

Financial Statements

MIRACLE OF LOVE, INC.

June 30, 2014 and 2013

MIRACLE OF LOVE, INC.

Financial Statements

June 30, 2014 and 2013

(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, 2014 and 2013, 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, 2014 and 2013, 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 January 5, 2015 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, Tschoyge, Whitcomb, Mitchell & Shuidan, LLP

Altamonte Springs, Florida
January 5, 2015

MIRACLE OF LOVE, INC.

Statements of Financial Position

June 30, 2014 and 2013

Assets

	<u>2014</u>	<u>2013</u>
Current assets		
Cash and cash equivalents	\$ 57,794	46,468
Investments (note 4)	50,582	50,526
Accounts receivable - Grantor Agencies	234,751	237,507
Prepaid expenses and other assets	4,795	4,795
Total current assets	<u>347,922</u>	<u>339,296</u>
Furniture and Equipment:		
Land	60,000	-
Building	241,155	-
Furniture and office equipment	71,526	71,526
Less: accumulated depreciation	(51,251)	(44,069)
	<u>321,430</u>	<u>27,457</u>
Total assets	<u>\$ 669,352</u>	<u>366,753</u>

Liabilities and Net Assets

Current liabilities:		
Line of credit (note 5)	\$ 126,960	45,571
Accounts payable and accrued expenses	42,652	49,473
Total current liabilities	<u>169,612</u>	<u>95,044</u>
Commitment (note 6)		
Unrestricted net assets	<u>499,740</u>	<u>271,709</u>
Total liabilities and net assets	<u>\$ 669,352</u>	<u>366,753</u>

See accompanying notes to financial statements

MIRACLE OF LOVE, INC.

Statements of Activities

Years ended June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Support and revenue:		
Support:		
Public support	\$ 2,480	1,387
CDBG City of Orlando grant	155,807	-
Special events - net of direct benefit to donor costs of \$17,818 and \$17,358, respectively	114,688	93,909
Grants:		
Department of Health and Human Services:		
Center for Disease Control:		
Project Start	71,263	149,046
CRCS/CTR	226,263	159,000
Ryan White HIV/AIDS Treatment Modernization Act		
Orange County Health and Family Services:		
Ryan White Part A Program:		
Medical Case Management (MCM)	195,376	190,800
Extended Testing Initiative (ETI)	60,576	75,000
Department of Housing and Urban Development:		
City of Orlando:		
Housing Opportunities for Persons with AIDS		
Case Management	194,553	185,646
Deposit Assistance	35,676	27,222
Short and long-term rental assistance	192,623	164,030
State of Florida Health Department		
High Impact Prevention	289,173	217,978
Mpowerment Project	-	86,864
Mpowerment 2 Project	100,021	70,859
Total Support	<u>1,638,499</u>	<u>1,421,741</u>
Revenue:		
Investment income	605	556
Rental income	15,091	13,838
Project AIDS Care - PAC	303,800	295,100
Other	36,285	5,139
Total Revenue	<u>355,781</u>	<u>314,633</u>
Total Revenue and Other Support	<u>1,994,280</u>	<u>1,736,374</u>
Expenses:		
Program Services	1,401,600	1,397,853
Support Services:		
Management and General	352,910	358,992
Fund Raising	11,739	12,131
Total Expenses	<u>1,766,249</u>	<u>1,768,976</u>
Change in net assets	228,031	(32,602)
Net assets, beginning of year	<u>271,709</u>	<u>304,311</u>
Net assets, end of year	<u>\$ 499,740</u>	<u>271,709</u>

See accompanying notes to financial statements

MIRACLE OF LOVE, INC.

Statements of Functional Expenses

Years ended June 30, 2014 and 2013

	Supporting Services			2014			Supporting Services			2013		
	Program Services	Management and General	Fund Raising	Total Expenses	Program Services	Management and General	Fund Raising	Total Expenses	Program Services	Management and General	Fund Raising	Total Expenses
Salaries and wages	\$ 741,079	224,274	9,751	975,104	773,039	233,946	10,172	1,017,157	78,112	23,637	1,028	102,777
Employee benefits	84,148	25,466	1,107	110,721	1,935	585	25	2,545	68,876	20,844	906	90,626
Payroll processing fees	2,236	677	29	2,942	15,539	3,885	-	19,424	29,701	7,425	-	37,126
Payroll taxes	64,776	19,603	852	85,231	1,140	285	-	1,425	77,106	19,276	-	96,382
Office supplies	15,943	3,986	-	19,929	209,005	-	-	209,005	43,683	10,921	-	209,005
Telephone	30,791	7,698	-	38,489	4,347	-	-	4,347	16,157	-	-	54,604
Postage and shipping	914	228	-	1,142	180	-	-	180	3,998	-	-	16,157
Occupancy	87,906	21,977	-	109,883	15,993	-	-	15,993	-	-	-	180
Specific client assistance	252,819	-	-	252,819	-	-	-	-	27,403	-	-	27,403
Equipment rental and maintenance	24,394	6,098	-	30,492	-	-	-	-	-	-	-	-
Printing and publications	6,204	-	-	6,204	-	-	-	-	-	-	-	-
Travel and meals	10,270	-	-	10,270	-	-	-	-	-	-	-	-
Conferences and meetings	2,325	-	-	2,325	-	-	-	-	-	-	-	-
Insurance	8,226	2,056	-	10,282	-	-	-	-	-	-	-	-
Accounting, legal and consulting fees	-	27,522	-	27,522	-	-	-	-	-	-	-	-
Licenses and permits	2,210	-	-	2,210	723	-	-	723	-	-	-	723
Other expenses	47,550	11,888	-	59,438	41,044	5,763	-	46,807	-	-	-	46,807
Advertising and promotions	7,345	-	-	7,345	14,183	-	-	14,183	-	-	-	14,183
Interest	6,719	-	-	6,719	2,994	-	-	2,994	-	-	-	2,994
Total expenses before interest, depreciation and losses	1,395,855	351,473	11,739	1,759,067	1,393,757	357,968	12,131	1,763,856	4,096	1,024	-	5,120
Depreciation	5,745	1,437	-	7,182	-	-	-	-	-	-	-	-
Total expenses	\$ 1,401,600	352,910	11,739	1,766,249	1,397,853	358,992	12,131	1,768,976	-	-	-	-

See accompanying notes to financial statements

MIRACLE OF LOVE, INC.

Statements of Cash Flows

Years ended June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Change in net assets	\$ 228,031	(32,602)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	7,182	5,120
Changes in operating assets and liabilities:		
Accounts receivable	2,756	280
Accounts payable and accrued expenses	(6,821)	4,500
Prepaid expenses and other assets	-	(100)
Cash provided by (used in) operating activities	<u>231,148</u>	<u>(22,802)</u>
Cash flows from investing activities:		
Purchase of property and equipment	(301,155)	-
Purchase of investments	(56)	(526)
Cash used in investing activities	<u>(301,211)</u>	<u>(526)</u>
Cash flows from financing activities:		
Net borrowings (repayment) on line of credit	81,389	(2,711)
Cash provided by (used in) financing activities	<u>81,389</u>	<u>(2,711)</u>
Change in cash and cash equivalents	11,326	(26,039)
Cash and cash equivalents at beginning of year	<u>46,468</u>	<u>72,507</u>
Cash and cash equivalents at end of year	<u>\$ 57,794</u>	<u>46,468</u>

See accompanying notes to financial statements

MIRACLE OF LOVE, INC.

Notes to Financial Statements

Years ended June 30, 2014 and 2013

(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, 2014.

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, 2014.

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, 2014 and 2013

(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, 2014, 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 2011 to 2013 are open to examination by federal authorities.

(Continued)

MIRACLE OF LOVE, INC.

Notes to Financial Statements

Years ended June 30, 2014 and 2013

(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, 2014 and 2013

(2) Summary of Significant Accounting Policies (Continued)

(i) Subsequent Events

In preparing these financial statements, the Organization has evaluated subsequent events and transactions for potential recognition and disclosure through January 5, 2015, 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

Included in investments are certificates of deposit, stated at market value, which closely approximates their cost basis.

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, 2014	<u>\$ 50,582</u>	<u>-</u>	<u>\$ 50,582</u>	<u>-</u>
June 30, 2013	<u>\$ 50,526</u>	<u>-</u>	<u>\$ 50,526</u>	<u>-</u>

MIRACLE OF LOVE, INC.

Notes to Financial Statements

Years ended June 30, 2014 and 2013

(4) Investments (Continued)

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"), providing up to \$200,000 of borrowings. The agreement provides for interest to be payable monthly at the prime rate plus .75% (4.50% at June 30, 2014), and is collateralized by a blanket lien on all assets. The outstanding balance at June 30, 2014 and 2013 was \$126,960 and \$45,571, respectively.

(6) Leases

The Organization leases its corporate offices under a lease that expires October 2014. 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, 2014 and 2013.

The Organization leases office space for case management for the Ryan White Program in Lake County, Florida that expires April 2015. The lease is accounted for as an operating lease. Rent is determined on an annual basis and totaled approximately \$16,000 each year for the years ended June 30, 2014 and 2013.

The Organization leases office space for case management for the Ryan White Program in Kissimmee, Florida that expires October 2014. 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, 2014 and 2013.

Future minimum rent required by all operating leases with a non-cancelable remaining lease term in excess of one year as of June 30, 2014 are summarized in the following table:

For the year ended June 30:

2015	\$ 35,020
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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, 2014

Federal Agency/Program Title	Federal CFDA Number	Contract Number	Pass-through Grantor	Periods of Awards	Amount of Award	Federal Expenditures
Department of Health and Human Services:						
HIV Prevention Activities - Non-Governmental Organization Based (Project Start, CTR, CRCS)	93,939	5-U65-PS002456-04	(1)	7/1/13-6/30/14	308,675	\$ 297,526
HIV Emergency Relief Project Grants, Part A of the Ryan White HIV/AIDS Treatment Modernization Act of 2006	93,914 93,914	Y10-143B Y13-143B-DG	(2) (2)	3/1/13-2/28/14 3/1/14-2/28/15	231,015 204,322	142,646 52,730 195,376
HIV Prevention Activities - Health Department Based - High Impact Prevention	93,940 93,940	CODHF CODHF	(1) (3) (1) (3)	1/1/13-12/31/14 1/1/14-12/31/15	323,000 323,000	145,932 143,241 289,173
Extended Testing Initiative	93,940 93,940	OA-169 OA-191	(1) (3) (1) (3)	7/1/13-12/31/13 1/1/14-6/30/14	75,000 60,000	37,500 23,076 60,576
Mpowerment 2 Project	93,940	CODFM	(3)	7/1/13 - 6/30/14	100,000	100,021
Subtotal - Department of Health and Human Services						\$ 942,672
Department of Housing and Urban Development:						
Housing Opportunities for Persons with AIDS	14,241 14,241	FY12-13 FY13-14	(4) (4)	10/1/12-9/30/13 10/1/13-9/30/14	406,600 425,227	\$ 129,313 293,539
Community Development Block Grant	14,225	FY 14	(4)	7/1/13 - 6/30/14	155,807	155,807 578,659
Subtotal - Department of Housing and Urban Development						\$ 578,659
Total Federal Awards						\$ 1,521,331

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, 2014 and 2013

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, 2014, 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 January 5, 2015.

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.

Schaefer, Tschang, Whitcomb, Mitchell & Shulman, LLP

Altamonte Springs, Florida
January 5, 2015

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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, 2014. 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 director and material effect on each of its major federal programs for the year ended June 30, 2014.

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.

Schacter, Tschoff, Whitcomb, Mitchell & Shulman, LLP

Altamonte Springs, Florida
January 5, 2015

SCHAFFER, TSCHOPP, WHITCOMB, MITCHELL & SHERIDAN, LLP

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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, 2014, and have issued our report thereon dated January 5, 2015.

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.

Schaffer, Tschopp, Whitcomb, Mitchell & Sheridan, LLP

Altamonte Springs, Florida
January 5, 2015

Miracle of Love, Inc.
Schedule of Findings and Questioned Costs
Year Ended June 30, 2014

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 program tested as a major program was:

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, 2014

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.