

FLORIDA KEYS CHILDREN'S SHELTER, INC.

**FINANCIAL STATEMENTS AND
SUPPLEMENTAL INFORMATION**

YEAR ENDED JUNE 30, 2013

FLORIDA KEYS CHILDREN'S SHELTER, INC.
FINANCIAL STATEMENTS
JUNE 30, 2013

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MAGRAM & MAGRAM, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

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

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

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying statement of financial position of the Florida Keys Children's Shelter, Inc. as of June 30, 2013 and the related statement of activities, cash flows and functional expenses for the year then ended. These financial statements are the responsibility of the Florida Keys Children's Shelter, Inc.'s management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Florida Keys Children's Shelter, Inc.'s internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Florida Keys Children's Shelter, Inc. as of June 30, 2013, and the changes in its net assets and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued a report dated December 13, 2013 on our consideration of the Florida Keys Children's Shelter, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

MAGRAM & MAGRAM P.A.
MAGRAM & MAGRAM, P.A.
December 13, 2013

FLORIDA KEYS CHILDREN'S SHELTER, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2013

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$	69,869	
Grants and contracts receivable		184,746	
Prepaid expenses		<u>31,723</u>	
Total Current Assets	\$		286,338
Property and Equipment, net of \$927,206 accumulated depreciation			740,888
Investments			112,246
Other Assets			<u>7,330</u>
TOTAL ASSETS			<u>\$ 1,146,802</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Line of credit	\$	85,530	
Accounts payable		13,938	
Accrued expenses		<u>199,907</u>	
Total Current Liabilities	\$		299,375
Net Assets			
Unrestricted		792,427	
Temporarily restricted		5,000	
Permanently Restricted		<u>50,000</u>	
Total Net Assets			<u>847,427</u>
TOTAL LIABILITIES AND NET ASSETS			<u>\$ 1,146,802</u>

The accompanying notes are an integral part of these financial statements

FLORIDA KEYS CHILDREN'S SHELTER, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2013

REVENUE AND SUPPORT

Federal awards	\$	306,304
State financial assistance		663,103
Other grants and contracts		554,740
Special events		24,708
In-kind contributions		101,508
Contributions		249,112
Interest and dividends		3,380
Gain on sale of investments		1,564
Unrealized gain on investments		5,418
Net assets released from restrictions		<u>12,080</u>

Total Revenue and Support 1,921,917

EXPENSES

Program Services		
Jelesma Emergency Shelter		69,727
Jelesma CINS/FINS Temporary Shelter		720,173
Poinciana Emergency Shelter		185,764
Poinciana Group Home		196,372
Community Based Counselors		277,846
Jelesma Counselors		61,791
Project Lighthouse		137,588
Jelesma Runaway and Homeless Shelter		<u>143,474</u>

Total Program Services 1,792,735

Support Services

Management and general		96,685
Fund raising		<u>71,922</u>

Total Support Services 168,607

Total Expenses 1,961,342

DECREASE IN UNRESTRICTED NET ASSETS (39,425)

TEMPORARILY RESTRICTED NET ASSETS

Contributions		5000
Net assets released from restrictions		<u>(12,080)</u>

Decrease in Temporarily Restricted Net Assets (7,080)

DECREASE IN NET ASSETS (46,505)

NET ASSETS, beginning of year 893,932

NET ASSETS, end of year \$ 847,427

The accompanying notes are an integral part of these financial statements

FLORIDA KEYS CHILDREN'S SHELTER, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2013

CASH FLOWS FROM OPERATING ACTIVITIES	
Decrease in Net Assets	\$ (46,505)
Adjustments to reconcile decrease in net assets to net cash provided by operating activities:	
Depreciation	54,210
Change in unrealized gain on marketable securities	(5,418)
Realized gain on securities	(1,564)
Changes in assets and liabilities:	
Increase in grants and contracts receivable	(13,470)
Decrease in prepaid expenses	(5,621)
Decrease in accounts payable	(3,288)
Decrease in accrued expenses	<u>(43)</u>
Net Cash Flows Used By Operating Activities	\$ (21,699)
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of property equipment	(41,181)
Purchase of securities	(115,368)
Sale of securities	<u>161,705</u>
Net Cash Provided By Investing Activities	5,156
CASH FLOWS FROM FINANCING ACTIVITIES	
Net borrowings on line of credit	<u>45,530</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	28,987
CASH AND CASH EQUIVALENTS – BEGINNING OF YEAR	<u>40,882</u>
CASH AND CASH EQUIVALENTS – END OF YEAR	<u>\$ 69,869</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:	
Cash paid for interest	<u>\$ 4,560</u>

The accompanying notes are an integral part of these financial statements

FLORIDA KEYS CHILDREN'S SHELTER, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2013

	PROGRAM SERVICES										SUPPORT SERVICES		
	Jelesma Emergency Shelter	Jelesma CINS/FINS Temporary Shelter	Poinciana Emergency Shelter	Poinciana Group Home	School Based Counselors	Jelesma Counselors	Project Lighthouse	Jelesma Runaway & Homeless Youth	Total	Management and General	Fund Raising	Total	
Salaries	\$ 40,202	\$ 423,039	\$ 92,402	\$ 99,425	\$ 170,573	\$ 42,855	\$ 60,610	\$ 81,600	\$ 1,010,706	\$ 27,282	\$ 50,137	\$ 1,088,125	
Fringe Benefits	11,260	90,331	16,775	15,687	33,990	7,770	17,616	17,373	210,802	4,899	9,761	225,462	
Total Personnel Expenses	51,462	513,370	109,177	115,112	204,563	50,625	78,226	98,973	1,221,508	32,181	59,898	1,313,587	
Building Occupancy	5,622	67,798	35,431	35,431	42,516	3,037	34,078	13,057	236,970	24,040	3,037	264,047	
Professional Services	490	5,877	1,048	1,048	1,049	349	1,049	1,295	12,205	1,584	349	14,138	
Travel & Transportation	976	5,504	490	4,021	7,923	515	444	1,576	21,449	2,305	1,328	25,082	
Equipment Costs	472	5,652	1,086	1,086	1,086	362	1,086	1,247	12,077	1,811	362	14,250	
Food Services	2,895	28,020	15,540	16,682	-	-	224	6,198	69,559	239	45	69,843	
Medical and Pharmacy	731	8,755	2,283	2,283	-	-	3,473	740	18,265	-	-	18,265	
Insurance	1,427	17,089	3,050	3,050	3,050	1,016	3,050	3,766	35,498	5,082	1,016	41,596	
Operating Supplies and Expense	4,121	49,767	12,877	12,877	12,877	4,292	11,176	12,581	120,568	21,464	4,292	146,324	
Depreciation	1,531	18,341	4,782	4,782	4,782	1,595	4,782	4,041	44,636	7,979	1,595	54,210	
Total Operating Expenses	18,265	206,803	76,587	81,260	73,283	11,166	59,362	44,501	571,227	64,504	12,024	647,755	
Total Personnel and Operating Expenses	69,727	720,173	185,764	196,372	277,846	61,791	137,588	143,474	1,792,735	96,685	71,922	1,961,342	
Allocation of Management and General	3,200	38,358	10,002	10,002	10,002	3,334	10,002	8,451	93,351	(96,685)	3,334	-	
Total	72,927	758,531	195,766	206,374	287,848	65,125	147,590	151,925	1,886,086	-	75,256	1,961,342	

The accompanying notes are an integral part of these financial statements

FLORIDA KEYS CHILDREN'S SHELTER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 1 – NATURE OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of the Organization

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

Basis of Presentation

The Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

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

Basis of Accounting

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

Estimates

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

FLORIDA KEYS CHILDREN'S SHELTER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013
(CONTINUED)

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restriction.

Cash and Cash Equivalents

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

Property and Equipment

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

Investments

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

Functional Allocation of Expenses

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

FLORIDA KEYS CHILDREN'S SHELTER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013
(CONTINUED)

Emergency Shelter - Tavernier

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

Runaway and Homeless Youth Street Outreach

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

Families in Need of Services and Children in Need of Services

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

Poinciana

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

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

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

FLORIDA KEYS CHILDREN'S SHELTER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013
(CONTINUED)

Contributed Facilities

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

Contributed Services

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

Donated Materials

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

Income Taxes

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

NOTE 2 - GRANTS AND CONTRACTS RECEIVABLE

Management believes that all grants and contracts receivable are fully collectible as of June 30, 2013, and therefore, has not provided a related valuation allowance on these amounts.

FLORIDA KEYS CHILDREN'S SHELTER, INC.
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2013
 (CONTINUED)

NOTE 3 - PROPERTY AND EQUIPMENT

Property and equipment are stated at cost, or if donated, at the approximate fair market value at the date of donation. An analysis of property and equipment at June 30, 2013 is as follows:

Building and improvements	\$ 1,270,186
Equipment	67,385
Office furniture and equipment	201,049
Transportation equipment	<u>129,474</u>
	1,668,094
Less accumulated depreciation	<u>927,206</u>
Net property and equipment	<u>\$ 740,888</u>

Depreciation expense was \$54,210 for the year and has been allocated among the various cost centers in the Statement of Functional Expenses.

NOTE 4 - INVESTMENTS RESTRICTED

Investments as of June 30, 2013 are carried at quoted market prices and consists of mutual funds with a cost of \$106,828 and a market value of \$112,246. Mutual funds with a value of \$50,000 have been permanently restricted as an endowment by the Board of Directors.

NOTE 5 - LINE OF CREDIT

The Organization has an unsecured demand line of credit with a bank with a maximum borrowing of \$100,000 and interest payable monthly at the bank's prime rate plus 2.65% (5.9% at June 30, 2013). At June 30, 2013, the outstanding principal balance owed was \$85,530.

NOTE 6 - RESTRICTIONS ON NET ASSETS

Temporarily restricted net assets at June 30, 2013 relate to funds contributed to the Organization restricted for purchase of laptop computers.

Permanently restricted net assets at June 30, 2013 consist of investments to be held indefinitely, the income from which is generally expendable to support programs of the Organization.

FLORIDA KEYS CHILDREN'S SHELTER, INC.
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2013
 (CONTINUED)

NOTE 7 - OPERATING LEASES

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

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

The Organization leases office space under operating leases expiring in 2014. Rent expense under these leases for the year ended June 30, 2013 was \$78,771.

The Organization also leases office equipment under a non-cancelable lease through July, 2017. Rent expense under this operating lease was \$11,976. Future minimum lease payments under this operating lease for the years ending June 30 are as follows:

Year Ending June 30,	
2014	\$11,976
2015	11,976
2016	11,976
2017	11,976
Thereafter	998
	<u>\$ 48,902</u>

NOTE 8 - RETIREMENT PLAN

The Organization sponsors a Simple IRA Plan covering all employees who elect to participate. Under the plan, the Organization contributes the lesser of 3% of the participant's wages or the participant's contribution. The Organization's contribution for the year ended June 30, 2013 was \$29,926.

FLORIDA KEYS CHILDREN'S SHELTER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013
(CONTINUED)

NOTE 9 - FUNDING/ECONOMIC DEPENDENCE

For the year ended June 30, 2013, approximately 85% of the Shelter's total revenues were derived from governmental and related entities. A significant reduction in the government funding, if this were to occur, may have an adverse effect on the Shelter's programs and activities.

NOTE 10 - CREDIT RISK

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

NOTE 11 - SUBSEQUENT EVENTS

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosures through December 13, 2013, the date the financial statements were available to be issued.



MAGRAM & MAGRAM, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

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

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

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

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

Our report on our audit of the basic financial statements of The Florida Keys Children's Shelter, Inc. for the year ended June 30, 2013 appears on page 1. Our audit was performed for the purpose of forming an opinion on the basic financial statements of the Florida Keys Children's Shelter, Inc. taken as a whole. The supplemental information included herein on page 15 is presented for purposes of additional analysis as required by Chapter 10.650, the Rules of the Auditor General and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

M. Mason & M. Magram, P.A.
MAGRAM & MAGRAM, P.A.
December 13, 2013

FLORIDA KEYS CHILDREN'S SHELTER, INC.
 SCHEDULE OF STATE FINANCIAL ASSISTANCE
 FOR THE YEAR ENDED JUNE 30, 2013

<u>State Agency, State Project</u>	<u>CSFA Number</u>	<u>Grantor Contract Number</u>	<u>Expenditures</u>
Indirect Projects			
Florida Network of Youth and Family Services CINS/FINS	80.005	N/A	\$ 652,603
Department of Transportation passed through Guidance Clinic of the Middle Keys, Inc.	55.001	N/A	<u>10,500</u>
Total Indirect Projects			<u>663,103</u>
Total Expenditures of State Financial Assistance			<u>\$ 663,103</u>

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

See report of independent certified public accountants on supplemental information

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS
ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS

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

We have audited the financial statements of the Florida Keys Children's Shelter, Inc. (the "Organization") as of and for the year ended June 30, 2013 and have issued our report thereon dated December 13, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Florida Keys Children's Shelter, Inc.'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Florida Keys Children's Shelter's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Florida Keys Children's Shelter's internal control over financial reporting.

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 misstatements on a timely basis. A material weakness is a deficiency, or 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.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

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

Maaron Magram PA
MAGRAM & MAGRAM, P.A.
December 13, 2013



MAGRAM & MAGRAM, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

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

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

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

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

Compliance

We have audited the compliance of the Florida Keys Children's Shelter, Inc. with the types of compliance requirements described in the Executive Office of the Governor's State Projects Compliance Supplement that are applicable to each of its major state projects for the year ended June 30, 2013. The Florida Keys Children's Shelter, Inc.'s major state projects are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major state projects is the responsibility of the Florida Keys Children's Shelter, Inc.'s management. Our responsibility is to express an opinion on the Florida Keys Children's Shelter, Inc.'s compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and Chapter 10.650, Rules of the Auditor General. Those standards, and Chapter 10.650, Rules of Auditor General, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state project occurred. An audit includes examining, on a test basis, evidence about the Florida Keys Children's Shelter, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Florida Keys Children's Shelter, Inc.'s compliance with those requirements.

In our opinion, the Florida Keys Children's Shelter, Inc. complied, in all material respects, with the requirements referred to above that are applicable to each of its major state projects for the year ended June 30, 2013.


Internal Control Over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state project 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 state program will not be prevented, or detected and corrected, on a timely basis.

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

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


MAGRAM & MAGRAM, P.A.
December 13, 2013

THE FLORIDA KEYS CHILDREN'S SHELTER, INC.
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS - STATE PROJECTS
 FOR THE YEAR ENDED JUNE 30, 2013

SECTION 1 - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Unqualified

Internal control over financial reporting:

Material weakness(es) identified?

Yes No

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

Yes None Reported

Noncompliance material to financial statements noted

Yes No

State Financial Assistance

Internal control over major state projects:

Material weakness(es) identified?

Yes No

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

Yes None Reported

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

Unqualified

See report of Independent Certified Public Accountants on Supplemental Information

THE FLORIDA KEYS CHILDREN'S SHELTER, INC.
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS - STATE PROJECTS
 FOR THE YEAR ENDED JUNE 30, 2013

State Financial Assistance Continued

Identification of state projects:

<u>Name of State Project</u>	<u>CSFA Number</u>
State of Florida Office of Attorney General Minority Communities Crime Prevention	80.005
Dollar threshold used to distinguish between Type A and Type B projects for major State financial assistance:	\$198,931

SECTION II - FINANCIAL STATEMENT FINDINGS

No findings were reported

SECTION III - STATE FINANCIAL ASSISTANCE
 FINDINGS AND QUESTIONED COSTS

No findings were reported

SECTION IV - STATE FINANCIAL ASSISTANCE
 SUMMARY OF PRIOR AUDIT FINDINGS

No findings were reported

SECTION V - FINANCIAL ASSISTANCE -
 MANAGEMENT LETTER

No management letter was issued

See report of Independent Certified Public Accountants on Supplemental Information