



PASCO KIDS FIRST, INC.

FINANCIAL STATEMENTS

JUNE 30, 2012 AND 2011

PASCO KIDS FIRST, INC.

FINANCIAL STATEMENTS

JUNE 30, 2012 AND 2011

TABLE OF CONTENTS

	<u>PAGE</u>
Report of Independent Certified Public Accountants	1
FINANCIAL STATEMENTS	
Statements of Financial Position	3
Statements of Activities and Changes in Net Assets	4
Statements of Functional Expenses	5
Statements of Cash Flows	7
Notes to Financial Statements	8
SUPPLEMENTARY INFORMATION AND OTHER REPORTS	
Schedule of Expenditures of Financial Awards	14
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	17
Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133	18
Schedule of Findings and Questioned Costs	20
Corrective Action Plan	21



REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors
Pasco Kids First, Inc.
New Port Richey, Florida

We have audited the accompanying statement of financial position of Pasco Kids First, Inc. (the Organization) as of June 30, 2012 and 2011, and the related statements of activities and changes in net assets, statements of functional expenses, and statements of cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audits provide 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 Pasco Kids First, Inc. as of June 30, 2012 and 2011, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated October 12, 2012 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 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.

In accordance with the US *Office of Management and Budget (OMB) Circular A-133 Compliance Supplement*, and the requirements that are applicable to each of its major federal awards programs for the year then ended, we have also issued a report dated October 12, 2012 on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control over Compliance. That report is an integral part of a compliance audit performed in accordance with the above standards and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of financial awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, 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.

Frederick & Associates, PA

Certified Public Accountants
October 12, 2012

PASCO KIDS FIRST, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
ASSETS		
Current Assets		
Cash	\$ 54,377	\$ 94,611
Grants receivable	239,946	218,013
Prepaid expenses	<u>10,768</u>	<u>3,081</u>
Total Current Assets	<u>305,091</u>	<u>315,705</u>
Property and Equipment		
Property and equipment, net of accumulated depreciation of \$115,709 and \$106,685	354,019	359,394
Other Assets	<u>17,631</u>	<u>18,139</u>
Total Non-current Assets	<u>371,650</u>	<u>377,533</u>
Total Assets	<u><u>\$ 676,741</u></u>	<u><u>\$ 693,238</u></u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 888	\$ -
Accrued payroll	42,275	37,484
Accrued compensated absences	<u>45,151</u>	<u>54,245</u>
Total Current Liabilities	<u>88,314</u>	<u>91,729</u>
Net Assets		
Unrestricted, undesignated	234,408	242,115
Unrestricted, invested in property and equipment	354,019	359,394
Temporarily restricted	-	-
Permanently restricted	<u>-</u>	<u>-</u>
Total Net Assets	<u>588,427</u>	<u>601,509</u>
Total Liabilities and Net Assets	<u><u>\$ 676,741</u></u>	<u><u>\$ 693,238</u></u>

Read Report of Independent Certified Public Accountants.
The accompanying notes are an integral part
of these financial statements.

PASCO KIDS FIRST, INC.
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
CHANGE IN UNRESTRICTED NET ASSETS:		
REVENUES		
Federal and state grants and contracts	\$ 1,401,662	\$ 1,379,719
Crime Victims Compensation	145,563	176,741
Other grants and contracts	71,375	54,707
Contributions	8,659	19,589
In-kind contributions	347,359	334,218
Gain (loss) on sale of fixed assets	-	8,000
Interest income	258	1,031
Other income	4,446	8,251
	<u>1,979,322</u>	<u>1,982,256</u>
TOTAL REVENUES	<u>1,979,322</u>	<u>1,982,256</u>
EXPENSES		
<i>Program Services</i>		
Child Abuse Crisis Program	451,994	452,607
Healthy Families Program	991,720	966,360
Sexual Abuse Treatment Program (SATP)	402,250	351,195
	<u>1,845,964</u>	<u>1,770,162</u>
<i>Total Program Services</i>	<u>1,845,964</u>	<u>1,770,162</u>
<i>Support Services</i>		
General and administrative	140,602	150,545
Fundraising	5,838	-
	<u>146,440</u>	<u>150,545</u>
<i>Total Support Services</i>	<u>146,440</u>	<u>150,545</u>
TOTAL EXPENSES	<u>1,992,404</u>	<u>1,920,707</u>
CHANGE IN NET ASSETS	(13,082)	61,549
NET ASSETS, beginning of the year	<u>601,509</u>	<u>539,960</u>
NET ASSETS, end of year	<u><u>\$ 588,427</u></u>	<u><u>\$ 601,509</u></u>

Read Report of Independent Certified Public Accountants.
The accompanying notes are an integral part
of these financial statements.

PASCO KIDS FIRST, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2012

	PROGRAM SERVICES			
	Child Abuse Crisis Program	Healthy Families Program	SATP	Total Program Services
Salaries	\$ 226,497	\$ 460,581	\$ 233,851	\$ 920,929
Employee benefits	30,039	80,012	14,890	124,941
Payroll taxes	19,467	44,167	21,269	84,903
	276,003	584,760	270,010	1,130,773
Medical	59,534	-	1,350	60,884
Meetings & conferences	5,192	45,688	6,338	57,218
Telephone	11,787	22,691	4,392	38,870
Utilities	2,684	5,768	2,800	11,252
Employee training	375	1,722	757	2,854
Repairs & maintenance	4,648	18,749	2,055	25,452
Rent	64,159	273,690	96,871	434,720
Printing, postage & supplies	7,641	12,780	5,025	25,446
Professional fees	4,606	6,031	3,218	13,855
Insurance	5,734	10,379	4,066	20,179
Dues & subscriptions	5,928	2,893	1,872	10,693
Other expenses	1,718	2,237	1,691	5,646
	450,009	987,388	400,445	1,837,842
Depreciation	1,985	4,332	1,805	8,122
Total Expenses	\$ 451,994	\$ 991,720	\$ 402,250	\$ 1,845,964

SUPPORT SERVICES				
General and Administrative		Fundraising	Total Support Services	Total Expenses
\$	97,851	\$ -	\$ 97,851	\$ 1,018,780
	14,079	-	14,079	139,020
	8,229	-	8,229	93,132
	120,159	-	120,159	1,250,932
	-	-	-	60,884
	2,586	-	2,586	59,804
	4,037	-	4,037	42,907
	-	-	-	11,252
	1,312	-	1,312	4,166
	-	-	-	25,452
	-	-	-	434,720
	2,864	122	2,986	28,432
	-	-	-	13,855
	-	-	-	20,179
	3,189	5,532	8,721	19,414
	5,553	184	5,737	11,383
	139,700	5,838	145,538	1,983,380
	902	-	902	9,024
\$	140,602	\$ 5,838	\$ 146,440	\$ 1,992,404

Read the Report of Independent Certified Public Accountants.
The accompanying notes are an integral part
of these financial statements.

PASCO KIDS FIRST, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2011

	PROGRAM SERVICES			
	Child Abuse Crisis Program	Healthy Families Program	SATP	Total Program Services
Salaries	\$ 217,538	\$ 449,186	\$ 218,230	\$ 884,954
Employee benefits	27,069	83,971	14,006	125,046
Payroll taxes	25,497	41,518	15,953	82,968
	270,104	574,675	248,189	1,092,968
Medical	52,626	-	-	52,626
Meetings & conferences	3,468	47,712	7,446	58,626
Telephone	11,310	12,351	15,325	38,986
Utilities	3,128	4,077	4,667	11,872
Employee training	475	1,972	410	2,857
Repairs & maintenance	5,337	5,230	6,845	17,412
Rent	71,146	277,062	53,641	401,849
Printing, postage & supplies	12,505	14,400	6,211	33,116
Professional fees	4,129	5,696	3,281	13,106
Insurance	8,089	12,293	2,000	22,382
Dues & subscriptions	3,775	3,678	173	7,626
Other expenses	4,289	2,617	774	7,680
	450,381	961,763	348,962	1,761,106
Depreciation	2,226	4,597	2,233	9,056
Total Expenses	\$ 452,607	\$ 966,360	\$ 351,195	\$ 1,770,162

SUPPORT SERVICES				
General and Administrative		Fundraising	Total Support Services	Total Expenses
\$	122,957	\$ -	\$ 122,957	\$ 1,007,911
	184	-	184	125,230
	12,653	-	12,653	95,621
	135,794	-	135,794	1,228,762
	-	-	-	52,626
	279	-	279	58,905
	6,438	-	6,438	45,424
	1,961	-	1,961	13,833
	-	-	-	2,857
	2,875	-	2,875	20,287
	-	-	-	401,849
	510	-	510	33,626
	-	-	-	13,106
	-	-	-	22,382
	999	-	999	8,625
	431	-	431	8,111
	149,287	-	149,287	1,910,393
	1,258	-	1,258	10,314
\$	150,545	\$ -	\$ 150,545	\$ 1,920,707

Read the Report of Independent Certified Public Accountants.
The accompanying notes are an integral part
of these financial statements.

PASCO KIDS FIRST, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (13,082)	\$ 61,549
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Depreciation	9,024	10,314
(Gain) loss on disposal of property and equipment	-	(8,000)
(Increase) decrease in grants receivable	(21,933)	25,024
(Increase) decrease in other assets	508	(1,880)
(Increase) decrease in prepaid expense	(7,687)	(958)
Increase (decrease) in accounts payable	888	(24,566)
Increase (decrease) in accrued payroll	4,791	(26,304)
Increase (decrease) in accrued compensated absences	(9,094)	(9,995)
Increase (decrease) in other liabilities	<u>-</u>	<u>(12,200)</u>
Total Adjustments	<u>(23,503)</u>	<u>(48,565)</u>
Net Cash Provided by (Used in) Operating Activities	<u>(36,585)</u>	<u>12,984</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from the sale of property and equipment	-	8,000
Purchase of property and equipment	<u>(3,649)</u>	<u>(674)</u>
Net Cash Provided by (Used in) Investing Activities	<u>(3,649)</u>	<u>7,326</u>
NET INCREASE (DECREASE) IN CASH	<u>(40,234)</u>	<u>20,310</u>
CASH, BEGINNING OF YEAR	<u>94,611</u>	<u>74,301</u>
CASH, END OF YEAR	<u><u>\$ 54,377</u></u>	<u><u>\$ 94,611</u></u>
Supplemental disclosure of noncash investing activities:		
Disposal of fully depreciated property and equipment	<u><u>\$ -</u></u>	<u><u>\$ 90,163</u></u>

Read Report of Independent Certified Public Accountants.
The accompanying notes are an integral part
of these financial statements.

PASCO KIDS FIRST, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE A - DESCRIPTION OF ORGANIZATION

Pasco Kids First, Inc. ("the Organization") is a nonprofit entity incorporated in 1990 under the laws of the State of Florida. Their mission is to assist in the protection of Pasco County children from the devastating effects of child abuse. Through partnerships with other community agencies, the Organization provides accurate assessments and services to children and their families by utilizing a multidisciplinary approach. Through community education and early intervention, the Organization promotes a healthy and nurturing family environment for all of their children.

Major funding is provided by the U.S. Department of Health and Human Services passed-through the State of Florida through grant agreements and contracts with the Department of Health, Healthy Families of Florida and other agencies. Funding is also provided by Pasco County and local organizations.

The Organization offers the following programs:

- **Child Abuse Crisis program** – The Organization provides medical, forensic and psychological evaluations and counseling through a team of child abuse specialists made up from a network of doctors, nurses, social workers, psychologists and other professionals to alleged victims of child abuse and neglect. Community education and awareness programs are also provided.
- **Healthy Families Pasco/Hernando** – A voluntary home visiting program for expectant parents and families of newborns is offered to the community. This positive parent support program works to build parenting skills, promotes parent-child relationships and bonding, promotes healthy child development, and links families to other services in the community.
- **Sexual Abuse Treatment program** – The Organization provides an array of education, prevention, assessment and intervention services to all members of the family affected by sexual abuse. Child victims of sexual abuse are provided immediate safety, assistance with coping with the trauma of the abuse and help with prevention of further incidents of abuse.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations, including restricted contributions whose restrictions are met in the same reporting period.

Read Report of Independent Certified Public Accountants

PASCO KIDS FIRST, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time. When a 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.

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on any related investments for general or specific purposes.

The Organization receives substantially all of its revenue from Federal and State contracts and grants. These contracts and grants are excluded from the definition of contributions in the accounting standards because they carry attributes of exchange transactions, and are therefore, recorded as unrestricted net assets in the financial statements.

Estimates

The preparation of the 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 may differ from those estimates.

Cash and Cash Equivalents

The Organization considers currency on hand, demand deposits and money market funds as cash. Cash equivalents would consist of highly liquid debt instruments purchased with maturities of three months or less.

Grants Receivable

Grants receivable result from services which have been provided pursuant to the Organization's grants and contracts, but for which reimbursement has not yet been received at June 30, 2012. The Organization does not maintain an allowance for estimated uncollectible accounts as any amounts determined unallowable by the grantor are deducted from revenue upon notification of the disallowance. No material amounts were subsequently disallowed with respect to the amounts recorded at June 30, 2012 and 2011.

Federal and State Grants and Contracts

Revenues from federal and state grants and contracts are recorded based upon terms of the grantor allotment which generally provide that revenues are earned when the allowable costs of the specific grant provisions have been incurred. Revenues are subject to audit by the grantor and, if the examination results in a disallowance of any expenditure, repayment could be required. As of June 30, 2012 federal and state grants and contracts were 74% of total revenue with 52% of the funding coming from one agency (72% and 53%, respectively as of June 30, 2011).

PASCO KIDS FIRST, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and Equipment

Property and equipment are stated at historical cost and depreciated using the straight-line method over the estimated useful lives ranging from 5 to 39 years. Acquisitions of property and equipment in excess of \$500 are capitalized. Maintenance and repairs are charged to operations when incurred. When property and equipment is sold or otherwise disposed of, the asset account and related accumulated depreciation account are relieved, and any gain or loss is included in earnings.

Donated Facilities and Services

Donated facilities are reflected in the accompanying financial statements as revenue and expense based on the fair rental value of comparable facilities, which totaled \$347,359 and \$334,218 for the years ended June 30, 2012 and 2011, respectively. These facilities were used in the operations of the following programs:

	2012	2011
Child Abuse Crisis	\$ 13,619	\$ 12,284
Healthy Families	277,056	277,062
SATP	56,684	44,872
	<hr/>	<hr/>
Total	\$ 347,359	\$ 334,218

Donated services are recorded at their approximate value if they create or enhance non-financial assets, are of a specialized nature, are provided by an individual possessing those skills, and would have been purchased if not donated. There were no services meeting these criteria during the years ended June 30, 2012 and 2011.

Donated Land and Building

The Organization holds land and building that were originally donated by Pasco County, Florida. In the event that the Organization ceases to utilize the property for its intended business purpose, the property will revert back to the grantor.

Functional Allocation of Expenses

The costs of providing the various programs have been summarized on a functional basis in the statement of functional expenses. Salaries and other expenses that are associated with a specific program are charged directly to that program. Salaries and other expenses that benefit more than one program are allocated to the various programs based on the relative benefit provided.

Income Tax Status

The Organization is an exempt organization under Section 501(c)(3) of the Internal Revenue Code and similar state provisions. The Organization is treated as a public supported organization and not as a private foundation. Therefore, no provision for income taxes has been made in these financial statements. Management is not aware of any activities that would jeopardize the Organization's tax exempt status.

Read Report of Independent Certified Public Accountants

PASCO KIDS FIRST, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income Tax Status (continued)

The Organization accounts for uncertain tax positions, if any, in accordance with ASC Section 740. In accordance with these professional standards, the Organization recognizes tax positions only to the extent that Management believes it is "more likely than not" that its tax positions will be sustained upon IRS examination. Management believes that it has no uncertain tax positions that qualify for either recognition or disclosure in the financial statements for the year ended June 30, 2012 and 2011.

The Organization believes that its income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse affect on the Organization's financial condition, change in net assets or cash flows. Accordingly, the Organization has not recorded any reserves, or related accruals for interest and penalties for uncertain income tax positions at June 30, 2012.

The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Organization believes it is no longer subject to income tax examinations for fiscal years ending prior to June 30, 2009.

The Organization's policy is to classify income tax related interest and penalties in interest expense and other expenses, respectively.

Fair Value of Financial Instruments

Professional standards require disclosure of an estimate of fair value of certain financial instruments. The Organization's significant financial instruments are cash, grants receivable and other short-term assets and liabilities. For these financial instruments, carrying values approximate fair value.

Concentration of Credit Risk

Financial instruments, which potentially subject the Organization to concentrations of credit risk, consist of cash and receivables at June 30, 2012. The Organization places its cash with creditworthy, high-quality financial institutions. Accounts are maintained at institutions that are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. From time to time amounts held may exceed this limit. As of June 30, 2012 and 2011, no amounts exceeded the FDIC limit.

Reclassification

Certain 2011 amounts have been reclassified to conform to the 2012 presentation.

PASCO KIDS FIRST, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE C – PROPERTY AND EQUIPMENT

Property and equipment at costs as of June 30,:

	<u>2012</u>	<u>2011</u>
Land and Building	\$ 375,559	\$ 375,559
Equipment	94,169	90,520
 Total Property and Equipment	 469,728	 466,079
Less: Accumulated Depreciation	(115,709)	(106,685)
 Net Property and Equipment	 <u>\$ 354,019</u>	 <u>\$ 359,394</u>

Depreciation expense for the years ended June 30, 2012 and 2011 was \$9,024 and \$10,314, respectively.

NOTE D – EMPLOYEE BENEFIT PLAN

The Organization has a 403(b) retirement plan which is a tax-deferred annuity for its employees. Employer contributions to the plan for the year ended June 30, 2012 and 2011 totaled \$17,898 and \$23,636, respectively. Administrative costs for 2012 and 2011 were immaterial.

NOTE E - COMMITMENTS AND CONTINGENCIES

Lease Commitments

The Organization conducts operations in New Port Richey from a facility subject to a non-cancelable lease expiring in 2013. The remaining terms of the lease provide for annual rent increases of 3% and an option to renew for an additional 2 years under the existing terms and conditions.

The following is a schedule by years of future minimum lease payments required under leases, which have an initial or remaining non-cancelable lease term in excess of one year as of June 30, 2012.

<u>Year</u>	<u>Amount</u>
2013	\$ 103,252
2014	<u>26,002</u>
	<u>\$ 129,254</u>

Rent expense in the statement of functional expenses includes a month to month facility lease and consists of the following for the years ended June 30,:

	<u>2012</u>	<u>2011</u>
Facilities rent	\$ 87,361	\$ 67,631
Donated rent	<u>347,359</u>	<u>334,218</u>
	<u>\$434,720</u>	<u>\$401,849</u>

Read Report of Independent Certified Public Accountants

PASCO KIDS FIRST, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE F – MATCH REQUIREMENT

The Organization receives funds under a grant from Healthy Families Florida, which requires a match of 25% of the contract award. For the years ended June 30, 2012 and 2011 this match requirement was met through in-kind contributions as allowed under the grant. The Organization also receives funds through a grant from the State of Florida under the Victims of Crime Act, which requires a match of 20% of the contract award (20% for 2011). For the year ended June 30, 2012 and 2011 this match was met through cash and in-kind contributions as allowed under the grant.

NOTE G - SUBSEQUENT EVENTS

Management has evaluated subsequent events through October 12, 2012, the date the financial statements were available to be issued.

**SUPPLEMENTARY INFORMATION
AND
OTHER REPORTS**

PASCO KIDS FIRST, INC.
SCHEDULE OF EXPENDITURES OF FINANCIAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2012

<i>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</i>	<i>Federal CFDA Number</i>	<i>Pass- Through Entity Identifying Number</i>	<i>Federal Expenditures (\$)</i>
TANF Cluster			
Department of Health and Human Services Pass-Through Programs From			
Temporary Assistance for Needy Families	93.558		
Healthy Families Florida-Ounce of Prevention Fund of Florida		HF-11-12-21	\$ 731,436
Total Department of Health and Human Services			<u>731,436</u>
Other Programs			
United States Department of Justice Pass-Through Programs From			
Crime Victim Assistance	16.575		
State of Florida Office of the Attorney General-Victims of Crime Act (VOCA)		V11154	179,572
State of Florida Office of the Attorney General-Victims of Crime Act (VOCA)		V10154	<u>61,326</u>
Total United States Department of Justice			<u>240,898</u>
Department of Health and Human Services Pass-Through Programs From			
Community-Based Child Abuse Prevention Grants	93.590		
Healthy Families Florida-Ounce of Prevention Fund of Florida		HF-11-12-21	30,159
Social Services Block Grant	93.667		
State of Florida Department of Health-Child Protection Team		CPU58	<u>189,199</u>
Total Department of Health and Human Services			<u>219,358</u>
Total Other Programs			<u>460,256</u>
Total Expenditures of Federal Awards			<u>1,191,692</u>

Read Report of Independent Certified Public Accountants.
See Accompanying notes to Schedule of Expenditures of Financial Awards.

PASCO KIDS FIRST, INC.
SCHEDULE OF EXPENDITURES OF FINANCIAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2012

<i>State Grantor/Pass-Through Grantor/Program or Cluster Title</i>	<i>State CSFA Number</i>	<i>Pass- Through Entity Identifying Number</i>	<i>State Expenditures (\$)</i>
State of Florida Department of Health			
Medical Services for Abused and Neglected Children	64.006	CPU58	197,970
Medical Services for Abused and Neglected Children	64.006	CSAPA	<u>12,000</u>
Total Expenditures of State Financial Assistance Projects			<u>209,970</u>
Total Expenditures of Federal & State Financial Awards			<u>\$ 1,401,662</u>

PASCO KIDS FIRST, INC.
NOTE TO SCHEDULE OF EXPENDITURES OF FINANCIAL AWARDS

NOTE 1. Basis of Presentation

The accompanying schedule of expenditures of financial awards includes the federal grant activity of Pasco Kids First, Inc. and is 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. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the presentation of, the basic financial statements.

Pursuant to OMB Circular A-133 section 310(b) (2) the Organization, as a sub-recipient of federal awards, has provided the name of the pass-through entity and the identifying description and number assigned by the pass-through entity when available from the pass-through entity. Pursuant to OMB Circular A-133 section 310(b) (3) the Organization has provided the total federal awards expended for each individual federal program and the CFDA number or other identifying information when the CFDA information is not available. OMB Circular A-133 does not require the Organization to provide this information, nor a breakdown of amounts awarded by CFDA number if that information is not available from the awarding agency.



Certified Public Accountants

**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**

Board of Directors
Pasco Kids First, Inc.
New Port Richey, Florida

We have audited the financial statements of Pasco Kids First, Inc. (the Organization) as of and for the year ended June 30, 2012, and have issued our report thereon dated October 12, 2012. We conducted our audit in accordance with auditing standards generally accepted in 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

Management of the Organization is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Organization's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over financial reporting that might be 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 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*.

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

Certified Public Accountants
October 12, 2012

3339 W. Bearss Ave. • Tampa, FL 33618 • Phone (813) 908-5310 • Fax (813) 908-5402

Member: American Institute of Certified Public Accountants • Florida Institute of Certified Public Accountants

www.reeder-cpa.com



**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS
ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT
AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To Pasco Kids First, Inc.
New Port Richey, Florida

Compliance

We have audited Pasco Kids First, Inc.'s (the 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, 2012. The Organization's major federal programs are identified in the summary of auditors' 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 federal programs is the responsibility of the Organization's management. Our responsibility is to express an opinion on the Organization'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 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 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. Our audit does not provide a legal determination on the Organization's compliance with those requirements.

In our opinion, the Organization complied, in all material respects, with the 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, 2012.

Internal Control Over Compliance

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. 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 major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance 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.

Our consideration of the 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 deficiencies, 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 the information and use of management, the board of directors, others within the Organization, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Reed & Associates, PA". The signature is written in a cursive, flowing style.

Certified Public Accountants
October 12, 2012

PASCO KIDS FIRST, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2012

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the basic financial statements of Pasco Kids First, Inc. (the Organization).
2. There were no significant deficiencies disclosed during the audit of the basic financial statements.
3. No instances of noncompliance material to the basic financial statements of the Organization were disclosed during the audit of the basic financial statements.
4. There were no significant deficiencies disclosed during the audit of the major federal award program.
5. The auditor's report on compliance for the major federal award program for the Organization expresses an unqualified opinion.
6. There were no audit findings relative to the major federal awards program of the Organization.
7. The federal programs tested as major programs included:

***United States Department of Health and Human Services:
Passed-through State of Florida, Healthy Families Florida***

Healthy Families Program:

93.558	Temporary Assistance for Needy Families	\$731,436
--------	---	-----------

8. The threshold for distinguishing Type A and Type B programs was \$300,000 for major federal awards programs.
9. The Organization was determined to be a low-risk auditee pursuant to OMB Circular A-133.

B. FINDINGS – FINANCIAL STATEMENTS AUDIT

NONE

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARDS PROGRAMS

NONE

D. OTHER ISSUES

NONE

E. PRIOR YEAR FINDINGS

NONE

**PASCO KIDS FIRST, INC.
CORRECTIVE ACTION PLAN
YEAR ENDED JUNE 30, 2012**

Pasco Kids First, Inc. respectfully submits the following corrective action plan For the Year Ended June 30, 2012.

Contact person responsible for corrective action:

Mr. Richard Hess
Pasco Kids First, Inc.
7615 Little Road
New Port Richey, FL 34654

The findings from the June 30, 2012 Schedule of Findings and Questioned Costs are discussed below. The findings are lettered consistently with the letter assigned in the Schedule of Findings and Questioned Costs.

A. SUMMARY OF AUDIT RESULTS

This section does not include any findings and is therefore not addressed.

B. FINDINGS – FINANCIAL STATEMENT AUDIT

NONE

C. FINDINGS AND QUESTIONED COSTS– MAJOR FEDERAL AWARD PROGRAMS AUDIT

NONE

D. OTHER ISSUES

NONE

E. PRIOR YEAR FINDINGS

NONE