

LEE CONLEE HOUSE, INC.

FINANCIAL STATEMENTS

JUNE 30, 2015

LEE CONLEE HOUSE, INC.
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors,
Lee Conlee House, Inc.:

Report on the Financial Statements

We have audited the accompanying financial statements of Lee Conlee House, Inc., which comprise the statement of financial position as of June 30, 2015, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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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 Lee Conlee House, Inc. as of June 30, 2015, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the 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 Schedule of Expenditures of Federal Awards 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 December 17, 2015 on our consideration of Lee Conlee 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 Lee Conlee House, Inc.'s internal control over financial reporting and compliance.

James Moore & Co., P.L.C.

Tallahassee, Florida
December 17, 2015

LEE CONLEE HOUSE, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2015

ASSETS

Current assets	
Cash and cash equivalents	\$ 82,394
Grants, contracts and other receivables	113,803
Unconditional promise to give	19,662
Prepaid expenses	964
Inventory	4,400
Total current assets	<u>221,223</u>
Property and equipment, net	1,123,602
Total Assets	<u><u>\$ 1,344,825</u></u>

LIABILITIES AND NET ASSETS

Current liabilities	
Accounts payable	\$ 2,593
Accrued leave	11,818
Accrued expenses	4,727
Total current liabilities	<u>19,138</u>
Net assets	
Unrestricted:	
Operations	182,423
Investment in property and equipment	1,123,602
Total unrestricted net assets	<u>1,306,025</u>
Temporarily restricted	19,662
Total net assets	<u>1,325,687</u>
Total Liabilities and Net Assets	<u><u>\$ 1,344,825</u></u>

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

**LEE CONLEE HOUSE, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support and revenues			
Grants and contracts	\$ 677,253	\$ -	\$ 677,253
Contributions	75,543	19,662	95,205
Thrift store sales	74,541	-	74,541
In-kind contributions	92,679	-	92,679
Other	408	-	408
Net assets released from restrictions	13,406	(13,406)	-
Total support and revenues	<u>933,830</u>	<u>6,256</u>	<u>940,086</u>
Expenses			
Program services			
Domestic Violence Prevention and Services	704,301	-	704,301
Administrative services	55,158	-	55,158
Fundraising	11,121	-	11,121
Thrift store	149,072	-	149,072
Total expenses	<u>919,652</u>	<u>-</u>	<u>919,652</u>
Increase in unrestricted net assets	<u>14,178</u>	<u>6,256</u>	<u>20,434</u>
Net assets, beginning of year	1,291,847	13,406	1,305,253
Net assets, end of year	<u>\$ 1,306,025</u>	<u>\$ 19,662</u>	<u>\$ 1,325,687</u>

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

LEE CONLEE HOUSE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2015

	Domestic Violence Prevention and Services	Administrative Services	Fundraising	Thrift Store	Total
Expenses					
Salaries and benefits	\$ 467,024	\$ 36,400	\$ -	\$ 46,852	\$ 550,276
Licenses and fees	383	95	-	961	1,439
Insurance	13,230	937	-	-	14,167
Office supplies	48,261	3,581	-	2,292	54,134
Postage and shipping	1,347	95	-	-	1,442
Printing and reproduction	2,742	194	-	-	2,936
Rent	16,545	2,158	-	13,925	32,628
Repairs and maintenance	24,157	1,711	-	-	25,868
Training and travel	25,615	1,946	-	1,865	29,426
Utilities	28,028	2,489	-	7,103	37,620
Miscellaneous	2,312	207	-	614	3,133
Depreciation	38,896	2,755	-	-	41,651
Membership dues	4,096	292	-	25	4,413
Fundraising	-	-	11,121	-	11,121
Professional services	22,884	1,675	-	756	25,315
Subcontractors	8,782	622	-	-	9,404
Cost of goods sold	-	-	-	74,679	74,679
Total expenses	\$ 704,301	\$ 55,158	\$ 11,121	\$ 149,072	\$ 919,652

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

**LEE CONLEE HOUSE, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2015**

Cash flows from operating activities	
Cash received from grantors and contractors	\$ 913,312
Cash received from customers	74,541
Cash paid to employees and vendors	(780,938)
Interest received	97
Other receipts	311
Net cash provided by operating activities	207,323
 Cash flows from investing activities	
Purchases of property and equipment	(179,318)
 Net increase in cash and cash equivalents	
	28,005
 Cash and cash equivalents, beginning of year	
	54,389
 Cash and cash equivalents, end of year	
	\$ 82,394
 Reconciliation of increase in net assets to net cash provided by operating activities	
Increase in net assets	\$ 20,434
Adjustments to reconcile increase in net assets to net cash provided by operating activities	
Depreciation	41,651
Decrease in grants, contracts and other receivable	147,110
Increase in unconditional promise to give	(6,256)
Decrease in prepaid expenses	6,418
Decrease in accounts payable and accrued expenses	(3,373)
Decrease in accrued leave	(261)
Decrease in inventory	1,600
Total adjustments	186,889
 Net cash provided by operating activities	
	\$ 207,323
 Supplemental schedule of non cash investing activities:	
Donation of inventory	\$ 74,679

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

LEE CONLEE HOUSE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

(1) **Summary of Significant Accounting Policies:**

The following is a summary of the more significant accounting policies and practices of Lee Conlee House, Inc. (the "Organization") which affect significant elements of the accompanying financial statements:

(a) **Organization and Purpose**—The Organization is a non-profit corporation located in Palatka, Florida. The primary purpose of the Organization is to lead, educate, advocate, serve, and network on behalf of all individuals impacted by domestic violence in Putnam County.

(b) **Property and Equipment**—Property and equipment acquired by the Organization are considered to be owned by the Organization. However, funding sources may maintain an equitable interest in the property purchased with grant monies as well as the right to determine the use of any proceeds from the sale of these assets. The Federal Government has a reversionary interest in those assets purchased with its funds which have a cost of \$5,000 or more and an estimated useful life of at least one year. The State of Florida has a reversionary interest in those assets purchased with its funds which have a cost of \$1,000 or more and an estimated useful life of at least one year.

Property and equipment with a value greater than \$500 and an estimated useful life of at least one year are recorded at cost when purchased or at estimated fair value when contributed. Depreciation is computed using the straight-line method over the estimated useful life of the assets, ranging from three to seven years.

(c) **Income Taxes**—The Organization is generally exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code, and therefore, no provision for income taxes has been made in the accompanying financial statements.

The Organization files income tax returns in the U.S. Federal jurisdiction. The Organization's income tax returns for the past three years are subject to examination by tax authorities and may change upon examination.

The Organization has reviewed and evaluated the relevant technical merits of each of its tax positions in accordance with accounting principles generally accepted in the United States of America for accounting for uncertainty in income taxes, and determined that there are no uncertain tax positions that would have a material impact on the financial statements of the Organization.

(d) **Cash and Cash Equivalents**—For the purpose of reporting cash flows, cash and cash equivalents include cash on hand and amounts in demand deposits with original maturities of 90 days or less.

(e) **Use of Estimates**—The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

LEE CONLEE HOUSE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

(1) **Summary of Significant Accounting Policies:** (Continued)

(f) **Basis of Accounting**—The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America, and accordingly, reflect significant receivables, payables, and other liabilities.

(g) **Basis of Presentation**—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.

(h) **Contributions**—All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases these net asset classes. However, if a restriction is fulfilled in the same time period in which the contribution is received, the entity reports the support as unrestricted.

Contributed property and equipment is recorded at fair value at the date of donation. In the absence of donor-imposed stipulations regarding how long the contributed assets must be used, the Organization has adopted a policy of not implying a time restriction on contributions of such assets. The value of donated professional services is included as in-kind contributions and in-kind expenses in the financial statements. The value of donated household items to sell in the thrift store is included as in-kind contributions and cost of goods sold in the financial statements.

(i) **Grants, Contracts and Other Receivables**—Grants, contracts and other receivables are stated at the amount management expects to collect from balances outstanding at year-end. Based on management's assessment of the history with grantors, contractors, and other having outstanding balances and current relationships with them, it has concluded that realization losses on balances outstanding at year-end will be immaterial.

(j) **Advertising Costs**—Advertising costs are charged to operations as incurred.

(k) **Revenues**—The Organization receives substantially all of its grant and contract revenue from Federal, State and local agencies. The Organization recognizes contract revenue (up to the contract ceiling) from its contracts over a period which represents the service period for certain contracts, or to the extent of expenses. Revenue recognition depends on the contract.

(l) **Accrued Leave**—It is the Organization's policy to permit employees to accumulate earned but unused personal benefits. Personal benefits are accrued when incurred and reported as a liability to the Organization.

(2) **Significant Funding Source:**

The Organization receives a substantial amount of its funding from the U.S. Department of Health and Human Services, U.S. Department of Justice, and U.S. Department of Housing and Urban Development. A significant reduction in the level of this funding, if this were to occur, could have an adverse effect on the Organization's programs and activities.

LEE CONLEE HOUSE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

(3) **Concentrations of Credit Risk:**

The more significant concentrations of credit risk are as follows:

(a) **Demand Deposits**—The Organization has demand deposits with one bank. The Organization has no policy requiring collateral or other security to support its deposits, although all demand and time deposits with the bank are federally insured up to Federal Depository Insurance Corporation limits.

(b) **Grants, Contracts, and Other Receivables**—The Organization’s grants, contracts, and other receivables are for amounts due under contracts with the State of Florida and Federal government agencies. The Organization has no policy requiring collateral or other security to support its receivables.

(4) **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 benefited.

(5) **Matching Requirements:**

The Organization received a portion of its support through grants and contracts. Certain grants and contracts require the Organization to provide specified amounts of matching revenue. Each contract, where applicable, has met all matching requirements. Also, for each contract that ended on or before June 30, 2015, no obligation remains outstanding to the funding source.

(6) **Temporarily Restricted Net Assets:**

Temporarily restricted net assets at June 30, 2015 consisted of the following:

Unconditional Promise to Give – United Way	\$ 19,662
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(7) **Contingent Liabilities:**

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally federal and state governments. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by grantors cannot be determined at this time although the Organization expects such amounts, if any, to be immaterial.

(8) **Subsequent Events:**

The Organization has evaluated events and transactions for potential recognition or disclosure in the financial statements through December 17, 2015, the date which the financial statements were available to be issued. No subsequent events have been recognized or disclosed.

LEE CONLEE HOUSE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

(9) **In-Kind Support:**

The Organization receives free office space. The value of this in-kind support is based upon fair value of space. In-kind rent revenue totaled \$18,000 for the year ended June 30, 2015 and is recognized as in-kind revenue in the Statement of Activities. The Organization receives donations of various types of household items to sell in its thrift store. The value of this in-kind support is based upon the fair market value of the donated items. In-kind revenue related to these donations totaled \$74,679 for the year ended June 30, 2015, and is recognized as in-kind revenue in the Statement of Activities.

(10) **Operating Lease:**

The Organization leases equipment under an operating lease expiring in 2017. Expenses related to this lease agreement amounted to \$2,820 during the year ended June 30, 2015. Minimum future rental payments under operating leases having remaining terms in excess of one year for each of the next five years and in the aggregate are:

<u>Year</u>	<u>Amount</u>
2016	\$ 2,820
2017	705
2018	-
2019	-
2020	-
Total	<u>\$ 3,525</u>

(11) **Property and Equipment:**

The following is a summary of property and equipment at June 30, 2015:

Land	\$ 179,000
Building and improvements	1,163,944
Furniture and equipment	96,991
	<u>1,439,935</u>
Less: Accumulated depreciation	316,333
Total	<u>\$ 1,123,602</u>

(12) **Unconditional Promises to Give:**

The Organization had unconditional promises to give representing the following at June 30, 2015:

United Way	<u>\$ 19,662</u>
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LEE CONLEE HOUSE, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2015

Federal Grantor/Pass Through Grantor/ Program Title	Federal CFDA Number	Contract Number	Expenditures
<u>FEDERAL AWARDS</u>			
U.S. Department of Health and Human Services			
Passed through State of Florida, Department of Children and Families			
Passed through Florida Coalition Against Domestic Violence			
Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services	93.671	15-2238-DVS	\$ 11,740
Temporary Assistance for Needy Families	93.558	15-2238-DVS	95,916
Passed through State of Florida, Department of Health			
Injury Prevention and Control Research and State and Community Based Programs	93.136	COH6W	11,456
U.S. Department of Justice			
Passed through the State of Florida, Office of the Attorney General			
Crime Victim Assistance	16.575	V156-14109	92,093
Passed through State of Florida, Department of Children and Families			
Passed through Florida Coalition Against Domestic Violence			
Violence Against Women Formula Grants	16.588	15-2238-L&C	60,183
Violence Against Women Formula Grants	16.588	15-2238-RURAL	58,000
Violence Against Women Formula Grants	16.588	15-2238-CCII	52,064
			<u>170,247</u>
U.S. Department of Housing and Urban Development			
Passed through State of Florida, Department of Children and Families			
Emergency Solutions Grants Program	14.231	NPZ26	54,657
Emergency Solutions Grants Program	14.231	NPZ46	76,501
			<u>131,158</u>
Total Federal Awards			<u>\$ 512,610</u>

The accompanying note to Schedule of Expenditures of Federal Awards is an integral part of this statement.

LEE CONLEE HOUSE, INC.
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2015

Note 1. Basis of Presentation

The accompanying schedule of expenditures of Federal awards includes the Federal awards and contract activity of Lee Conlee House, Inc. and is presented on the accrual basis of accounting. The information in the schedule is presented in accordance with the requirements of OMB Circular A-133 *Audits of States, Local Governments, and Non-Profit*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in, the preparation of the financial statements.

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

To the Board of Directors,
Lee Conlee House, Inc.:

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 Lee Conlee House, Inc., which comprise the statement of financial position as of June 30, 2015, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 17, 2015.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Lee Conlee 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 Lee Conlee House, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Lee Conlee House, Inc.'s internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described below, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Organization's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the Schedule of Findings and Questioned Costs as Findings 2015-01 and 2015-02 to be material weaknesses.

Compliance and Other Matters

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

Lee Conlee House, Inc.'s Response to Findings

Lee Conlee House, Inc.'s response to the finding identified in our audit is described in the accompanying corrective action plan. Lee Conlee House, Inc.'s response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

James Moore & Co., P.L.C.

Tallahassee, Florida
December 17, 2015

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Board of Directors,
Lee Conlee House, Inc.:

Report on Compliance for Each Major Federal Program

We have audited Lee Conlee House, Inc.'s 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 Lee Conlee House, Inc.'s major Federal programs for the year ended June 30, 2015. Lee Conlee House, Inc.'s major Federal programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Lee Conlee House, Inc.'s major Federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal program occurred. An audit includes examining, on a test basis, evidence about Lee Conlee House, 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 on compliance for each major Federal program. However, our audit does not provide a legal determination of Lee Conlee House, Inc.'s compliance.

Opinion on Each Major Federal Program

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

Other Matter

The results of our auditing procedures did not disclose any instances of noncompliance, which are required to be reported in accordance with OMB A-133.

Report on Internal Control Over Compliance

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

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

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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2015-02 to be a material weakness.

Lee Conlee House, Inc.'s response to the internal control over compliance findings identified in our audit are described in the accompanying Corrective Action Plan. Lee Conlee House, Inc.'s response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

James Moore & Co., P.L.C.

Tallahassee, Florida
December 17, 2015

LEE CONLEE HOUSE, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS – FEDERAL PROGRAMS
FOR THE YEAR ENDED JUNE 30, 2015

I. Summary of Auditors' Results:

Financial Statements

Type of audit report issued on the financial statements: *Unmodified*

Internal control over financial reporting:

- Material weakness(es) identified? X yes no
- Significant deficiency(ies) identified? yes X none reported

Noncompliance material to financial statements noted? yes X no

Federal Awards

Internal control over major Federal programs:

- Material weakness(es) identified? X yes no
- Significant deficiency(ies) identified? yes X none reported

Types of auditor's report issued on compliance for major Federal programs: *Unmodified*

Any audit findings that are required to be reported in accordance with section 510(a) of OMB Circular A-133? yes X no

Identification of major Federal programs:

Federal Program	Federal CFDA Number
Violence Against Women Formula Grants	16.588
Emergency Solutions Grants Program	14.231
Dollar threshold used to distinguish between Type A and Type B Federal programs:	\$ 300,000
Auditee qualified as low risk auditee?	<u> </u> yes <u> X </u> no

LEE CONLEE HOUSE, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS – FEDERAL PROGRAMS
FOR THE YEAR ENDED JUNE 30, 2015

II. Financial Statement Findings:

Finding 2015-01: Prepare Financial Statements in Accordance with GAAP and Significant Adjustments

The internal control structure of the Lee Conlee House, Inc. has focused primarily on the objective of effectiveness and efficiency of operations (i.e., performance and mission goals and safeguarding of resources). However, the system of internal control over the objectives of reliability of financial reporting contains certain deficiencies. A key element of financial reporting is the ability of management to select and apply the appropriate accounting principles to prepare the financial statements in accordance with generally accepted accounting principles. For the year ended June 30, 2015 there was no one on staff with sufficient knowledge to prepare GAAP-based financial statements. As a result, certain adjustments were required to be made to the accounting records subsequent to the start of the audit process. Since these adjustments resulted in material misstatements of the financial statements, this deficiency is deemed to be a material weakness.

Finding 2015-02: Cost Allocations

Criteria: Cost allocation plan establishing the basis for allocating expenses to various programs.

Condition and Context: For the year ended June 30, 2015, Lee Conlee House, Inc. had instances where expenses were not properly allocated to programs in the accounting system according to the Organization's cost allocation plan.

Cause: The classification of expenses to programs in the accounting system was not properly reviewed throughout the fiscal year ended June 30, 2015.

Effect or Potential Effect: The misclassified expenses could be considered invalid or void claims and, pursuant to state and federal law, could result in a liability for those repaying those expenses.

Recommendation: The governing body and management of Lee Conlee House, Inc. should ensure that all funds are properly classified in the accounting system prior to approving such expenses. The underlying methodology for allocating those costs should be reviewed and documented by management.

III. Federal Award Findings and Questioned Cost: See Finding 2015-02

IV. Federal Award Prior Year Audit Findings: None



Lee Conlee House, Inc.
Domestic Violence Center

PO Box 2558
Palatka, FL 32178
Administration: (386) 325-4447 * Fax: (386) 328-7755
24 Hour Helpline: (386) 325-3141

December 17, 2015

James A. Moore, CPA
2477 Tim Gamble Pl. Suite 200,
Tallahassee, FL 32308-4386

To Whom It May Concern:

The following is management response to the findings in the Lee Conlee House June 30, 2015 audited financial statements.

Finding 2015 - 1: We will continue to consider and evaluate the cost and benefits of improving internal controls relative to the financial reporting process. However, at this time it is more cost effective to utilize a CPA in this capacity.

Finding 2015 – 2: Management is in the process of correcting the allocations and ensuring that all funds are properly classified in the accounting system.

Sincerely,

Angie Pye
Executive Director

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Fed ID #59-316-9443
Certified Member FCADV
(Florida Coalition Against Domestic Violence)

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