

**BROOKWOOD FLORIDA, INC.**

Independent Auditor's Reports  
and  
Audited Financial Statements

December 31, 2016

BROOKWOOD FLORIDA, INC.

December 31, 2016

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## **INDEPENDENT AUDITOR'S REPORT**

Board of Directors  
Brookwood Florida, Inc.  
St. Petersburg, Florida

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Brookwood Florida, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2016, and the related statement 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit 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 error or fraud. 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 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 opinion.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Brookwood Florida, Inc. as of December 31, 2016, and the changes in net assets and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

### **Other Matters**

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



**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated April 18, 2017, on our consideration of Brookwood Florida, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

**Report on Summarized Comparative Information**

We have previously audited Brookwood Florida, Inc.'s 2015 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated July 5, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2015 is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Wells, Houser & Schatzel, P.A.*

Wells, Houser & Schatzel, P.A.  
St. Petersburg, Florida

April 18, 2017

BROOKWOOD FLORIDA, INC.

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2016

With Comparative Amounts for December 31, 2015

	<u>2016</u>	<u>2015</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 675,658	\$ 477,554
Accounts receivable		
Fees for services	79,607	132,738
Food program	3,231	2,565
Grant	20,710	7,854
Unconditional promises to give		
United Way	93,581	105,741
Investments	1,013,384	962,667
Prepaid expenses	37,491	36,043
	<u>1,923,662</u>	<u>1,725,162</u>
<b>PROPERTY AND EQUIPMENT</b>	2,448,176	2,405,179
Less accumulated depreciation	<u>1,788,965</u>	<u>1,752,367</u>
	<u>659,211</u>	<u>652,812</u>
<b>RESTRICTED ASSETS</b>		
Investments - cottage reserve	83,657	83,657
Beneficial interest in perpetual trust	<u>115,848</u>	<u>112,469</u>
	<u>199,505</u>	<u>196,126</u>
<b>TOTAL ASSETS</b>	<u>\$ 2,782,378</u>	<u>\$ 2,574,100</u>

	<u>2016</u>	<u>2015</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 8,643	\$ 5,513
Accrued expenses	<u>36,754</u>	<u>29,374</u>
	45,397	34,887
<b>LONG-TERM DEBT</b>		
Mortgage loans payable	<u>181,456</u>	<u>205,074</u>
<b>TOTAL LIABILITIES</b>	<u>226,853</u>	<u>239,961</u>
<b>NET ASSETS</b>		
Unrestricted net assets		
Designated by Board of Directors for operating reserve	1,013,384	962,667
Undesignated, available for general activities	742,507	582,298
Expended for property and equipment	<u>477,755</u>	<u>447,738</u>
	2,233,646	1,992,703
Temporarily restricted net assets		
United Way	93,581	105,741
White Family Foundation	1,068	2,699
Hobbs Foundation	11,170	10,000
Client Dental Care	9,353	9,353
Rays Foundation	748	5,460
Cottage reserve	83,657	83,657
Discount on below market rate mortgages	<u>6,454</u>	<u>12,057</u>
	206,031	228,967
Permanently restricted net assets		
Perpetual trust	<u>115,848</u>	<u>112,469</u>
<b>TOTAL NET ASSETS</b>	<u>2,555,525</u>	<u>2,334,139</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 2,782,378</u></u>	<u><u>\$ 2,574,100</u></u>

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

BROOKWOOD FLORIDA, INC.

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2016

With Comparative Amounts for the Year Ended December 31, 2015

	<u>2016</u>	<u>2015</u>
UNRESTRICTED NET ASSETS		
REVENUE		
Contributions and bequests	\$ 133,075	\$ 152,620
Contributions in-kind	79,220	47,590
Fees for services from individuals and voluntary agencies	31,929	37,241
Special events - net of direct expenses (\$8,922 and \$42,641)	79,344	42,170
Investment return (loss)	51,340	(25,492)
Miscellaneous income	-	600
Gain on disposal of capital assets	-	300
	<u>374,908</u>	<u>255,029</u>
Revenue from governmental and pass-through agencies:		
Grants and subsidies:		
Food Program	40,824	48,327
Social Action Funding	40,857	24,005
Fees for services	1,173,255	1,135,568
	<u>1,254,936</u>	<u>1,207,900</u>
Net assets released from restrictions	<u>159,527</u>	<u>196,330</u>
TOTAL UNRESTRICTED SUPPORT	<u>1,789,371</u>	<u>1,659,259</u>
EXPENSES		
Program services - residential care for young women	1,259,142	1,201,798
Supporting services:		
Management and general	165,078	176,488
Fundraising	124,208	93,843
	<u>289,286</u>	<u>270,331</u>
TOTAL EXPENSES	<u>1,548,428</u>	<u>1,472,129</u>
INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS	<u>240,943</u>	<u>187,130</u>
TEMPORARILY RESTRICTED NET ASSETS		
Contributions	43,010	75,763
United Way	93,581	105,741
Net assets released from restrictions	(159,527)	(196,330)
DECREASE IN TEMPORARILY RESTRICTED NET ASSETS	<u>(22,936)</u>	<u>(14,826)</u>

	<u>2016</u>	<u>2015</u>
PERMANENTLY RESTRICTED NET ASSETS		
Investment return	\$ 20,567	\$ 8,651
Income distribution (reported as unrestricted contribution)	<u>(17,188)</u>	<u>(23,125)</u>
INCREASE (DECREASE) IN PERMANENTLY RESTRICTED NET ASSETS	<u>3,379</u>	<u>(14,474)</u>
INCREASE (DECREASE) IN NET ASSETS	221,386	157,830
NET ASSETS AT BEGINNING OF YEAR	<u>2,334,139</u>	<u>2,176,309</u>
NET ASSETS AT END OF YEAR	<u><u>\$ 2,555,525</u></u>	<u><u>\$ 2,334,139</u></u>

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

BROOKWOOD FLORIDA, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2016

With Comparative Total Amounts for the Year Ended December 31, 2015

	Program Services	Supporting Services			2016 Total	2015 Total
	Residential Care for Young Women	Management & General	Fundraising	Total		
Salaries	\$ 646,873	\$ 93,912	\$ 89,351	\$ 183,263	\$ 830,136	\$ 806,941
Employee benefits	14,693	3,573	2,094	5,667	20,360	20,632
Payroll taxes and workers' compensation insurance	68,140	9,899	9,418	19,317	87,457	85,256
<b>Total Salaries and Related Expenses</b>	<b>729,706</b>	<b>107,384</b>	<b>100,863</b>	<b>208,247</b>	<b>937,953</b>	<b>912,829</b>
Professional fees	16,573	30,270	1,930	32,200	48,773	72,721
Supplies	83,576	3,696	3,094	6,790	90,366	109,691
Telephone	4,777	1,592	1,592	3,184	7,961	8,498
Occupancy	267,506	10,347	4,048	14,395	281,901	190,310
Special assistance to individuals	40,901	-	-	-	40,901	36,793
Travel and vehicle	8,882	1,279	256	1,535	10,417	14,948
Conferences, printing and miscellaneous	5,952	6,672	10,933	17,605	23,557	22,728
<b>Total Expenses Before Depreciation</b>	<b>1,157,873</b>	<b>161,240</b>	<b>122,716</b>	<b>283,956</b>	<b>1,441,829</b>	<b>1,368,518</b>
Depreciation	101,269	3,838	1,492	5,330	106,599	103,611
<b>TOTAL EXPENSES</b>	<b>\$ 1,259,142</b>	<b>\$ 165,078</b>	<b>\$ 124,208</b>	<b>\$ 289,286</b>	<b>\$ 1,548,428</b>	<b>\$ 1,472,129</b>

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

BROOKWOOD FLORIDA, INC.

STATEMENT OF CASH FLOWS

FOR YEAR ENDED DECEMBER 31, 2016

With Comparative Amounts for the Year Ended December 31, 2015

	<u>2016</u>	<u>2015</u>
<b>OPERATING ACTIVITIES</b>		
Increase (decrease) in net assets	\$ 221,386	\$ 157,830
Adjustments to reconcile increase (decrease) in net assets to net cash provided (used) by operating activities:		
Depreciation	106,599	103,611
Accretion of mortgage loan discount	5,602	4,612
(Gain) loss on sale of capital asset	-	(300)
Unrealized (gain) loss on investment securities	(30,321)	77,976
Unrealized (gain) loss on perpetual trust	(20,567)	(8,651)
In-kind contribution - mortgage forgiveness	(79,220)	(47,590)
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable	39,609	2,375
(Increase) decrease in unconditional promises to give	12,160	1,000
(Increase) decrease in prepaid expenses	(1,448)	(162)
Increase (decrease) in accounts payable	3,130	(4,427)
Increase (decrease) in accrued expenses	7,380	(3,000)
Increase (decrease) in due to clients - savings	-	(182)
<b>NET CASH PROVIDED (USED) IN OPERATING ACTIVITIES</b>	<u>264,310</u>	<u>283,092</u>
<b>INVESTING ACTIVITIES</b>		
Proceeds from sale of investments	434,916	30,000
Proceeds from sale of investments - perpetual trust	17,188	23,125
Purchase of investments	(455,313)	(81,054)
Proceeds from sale of capital assets	-	300
Purchase of property and equipment	(112,997)	(89,907)
<b>NET CASH PROVIDED (USED) IN INVESTING ACTIVITIES</b>	<u>(116,206)</u>	<u>(117,536)</u>
<b>FINANCING ACTIVITIES</b>		
Proceeds from mortgage note	50,000	37,910
<b>NET CASH PROVIDED (USED) IN FINANCING ACTIVITIES</b>	<u>50,000</u>	<u>37,910</u>
<b>INCREASE (DECREASE) IN CASH</b>	198,104	203,466
<b>CASH - BEGINNING OF YEAR</b>	<u>477,554</u>	<u>274,088</u>
<b>CASH - END OF YEAR</b>	<u>\$ 675,658</u>	<u>\$ 477,554</u>

There was no interest paid in fiscal years ending December 31, 2016 and 2015

Supplemental disclosure of non-cash investing and financing activities:

1. There were no non-cash investing activities for the years ended December 31, 2016 and 2015.
2. Non-cash financing activities for the years ended December 31, 2016 and 2015 consisted of forgiveness of indebtedness in the amounts of \$79,220 and \$47,590, respectively.

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

BROOKWOOD FLORIDA, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Purpose of Organization: Brookwood Florida, Inc. (Brookwood Florida) provides two tiers of programming. The first tier of programming provides troubled adolescent girls under the age of 18 with an alternative living environment and a therapeutic program encompassing education, employability skills, independent living training, and counseling that will prepare them for self-sufficiency or successful family reunification. The second tier provides an “Adult Program” for young women aged 18 to 21 that choose to participate in an extended foster care arrangement that is designed to provide a supportive transitional environment.

Basis of Accounting: The financial statements have been prepared on the accrual basis of accounting, which recognizes revenue when earned and expenses as incurred. State and local government and other public grant amounts are recorded as support when performance occurs pursuant to the contract agreement. The financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Codification Section 958-205 – *Not-for Profit Entities – Presentation of Financial Statements*. Under FASB Codification Sections 958-205, Brookwood Florida 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 costs of providing residential services have been detailed in the Statement of Functional Expenses and summarized on a functional basis in the Statement of Activities. Expenses that can be identified with a specific program and support service are allocated directly according to their natural expenditure classification. Administrative expenses are allocated to the various programs based on the program's salary expense.

Cash Equivalents: For purposes of financial statement presentation, Brookwood Florida, Inc. considers highly liquid debt instruments with original maturities of three months or less to be cash equivalents with the exception of highly liquid instruments designated by the Board of Directors as investments.

Contributions and Bequests: Brookwood Florida, Inc. accounts for contributions in accordance with Financial Accounting Standards Board Codification Section 958-605 – *Not-for Profit Entities – Revenue Recognition*. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. 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 donor restrictions. Time-restricted contributions from United Way and unconditional promises to give (pledges), pursuant to FASB Codification Section 958-605, are required to be reported as temporarily restricted support and are then reclassified to unrestricted net assets upon expiration of the time restriction. In accordance with FASB Codification Section 958-605, unconditional promises to give are recognized as revenues in the period received and as assets, decreases in liabilities, or expenses depending on the form of the benefit received. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

The Board of Directors is able to designate that certain contributions and bequests be set aside for operating reserves or capital expenditures. These designated funds are accounted for as a component of unrestricted net assets.

Uncollectible Accounts: Due to the charitable nature of Brookwood Florida, Inc.'s activities, services are provided to girls who are unable to pay the normal program fee. Any accounts receivable that have been recorded and later have been determined uncollectible are charged to income in the period that the determination is made. No allowance for doubtful accounts has been recorded as of December 31, 2016 and 2015, as management considers all accounts collectible.

Investment securities: Investments in marketable securities with readily determinable fair values and all investments in debt securities are measured at fair value in the statement of financial position in accordance with Financial

BROOKWOOD FLORIDA, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

Accounting Standards Board Codification Section 958-320 – *Not-for Profit Entities – Investments – Debt and Equity Securities*. Interest and dividends, gains and losses on sales of securities and unrealized gains and losses are classified as investment return in the statement of activities.

Property and Equipment: Land, building and equipment that is purchased is recorded at cost and such assets that are donated are recorded at fair market value. Depreciation is computed using the straight-line method over estimated useful lives ranging from 3 to 39 years. Expenditures greater than \$1,000 with an estimated useful life in excess of one year are capitalized.

Accumulated Personal Time Off (PTO): Effective July 1, 1999, Brookwood Florida changed their leave policy for personal time off (PTO) by no longer allowing employees to accumulate and carry over PTO hours from year to year. As of December 31 of each year, all unused PTO hours accumulated were forfeited. Effective for fiscal year ending December 31, 2004, employees are allowed to carry over earned PTO hours until March 31 of the following year. Any unused PTO hours carried forward that are not used by March 31 are forfeited. Therefore, an accrued expense has been recorded as of December 31, 2016 and 2015 for accrued PTO hours.

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

Fair Value Measurements: Brookwood Florida, Inc. has adopted Financial Accounting Standards Board Codification Section 820 – *Fair Value Measurements and Disclosures*. FASB Codification Section 820 requires the use of a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three levels: quoted market prices that are observable for the assets or liabilities (Level 1); inputs other than quoted market prices that are observable for the asset or liability, either directly or indirectly (Level 2); and unobservable inputs from the asset or liability (Level 3).

The carrying amount reported in the statement of financial position for cash, accounts receivable, and accounts payable approximate fair value because of the immediate or short-term maturities of these financial instruments.

Comparative Financial Information: The financial statements include certain prior-year summarized comparative information and such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the financial statements for the year ended December 31, 2015, from which the summarized information was derived.

**NOTE 2 – TAX STATUS**

Brookwood Florida, Inc. is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and state income tax under Chapter 220.13 of the Florida Statutes. The Internal Revenue Service has determined that the Organization is not a private foundation and contributions to it qualify for the charitable contribution deduction.

BROOKWOOD FLORIDA, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

**NOTE 3 – ACCOUNTS RECEIVABLE – FEES FOR SERVICES / SIGNIFICANT CONCENTRATIONS OF CREDIT RISK**

The accounts receivable for service fees are as follows:

	<u>2016</u>	<u>2015</u>
Childnet, Inc.	\$ -	\$ 19,775
Family First Network	5,890	-
Eckerd Community Alternative	45,485	72,585
Eckerd - Hillsborough	280	-
Extended Foster Care	566	650
Sarasota Family YMCA	2,945	2,945
State of Florida Agency for Health Care Administration – Medicaid	5,427	7,228
U.S. Department of Housing and Urban Development – Supportive Housing Program	7,324	15,630
CBC of Central Florida	11,590	9,595
Heartland for Children	-	3,930
Individuals and voluntary agencies	100	400
	<u>\$ 79,607</u>	<u>\$ 132,738</u>

These receivables are unsecured and represent concentrations of credit risk in the event that any one of these entities was unable to remit the amounts due to Brookwood Florida.

**NOTE 4 – PROMISES TO GIVE**

Unconditional promises to give consist of the following:

	<u>2016</u>	<u>2015</u>
United Way – due in less than one year	<u>\$ 93,581</u>	<u>\$ 105,741</u>

There are no pledges to report for the years ended December 31, 2016 and 2015.

**NOTE 5 - INVESTMENTS**

The Board of Directors of Brookwood Florida, Inc. have designated that certain unrestricted funds be invested for future needs. Unrestricted and restricted investments consist primarily of mutual funds, fixed income and money funds. The investments in the beneficial interest in perpetual trust are not in the possession or control of Brookwood Florida. Investments are stated at fair value and are as follows:

	<u>Fair Value</u>	
	<u>2016</u>	<u>2015</u>
Unrestricted investment securities:		
Mutual Funds	\$ 781,061	\$ 747,466
Corporate Bonds	184,475	-
Preferred Stock	11,290	11,624
Money Funds	36,558	203,577
	<u>\$1,013,384</u>	<u>\$ 962,667</u>

BROOKWOOD FLORIDA, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

**NOTE 5 – INVESTMENTS** (continued)

	<u>2016</u>	<u>2015</u>
Restricted investment securities – cottage reserve		
Mutual Funds	\$ 70,987	\$ 68,316
Money Funds	12,670	15,341
	<u>\$ 83,657</u>	<u>\$ 83,657</u>
Permanently restricted investment securities		
Beneficial interest in perpetual trust	<u>\$ 115,848</u>	<u>\$ 112,469</u>

The following schedule summarizes the investment return and its classification in the statement of activities:

	<u>2016</u>	<u>2015</u>
Unrestricted:		
Interest and Dividends	\$ 28,849	\$ 52,484
Unrealized and realized gain (loss) on securities	22,491	(77,976)
Unrestricted investment return	<u>\$ 51,340</u>	<u>\$ (25,492)</u>
Permanently Restricted:		
Interest, dividends, realized and unrealized gain (loss) on perpetual trust assets	<u>\$ 20,567</u>	<u>\$ 8,651</u>

**NOTE 6 – PROPERTY AND EQUIPMENT**

Property and equipment consist of the following:

	<u>2016</u>	<u>2015</u>
Land and improvements	\$ 99,002	\$ 99,002
Building and improvements	1,937,358	1,935,742
Furniture and equipment	323,443	282,062
Vehicles	88,373	88,373
	<u>\$ 2,448,176</u>	<u>\$ 2,405,179</u>

**NOTE 7– LONG-TERM DEBT**

At December 31, 2016, Brookwood Florida, Inc. was obligated to the City of St. Petersburg under certain mortgage loans payable. The loans are interest free with no current principal payments required. In the year the mortgages and notes are recorded, temporarily restricted contribution revenue is recorded for the difference between the fair value of the loan based on market interest rates and the face value of the loans. Temporarily restricted net assets includes \$6,454 of interest contributed, based on the difference between the fair value of the mortgages and the face value of the mortgages. Each year, interest expense is recognized and the mortgage/note liability is increased (accreted). The principal will be forgiven if the property continues to be used to provide a residential facility to troubled adolescent girls. The loans are secured by land, buildings and improvements in St. Petersburg that have a remaining book value of \$539,607.

BROOKWOOD FLORIDA, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

**NOTE 7– LONG-TERM DEBT** (continued)

Long term debt as of December 31, 2016 is summarized as follows:

	<u>Maturity Date</u>	<u>Debt, Before Discount</u>	<u>Debt Discount</u>	<u>Debt, Net of Discount</u>
City of St. Petersburg – Mortgage Payable	January 1, 2017	\$ 22,500	\$ -	\$ 22,500
City of St. Petersburg – Mortgage Payable	January 1, 2017	77,500	-	77,500
City of St. Petersburg – Mortgage Payable	January 1, 2018	37,910	(1,804)	36,106
City of St. Petersburg – Mortgage Payable	January 1, 2019	50,000	(4,650)	45,350
		<u>\$ 187,910</u>	<u>\$ (6,454)</u>	<u>\$ 181,456</u>

Long term debt as of December 31, 2015 is summarized as follows:

	<u>Maturity Date</u>	<u>Debt, Before Discount</u>	<u>Debt Discount</u>	<u>Debt, Net of Discount</u>
City of St. Petersburg – Mortgage Payable	January 1, 2017	\$ 22,500	\$ (1,071)	\$ 21,429
City of St. Petersburg – Mortgage Payable	January 1, 2017	77,500	(3,689)	73,811
City of St. Petersburg – Mortgage Payable	January 1, 2017	79,220	(3,771)	75,449
City of St. Petersburg – Mortgage Payable	January 1, 2018	37,910	(3,525)	34,385
		<u>\$ 217,130</u>	<u>\$ (12,056)</u>	<u>\$ 205,074</u>

**NOTE 8 - NET ASSETS RELEASED FROM RESTRICTIONS**

Net assets were released from donor restrictions by incurring expenses satisfying the purpose restrictions specified by donors as follows:

	<u>2016</u>	<u>2015</u>
Purpose restrictions accomplished:		
Education and personal expenses for residents	\$ 9,435	\$ 12,172
Operational activities	9,759	11,544
Reduction of interest contributed on discounted mortgages	10,252	8,137
Property improvements and equipment additions	24,340	43,317
	<u>53,786</u>	<u>75,170</u>
Time restrictions met:		
United Way of Pinellas County	105,741	120,160
Bequests and pledges	-	1,000
	<u>105,741</u>	<u>121,160</u>
Total restrictions released	<u>\$ 159,527</u>	<u>\$ 196,330</u>

**NOTE 9 – BENEFICIAL INTEREST IN PERPETUAL TRUST**

Brookwood Florida is a beneficiary of the Charles A. Lauffer Trust (the Trust). The Trust's assets are administered by a third party trustee and are not in the possession or control of Brookwood Florida. Brookwood Florida has a one-sixteenth (1/16<sup>th</sup>) beneficial interest in the Trust and receives an annual income distribution from the trustee.

BROOKWOOD FLORIDA, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

**NOTE 9 – BENEFICIAL INTEREST IN PERPETUAL TRUST** (continued)

The use of the funds received from the Trust is not restricted other than that they are to be used in the operation of Brookwood Florida. The income distributions for 2016 and 2015 were \$17,188 and \$23,125, respectively.

The beneficial interest in the perpetual trust is reported as a restricted asset in the accompanying Statement of Financial Position. Changes in the fair market value of the investments within the Trust are reported as an increase or decrease in the permanently restricted net assets in the accompanying Statement of Activities. The fair market value of Brookwood Florida's 1/16<sup>th</sup> beneficial interest in the Trust assets as of December 31, 2016 and 2015 were \$115,848 and \$112,469, respectively.

**NOTE 10 - OPERATING RESERVES**

Brookwood Florida, Inc. maintains an investment account for operating reserves which would enable Brookwood to continue services to clients in the event of large unanticipated expenditures or failure to receive anticipated revenues. As of December 31, 2016 and 2015 the balance in the operating reserve account was \$1,013,384 and \$962,667, respectively.

**NOTE 11 - DONATED ITEMS**

Donated materials and equipment are recorded at their estimated fair value at date of receipt. Donated services are recorded at their fair value as determined by comparison with what they would cost if purchased by Brookwood. If services performed by volunteers would not otherwise be performed by salaried employees, no amount is recorded for the donated service. Based on these criteria, in-kind contributions in the amount of \$79,220 were recorded for the year ended December 31, 2016. The in-kind contributions consisted of debt forgiveness from the City of St. Petersburg for one mortgage in the amount of \$79,220. The in-kind contributions for the year ended December 31, 2015 consisted of debt forgiveness from the City of St. Petersburg for two mortgages totaling \$47,590.

**NOTE 12 - COTTAGE RESERVE**

In 1985, Brookwood Florida received a grant of \$35,000 from the Edyth Bush Foundation to assist in completing and furnishing a donated house that was moved to the Brookwood Central grounds. This grant was subject to Brookwood Florida, Inc. establishing a reserve to provide for future improvements. When fully funded the reserve value should be \$83,657. The balance in this reserve at December 31, 2016 and 2015 was \$99,761 and \$95,892, respectively. The fully funded reserve amount of \$83,657 is reported as a restricted investment with the excess reserve amounts of \$16,104 and \$12,235, for 2016 and 2015, respectively, being reported as a part of current, unrestricted investments.

**NOTE 13 - EMPLOYEE LEASING AGREEMENT**

Brookwood Florida, Inc. entered into an employee leasing agreement in November 1990, whereby all of Brookwood Florida, Inc.'s employees became employees of a staff leasing service. The agreement was entered into in order to contain employee benefit costs.

The current employee leasing agreement requires payments for each payroll period that includes the employees' gross salaries, the employer share of social security and Medicare expense, state and federal unemployment, the employer paid portion of benefits, workers' compensation insurance and an administrative fee based on a percentage of gross payroll.

The payments are allocated to salary expense, employee benefits, workers' compensation insurance and payroll taxes based upon the actual amounts for each payroll period. The gross payroll and related expenses and administrative

BROOKWOOD FLORIDA, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

**NOTE 13 - EMPLOYEE LEASING AGREEMENT** (continued)

fee remitted for the years ended December 31, 2016 and 2015 (excluding accrued wages and related payroll taxes), were as follows:

	<u>2016</u>	<u>2015</u>
Gross payroll and related expenses	<u>\$ 931,591</u>	<u>\$ 915,725</u>
Administrative fee	<u>\$ 17,789</u>	<u>\$ 17,506</u>

**NOTE 14 – FEES FOR SERVICES FROM GOVERNMENTAL AGENCIES**

Funding received by Brookwood Florida, Inc. from governmental agencies for services is as follows:

	<u>2016</u>	<u>2015</u>
Childnet, Inc.	\$ 34,250	\$ 73,334
Eckerd Community Alternative	498,535	296,650
Eckerd Hillsborough	19,980	4,367
Sarasota Family YMCA, Inc.	51,795	122,420
Children Network of Southwest Florida	4,940	54,140
Partnership For Strong Families	-	10,890
Brevard Family Partnership	23,770	-
Big Bend Community Based Care	15,075	-
Devereux Community Based Care	-	47,730
Center for Family and Children Enrichment	-	6,784
Extended Foster Care (various agencies)	6,332	20,305
Family First Network	31,270	6,900
Heartland for Children	5,225	17,550
CBC of Central Florida	95,140	9,595
Kids Central	3,990	-
State of Florida Agency for Health Care Administration - Medicaid - contracted and administered through Florida Department of Children and Families	294,693	371,262
U.S. Department of Housing and Urban Development	88,260	93,641
	<u>\$ 1,173,255</u>	<u>\$ 1,135,568</u>

**NOTE 15 – FAIR VALUES OF FINANCIAL INSTRUMENTS**

Brookwood Florida, Inc. has adopted Financial Accounting Standards Board Codification Section 820 – *Fair Value Measurements and Disclosures*, which provides a common definition of fair value, establishes a framework for measuring fair value under U. S. generally accepted accounting principles and requires additional disclosures about fair value.

Financial instruments measured at fair value are classified and disclosed in the following categories:

- Level 1: Quoted prices are available in active markets for identical investments as of the reporting date. The types of investments included in Level 1 are cash, money market funds, fixed income mutual funds, equity mutual funds, equity securities, corporate bonds, and time deposits.

BROOKWOOD FLORIDA, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

**NOTE 15 – FAIR VALUES OF FINANCIAL INSTRUMENTS** (continued)

- Level 2: Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies. The types of financial instruments included in Level 2 include accounts receivable, account payable, and short and long term debt.
- Level 3: Valuation is based on unobservable inputs. The types of financial instruments included in Level 3 include unconditional promises to give – pledges.

The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, a financial instrument’s level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement.

The fair value of assets and liabilities measured on a recurring basis at December 31, 2016 are as follows:

Assets	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investment securities				
Unrestricted	\$ 997,280	\$ 997,280	\$ -	\$ -
Unrestricted – Cottage Reserve	16,104	16,104	-	-
Restricted – Cottage Reserve	83,657	83,657	-	-
Permanently restricted	115,848	115,848	-	-
Liabilities				
Mortgage loans payable	181,456	-	181,456	-

For mortgage loans payable, debt that is non-interest bearing has been discounted to fair value using interest rates that are representative of prevailing market rates.

**NOTE 16- SIGNIFICANT CONCENTRATIONS OF CREDIT RISK**

Brookwood Florida, Inc. maintains a checking account and savings account at a local financial institution. Federal Deposit Insurance Corporation (FDIC) coverage is limited to \$250,000 per depositor. At December 31, 2016 the combined balances of the accounts exceeded FDIC coverage by \$480,528.

**NOTE 17 – COMMITMENTS AND CONTINGENCIES**

Brookwood Florida, Inc. signed an agreement with the City of St. Petersburg in December 2016 to obtain \$45,000 in funding for improvements to the facility that will be done during the year ended December 31, 2017. No amounts have been recorded in the financial statements for the year ended December 31, 2016 since there had not been any work performed as of December 31, 2016 to warrant a request for reimbursement.

BROOKWOOD FLORIDA, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

**NOTE 18 – SUBSEQUENT EVENTS**

Brookwood Florida, Inc. has considered subsequent events through the date of the audit report which is the date the financial statements were available to be issued. There were no subsequent events that required an adjustment to the financial statements and there were no other subsequent events that required disclosure in the notes to the financial statements.

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**SUPPLEMENTARY FINANCIAL INFORMATION**

BROOKWOOD FLORIDA, INC.  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE PROJECTS  
 Year Ended December 31, 2016

Federal Grantor / State Grantor / Pass - Through	CFDA / CSFA Number	Contract/Grant Number	Grant Award	Grant Expenditures
<b>Federal Programs</b>				
U.S. Department of Housing and Urban Development				
Pass through the City of St. Petersburg, Florida:				
Community Development Block Grant				
Various mortgage loans awarded and expended in prior years for property rehab., eligible for forgiveness in 2017	14.218	N/A	\$ 136,106	\$ 136,106 A
Mortgage loan - eligible for forgiveness in 2019	14.218	N/A	\$ 50,000	\$ 50,000
Supportive Housing Program				
Special Needs Assessment Program (SNAP)	14.235	FL 0046 L4H 021407	7,696	7,696
Special Needs Assessment Program (SNAP)	14.235	FL 0046 L4H 021508	80,564	80,564
			<u>88,260</u>	<u>88,260</u>
Total U.S. Department of Housing and Urban Development			<u>138,260</u>	<u>138,260</u>
U.S. Department of Agriculture				
Florida Department of Education				
School Breakfast Program	10.553	01-0132	19,094	19,094
National School Lunch Program	10.555	01-0132	19,732	19,732
Total U.S. Department of Agriculture			<u>38,826</u>	<u>38,826</u>
U.S. Department of Health and Human Services				
Florida Department of Children and Families				
Foster Care - Title IV				
Sarasota Family YMCA, Inc.	93.658	BRK OHCR16 / BRK OHCR17	37,215	37,215
Sarasota Family YMCA, Inc.	93.658	Extended Foster Care	2,426	2,426
ChildNet	93.658	RA - Broward & Palm Beach	26,558	26,558
Big Bend CBC	93.658	RA	9,986	9,986
Brevard Family Partnership	93.658	OHC-RA-1624	23,770	23,770
Children Network of Southwest Florida	93.658	SBM 01	2,899	2,899
Eckerd - CBC-C-13	93.658	ECA-C13-RGC-BFI-FY17	13,798	13,798
Eckerd Community Alternative	93.658	ECA-C6-RGC-BFI-FY17	292,540	292,540
Eckerd Community Alternative	93.658	Extended Foster Care	704	704
CBC of Central Florida	93.658	RA 1114	55,828	55,828
CBC of Central Florida	93.658	Extended Foster Care	585	585
Kids Central, Inc.	93.658	RA	2,341	2,341
Heartland for Children	93.658	RA MBW01 / RA LBW01	3,668	3,668
Family First Network	93.658	RA	23,399	23,399
Sub-total			<u>495,717</u>	<u>495,717</u>
Social Services Block Grant				
Sarasota Family YMCA, Inc.	93.667	BRK OHCR16 / BRK OHCR17	13,234	13,234
Sarasota Family YMCA, Inc.	93.667	Extended Foster Care	1,368	1,368
ChildNet	93.667	RA - Broward & Palm Beach	7,692	7,692
Big Bend CBC	93.667	RA	5,089	5,089
Children Network of Southwest Florida	93.667	SBM 01	1,635	1,635
Eckerd - CBC-C-13	93.667	ECA-C13-RGC-BFI-FY17	6,182	6,182
Eckerd Community Alternative	93.667	ECA-C6-RGC-BFI-FY17	164,965	164,965
Eckerd Community Alternative	93.667	Extended Foster Care	397	397
CBC of Central Florida	93.667	RA 1114	31,482	31,482
CBC of Central Florida	93.667	Extended Foster Care	330	330
Kids Central, Inc.	93.667	RA	1,320	1,320
Heartland for Children	93.667	RA MBW01 / RA LBW01	1,557	1,557
Family First Network	93.667	RA	7,871	7,871
Sub-total			<u>243,122</u>	<u>243,122</u>
Temporary Assistance for Needy Families Block Grant				
Sarasota Family YMCA, Inc.	93.558	BRK OHCR16 / BRK OHCR17	1,347	1,347
Total U.S. Department of Health and Human Services			<u>740,186</u>	<u>740,186</u>
Total Expenditures of Federal Programs			<u>\$ 917,272</u>	<u>\$ 917,272</u>

(continued)

BROOKWOOD FLORIDA, INC.  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE PROJECTS  
 Year Ended December 31, 2016

Federal Grantor / State Grantor / Pass - Through (continued)	CFDA / CSFA Number	Contract/Grant Number	Grant Award	Grant Expenditures
<b>State Projects</b>				
Florida Department of Children and Families				
Out of Home Care Residential Support				
Sarasota Family YMCA, Inc.	60.074	Extended Foster Care	\$ 340	\$ 340
Children Network of Southwest Florida	60.074	SBM 01	407	407
Eckerd Community Alternative	60.074	ECA-C6-RGC-BFI-FY17	41,029	41,029
Eckerd Community Alternative	60.074	Extended Foster Care	99	99
CBC of Central Florida	60.074	RA 1114	7,830	7,830
CBC of Central Florida	60.074	Extended Foster Care	82	82
Kids Central, Inc.	60.074	RA	328	328
Total Florida Department of Children and Families			50,115	50,115
Total Expenditures of State Projects			\$ 50,115	\$ 50,115

Note 1 - Basis of Presentation

The Schedule of Expenditures of Federal Awards and State Projects (the "Schedule") includes the federal and state awards for the year ended December 31, 2016. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Brookwood Florida, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of Brookwood Florida, Inc.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited to reimbursement.

A - The Community Development Block Grant mortgage loan proceeds were expended in prior years.

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*

Board of Directors  
Brookwood Florida, Inc.  
St. Petersburg, Florida

We have audited, 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, the financial statements of Brookwood Florida, Inc., which comprise the statement of financial position as of December 31, 2016, and the related statement 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 April 18, 2017.

**Internal Control Over Financial Reporting**

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

A *deficiency in internal controls* 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 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 Brookwood Florida, 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*.

**Purpose of the 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 Brookwood Florida, Inc.'s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Brookwood Florida, Inc.'s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Wells, Houser & Schatzel, P.A.*

Wells, Houser & Schatzel, P.A.  
St. Petersburg, Florida

April 18, 2017



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH  
EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL  
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Directors  
Brookwood Florida, Inc.  
St. Petersburg, Florida

**Report on Compliance for Each Major Federal Program**

We have audited Brookwood Florida, Inc.'s 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 each of Brookwood Florida, Inc.'s major federal programs for the year ended December 31, 2016. Brookwood Florida, Inc.'s major federal program is 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 awards applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for Brookwood Florida, Inc.'s major federal program 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 Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 Brookwood Florida, 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 the major federal program. However, our audit does not provide a legal determination of Brookwood Florida, Inc.'s compliance.

**Opinion on Each Major Federal Program**

In our opinion, Brookwood Florida, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2016.

**Report on Internal Control Over Compliance**

Management of Brookwood Florida, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of requirements referred to above. In planning and performing our audit of compliance, we considered Brookwood Florida, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and 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 of the effectiveness of Brookwood Florida, Inc.'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 a combination of deficiencies, in internal control over compliance with a 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.

**Purpose of the Report**

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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Wells, Houser & Schatzel, P.A.*

Wells, Houser & Schatzel, P.A.  
St. Petersburg, Florida

April 18, 2017

BROOKWOOD FLORIDA, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year ended December 30, 2016

**(1) Summary of Auditor's Results**

- a. The auditor's report expresses an unmodified opinion on the financial statements of Brookwood Florida, Inc.
- b. There were no significant deficiencies, and hence no material weaknesses, in internal control identified during the audit of the financial statements that would need to be reported in accordance with *Government Auditing Standards*.
- c. No instances of noncompliance material to the financial statements of Brookwood Florida, Inc., which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
- d. There were no significant deficiencies, and hence no material weaknesses, in internal control over major Federal programs that were identified during the audit.
- e. The auditor's report on compliance for the major federal programs for Brookwood Florida, Inc. expresses an unmodified opinion on major federal programs.
- f. Our audit disclosed no findings required to be reported related to Federal programs in accordance with 2 CFR 200.516(a).
- g. The program tested as a major program included the following:  
CFDA Number 93.658: U. S. Department of Health and Human Services – Contracted Services – Foster Care Title IV
- h. The threshold for distinguishing Type A and Type B programs was \$750,000 for major Federal programs.
- i. Brookwood Florida, Inc. was determined to be a low-risk auditee pursuant to the Uniform Guidance as Brookwood Florida, Inc. has been subjected to the Federal Single Audit requirements for the past two years.

**(2) Findings Relating to the Financial Statements Reported in Accordance With Government Auditing Standards**

No matters were reported.

**(3) Findings and Questioned Costs Relating to Major Federal Programs**

No matters were reported.

**Notes regarding Corrective Action Plan**

As there are no current year findings or questioned costs, a Corrective Action Plan is not required.

**Notes regarding Summary Schedule of Prior Audit Findings**

A schedule of prior audit findings is not presented because there are no prior audit findings to be reported.