



## His House, Inc.

Financial Statements; Reports Required by  
*Government Auditing Standards*, the  
Uniform Guidance, and Schedules of  
Expenditures of Federal Awards and State  
Financial Assistance

Financial Statements  
Year Ended June 30, 2016

## His House, Inc.

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Financial Statements; Reports Required by *Government Auditing Standards*,  
the Uniform Guidance, and Schedules of Expenditures of  
Federal Awards and State Financial Assistance

Year Ended June 30, 2016

# His House, Inc.

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## Independent Auditor's Report

To the Board of Directors of  
His House, Inc.  
Miami, Florida

### Report on the Financial Statements

We have audited the accompanying financial statements of His House, Inc. (the "Organization"), which comprise the statement of financial position as of June 30, 2016, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

#### *Management's Responsibility for the Financial Statements*

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

#### *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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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.



### *Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of His House, Inc. as of June 30, 2016, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis, as required by Title 2 U.S. Code of Federal Requirements (CFR) Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and Chapter 10.650, Rules of the Florida Auditor General, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

### *Other Reporting Required by Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 9, 2017, on our consideration of His House, 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 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 His House, Inc.'s internal control over financial reporting and compliance.

Coral Gables, Florida  
June 9, 2017

*BDO USA, LLP*

Certified Public Accountants

**His House, Inc.**  
**Statement of Financial Position**

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<i>June 30,</i>	<b>2016</b>
<b>Assets</b>	
Cash and cash equivalents	\$ 672,902
Contracts receivable, net	882,107
Grants receivable	644,615
Prepaid expenses and other assets	16,918
Furniture and equipment - net	4,658
<b>Total assets</b>	<b>\$ 2,221,200</b>
<b>Liabilities and Net Assets</b>	
Liabilities:	
Accounts payable	\$ 196,235
Accrued expenses	642,742
<b>Total liabilities</b>	<b>838,977</b>
<b>Net assets:</b>	
Unrestricted net assets	1,382,223
<b>Total net assets</b>	<b>1,382,223</b>
<b>Total liabilities and net assets</b>	<b>\$ 2,221,200</b>

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

**His House, Inc.**  
**Statement of Activities**  
**For the Year Ended June 30, 2016**

	<b>Total Unrestricted</b>
<hr/>	
<b>Revenue and other support:</b>	
Grant revenue	\$ 7,737,935
Contract revenue	5,160,386
Contributions	828,870
Fundraising events (net of direct costs of \$156,473)	198,297
In-kind contributions	314,410
Other income	64,165
Loss on abandonment of furniture and equipment	(108,620)
<hr/>	
<b>Total support and revenue</b>	<b>14,195,443</b>
<hr/>	
<b>Expenses</b>	
<b>Functional Expenses:</b>	
Program services	11,849,818
<b>Supporting services:</b>	
Fundraising	400,570
Management and general	1,552,296
Facilities	407,867
<hr/>	
<b>Total functional expenses</b>	<b>14,210,551</b>
Change in net assets	(15,108)
Net assets, beginning of year	1,397,331
<hr/>	
<b>Net assets, end of year</b>	<b>\$ 1,382,223</b>
<hr/>	

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

**His House, Inc.**  
**Statement of Functional Expenses**  
**For the Year Ended June 30, 2016**

	Program Services					Supporting Services					Grand Total
	Unaccompanied Alien Children Program	Unaccompanied Alien Children Home Study	Licensing	Residential	Total	Fundraising	Management & General	Facilities	Total		
	Salaries and benefits	\$ 4,609,312	\$ 122,252	\$ 297,352	\$ 3,212,495	\$ 8,241,411	\$ 228,699	\$ 982,976	\$ 340,841	\$ 1,552,516	
Occupancy	395,854	847	15,523	237,928	650,152	13,390	73,058	15,792	102,240	752,392	
Client care expenses	257,558	-	3,436	327,655	588,649	85	3,359	239	3,683	592,332	
Food and supplies	213,838	-	318	313,881	528,037	-	1,756	-	1,756	529,793	
Foster family subsidiaries	28,257	-	212,963	-	241,220	-	-	-	-	241,220	
Client related travel	343,610	-	-	-	343,610	-	-	-	-	343,610	
Insurance	100,295	240	2,619	56,044	159,198	4,106	8,630	12,661	25,397	184,595	
Office supplies and expense	46,769	2,567	307	32,919	82,562	41,955	21,101	1,409	64,465	147,027	
Repairs & maintenance	104,043	499	2,007	93,426	199,975	1,889	65,212	24,743	91,844	291,819	
Telephone & communications	74,944	1,934	7,474	14,207	98,559	5,192	24,157	3,506	32,855	131,414	
Vehicle expense	129,535	642	7,334	72,131	209,642	2,790	506	7,492	10,788	220,430	
Other expenses	73,997	30,773	6,203	18,152	129,125	35,911	78,700	458	115,069	244,194	
Professional fees	74,655	11,177	7,142	9,577	102,551	65,932	265,216	726	331,874	434,425	
Bad debt expense	90	-	71,255	174,666	246,011	-	25,000	-	25,000	271,011	
Depreciation and amortization	-	-	-	29,116	29,116	621	2,625	-	3,246	32,362	
<b>Total</b>	<b>\$ 6,452,757</b>	<b>\$ 170,931</b>	<b>\$ 633,933</b>	<b>\$ 4,592,197</b>	<b>\$ 11,849,818</b>	<b>\$ 400,570</b>	<b>\$ 1,552,296</b>	<b>\$ 407,867</b>	<b>\$ 2,360,733</b>	<b>\$ 14,210,551</b>	

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

**His House, Inc.**  
**Statements of Cash Flows**

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<i>June 30,</i>	<b>2016</b>
<b>Cash flows from operating activities:</b>	
Change in net assets	\$ (15,108)
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Depreciation and amortization	32,362
Loss on abandonment of furniture and equipment	108,620
Change in operating assets and liabilities	
Contracts and grants receivable, net	(405,182)
Prepaid expenses and other assets	8,975
Other receivables	3,335
Accounts payable	(93,429)
Accrued expenses	127,540
<b>Net cash used in operating activities</b>	<b>(232,887)</b>
Net decrease in cash and cash equivalents	(232,887)
Cash and cash equivalents, beginning of year	905,789
<b>Cash and cash equivalents, end of year</b>	<b>\$ 672,902</b>
<b>Supplemental disclosure of non-cash transactions</b>	
In-kind donations	\$ 314,410

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

# His House, Inc.

## Notes to Financial Statements

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### 1. Nature of Organization

His House, Inc. (the "Organization") is a not-for-profit Florida Corporation incorporated in 1989. The purposes of the Organization are to provide an immediate, safe, home-like atmosphere for abused, neglected and drug exposed children; and to recruit, train, cultivate and retain foster parents in the South Florida area. The Organization's operations are principally funded by contracts from federal and state government agencies, program service fees, and donations.

The Organization was recognized by the Internal Revenue Service as a 501(c)(3) on September 13, 1990, and thereby it qualifies as a tax-exempt Organization.

### 2. Summary of Significant Accounting Policies

#### *Basis of Accounting*

The accompanying financial statements have been prepared on the accrual basis of accounting, which accounting principles are generally accepted in the United States of America.

#### *Net Assets*

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. The following classes of net assets are maintained:

Unrestricted net assets - includes general assets and liabilities of the Organization. The unrestricted net assets of the Organization may be used at the discretion of management to support the Organization's purposes and operations.

Temporarily restricted net assets - represents gifts with explicit donor-imposed restrictions as to time or purpose that have not been met. As of June 30, 2016, the Organization did not have any temporarily restricted net assets.

Permanently restricted net assets - represents gifts with explicit donor-imposed restriction that neither expire with the passage of time nor can they be fulfilled or otherwise removed by actions of the Organization. As of June 30, 2016, the Organization did not have any permanently restricted net assets.

#### *Functional Allocation of Expenses*

The costs of providing the various programs and activities have been summarized on a functional basis in the accompanying statements of activities and functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. A portion of supporting services such as general and administrative has been allocated to all the programs based on management's allocation plan.

# His House, Inc.

## Notes to Financial Statements

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### *Cash and Cash Equivalents*

The Organization considers all highly liquid investments that have an original maturity of three months or less as cash equivalents. The Organization maintains its cash in bank deposit accounts. These deposits may exceed the amount of insurance provided on such deposits; generally these deposits may be redeemed upon demand and; therefore, bear minimal risk.

### *Furniture and Equipment, net*

Purchases of furniture and equipment in excess of \$5,000 or more (or fair value if contributed) and an estimated useful life of more than one year are capitalized. Depreciation is calculated using the straight-line method over the estimated useful life of the assets or lease terms, whichever is shorter. The estimated useful lives used to compute depreciation range from 3 to 10 years. Donated property and equipment are recorded at their estimated fair value at the date of donation.

Cost of major additions and improvements that extend the life of the asset are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred.

### *Impairment of Long-Lived Assets*

The Organization reviews its leasehold improvements and equipment for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. When recovery is reviewed, if the undiscounted cash flows estimated to be generated by the leasehold improvements and equipment are less than its carrying amount, management compares the carrying amount of the asset to its fair value in order to determine whether an impairment loss has occurred. The amount of the impairment loss, if any, is equal to the excess of the asset's carrying value over its estimated fair value. No impairment loss has been recognized during the year ended June 30, 2016.

### *Recognition of Revenues and Support*

Grants and other contributions of cash and other assets are reported as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor 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 restrictions.

Receivables are recognized as revenues in the period received and are recorded at their fair value. The Organization uses the allowance method to determine uncollectible receivables. The allowance is based on the Organization's experience with third party contacts and other circumstances which may affect the ability of clients to meet their obligations. The allowance for contributions is based on prior years' experience and management's analysis of specific promises made.

Contributions received as well as collectible unconditional promises to give are recognized in the period received. Contributions with donor-imposed restrictions are reported as temporarily or permanently restricted revenues. Temporarily restricted net assets are reclassified to unrestricted net assets when the donor restrictions are satisfied.

# His House, Inc.

## Notes to Financial Statements

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### *In-kind Contributions*

In-kind contributions are recorded as revenue and expense in the accompanying statement of activities. In-kind contributions of donated non-cash assets are recorded at their fair value in the period received. They consist primarily of donated food, furniture, clothing, and supplies. Donated equipment, when applicable, is capitalized at its estimated fair value at the date of donation and depreciated over the estimated useful life of the asset. Donated services are recorded at their fair value in the period received. During the year ended June 30, 2016, the Organization received donated food, clothing and supplies in the amount of \$314,410.

No amounts have been reflected in the financial statements for donated services which did not; (a) create or enhance non-financial assets or (b) require specialized skills provided by individuals possessing such skills and which would have been purchased if not provided by donation. However, a substantial number of volunteers have donated significant amounts of their time to the Organization.

### *Managements Use of Estimates*

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions. Those estimates and assumptions affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at June 30, 2016 and the reported amounts of revenue and expenses during the year then ended. Actual results could differ from those estimates.

### *Income Taxes*

As a nonprofit Organization, His House, Inc. is not subject to taxes on income pursuant to Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes is required for the Organization as of June 30, 2016.

The Organization recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. The Organization does not believe its financial statements include any uncertain tax positions. The Organization is generally no longer subject to examination by the Internal Revenue Service for years before 2013.

### *Subsequent Events*

Management has evaluated subsequent events through June 9, 2017, the date which the financial statements were available for issue.

### **3. Grants and Grants Receivable**

The Organization is the recipient of a grant from the Office of Refugee Resettlement ("ORR") for residential and home study services under the unaccompanied alien children (UAC) program. The grant is for the project period October 1, 2013 to January 31, 2017. A new grant from ORR was awarded beginning February 1, 2017 through January 31, 2020. Approximately 53% of the

# His House, Inc.

## Notes to Financial Statements

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Organization's revenue from grants and contracts for the period ending June 30, 2016 is from the UAC program.

Periodically management reviews grants receivable for collectability. As of June 30, 2016, management determined that no allowance for doubtful accounts was needed for grants receivable.

### 4. Contracts and Contracts Receivable

The Organization works under contract with Childnet, providing the Organization licensed foster families for Childnet children placements. The contract was for the period July 2015 to June 2016. In addition, there is an agreement with Our Kids, Inc. to provide licensed foster facilities for child placements. Contracts receivable results from services provided to ChildNet and Our Kids, Inc. An allowance for uncollectible receivables is provided based on management's evaluation of individual accounts. Periodically, management reviews contracts receivable and adjusts the allowance based on current circumstances and charges off uncollectible receivables when all attempts to collect have failed. As of June 30, 2016, the allowance for doubtful accounts was \$25,000.

### 5. Furniture and Equipment, net

Furniture and equipment, net at June 30, 2016 are summarized as follows:

Autos & trucks	\$	335,230
Furniture & fixtures		10,500
Computer & office equipment		146,413
		492,143
Less: accumulated depreciation and amortization		(487,485)
<b>Furniture and equipment, net</b>	<b>\$</b>	<b>4,658</b>

Depreciation and amortization expense totaled \$32,362 for the period ended June 30, 2016.

### 6. Lease Commitments

His House, Inc. signed an agreement with Miami-Dade County for use of buildings at the Community of Landmark for a one year term from October 1, 2005 to September 30, 2006, with a one year optional renewal. The lease has been renewed every year since with a one year optional renewal. The lease became renewable on a monthly basis in May of 2016.

Total rent expense paid to Miami-Dade County for the period ended June 30, 2016 amounted to \$747,054.

The Organization also leases several vehicles and copiers under agreements that will expire in 2020.

Periodically, Management reviews grants receivable for collectability. AS of June 30, 2016, Management determined that no allowance for doubtful accounts was needed for grants receivable.

# His House, Inc.

## Notes to Financial Statements

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Future minimum payments due under these agreements are as follows at June 30, 2016:

2017	\$	71,225
2018		53,069
2019		23,463
2020		6,436
<b>Total</b>		<b>\$ 154,193</b>

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Total lease expense paid for the copiers and vehicles for the period ended June 30, 2016 amounted to \$128,341.

### 7. Commitments and Contingencies

The Organization receives all of its funding from private donations, government contracts and other not for profit Organizations. A significant reduction in the level of this funding, if it were to occur, would have a significant effect on the Organization's ability to carry out its programs and activities. Expenses reflected in the accompanying financial statements relating to government funded programs are subject to audit by the respective funding sources.

The possible disallowance by the related agency of any item charged to a program cannot be determined at this time. No provision for any liability that may result has been made in the financial statements.

### 8. Concentration of Credit Risk

Financial instruments that potentially subject the Organization to concentrations of credit risk include accounts receivable and temporary cash investments. Receivables from the Office of Refugee Resettlement (UAC Program) comprised 42% of all receivables at June 30, 2016. The Organization maintains cash balances at financial institutions in Florida.

## Supplementary Information

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**His House, Inc.**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2016**

Federal Agency/ Pass-Through Entity/ Federal Program	CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<b>US Department of Health and Human Services:</b>			
Passed through Office of Refugee Resettlement:			
Unaccompanied Alien Children	93.676	90ZU01002	\$ 7,410,959
<b>Total Unaccompanied Alien Children Program</b>			<b>7,410,959</b>
Passed through Florida Department of Children & Families			
Passed through Our Kids of Miami-Dade, Inc. Foster care -Title IV-E	93.658		1,263,264
Passed through Our Kids of Miami-Dade, Inc.-Others Foster care -Title IV-E	93.658		1,055,136
Passed through Childnet, Inc. Foster care -Title IV-E	93.658		1,340,044
<b>Total foster care-Title IV-E</b>			<b>3,658,444</b>
Passed through Childnet, Inc. Social Services Block Grant			
Passed through Our Kids of Miami-Dade, Inc. Social Services Block Grant	93.667		395,475
<b>Total social services block grant</b>			<b>1,047,197</b>
Passed through Childnet, Inc. Temporary assistance for needy families			
<b>Total temporary assistance for needy families</b>			<b>39,578</b>
Passed through Childnet, Inc. Adoption assistance			
<b>Total adoption assistance</b>			<b>18,849</b>
Passed through Childnet, Inc. Stephanie Tubbs Jones Child Welfare Services Program			
<b>Total children welfare services</b>			<b>8,182</b>
Passed through Childnet, Inc. Promoting safe and stable families			
<b>Total promoting safe and stable families</b>			<b>748</b>
<b>Total expenditures of federal awards</b>			<b>\$ 12,183,957</b>

*The accompanying notes are an integral part of this schedule.*

**His House, Inc.**  
**Schedule of State Financial Assistance**  
**For the Year Ended June 30, 2016**

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State Agency/ Pass-Through Entity/ State Project	CSFA Number	Expenditures
Passed through Florida Department of Children & Families		
Passed through Our Kids of Miami-Dade, Inc.: Out-of-Home Supports	60.074	\$ 10,150
<b>Total Out-of-Home Supports</b>		<b>10,150</b>
<b>Total expenditures of state financial assistance</b>		<b>\$ 10,150</b>

*The accompanying notes are an integral part of this schedule.*

# His House, Inc.

## Notes to Schedules of Federal Awards and State Financial Assistance

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### 1. Basis of Presentation

The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance (the "Schedules") present the federal awards assistance project activity of His House, Inc. (the "Organization") under programs of the federal government for the year ended June 30, 2016. The information in these Schedules 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). Because the Schedules present only a selected portion of the Organization, they are not intended to and do not present the financial position, changes in net assets, or cash flows of the Organization.

The Organization had no federally funded insurance programs or loan guarantees during the year ended June 30, 2016.

### 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedules are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles contained in the Uniform Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement. The Organization has elected not to use the ten percent de minimus indirect cost rate allowed under the Uniform Guidance.

**Reports Required by Government Auditing Standards and the  
Uniform Guidance**

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**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 of  
His House, Inc.  
Miami, 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 His House, Inc. (the “Organization”) (a nonprofit Organization), which comprise the statement of financial position as of June 30, 2016, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and has issued the report thereon dated June 9, 2017.

**Internal Control over Financial Reporting**

In planning and performing the audit of the financial statements, we considered His House Inc.’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization’s internal control.

*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 the audit we did not identify any deficiencies in internal control that it considers to be material weaknesses. However, material weaknesses may exist that have not been identified.



## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of the 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.

Coral Gables, Florida  
June 9, 2017

*BDO USA, LLP*

Certified Public Accountants



## Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance Required By Uniform Guidance

To the Board of Directors  
His House, Inc.  
Miami, Florida

### Report on Compliance for Each Major Federal Program

We have audited the His House, Inc.'s (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 June 30, 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 with federal statutes, regulations, and the terms and conditions of its federal award applicable to its federal programs.

### Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Organization's major federal programs based on the audit of the types of compliance requirements referred to above. We conducted the 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; 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 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 the Firm considered necessary in the circumstances.

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



## Opinion on Each Major Federal Program

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 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 the audit of compliance, we considered the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on each of its major federal programs to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each of its major federal programs 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 as combination of deficiencies, in internal control over compliance with the type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

Coral Gables, Florida  
June 9, 2017

*BDO USA, LLP*

Certified Public Accountants

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**His House, Inc.**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2016**

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**SECTION I - SUMMARY OF AUDITOR'S RESULTS**

**Financial Statements**

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

· Material weakness(es) identified? \_\_\_\_\_ yes      X   no

· Significant deficiencies identified? \_\_\_\_\_ yes      X   none reported

Non-compliance material to financial statements noted? \_\_\_\_\_ yes      X   no

**Federal Programs**

Type of auditor's report issued on compliance for major programs: Unmodified

Internal control over major programs:

· Material weakness(es) identified? \_\_\_\_\_ yes      X   no

· Significant deficiencies identified? \_\_\_\_\_ yes      X   none reported

Type of auditor's report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516 (a) \_\_\_\_\_ yes      X   no

Identification of Major Programs:

<u>CFDA Numbers (s)</u>	<u>Name of Federal Program or Cluster</u>
93.676	Unaccompanied Alien Children

93.667	Social Services Block Grant
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Dollar threshold used to distinguish between Type A and Type B programs : \$ 750,000

Auditee qualified as low risk auditee? \_\_\_\_\_ yes      X   no

**His House, Inc.**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2016**

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**SECTION II - Financial Statement Findings**

There were no findings related to the financial statements which are required to be reported in accordance with generally accepted government auditing standards (GAGAS).

**SECTION III - Federal Findings and Questioned Costs**

There were no findings and questioned costs for Federal awards as defined in 2 CFR 200.516 (c) of the Uniform Guidance that were required to be reported.