

**Financial Statements**

**MIRACLE OF LOVE, INC.**

**June 30, 2013 and 2012**

**MIRACLE OF LOVE, INC.**

**Financial Statements**

**June 30, 2013 and 2012**

**(With Independent Auditor's Report Thereon)**

MIRACLE OF LOVE, INC.

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## **Independent Auditor's Report**

The Board of Directors  
Miracle of Love, Inc.

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

We have audited the accompanying financial statements of Miracle of Love, Inc., which comprise the statements of financial position as of June 30, 2013 and 2012, and the related statements of activities, functional expenses, and cash flows for the years 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 audits 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 fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Miracle of Love, Inc. as of June 30, 2013 and 2012, 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**

Our audit was performed for the purpose of forming an opinion on the financial statements of Miracle of Love, Inc., taken as a whole. The accompanying schedule of Federal Awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* 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 financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued a report dated October 18, 2013 on our consideration of the Miracle of Love, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants 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* in considering Miracle of Love, Inc.'s internal control over financial reporting and compliance.

*Schaefer, Tschang, Whitcomb, Mitchell & Shuilen, LLP*

Altamonte Springs, Florida  
October 18, 2013

MIRACLE OF LOVE, INC.

**Statements of Financial Position**

June 30, 2013 and 2012

**Assets**

	<u>2013</u>	<u>2012</u>
Current assets		
Cash and cash equivalents	\$ 46,468	72,507
Investments (note 4)	50,526	50,000
Accounts receivable - Grantor Agencies	237,507	237,787
Prepaid expenses and other assets	4,795	4,695
Total current assets	<u>339,296</u>	<u>364,989</u>
Furniture and Equipment:		
Furniture and office equipment	71,526	71,526
Less: accumulated depreciation	<u>(44,069)</u>	<u>(38,949)</u>
	<u>27,457</u>	<u>32,577</u>
Total assets	<u>\$ 366,753</u>	<u>397,566</u>

**Liabilities and Net Assets**

Current liabilities:		
Line of credit (note 5)	\$ 45,571	48,282
Accounts payable and accrued expenses	<u>49,473</u>	<u>44,973</u>
Total current liabilities	<u>95,044</u>	<u>93,255</u>
Commitment (note 7)		
Unrestricted net assets	<u>271,709</u>	<u>304,311</u>
Total liabilities and net assets	<u>\$ 366,753</u>	<u>397,566</u>

See accompanying notes to financial statements

MIRACLE OF LOVE, INC.

Statements of Activities

Years ended June 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Support and revenue:		
Support:		
Public support	\$ 1,387	5,136
In-kind contributions (note 6)	-	31,288
Special events - net of direct benefit to donor costs of \$17,358 and \$18,882, respectively	93,909	106,972
Grants:		
<b>Department of Health and Human Services:</b>		
Center for Disease Control:		
Project Start	149,046	158,500
CRCS/CTR	159,000	169,088
Ryan White HIV/AIDS Treatment Modernization Act		
Orange County Health and Family Services:		
Ryan White Title I Program:		
Medical Case Management (MCM)	190,800	207,104
Extended Testing Initiative (ETI)	75,000	67,021
<b>Department of Housing and Urban Development:</b>		
City of Orlando:		
Housing Opportunities for Persons with AIDS		
Case Management	185,646	185,490
Deposit Assistance	27,222	30,152
Short and long-term rental assistance	164,030	260,090
<b>State of Florida Health Department</b>		
SNS Project Fast/High Impact Prevention	217,978	147,690
Mpowerment Project/DUP	86,864	157,109
Mpowerment 2 Project	70,859	-
Total Support	<u>1,421,741</u>	<u>1,525,640</u>
Revenue:		
Investment income	556	20
Rental income	13,838	13,502
Project AIDS Care - PAC	295,100	281,000
MISTERS Program	-	3,372
Other	5,139	18,667
Total Revenue	<u>314,633</u>	<u>316,561</u>
Total Revenue and Other Support	<u>1,736,374</u>	<u>1,842,201</u>
Expenses:		
Program Services	1,397,853	1,398,016
Support Services:		
Management and General	358,992	326,828
Fund Raising	12,131	11,137
Total Expenses	<u>1,768,976</u>	<u>1,735,981</u>
Change in net assets	(32,602)	106,220
Net assets, beginning of year	<u>304,311</u>	<u>198,091</u>
Net assets, end of year	<u>\$ 271,709</u>	<u>304,311</u>

See accompanying notes to financial statements

MIRACLE OF LOVE, INC.

Statements of Functional Expenses

Years ended June 30, 2013 and 2012

	Supporting Services			Supporting Services			Supporting Services		
	Program Services	Management and General	Fund Raising	2013 Total Expenses	Program Services	Management and General	Fund Raising	2012 Total Expenses	
Salaries and wages	\$ 773,039	233,946	10,172	1,017,157	704,009	213,055	9,264	926,328	
Employee benefits	78,112	23,637	1,028	102,777	78,567	23,774	1,035	103,376	
Payroll processing fees	1,935	585	25	2,545	1,812	548	25	2,385	
Payroll taxes	68,876	20,844	906	90,626	61,848	18,716	813	81,377	
Office supplies	15,339	3,885	-	19,424	13,941	3,485	-	17,426	
Telephone	29,701	7,425	-	37,126	27,662	6,917	-	34,579	
Postage and shipping	1,140	285	-	1,425	1,387	347	-	1,734	
Occupancy	77,106	19,276	-	96,382	69,555	17,389	-	86,944	
Specific client assistance	209,005	-	-	209,005	327,745	-	-	327,745	
Equipment rental and maintenance	43,683	10,921	-	54,604	26,636	6,659	-	33,295	
Printing and publications	4,347	-	-	4,347	8,297	-	-	8,297	
Travel and meals	16,157	-	-	16,157	17,473	-	-	17,473	
Conferences and meetings	180	-	-	180	2,033	-	-	2,033	
Insurance	15,993	3,998	-	19,991	19,890	4,972	-	24,862	
Accounting, legal and consulting fees	-	27,403	-	27,403	-	24,020	-	24,020	
Licenses and permits	723	-	-	723	612	-	-	612	
Other expenses	41,044	5,763	-	46,807	23,412	5,853	-	29,265	
Advertising and promotions	14,183	-	-	14,183	7,700	-	-	7,700	
Bank charges and late fees	2,994	-	-	2,994	1,067	-	-	1,067	
Total expenses before interest, depreciation and losses	1,393,757	357,968	12,131	1,763,856	1,393,646	325,735	11,137	1,730,518	
Depreciation	4,096	1,024	-	5,120	4,370	1,093	-	5,463	
Total expenses	\$ 1,397,853	358,992	12,131	1,768,976	1,398,016	326,828	11,137	1,735,981	

See accompanying notes to financial statements



MIRACLE OF LOVE, INC.

**Statements of Cash Flows**

Years ended June 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Change in net assets	\$ (32,602)	106,220
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	5,120	5,463
Donated property and equipment	-	(31,288)
Changes in operating assets and liabilities:		
Accounts receivable	280	(57,800)
Accounts payable and accrued expenses	4,500	(6,389)
Prepaid expenses and other assets	(100)	(1,000)
Cash provided by (used in) operating activities	<u>(22,802)</u>	<u>15,206</u>
Cash flows from investing activities:		
Purchase of property and equipment	-	(1,665)
Purchase of investments	(526)	-
Cash used in investing activities	<u>(526)</u>	<u>(1,665)</u>
Cash flows from financing activities:		
Net borrowings on line of credit	(2,711)	19,502
Cash provided by (used in) financing activities	<u>(2,711)</u>	<u>19,502</u>
Change in cash and cash equivalents	(26,039)	33,043
Cash and cash equivalents at beginning of year	<u>72,507</u>	<u>39,464</u>
Cash and cash equivalents at end of year	<u>\$ 46,468</u>	<u>72,507</u>

See accompanying notes to financial statements

MIRACLE OF LOVE, INC.

**Notes to Financial Statements**

Years ended June 30, 2013 and 2012

(1) **Organization**

Miracle of Love, Inc. (the Organization) was formed in June 1997 under the laws of the State of Florida. The Organization received a tax-exempt status under Section 501(c)(3) of the Internal Revenue Code in June 1998. The mission of Miracle of Love, Inc. is to provide comprehensive, multicultural HIV/AIDS care, education and prevention services that are effective and responsive to the Central Florida communities.

(2) **Summary of Significant Accounting Policies**

(a) **Basis of Presentation**

The accompanying financial statements are presented on the accrual basis and represent the financial position and results of operations of the Organization.

These financial statements are prepared on an entity wide basis, focusing on the organization as a whole and present balances and transactions according to the existence or absence of donor-imposed restrictions. This has been accomplished by aggregating all funds into one set of financial statements and classifying fund balances and transactions into three classes of net assets – permanently restricted, temporarily restricted or unrestricted as follows:

**Permanently restricted net assets** - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. There were no permanently restricted net assets as of or for the year ended June 30, 2013.

**Temporarily restricted net assets** - Net assets subject to donor-imposed stipulations that may or will be met by actions of the Organization and/or the passage of time. There were no temporarily restricted net assets as of or for the year ended June 30, 2013.

**Unrestricted net assets** - Net assets not subject to donor-imposed stipulations. The Organization reports donor-restricted contributions whose restrictions are met in the same reporting period as unrestricted support.

(b) **Cash Equivalents**

The Organization considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

(Continued)

MIRACLE OF LOVE, INC.

**Notes to Financial Statements**

Years ended June 30, 2013 and 2012

**(2) Summary of Significant Accounting Policies (Continued)**

**(c) Furniture and Equipment**

Furniture and equipment are stated at cost (for those items purchased) and fair market value at date of receipt (for those items donated). Depreciation is provided on a straight-line basis over the following estimated useful lives of the assets:

Furniture and office equipment	3 to 7 years
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**(d) Income Taxes**

The Organization is exempt from federal income tax under provision of Section 501(c)(3) of the Internal Revenue Code. In addition, the Organization has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a) of the Code. Consequently, no provision for income taxes has been included in the accompanying financial statements.

In accordance with "Income Taxes" FASB Accounting Standards Codification Topic 740 (Topic 740), all entities are required to evaluate and disclose income tax risks. Topic 740 clarifies the accounting for uncertainty in tax positions and prescribes guidance related to the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The tax benefit from an uncertain tax position is only recognized in the statement of financial position if the tax position is more likely than not to be sustained upon an examination, based on the technical merits of the position. Interest and penalties, if any, are included in expenses in the statement of activities. As of June 30, 2013, the Organization had no uncertain tax positions that qualify for recognition or disclosure in the financial statements.

The Organization's income tax returns are subject to review and examination by federal authorities. The Organization is not aware of any activities that would jeopardize its tax-exempt status. The Organization is not aware of any activities that are subject to tax on unrelated business income, excise or other taxes. The tax returns for the fiscal years ended from 2010 to 2012 are open to examination by federal authorities.

(Continued)

MIRACLE OF LOVE, INC.

**Notes to Financial Statements**

Years ended June 30, 2013 and 2012

**(2) Summary of Significant Accounting Policies (Continued)**

**(e) 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.

**(f) Functional Allocation of Expenses**

The costs of providing various programs and supporting services have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated by the Organization's management among the programs and supporting services benefited. These costs are allocated by the Organization's management based upon actual time involved and a percentage of assets utilized.

**(g) Donated Property and Equipment, Support Services, and Use of Facilities**

Donated property and equipment, professional support services and use of facilities are reflected as contributions in the accompanying financial statements at their estimated values at the date of receipt. The Board of Directors contribute a significant amount of their time to assist the Organization in its program operations and administration functions. These services are not valued or reflected in the accompanying financial statements because there is no objective basis to measure their value.

**(h) Fair Value of Financial Instruments**

The Organization has adopted accounting standards for fair value measurements which define fair value, set out a framework for measuring fair value, and expand disclosures about fair value measurements of assets and liabilities to include disclosure about inputs used in the determination of fair value using the following three categories:

Level 1: Quoted market prices in active markets for identical assets or liabilities.

Level 2: Observable market based inputs or unobservable inputs that are corroborated by market data.

Level 3: Unobservable inputs that are not corroborated by market data.

(Continued)

MIRACLE OF LOVE, INC.

**Notes to Financial Statements**

Years ended June 30, 2013 and 2012

**(2) Summary of Significant Accounting Policies (Continued)**

**(h) Fair Value of Financial Instruments (Continued)**

The new accounting standards apply under other accounting pronouncements previously issued by the Financial Accounting Standards Board, or FASB, which require or permit fair value measurements.

**(i) Subsequent Events**

In preparing these financial statements, the Organization has evaluated subsequent events and transactions for potential recognition and disclosure through October 18, 2013, which is the date the financial statements were available to be issued.

**(3) Concentration of Risk**

Miracle of Love, Inc. has a single mission in a limited geographic region subjecting the Organization to risks of changes in the demographics of its target area.

Substantially all of the Organization's support is received from pass-through entities that manage federal grants. There is a risk that grant funds will not be available in the future to support aids service and prevention or, if grants are available, that the Organization may not be the recipient of sufficient funds to continue operations.

**(4) Investments**

The following is a description of the valuation methodology used for assets measured at fair value. There have been no changes in the methodology used at June 30, 2013.

*Certificates of Deposit* – Valued at fair value by discounting the related cash flows based on current yields of similar investments with comparable durations considering the credit-worthiness of the issuer.

The preceding method described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation method is appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

(Continued)

MIRACLE OF LOVE, INC.

Notes to Financial Statements

Years ended June 30, 2013 and 2012

**(4) Investments (Continued)**

The following table sets forth by level, within the fair value hierarchy, the Organization's assets recorded at fair value as of June 30,:

	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Observable Inputs Other Than Quoted Prices (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Certificates of deposit at:				
June 30, 2013	\$ 50,526	-	\$ 50,526	-
June 30, 2012	\$ 50,000	-	\$ 50,000	-

The Organization's investments are reported at fair value in the accompanying statements of financial position. The carrying amounts reflected in the statement of financial position for cash and cash equivalents approximate the respective fair values due to the short maturities of those instruments.

**(5) Line of Credit**

The Organization has a line of credit agreement (the "Agreement") expiring November 30, 2013, providing up to \$50,000 of borrowings. The agreement provides for interest to be payable monthly at the prime rate plus .75% (4.00% at June 30, 2013), and is collateralized by a blanket lien on all assets. The outstanding balance at June 30, 2013 and 2012 was \$45,571 and \$48,282, respectively.

**(6) Contributed Materials and Supplies**

The value of contributed items are recorded as contributions at their estimated values at the date of the contribution as follows:

	<u>2013</u>	<u>2012</u>
Residential home	\$ -	23,596
Computer software	-	7,692
	<u>\$ -</u>	<u>31,288</u>

(Continued)

MIRACLE OF LOVE, INC.

**Notes to Financial Statements**

Years ended June 30, 2013 and 2012

(7) **Leases**

The Organization leases its corporate offices under a lease that expires October 2013. The lease is accounted for as an operating lease. Rent is determined on an annual base rent plus common area expenses and totaled approximately \$60,000 each year for the years ended June 30, 2013 and 2012, respectively.

The Organization leases office space for case management for the Ryan White Program in Lake County, Florida that expires April 2014. The lease is accounted for as an operating lease. Rent is determined on an annual basis and totaled approximately \$16,000 and \$15,000, respectively, for the years ended June 30, 2013 and 2012, respectively.

The Organization leases office space for case management for the Ryan White Program in Kissimmee, Florida that expires October 2013. The lease is accounted for as an operating lease. Rent is determined on an annual basis and totaled approximately \$7,000 each year for the years ended June 30, 2013 and 2012.

The Organization leases space for its Youth Program as a Drop-In Center in Orange County, Florida that expires June 2013. The lease is accounted for as an operating lease. Rent is determined on an annual basis and totaled \$7,800 each year for the years ended June 30, 2013 and 2012.

Future minimum rent required by all operating leases with a non-cancelable remaining lease term in excess of one year as of June 30, 2013 are summarized in the following table:

For the year ended June 30:

2014	\$ 34,626
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SUPPLEMENTAL DATA

Schedule of Expenditures of Federal Awards



MIRACLE OF LOVE, INC.

Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2013

Federal Agency/Program Title	Federal CFDA Number	Contract Number	Pass-through Grantor	Periods of Awards	Amount of Award	Federal Expenditures
<b>Department of Health and Human Services:</b>						
HIV Prevention Activities - Non-Governmental Organization Based (Project Start, CTR, CRCS)	93,939	5-U65-PS002456-03	(1)	7/1/12-6/30/13	322,800	\$ 308,046
HIV Emergency Relief Project Grants, Part A of the Ryan White HIV/AIDS Treatment Modernization Act of 2006	93,914	Y10-189B	(2)	3/1/12-2/28/13	127,000	130,431
	93,914	Y13-143B	(2)	3/1/13-2/28/14	231,015	60,369
						<u>190,800</u>
HIV Prevention Activities - Health Department Based - SNS Project Fast	93,940	CODEQ	(1) (3)	1/1/12-12/31/12	147,000	73,500
High Impact Prevention	93,940	CODHF	(1) (3)	1/1/13-12/31/13	323,000	144,478
						<u>217,978</u>
Extended Testing Initiative	93,940	OA-159	(1) (3)	9/30/11-12/31/12	75,000	18,750
	93,940	OA-169	(1) (3)	1/1/13-12/31/13	75,000	56,250
						<u>75,000</u>
Mpowerment Project/DUP	-	CODDP	(3)	7/1/11-12/31/12	244,500	86,864
Mpowerment 2 Project	93,940	CODFM	(3)	7/1/12 - 6/30/13	100,000	70,859
						<u>\$ 949,547</u>
Subtotal - Department of Health and Human Services						
<b>Department of Housing and Urban Development:</b>						
Housing Opportunities for Persons with AIDS	14,241	FY11-12	(4)	10/1/11-9/30/12	435,693	\$ 99,661
	14,241	FY12-13	(4)	10/1/12-9/30/13	406,600	277,237
						<u>376,898</u>
Subtotal - Department of Housing and Urban Development						<u>\$ 376,898</u>
<b>Total Federal Awards</b>						<u>\$ 1,326,445</u>

Key to Pass-Through Entity Identification:

- (1) Centers for Disease Control and Prevention
- (2) Orange County Florida - Department of Health and Family Services
- (3) State of Florida - Department of Health
- (4) City of Orlando

MIRACLE OF LOVE, INC.

**Notes to the Schedule of Expenditures of Federal Awards**

Years ended June 30, 2013 and 2012

Note 1 – Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal financial assistance and federal cost-reimbursement contracts of Miracle of Love, Inc. Miracle of Love, Inc. receives federal awards indirectly through pass-through entities.

Federal program expenditures included in the accompanying schedule are presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

Note 2 – Major Programs

Major programs are identified in the Summary of Auditor's Results section of the Schedule of Findings and Questioned Costs.

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**Independent Auditor's Report on Internal Control Over Financial Reporting  
and on Compliance and Other Matters Based on an Audit of Financial  
Statements Performed in Accordance with *Government Auditing Standards***

To the Board of Directors  
Miracle of Love, Inc.

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 Miracle of Love, Inc., which comprise the statement of financial position as of June 30, 2013, 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 October 18, 2013.

**Internal Control over Financial Reporting**

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

*Schater, Tschoff, Whittemut, Mitchell & Shuidan, LLP*

Altamonte Springs, Florida  
October 18, 2013

# SCHAFFER, TSCHOPP, WHITCOMB, MITCHELL & SHERIDAN, LLP

*Certified Public Accountants*

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## **Independent Auditor's Report on Compliance for Each Major Federal Program and State Project and on Internal Control Over Compliance Required by OMB Circular A-133**

To the Board of Directors  
Miracle of Love, Inc.

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

We have audited the compliance of Miracle of Love, Inc., with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Miracle of Love, Inc.'s major federal programs and state projects for the year ended June 30, 2013. Miracle of Love, Inc.'s major federal program is identified in the summary of the auditor's 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.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of Miracle of Love, 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 of America; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 and the Florida Single Audit Act 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 test basis, evidence about Miracle of Love, 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 Miracle of Love, Inc.'s compliance.

### **Opinion on Each Major Federal Program**

In our opinion, Miracle of Love, Inc. complied, in all material respects, with the types of 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, 2013.

### **Report on Internal Control Over Compliance**

Management of Miracle of Love, Inc. is responsible for establishing and maintaining effective internal control over compliance with requirements referred to above. In planning and performing our audit of compliance, we considered Miracle of Love, Inc.'s internal control over compliance with the types of requirements that could have a direct material effect on a major federal program and state project to determine our 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 Miracle of Love, Inc.'s internal control over compliance.

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

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

*Schater, Kschy, Whitcomb, Mitchell & Shuilen, LLP*

Altamonte Springs, Florida  
October 18, 2013

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## Management Letter

To the Board of Directors  
Miracle of Love, Inc.:

We have audited the financial statements of the Miracle of Love, Inc., as of and for the fiscal year ended June 30, 2013, and have issued our report thereon dated October 18, 2013.

We conducted our audit in accordance with United States generally accepted auditing standards; 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*. We have issued our Independent Auditor's Report on Compliance and Internal Control over Financial Reporting, Independent Auditor's Report on Compliance and Internal Control over Compliance Applicable to each Major Federal Program and State Project, and Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule, which are dated August 6, 2007, should be considered in conjunction with this management letter. Additionally, our audit was conducted in accordance with Chapter 10.650, Rules of the Auditor General.

The Rules of Auditor General (Section 10.654(1)(d)) require disclosure in the management letter of the following matters if not already addressed in the auditor's reports on compliance and internal controls or schedule of findings and questioned costs: (1) violations of laws, rules, regulations, and contractual provisions that have occurred, or are likely to have occurred; (2) improper or illegal expenditures; (3) improper or inadequate accounting procedures (e.g., the omission of required disclosures from the financial statements); (4) failures to properly record financial transactions; and (5) other inaccuracies, shortages, defalcations, and instances of fraud discovered by, or that come to the attention of, the auditor. Our audit disclosed no such matters required to be disclosed.

This management letter is intended solely for the information of Miracle of Love, Inc. and management, and the State of Florida Office of the Auditor General and is not intended to be and should not be used by anyone other than these specified parties.

*Schafer, Tschopp, Whitcomb, Mitchell & Sheridan, LLP*

Altamonte Springs, Florida  
October 18, 2013



**Miracle of Love, Inc.**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2013**

**I. Summary of the Audit Results**

1. The auditors' report expresses an unqualified opinion on the financial statements of Miracle of Love, Inc.
2. No significant deficiencies or material weaknesses were disclosed during the audit of compliance and on internal control over financial reporting based on an audit of financial statements performed in accordance with government auditing standards.
3. No instances of noncompliance material to the financial statements of Miracle of Love, Inc. were disclosed during the audit.
4. No significant deficiencies or material weaknesses were disclosed during the audit of compliance with requirements applicable to each major program and internal control over compliance in accordance with OMB Circular A-133.
5. The auditors' report on compliance for the major Federal award programs for Miracle of Love, Inc. expresses an unqualified opinion.
6. There are no audit findings relative to the major Federal award program for Miracle of Love, Inc.
7. The programs tested as major programs were:  
  
Department of Health and Human Services CFDA #93.939 - HIV Prevention Activities - Non-Governmental Organization Based  
Department of Housing and Urban Development CFDA #14.241 - Housing Opportunities for Persons with AIDS
8. The threshold for distinguishing Types A and B programs was \$300,000.
9. The auditee did qualify as a low-risk auditee.

**II. Financial Statement Findings**

1. No matters reported.

**Miracle of Love, Inc.**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2013**

**III. Findings and Questioned Costs – Major Federal Programs**

None

**IV. Findings and Questioned Costs – Major State Projects**

None

**V. Other Issues**

No summary schedule of prior audit findings (See AG Rules 10.557(3)(d)5. and 10.656(3)(d)5.) is required because there were no prior audit findings related to Federal programs or State projects; no Corrective Action Plan (see AG Rules 10.557(3)(d)6. and 10.656(3)(d)6.) is required because there were no findings required to be reported under the Federal or Florida Single Audit Acts.