630	20,630	202,259
Total expenses	$ 3,424,898	$ 519,899	$ 287,886	$ 807,785	$ 4,232,683

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

SOS Children's Villages - Florida, Inc.
Statements of Cash Flows
For the Years Ended December 31, 2016 and 2015

	2016	2015
Cash Flows From Operating Activities:		
Change in net assets	$ (302,608)	$ (337,590)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Provision for depreciation	232,605	202,259
Donated property and equipment	(97,513)	(191,755)
Changes in assets and liabilities:		
(Increase) decrease in assets:		
Contracts and other receivables	39,381	(169,491)
Promises to give	-	15,063
Prepaids and other assets	52,026	(2,427)
Increase (decrease) in liabilities:		
Accounts payable	(78,999)	17,756
Accrued expenses	74,289	(3,244)
Net cash provided by (used in) operating activities	(80,819)	(469,429)
Cash Flows From Investing Activities:		
Proceeds from sale of investments	-	79
Purchases of property and equipment	(15,477)	(51,662)
Net cash provided by (used in) investing activities	(15,477)	(51,583)
Cash Flows from Financing Activities:		
Proceeds from line of credit	1,460,948	1,140,000
Principal payments on capital leases payable	(31,049)	(30,548)
Payments on line of credit	(1,408,948)	(1,140,000)
Proceeds from note payable	50,000	500,000
Net cash provided by (used in) financing activities	70,951	469,452
Net increase (decrease)in cash and cash equivalents	(25,345)	(51,560)
Cash and Cash Equivalents, beginning of the year	86,541	138,101
Cash and Cash Equivalents, end of year	$ 61,196	$ 86,541

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

Note 1 - Organization and Operations

SOS Children's Villages - Florida, Inc., (the "Organization") is incorporated as a not-for-profit corporation. The Organization provides residential foster care and dependency case management services for children in a setting that is equivalent of a family setting. Each home provides care for approximately six children with a full time staff who resides in the house on a rotating basis with additional part time staff as needed.

The Organization is established and operated in accordance with the rules, regulations and criteria established by the SOS Kinderdorf International Herman Gmeiner Fund (SOS-KD1-HGFD) which is headquartered in Innsbruck, Austria, to the extent there is no conflict with any applicable federal or state laws or regulations.

Note 2 - Summary of Significant Accounting Policies

Basis of presentation: Financial statement presentation follows the recommendation of the Financial Accounting Standards Board in its Accounting Standards Codification (FASB ASC) 958, *Financial Statements of Not-for-Profit Organizations*. Under FASB ASC 958, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Restricted and unrestricted revenue and support: 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. The Organization had no temporarily or permanently restricted net assets at December 31, 2016 and December 31, 2015.

Cash and cash equivalents: The Organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. The Organization occasionally maintains cash balances at two financial institutions which may exceed federally insured amounts. Amounts are maintained with what management believes to be quality financial institutions.

Allowance for doubtful accounts: Management periodically reviews the contracts and other receivables balances and provides an allowance for accounts which may be uncollectible. At December 31, 2016 and 2015 management considers the contracts and other receivables to be fully collectible within the current accounting period and no allowance for doubtful accounts is considered necessary.

Note 2 - Summary of Significant Accounting Policies (continued)

Investments: The Organization's investments are comprised of securities carried at their fair value based on quoted market prices or other methods. Unrealized gains and losses in fair value are recorded as increases or decreases to unrestricted net assets.

Property and equipment: Property and equipment are carried at cost if purchased or at fair value at the date of the contribution if donated, less accumulated depreciation. The Organization's policy is to provide for depreciation using the straight-line method over the estimated useful lives of the particular asset which are as follows:

Buildings and improvements	10-27.5 years
Furniture and equipment	5-7 years
Automotive equipment	5 years

Donated property and equipment are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Without donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated assets are placed in service, reclassifying temporarily restricted net assets to unrestricted net assets at that time. The Organization received $ 97,513 and $ 191,755 in donated property and equipment for the years ended December 31, 2016 and 2015, respectively.

Maintenance and repairs to property and equipment are charged to expense when incurred. It is the Organization's policy to capitalize property and equipment over $ 1,000 and a useful life greater than one year.

Grants and contracts revenue: Grants and contracts revenue is recognized when the allowable costs as defined by the individual grant or contract are incurred. Grant and contracts receivable at year end represent allowable expenditures, which have not yet been reimbursed by the granting agency.

Functional expenses: Program and supporting services are charged with their direct expenses. Other expenses are allocated based on their proportionate share of total expenses.

Joint costs of fundraising appeals: The Organization utilizes various pamphlets, brochures and informational methods to inform the general public of their activities and to solicit funds. These costs are charged to fundraising.

Use of estimates: The preparation of financial statements in conformity with generally accepted accounting principles 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. Actual results could differ from those estimates.

Date of management review: Subsequent events have been evaluated by management through May 10, 2017, which is the date the financial statements were issued.

Note 3 - Investments

At December 31, 2016 and 2015, investments by type, at fair value, were as follows:

Corporate bond	$	5,000
Preferred stock		750
Total investments	$	5,750

Fair Value Measurements:

Financial Accounting Standards Board in its Accounting Standards Codification (FASB ASC) No. 820, *Fair Value Measurements and Disclosures* established a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The inputs or methodology used for valuing securities are not necessarily an indication of risk associated with investing in those securities. The three levels of the fair value hierarchy are as follows:

- Level 1 – inputs are quoted market prices (unadjusted) in active markets for identical investments that the Organization has the ability to access at the measurement dates.
- Level 2 – inputs that are other than quoted prices included within Level 1 that are observable for the investments either directly or indirectly (e.g. quoted prices in active markets for similar securities, securities valuations based on commonly quoted benchmarks, interest rates and yield curves, and/or securities indices) or redeemable at net asset value as if the measurement date.
- Level 3 – inputs that are unobservable inputs for the investments (e.g. information about assumptions, including risk, market participants would use in pricing a security).

The fair value of investments by type at for the years ended December 31, 2016 and December 31, 2015 were as follows:

Investments in:	Level 1	Level 2	Level 3	Total
Corporate bond	$ -	$ 5,000	$ -	$ 5,000
Preferred stock	-	750	-	750
Total	$ -	$ 5,750	$ -	$ 5,750

For the valuation of mutual funds, money market funds/cash, corporate bond, and preferred stock at December 31, 2016 and 2015, the Organization used inputs that are other than quoted prices included within Level 1 that are observable for the investments either directly or indirectly as of the valuation date (Level 2). All of the Organization's investments are categorized as unrestricted.

Note 4 - Grants and Contracts

Funding agreements for services to be provided are entered into on an annual basis. The release of funds are subject to monies being made available by the federal government, State of Florida, Broward County and certain other granting agencies. Certain of these agreements may be terminated by either party with thirty days written notice.

Program expenditures made by the Organization are subject to additional audit by grantor agencies. As a result of such audits, the grantor may require that amounts be returned. In certain instances, the grantor may increase its grant of funds to the Organization to offset amounts which would otherwise be repayable based on audits. As of December 31, 2016 and 2015, the Organization had no amounts required to be returned as a result of such audits.

Note 5 - Donated Goods and Services

The Organization receives donated goods and services, paying for most services requiring specific expertise. However, a number of volunteers have donated their time in certain of the Organization's program service areas, fundraising activities and efforts to solicit charitable contributions. Because of the difficulty in determining the number of hours for such services, they are not disclosed in the accompanying financial statements. However, when the value of donated services requires specific expertise, they are recorded in the financial statements as a revenue and expense, or as property and equipment, depending upon the nature of the services provided. During the years ended December 31, 2016 and 2015, the Organization did not record any such services in connection with its programs.

For the years ended December 31, 2016 and 2015, the Organization received donated goods totaling $ 131,085 and $ 245,464, including $ 97,513 and $ 191,755 in donated property and equipment. Donated goods received were recorded at their fair value.

Note 6 - Property and Equipment

The following is a schedule of property and equipment at December 31, 2016 and 2015:

	2016	2015
Buildings and improvements	$ 4,197,114	$ 4,093,571
Furniture and equipment	356,826	347,380
Automotive equipment	223,119	223,119
	4,777,059	4,664,070
Less accumulated depreciation	3,720,661	3,488,057
	1,056,398	1,176,013
Land	287,832	287,832
	$ 1,344,230	$ 1,463,845

Note 7 - Income Taxes

The Organization is a nonprofit organization exempt from tax under Internal Revenue Code Section 501(c)(3); therefore, no tax provision has been made in the accompanying financial statements.

The Organization's Federal Exempt Organization Business Income Tax Return (Form 990) for 2016, 2015, 2014 and 2013 are subject to examination by the IRS, generally for three years after they are filed.

Note 8 - Related Party Transactions

A past source of funding for the Organization has been SOS Kinderdorf International Herman Gmeiner Fund (SOS-KDI-HGFD). The Organization did not receive any funding during 2016 or 2015. This prestigious organization is a multi-year nominee for the Nobel Peace Prize.

SOS-USA was organized as a separate entity to operate as the coordinating body for all organizations in the United States supporting or operating children's villages in accordance with the principles of SOS-KDI-HGFD. For the years ended December 31, 2016 and 2015, the Organization received direct funding from SOS-USA totaling $ 10,827, and $ 26,944, respectively. In the event of SOS Children's Villages - Florida, Inc.'s dissolution, the assets of the Organization will revert to SOS-USA.

During the year ended December 31, 2015, the Organization entered into a note payable agreement with SOS-USA for $ 500,000 (Note 9).

During the year ended December 31, 2016, the Organization entered into a note payable agreement with a Board member for $ 50,000 (Note 9).

Note 9 - Notes Payable

The Organization entered into a note payable agreement with SOS-USA (Note 8) for $ 500,000. The note payable accrues interest at the rate of 3% per annum. The principal and all accrued interest on the note payable is due and payable on the maturity date of March 5, 2020. At December 31, 2016 and 2015, the total due to SOS-USA was $ 523,042 and $ 507,610, including accrued interest of $ 23,042 and $ 7,610, respectively.

In addition, the Organization entered into a noninterest bearing note with a board member (Note 8) during the year ended December 31, 2016 in the amount of $ 50,000. This note will become due in January 2017. Subsequent to year end, the board member has elected to contribute these funds to the Organization rather than be paid back.

Note 10 - Line of Credit

At December 31, 2016 and 2015, the Organization has a $ 150,000 revolving line of credit. Borrowings against the line of credit bear interest at the bank prime rate plus .50% or a minimum of 3.75% (4.00% at December 31, 2016). The credit line is collateralized by all inventory, unencumbered equipment, general intangibles and fixtures and is due in June 2017. At December 31, 2016, the Organization has a credit line facility balance of $ 52,000. At December 31, 2015, there was no outstanding balance.

Note 11 - Lease Commitments

Capital Leases: The Organization previously entered into a lease agreement for vehicles that was classified as a capital lease. This lease requires monthly payments of $ 2,126, plus interest at approximately 18% through July 2020. The cost of the vehicles under this capital lease is $ 223,119 with accumulated depreciation on the leased vehicles at December 31, 2016 and 2015 of $ 152,465 and $ 107,841, respectively.

The Organization previously entered into a lease agreement for furniture that was classified as a capital lease. The lease requires monthly payments of $ 626, including interest at 9.5% through July 2019. The cost of the furniture under this capital lease is $ 30,018 with accumulated depreciation of the leased furniture at December 31, 2016 and 2015 of $ 13,508 and $ 6,004, respectively.

The future principal lease payments under these capital leases as of December 31, 2016 are as follows:

Year Ending December 31,	
2017	$ 31,600
2018	32,300
2019	30,200
2020	29,604
	$ 123,704

Note 12 - Employee Benefit Plans

The Organization has a 401(K) Savings Plan which covers all employees who meet certain age and years of service requirements. During the year ended December 31, 2016, the Organization stopped offering a match contribution to employees. Employees however, may contribute to the plan at their discretion. Plan expense relative to the Organization for the years ended December 31, 2016 and 2015, was approximately $ 25,400 and $ 57,800, respectively.

Note 13 - Endowment Fund

The Organization previously entered into an agreement with the Community Foundation of Broward, Inc., a Florida non-profit corporation (the "Foundation") to create a designated fund to serve as an endowment on behalf of the Organization. Distributions from the Fund will only be made with the approval and authorization of the Board of Trustees of the Foundation and the funds are the property of the Foundation. As such, they are not carried as an asset of the Organization. It is the general policy of the Foundation to make distributions to the Organization from the endowment at least once annually. The Organization took a distribution of $ 55,091 and $ 54,785 from the Foundation in 2016 and 2015, respectively. The ending asset value of the endowment at December 31, 2016 and 2015 was approximately $ 976,055 and $ 972,300, respectively.

Note 14 - Contingencies

Litigation: The Organization is subject to claims and litigations arising in the normal course of operations. The Organization does not believe the outcome of any such claims will be material to its financial position.

Economic Dependence: The Organization is economically dependent upon the receipt of funds from the State of Florida for its programs. During the years ended December 31, 2016 and 2015, the Organization received grants and/or other funding from the State of Florida Department of Children and Families totaling $ 1,982,612 and $ 2,046,527, respectively. Contract receivables related to these revenues totaled $ 314,074 and $ 332,074 for the years ended December 31, 2016 and 2015, respectively.

A significant reduction in the level of this support would have an adverse effect on the Organization's programs and activities and its ability to satisfy their financial and program obligations and commitments.

Grant Contracts: The grant revenue amounts received are subject to audit and adjustment. If any expenditures or expenses are disallowed by the grantor agencies as a result of such an audit, any claim for reimbursement to the grantor agencies would become a liability of the Organization. In the opinion of management, all grant expenditures are in compliance with the terms of the grant agreements and applicable federal and state laws and regulations.

Note 15 - Supplemental Cash Flow Information

Supplemental Disclosure of Cash Flow Information:

	2016	2015
Cash received during the year for - Interest income	$ 269	$ 247
Cash paid during the year for - Interest expense	$ -	$ 1,691

Noncash Investing and Financing Activities:

	2016	2015
Acquisition of property and equipment -		
Cost of property and equipment	$ 112,990	$ 243,417
Less donated property and equipment	(97,513)	(191,755)
Cash paid for property and equipment	$ 15,477	$ 51,662

ADDITIONAL INFORMATION

SOS Children's Villages - Florida, Inc.
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2016

Grantor/Pass-through Grantor/Program Title	CFDA Number	Contract/ Agreement Number	Expenditures	Transfers to Subrecipients
Federal Awards:				
Indirect Programs:				
United States Department of Health and Human Services -				
Passed through Florida Department of Children and Families -				
Passed through ChildNet, Inc.				
Foster Care - Title IV-E	93.658	SOS16RGC	$ 1,224,636	$ -
	93.658	SOS16DCM	208,404	-
			1,433,040	-
Social Services Block Grant	93.667	SOS16RGC	393,730	-
Temporary Assistance for Needy Families	93.558	SOS16DCM	91,161	-
Adoption Assistance	93.659	SOS16DCM	41,181	-
Stephanie Tubbs Jones Child Welfare Services Program	93.645	SOS16DCM	21,800	-
Promoting Safe and Stable Families	93.556	SOS16DCM	1,700	-
Total expenditures of federal awards			$ 1,982,612	$ -

SOS Children's Villages – Florida, Inc.
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2016

Note 1 - Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the grant activity of the Organization and is presented on the accrual basis of accounting. The information in the Schedule of Expenditures of Federal Awards is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance).

Note 2 - Contingency

The grant and contract revenue amounts received are subject to audit and adjustment. If any expenditures or expenses are disallowed by the grantor agencies as a result of such an audit, any claim for reimbursement to the grantor/contract agencies becomes a liability of SOS Children's Villages- Florida, Inc. In the opinion of management, all grant and contract expenditures are in compliance with the terms of the agreement and applicable federal, state, and local laws and regulations.

Note 3 - Indirect Cost Rate

The Organization did not elect to use the 10% de minimis indirect cost rate.

INTERNAL CONTROLS AND COMPLIANCE

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

To the Board of Directors
SOS Children's Villages - Florida, Inc.
Coconut Creek, 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 SOS Children's Villages - Florida, Inc. (a nonprofit organization) (the "Organization"), as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Organization's basic financial statements, and have issued our report thereon dated May 10, 2017.

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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

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

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

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

Keefe McCullough

KEEFE McCULLOUGH

Fort Lauderdale, Florida
May 10, 2017

Keefe
McCullough
CPA's + Trusted Advisors

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors
SOS Children's Villages - Florida, Inc.
Coconut Creek, Florida

Report on Compliance for Each Major Federal Program

We have audited SOS Children's Villages - Florida, Inc.'s (a not-for-profit organization) (the "Organization") compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement,* that could have a direct and material effect on the Organization's major federal programs for the year ended December 31, 2016. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for 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; and the audit requirements of Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about 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 December 31, 2016.

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, 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 the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of 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. 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.

Purpose of this Report

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

Keefe McCullough

KEEFE McCULLOUGH

Fort Lauderdale, Florida
May 10, 2017

SOS Children's Villages - Florida, Inc.
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2016

A. Summary of Auditor's Results

1. The auditor's report expresses an unmodified opinion on whether the financial statements of SOS Children's Villages - Florida, Inc. were prepared in accordance with GAAP.

2. No significant deficiencies or material weaknesses relating to the audit of the financial statements are reported in the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards.*

3. No instances of noncompliance material to the financial statements of SOS Children's Villages - Florida, Inc., which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.

4. No significant deficiencies or material weaknesses relating to the audit of the major federal programs are reported in the Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control over Compliance required by the Uniform Guidance.

5. The auditor's report on compliance for the major federal programs for SOS Children's Villages - Florida, Inc. expresses an unmodified opinion on all major federal programs.

6. There are no audit findings that are required to be reported in accordance with 2 CFR section 200.516 (a) reported in Part C of this schedule.

7. The program tested as a major program is as follows:

Federal Program	**Federal CFDA No.**
United States Department of Health and Human Services Foster Care - Title IV-E	93.658

8. The threshold for distinguishing Types A and B programs was $ 750,000.

9. SOS Children's Villages - Florida, Inc. was determined to be a low-risk auditee.

B. Findings - Financial Statement Audit

No matters were reported.

C. Findings and Questioned Costs – Major Federal Award Programs Audit

No matters were reported.

D. Other Issues

1. A separate management letter was not issued because there were no findings required to be reported in the management letter.

2. No summary schedule of prior audit findings and questioned costs is required because there were no prior audit findings and questioned costs related to federal programs.

3. No corrective action plan is required because there were no findings reported under the Uniform Guidance.