

# Wayside House, Inc.

Financial Statements  
and Additional Information  
For the Year Ended June 30, 2018

**Wayside House, Inc.**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Wayside House, Inc.  
Delray Beach, Florida

### Report on the Financial Statements

We have audited the accompanying financial statements of Wayside House, Inc. (the "Organization") (a nonprofit organization), which comprise the statement of financial position as of June 30, 2018, 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 in the first paragraph present fairly, in all material respects, the financial position of the Organization as of June 30, 2018, 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 program/covered service actual expenses and revenues, schedule of state earnings, and schedule of related party transaction adjustments are presented for purposes of additional analysis and are 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.

## Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 27, 2018, 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 solely 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 effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.



KEEFE McCULLOUGH

Fort Lauderdale, Florida  
November 27, 2018

# FINANCIAL STATEMENTS

**Wayside House, Inc.**  
**Statement of Financial Position**  
**June 30, 2018**

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**Assets:**

Cash and cash equivalents	\$ 45,560
Investments	175,576
Promises to give	60,865
Accounts receivable	80,244
Grants and contracts receivable	107,324
Property and equipment, less accumulated depreciation of \$ 1,474,247	<u>1,463,672</u>

Total assets	\$ <u>1,933,241</u>
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**Liabilities:**

Accounts payable and other accrued expenses	\$ 26,264
Accrued payroll and related liabilities	<u>62,457</u>

Total liabilities	<u>88,721</u>
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**Net Assets:**

Unrestricted	1,563,829
Temporarily restricted	<u>280,691</u>

Total net assets	<u>1,844,520</u>
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Total liabilities and net assets	\$ <u>1,933,241</u>
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The accompanying notes to financial statements are an integral part of these statements.

**Wayside House, Inc.**  
**Statement of Activities**  
**For the Year Ended June 30, 2018**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>Change in Net Assets:</b>			
Revenue and other support:			
Contributions	\$ 823,331	\$ 174,192	\$ 997,523
Client services	383,006	-	383,006
Grants and contracts	1,024,678	-	1,024,678
Food stamps	27,035	-	27,035
Other income	8,027	-	8,027
	<u>2,266,077</u>	<u>174,192</u>	<u>2,440,269</u>
Total revenue and other support			
Net assets released from restrictions	<u>327,857</u>	<u>(327,857)</u>	<u>-</u>
Total revenue, other support and net assets released from restrictions	<u>2,593,934</u>	<u>(153,665)</u>	<u>2,440,269</u>
<b>Expenses:</b>			
Program services:			
Residential	1,517,403	-	1,517,403
Incidentals	22,965	-	22,965
Medical services	367,077	-	367,077
Outpatient services	366,363	-	366,363
Posner Career Center	104,661	-	104,661
Other program services	43,041	-	43,041
Supporting services:			
Administration	302,847	-	302,847
Fundraising	220,023	-	220,023
	<u>2,944,380</u>	<u>-</u>	<u>2,944,380</u>
Total expenses			
Change in net assets	(350,446)	(153,665)	(504,111)
<b>Net Assets, July 1, 2017, as restated</b>	<u>1,914,275</u>	<u>434,356</u>	<u>2,348,631</u>
<b>Net Assets, June 30, 2018</b>	<u>\$ 1,563,829</u>	<u>\$ 280,691</u>	<u>\$ 1,844,520</u>

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

**Wayside House, Inc.**  
**Statement of Functional Expenses**  
**For the Year Ended June 30, 2018**

	Program Services						Supporting Services			
	Residential	Incidentals	Medical Services	Outpatient Services	Posner Career Center	Other Program Services	Total Program Services	Administration	Fundraising	Total
<b>Personnel Costs:</b>										
Salaries and wages	\$ 697,239	\$ 13,155	\$ 118,399	\$ 210,487	\$ 75,429	\$ 26,311	\$ 1,141,020	\$ 197,332	\$ 138,683	\$ 1,477,035
Fringe benefits	224,987	4,244	38,202	67,918	10,087	8,492	353,930	63,674	16,980	434,584
Total personnel expenses	922,226	17,399	156,601	278,405	85,516	34,803	1,494,950	261,006	155,663	1,911,619
<b>Other Expenses:</b>										
Professional services	75,079	634	103,481	18,719	11,066	2,374	211,353	9,516	2,537	223,406
Food services	159,905	-	-	-	-	-	159,905	-	-	159,905
Building occupancy	93,349	1,167	7,001	9,336	2,144	2,333	115,330	2,333	1,167	118,830
Client activities	84,208	2,236	8,104	13,507	3,756	-	111,811	-	-	111,811
Medical and pharmacy	-	-	69,221	2,536	-	-	71,757	-	-	71,757
Operating supplies and expenses	35,913	6	4,294	11,229	204	407	52,053	3,999	699	56,751
Insurance	28,058	530	4,765	8,471	-	1,059	42,883	7,941	2,117	52,941
Fundraising events	-	-	-	-	-	-	-	-	51,252	51,252
Marketing and advertising	24,257	-	4,852	9,704	-	-	38,813	4,852	4,851	48,516
Equipment	13,219	250	2,245	3,991	1,134	499	21,338	3,742	995	26,075
Other expenses	10,794	-	2,055	3,303	765	80	16,997	2,602	-	19,599
Travel	10,959	-	-	1,218	76	-	12,253	5,370	-	17,623
Total other expenses	535,741	4,823	206,018	82,014	19,145	6,752	854,493	40,355	63,618	958,466
Total expenses before provision for depreciation	1,457,967	22,222	362,619	360,419	104,661	41,555	2,349,443	301,361	219,281	2,870,085
Provision for depreciation	59,436	743	4,458	5,944	-	1,486	72,067	1,486	742	74,295
Total expenses	\$ 1,517,403	\$ 22,965	\$ 367,077	\$ 366,363	\$ 104,661	\$ 43,041	\$ 2,421,510	\$ 302,847	\$ 220,023	\$ 2,944,380

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



**Wayside House, Inc.**  
**Statement of Cash Flows**  
**For the Year Ended June 30, 2018**

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<b>Cash Flows from Operating Activities:</b>	
Change in net assets	\$ (504,111)
Adjustments to reconcile change in net assets to cash used in operating activities:	
Provision for depreciation	74,295
Changes in assets and liabilities:	
(Increase) decrease in:	
Promises to give	52,847
Accounts receivable	(33,159)
Grants and contracts receivable	56,127
Prepays	4,039
Increase (decrease) in:	
Accounts payable and other accrued expenses	4,028
Accrued payroll and related liabilities	14,449
	<u>(331,485)</u>
Net cash provided by (used in) operating activities	
<b>Cash Flows from Investing Activities:</b>	
Purchases of property and equipment	(8,331)
Purchase of investments	(35,767)
Sale of investments	160,000
	<u>115,902</u>
Net cash provided by (used in) investing activities	
	<u>(215,583)</u>
Net increase (decrease) in cash and cash equivalents	
	<u>261,143</u>
<b>Cash and Cash Equivalents, July 1, 2017</b>	
	<u>45,560</u>
<b>Cash and Cash Equivalents, June 30, 2018</b>	\$ <u><u>45,560</u></u>

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

## Note 1 - Organization and Operations

Wayside House, Inc. (the "Organization") is a nonprofit corporation that provides treatment and rehabilitation for women who suffer from substance addictions, and returns them and their families to society as productive members of the community of Palm Beach County, Florida. Founded in 1974, by Dr. Susan B. Anthony, the Organization has evolved into a twenty-eight bed professional, residential and outpatient treatment facility. The foundation of treatment is treating the individual within the context of her family. The Organization is supported primarily through donor contributions, grants and fundraising events.

In February 2018, the Organization received a national Behavioral Health Care Accreditation from The Joint Commission. The Joint Commission is an independent, not-for-profit, national body that oversees safety and quality of health care and other services provided in accredited organizations.

## Note 2 - Summary of Significant Accounting Policies

**Basis of presentation:** Financial statement presentation follows the recommendation of the Financial Accounting Standards Board in its Accounting Standards Codification (ASC) No. 958, *Not-for-Profit Entities*. Under ASC No. 958, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. A description of the three net asset classes is as follows:

- Unrestricted - Net assets available for support of operations that are not restricted by donors or for which restrictions have expired.
- Temporarily restricted - 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 is satisfied or 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 subject to donor-imposed stipulations that the Organization is required to maintain in perpetuity. The Organization had no permanently restricted net assets as of June 30, 2018.

**Restricted and unrestricted revenue and support:** Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Noncash contributions are recorded at their fair value on the date received.

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

**Cash and cash equivalents:** The Organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. The Organization routinely maintains cash balances at a financial institution which exceeds federally insured amounts.

**Note 2 - Summary of Significant Accounting Policies (continued)**

**Promises to give:** Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases in liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

At June 30, 2018, the Organization had no conditional promises to give.

**Accounts, grants and contracts receivable:** Accounts receivable, including third parties, are carried at amounts expected to be realized by the Organization based upon past experience. The Organization has established an administrative formula whereby clients are expected to pay amounts based upon their individual financial ability. Because historical losses related to these receivables have been insignificant, management uses the direct write-off method to account for bad debts. On a continuing basis, management analyzes delinquent receivables and, once these receivables are determined to be uncollectible, they are written off through a charge against earnings.

Amounts due from contracting agencies are considered by management to be fully collectible within the current accounting period.

**Property and equipment:** Property and equipment are carried at cost if purchased or, if donated, at fair value on the date of donation, less accumulated depreciation. The Organization follows the policy of providing for depreciation using the straight-line method over the estimated useful life of each type of asset which is as follows:

Buildings and improvements	7-39 years
Furniture and equipment	5-7 years
Automobiles	5 years

Donations of property and equipment are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Without donor stipulations regarding how long these donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated assets are placed in service, reclassifying temporarily restricted net assets to unrestricted net assets at that time. The Organization received no donated property and equipment for the year ended June 30, 2018.

Maintenance and repairs to property and equipment are charged to expense when incurred. Additions and major renewals are capitalized.

**Grant and contract revenue:** Grant and contract revenue is recognized when the allowable costs as defined by the individual grant or contract are incurred and/or the unit of service has been provided. Grant and contracts receivable at year end represent allowable expenditures and/or units of service provided which have not yet been reimbursed by the granting agency.

**Donated goods and services:** The Organization generally pays for most services requiring specific expertise. A number of volunteers have donated their time in certain of the Organization's program service, administration area and fundraising activities. When the value of donated services requires specific expertise, they are reflected in the financial statements as revenue and expenses. During the year ended June 30, 2018, no such amounts have been recorded in the accompanying financial statements.

## Note 2 - Summary of Significant Accounting Policies (continued)

**Functional expenses:** The costs of providing programs and other activities have been summarized on a functional basis in the accompanying statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**Advertising costs:** Advertising costs are charged to expense as incurred.

**Use of estimates:** The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Restatement:** A certain restatement has been made to the 2017 net assets presentation to correspond to the current year's format. Total net assets is unchanged due to this restatement.

**Date of management review:** Subsequent events were evaluated by management through November 27, 2018, which is the date the financial statements were available for issuance.

## Note 3 - Property and Equipment

Property and equipment consists of the following at June 30, 2018:

Buildings and improvements	\$	2,151,313
Furniture and equipment		377,452
Automobiles		85,454
		<u>2,614,219</u>
Less accumulated depreciation		<u>1,474,247</u>
		1,139,972
Land		<u>323,700</u>
	\$	<u><u>1,463,672</u></u>

## Note 4 - Temporarily Restricted Net Assets

At June 30, 2018, temporarily restricted net assets consisting of promises to give, cash and cash equivalents and investments are available for the following purposes:

Vocational and job placement programs	\$	164,310
Promise to give, time restriction		60,865
Dietician training		25,015
Playground and fitness equipment		15,000
Holistic therapy		11,925
Nursing staff		<u>3,576</u>
	\$	<u><u>280,691</u></u>

#### Note 5 - Investments

At June 30, 2018, the Organization has \$ 175,576 invested in a money market mutual fund that is stated at amortized cost which approximates fair value.

Investment income which is included in other income in the statement of activities for the year ended June 30, 2018 consists of the following:

Interest and dividend income	\$	1,111
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#### Note 6 - Governmental Contracts for Client Services

Funding agreements for services to be provided are principally entered into from one to three year installments. The release of funds is subject to monies being made available by the Federal government, the State of Florida, local municipalities and other grantor agencies. Certain of the agreements may be terminated by either party upon thirty days written notice. However, such an event would be unlikely if contract performance continues to be satisfactory and grantors' annual budgets are authorized by each respective governing body.

For the year ending June 30, 2018, the Organization received the following funding from governmental contracts:

Southeast Florida Behavioral Health Network - PDA01 - 1518	\$	1,024,678
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Program expenditures incurred by the Organization are subject to additional audit by grantor agencies. As a result of such audits, the grantor may require that amounts be returned. In certain instances, the grantor may provide additional funds to the Organization to offset amounts which may otherwise be due back to the grantor agencies based on their audits.

In accordance with OMB Uniform Guidance, *Audits of States, Local Governments and Non-Profit Organizations* and the Florida Single Audit Act, the Organization is required to perform single audits when the required threshold of \$ 750,000 in grant expenditures from either source is met. The Organization did not meet any of these thresholds for the year ended June 30, 2018 and thus no single audit was required.

#### Note 7 - Income Taxes

The Organization is a not-for-profit organization, exempt from tax under Internal Revenue Code 501(c)(3), therefore, no tax provision has been made in the accompanying financial statements, since the Organization was deemed by management not to have unrelated business income.

#### Note 8 - Retirement Plans

The Organization maintains a 401(k) Plan. All employees twenty-one years of age or older, with one year of service, are eligible to participate in the plan. Employer contributions are at the rate of 10% of each participant's compensation, as defined by the plan and no employee contributions are required, but are permitted. Employees are fully and immediately vested in their pension accounts upon completion of five years of service or age 55 years, whichever comes first. At June 30, 2018, there were nineteen employees participating in the plan. Employer contributed pension expense was approximately \$ 91,200 for the year ended June 30, 2018.

**Note 9 - Endowment**

Two benefactors of the Organization previously established an endowment. The purpose of the endowment is to insure the perpetuity of the Organization and to enable the Organization to continue to offer its services to women unable to pay for treatment and rehabilitation. The principal of the endowment cannot be expended without written consent of the full Board of Directors when, in their judgment, use is necessary for the continuation of the Organization's operations. The income of the fund can be used to supplement employee benefits of the Organization, such as pension costs. Because the funds are not controlled by the Organization, they are not consolidated into these financial statements. The ending asset value of the endowment funds at June 30, 2018 was approximately \$ 3,771,100.

**Note 10 - Concentrations in Operations**

Approximately 42% of the Organization's total revenue and other support was provided by the State of Florida Department of Children and Families. If a significant reduction in the level of funding were to occur, there could be an adverse effect on the Organization's programs and activities.

## ADDITIONAL INFORMATION

**Wayside House, Inc.**  
**Schedule of Program/Covered Service Actual Expenses and Revenues**  
**For the Year Ended June 30, 2018**

Funding Sources and Revenues	Adult Substance Abuse Program						Total Adult Substance Abuse Program	Total for State SAMH-Funded Covered Services	Total for Non-State- Funded SAMH Covered Services	Total for All State- Designated SAMH Covered Services	Non-SAMH Covered Services	Total Funding
	Residential	Incidentals	Medical Services	Group Outpatient	Individual Outpatient	Other Program Services *						
State SAMH Funding:												
Substance abuse services	\$ 820,410	\$ 56,060	\$ 12,877	\$ 74,013	\$ 57,629	\$ 3,689	\$ 1,024,678	\$ 1,024,678	\$ -	\$ 1,024,678	\$ -	\$ 1,024,678
Total State SAMH funding	820,410	56,060	12,877	74,013	57,629	3,689	1,024,678	1,024,678	-	1,024,678	-	1,024,678
Other Governmental Funding:												
Local government grants	-	-	-	-	-	-	-	-	-	-	-	-
Total other government funding	-	-	-	-	-	-	-	-	-	-	-	-
All Other Revenues:												
1st and 2nd party payments	315,950	-	1,327	62,591	3,138	-	383,006	383,006	-	383,006	-	383,006
Contributions and donations	-	-	-	-	-	-	-	-	-	-	997,523	997,523
Other income	27,035	-	-	-	-	-	27,035	27,035	-	27,035	8,027	35,062
Total all other revenue	342,985	-	1,327	62,591	3,138	-	410,041	410,041	-	410,041	1,005,550	1,415,591
Total funding	\$ 1,163,395	\$ 56,060	\$ 14,204	\$ 136,604	\$ 60,767	\$ 3,689	\$ 1,434,719	\$ 1,434,719	\$ -	\$ 1,434,719	\$ 1,005,550	\$ 2,440,269

\* Includes Case Management, Day Treatment and Recovery Support covered services.



**Wayside House, Inc.**

### Schedule of Program

(continued)

For the Year Ended June 30, 2018

	Adult Substance Abuse Program						
	Residential	Incidentals	Medical Services	Group Outpatient	Individual Outpatient	Other Program Services *	Total Adult Substance Abuse Program
Personnel Expenses:							
Salaries and wages	\$ 697,239	\$ 13,155	\$ 118,399	\$ 92,088	\$ 118,399	\$ 26,311	\$ 1,065,591
Fringe benefits	224,987	4,244	38,202	29,716	38,202	8,492	343,843
Total personnel expenses	922,226	17,399	156,601	121,804	156,601	34,803	1,409,434
Other Expenses:							
Professional services	75,079	634	103,481	10,245	8,474	2,374	200,287
Building occupancy	152,785	1,910	11,459	9,550	5,730	3,819	185,253
Food services	159,905	-	-	-	-	-	159,905
Client activities	84,208	2,236	8,104	8,104	5,403	-	108,055
Medical and pharmacy	-	-	69,221	2,536	-	-	71,757
Operating supplies and expenses	35,913	6	4,294	6,575	4,654	407	51,849
Insurance	28,058	530	4,765	3,706	4,765	1,059	42,883
Fundraising events	-	-	-	-	-	-	-
Marketing and advertising	24,257	-	4,852	4,852	4,852	-	38,813
Equipment	13,219	250	2,245	1,746	2,245	499	20,204
Other expenses	10,794	-	2,055	1,884	1,419	80	16,232
Travel	10,959	-	-	1,218	-	-	12,177
Total other expenses	595,177	5,566	210,476	50,416	37,542	8,238	907,415
Total personnel and other expenses	1,517,403	22,965	367,077	172,220	194,143	43,041	2,316,849
Distributed Indirect Costs:							
Administration	173,967	2,633	42,084	19,745	22,258	4,935	265,622
Total actual operating expenses	1,691,370	25,598	409,161	191,965	216,401	47,976	2,582,471
Unallowed Costs	-	-	-	-	-	-	-
Total allowable operating expenses	\$ 1,691,370	\$ 25,598	\$ 409,161	\$ 191,965	\$ 216,401	\$ 47,976	\$ 2,582,471
Capital Expenditures	\$ 815	\$ -	\$ -	\$ 550	\$ -	\$ -	\$ 1,365

\* Includes Case Management, Day Treatment and Recovery Support covered services.

**Wayside House, Inc.**  
**Schedule of Program/Covered Service Actual Expenses and Revenues**  
**(continued)**  
**For the Year Ended June 30, 2018**

	Total for State SAMH-Funded Covered Services	Total for Non-State- Funded SAMH Covered Services	Total for All State- Designated SAMH Covered Services	Non-SAMH Covered Services	Administration	Fundraising	Total Expenses
<b>Personnel Expenses:</b>							
Salaries and wages	\$ 1,065,591	\$ -	\$ 1,065,591	\$ 75,429	\$ 197,332	\$ 138,683	\$ 1,477,035
Fringe benefits	343,843	-	343,843	10,087	63,674	16,980	434,584
Total personnel expenses	1,409,434	-	1,409,434	85,516	261,006	155,663	1,911,619
<b>Other Expenses:</b>							
Professional services	200,287	-	200,287	11,066	9,516	2,537	223,406
Building occupancy	185,253	-	185,253	2,144	3,819	1,909	193,125
Food services	159,905	-	159,905	-	-	-	159,905
Client activities	108,055	-	108,055	3,756	-	-	111,811
Medical and pharmacy	71,757	-	71,757	-	-	-	71,757
Operating supplies and expenses	51,849	-	51,849	204	3,999	699	56,751
Insurance	42,883	-	42,883	-	7,941	2,117	52,941
Fundraising events	-	-	-	-	-	51,252	51,252
Marketing and advertising	38,813	-	38,813	-	4,852	4,851	48,516
Equipment	20,204	-	20,204	1,134	3,742	995	26,075
Other expenses	16,232	-	16,232	765	2,602	-	19,599
Travel	12,177	-	12,177	76	5,370	-	17,623
Total other expenses	907,415	-	907,415	19,145	41,841	64,360	1,032,761
Total personnel and other expenses	2,316,849	-	2,316,849	104,661	302,847	220,023	2,944,380
<b>Distributed Indirect Costs:</b>							
Administration	265,622	-	265,622	11,999	(302,847)	25,226	-
Total actual operating expenses	2,582,471	-	2,582,471	116,660	-	245,249	2,944,380
<b>Unallowed Costs</b>	-	-	-	-	-	245,249	245,249
Total allowable operating expenses	\$ 2,582,471	\$ -	\$ 2,582,471	\$ 116,660	\$ -	\$ -	\$ 2,699,131
<b>Capital Expenditures</b>	\$ 1,365	\$ -	\$ 1,365	\$ 2,999	\$ 3,410	\$ 557	\$ 8,331

**Wayside House, Inc.**  
**Schedule of State Earnings**  
**For the Year Ended June 30, 2018**

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Total expenditures	\$ 2,944,380
Less: Other state and Federal funds	-
Less: Nonmatch SAMH funds	(1,024,678)
Less: Unallowable costs per 65E-14, FAC	<u>(245,249)</u>
Total allowable expenditures	<u>1,674,453</u>
Maximum available earnings	1,255,840
Amount of state funds requiring match	<u>-</u>
Amount due to department *	\$ <u><u>1,255,840</u></u>

\* A negative amount indicates an amount due to the State up to the amount received during the year.

**Wayside House, Inc.**  
**Schedule of Related Party Transaction Adjustments**  
**For the Year Ended June 30, 2018**

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	<u>Related Party</u>	<u>Allocation of Related Party Transactions Adjustment State-Designated Cost Centers</u>		
		<u>Residential</u>	<u>Outpatient</u>	<u>Total</u>
Total Revenue From Grantee	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
Total Associated Expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Related Party Transaction Adjustment	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>

There are no related party transaction adjustments for the year ended June 30, 2018.

# INTERNAL CONTROLS AND COMPLIANCE

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

To the Board of Directors  
Wayside House, Inc.  
Delray Beach, 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 Wayside House, Inc. (the "Organization") (a nonprofit organization), which comprise the statement of financial position as of June 30, 2018, 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 November 27, 2018.

**Internal Control over Financial Reporting**

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

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

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

### **Compliance and Other Matters**

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

### **Purpose of this Report**

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



KEEFE McCULLOUGH

Fort Lauderdale, Florida  
November 27, 2018