

MARC LABOSSIÈRE PA
CERTIFIED PUBLIC ACCOUNTANT
1222 NE 4TH AVENUE
FORT LAUDERDALE FL 33304
TEL: 954-763-4214
FAX: 954-763-8922

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Sunshine Social Services, Inc.

I have audited the accompanying financial statements of Sunshine Social Services, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2012, and the related statements of activities 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

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Sunshine Social Services, Inc. as of December 31, 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.

Marc Labossiere PA

February 12, 2013

Sunshine Social Services, Inc.
Statements of Financial Position
December 31, 2012

Assets

Cash and cash equivalents	\$ 109,854
Accounts receivable, net	44,327
Furniture, Fixtures & Equipments, net	12,439
Deposits	<u>8,500</u>
Total assets	<u>\$175,120</u>

Liabilities and net assets

Accounts payable	<u>\$ -0-</u>
Total liabilities	-0-

Net assets:

Unrestricted	135,120
Temporarily restricted	<u>40,000</u>
Total net assets	
Total liabilities and net assets	<u>\$ 175,120</u>

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

Sunshine Social Services, Inc.
Statement of Activities
For the Year Ended December 31, 2012

	<i>Unrestricted</i>	<i>Temporarily Restricted</i>	<i>Permanently Restricted</i>	<i>Total</i>
Revenues, gains, and other support:				
Support, :				
Contributions	\$ 65,538	\$ 10,000		\$ 75,538
Board Commitment	18,444			18,444
Fundraising Events	70,146			70,146
Contributions - Guardian Circle	58,912			58,912
Private Grants	146,933			146,933
United Way	74,000			74,000
Government Grants	256,322			256,322
Total support	<u>690,295</u>	<u>10,000</u>	<u>-0-</u>	<u>700,295</u>
Program service fees	48,730			48,730
Interest Income	212			212
Other revenue	1,412			1,412
Total revenues, gains, and other support	<u>740,649</u>	<u>10,000</u>	<u>-0-</u>	<u>750,649</u>
Net assets released from Restrictions:				
Expiration of time and purpose restrictions	39,000	(39,000)		-0-
Total revenues, gains, and other support	<u>779,649</u>	<u>(29,000)</u>		<u>750,649</u>
Expenses				
Program services:				
Mental Health Service	241,856			241,856
Senior Services	11,243			11,243
Noble McArtor	263,769			263,769
Education & Training	45,001			45,001
Youth & Family Services	<u>120,159</u>			<u>120,159</u>
Total program services	682,028			682,028
Management and General	63,886			63,886
Total expenses	<u>745,914</u>	<u>-0-</u>		<u>745,914</u>
Change in net assets	<u>33,735</u>	<u>(29,000)</u>		<u>4,735</u>
Prior Period Adjustment	884			884
Net assets at beginning of year	<u>100,501</u>	<u>69,000</u>	<u>-0-</u>	<u>169,501</u>
Net assets at end of year	<u>\$ 135,120</u>	<u>\$ 40,000</u>	<u>\$ -0-</u>	<u>\$ 175,120</u>

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

Sunshine Social Services, Inc.
Statement of Cash Flows
For the Year Ended December 31, 2012

Operating activities:	
Change in net assets	\$ 4,735
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation and amortization of Furniture, Fixtures & Equipment	4,015
Changes in operating assets and liabilities:	
Accounts receivable	12,245
Accounts payable	<u>-0-</u>
Net cash provided by operating activities	<u>20,995</u>
 Investing activities:	
Purchases of Furniture, Fixture & equipments	<u>(3,701)</u>
Net cash used in investing activities	(3,701)
 Financing activities:	
Payments of Line of Credit payable	<u>(15,815)</u>
Net cash provided by financing activities	<u>(15,815)</u>
 Change in cash and cash equivalents	 1,479
Prior Period Adjustment	884
Cash and cash equivalents at beginning of year	<u>107,491</u>
Cash and cash equivalents at end of year	<u><u>\$ 109,854</u></u>
 Interest paid	 <u><u>\$ 712</u></u>

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

Sunshine Social Services, INC.
Statement of Functional Expenses
Year Ended December 31, 2012

	Education/ Training	Management & General	Mental Health Services	Noble McArtor Adult Day Care	Senior Services	Youth & Family Service	Total
Advertising & Promotion	\$ 123	\$ 347	\$ 646	\$ 1,556	\$ 40	\$ 1,515	\$ 4,227
Postage	56	427	287	421	40	133	1,364
Accounting	168	364	868	980		420	2,800
Background Checks		56	394	135		56	641
Computer Consulting	209	426	1,123	1,217	64	522	3,561
Credit Card Fees	235	902	1,191	1,340	55	565	4,288
Med Consulting		499	84				583
Online Storage			6,676				6,676
Psychiatric			9,400				9,400
Fundraising Expenses		15,852					15,852
Insurance	207	574	1,069	1,207	103	517	3,677
Interest	43	86	221	249	6	107	712
Occupancy	2,214	6,513	27,528	21,368	1,102	11,190	69,915
Bank Charges		108	55			300	463
Dues & Subscription	408	396	1,058	1,489	184	498	4,033
Food & Food Supplies	3,389	2,019	2,151	4,818	555	5,949	18,881
NM Entertainment				17,277			17,277
Other Misc Service Costs	6	10	32	37	3	866	954
Printing	833	981	1,987	1,705	78	1,760	7,344
Supplies & Materials	348	647	2,026	5,480	52	4,532	13,085
Telephone	474	1,144	5,674	2,277	156	1,767	11,492
Payroll Expenses	35,601	26,671	170,968	200,581	8,564	84,990	527,375
Depreciation		4,015					4,015
Utilities	652	1,731	7,805	1,445	222	2,601	14,456
Travel	<u>35</u>	<u>118</u>	<u>613</u>	<u>187</u>	<u>19</u>	<u>1,871</u>	<u>2,843</u>
Total Expenses	<u>\$ 45,001</u>	<u>\$ 63,886</u>	<u>\$ 241,856</u>	<u>\$ 263,769</u>	<u>\$ 11,243</u>	<u>\$ 120,159</u>	<u>\$ 745,914</u>

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

Sunshine Social Services, Inc.
Notes to Financial Statements
For the Year Ended December 31, 2012

1. Description of Organization

Sunshine Social Services, Inc mission is to provide critical life assistance and professional mental health services with an emphasis on economically disadvantaged, marginalized youth, and senior adults in the greater South Florida metropolitan area.

The Noble A. McArtor Adult Day Care Center: Broward County has become home to America's largest gay and lesbian community. Within this community are a growing number of seniors who are in need of assistance with some daily activities that many take for granted. These seniors may spend much of their time alone, without family or caregivers to accompany or care for them. Others may have caregivers who need to work in the daytime, or who just need time to take care of their personal business. In the LGBT community, many seniors in need of daytime or respite care have no option but to attend day care programs that are not open to and understanding of the special relationships and needs of gay and lesbian seniors. The Noble A. McArtor Center was founded by an extraordinary team of individuals whose vision created a safe, open and home-like atmosphere for all seniors and their caregivers to enjoy, regardless, and supportive of any sexual orientation or identification, race, age, gender, religion or economic level.

Education and Outreach Program:

These are programs designed to provide up to date information and skills acquisition on topics that directly affect the functional quality of LGBT families and individuals.

Programs include, but are not limited to: Conference and workshops for "consumers" i.e. LGBT persons, their friends, families and allies as well as clinical and professional training programs designed to meet the continuing education needs of services professionals, especially mental health and addictions treatment professionals.

Counseling and Psychotherapy Programs:

This program provides a full range of out-patient mental health services including individual, couples, family and group treatment both on site at the SunServe offices and at the offices of the various clinicians who make up the Therapists' Collective. Most services on site are provided by Florida registered mental health interns and/or volunteer licensed clinicians.

Sunshine Social Services, Inc.
Notes to Financial Statements
For the Year Ended December 31, 2012

Family and Youth Programs:

The Youth Program operates the only Youth Group for LGBTQ youth in Broward County, has created the SunServe Socio-Drama Youth Ensemble to bring out discussion on sexual orientation in schools and local community organizations. All these programs are geared to build social and professional support systems for LGBT and Questioning youth.

General and administrative activities include the functions necessary to provide support the organization's program activities. General and administrative activities include those that provide governance (Board of Directors), oversight, business management, financial recordkeeping, budgeting, legal services, human resource management, and similar activities that ensure an adequate working environment and an equitable employment program.

Fundraising activities include publicizing and conducting fundraising campaigns; maintaining donor lists; conducting special fundraising events; and other activities involved with soliciting contributions from corporations, foundations, individuals, and others.

2. Significant Accounting Policies

The organization prepares its financial statements in accordance with generally accepted accounting principles (GAAP) promulgated in the United States of America for NFPs. The significant accounting and reporting policies used by the organization are described below to enhance the usefulness and understandability of the financial statements.

3. Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues and expenses during the reporting period and the reported amounts of assets and liabilities at the date of the financial statements. On an ongoing basis, the organization's management evaluates the estimates and assumptions based upon historical experience and various other factors and circumstances. The organization's management believes that the estimates and assumptions are reasonable in the circumstances; however, the actual results could differ from those estimates.

Sunshine Social Services, Inc.
Notes to Financial Statements
For the Year Ended December 31, 2012

4. Net Assets

The financial statements report net assets and changes in net assets in three classes that are based upon the existence or absence of restrictions on use that are placed by its donors, as follows:

a) Unrestricted Net Assets

Unrestricted net assets are resources available to support operations. The only limits on the use of unrestricted net assets are the broad limits resulting for the nature of the organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

b) Temporarily Restricted Net Assets

Temporarily restricted net assets are resources that are restricted by a donor for use for a particular purpose or in a particular future period. The organization's unspent contributions are classified in this class if the donor limited their use, as are the unspent appreciation of its donor-restricted endowment funds.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from temporarily restricted to unrestricted net assets. Net assets restricted for acquisition of buildings or equipment (or less commonly, the contribution of those assets directly) are reported as temporarily restricted until the specified asset is placed in service by the organization, unless the donor provides more specific directions about the period of its use.

c) Permanently Restricted Net Assets

Permanently restricted net assets are resources whose use by the organization is limited by donor-imposed restrictions that neither expire by being used in accordance with a donor's restriction nor by the passage of time. The portion of the organization's donor-restricted endowment funds that must be maintained in perpetuity are classified in this net asset class, as is the organization's beneficial interest in a perpetual charitable trust held by a bank trustee.

All revenues and net gains are reported as increases in unrestricted net assets in the statement of activities unless the use of the related resources is subject to temporary or permanent donor restrictions. All expenses and net losses other than losses on endowment investments are reported as decreases in unrestricted net assets. Net losses on endowment investments reduce temporarily restricted net assets to the extent that net gains of the fund from prior years are unspent and classified there; remaining losses are classified as decreases in unrestricted net assets. If an endowment fund has no net gains from prior years, such as when a fund is newly established, net losses are classified as decreases in unrestricted net assets.

Sunshine Social Services, Inc.
Notes to Financial Statements
For the Year Ended December 31, 2012

5. *Cash Equivalents*

Cash equivalents are short term, interest bearing, highly liquid investments with original maturities of three months or less, unless the investments are held for meeting restrictions of a capital or endowment nature.

6. *Accounts Receivable*

Accounts receivable are primarily unsecured amounts due from grantors on cost reimbursement or performance grants. Management believes that all outstanding accounts receivable are collectible in full, therefore no allowance for uncollectible receivables has been provided.

7. *Furniture, Fixtures, and Equipment*

Furniture, Fixtures and equipment are reported in the statement of financial position at cost, if purchased, and at fair value at the date of donation, if donated. Equipment is capitalized if it has a useful life when acquired of more than 1 year. Repairs and maintenance that do not significantly increase the useful life of the asset are expensed as incurred. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, as follows:

Furniture, Fixtures & Equipment	3 & 5 years
---------------------------------	-------------

Furniture Fixtures and equipment are reviewed for impairment when a significant change in the asset's use or another indicator of possible impairment is present. No impairment losses were recognized in the financial statements in the current period.

8. *Grant Revenue*

Grant revenue is recognized when the qualifying costs are incurred for cost-reimbursement grants or contracts or when a unit of service is provided for performance grants. Grant revenue from federal agencies is subject to independent audit under the Office of Management and Budget Circular A-133 and review by grantor agencies. The review could result in the disallowance of expenditures under the terms of the grant or reductions of future grant funds. Based on prior experience, the organization's management believes that costs ultimately disallowed, if any, would not materially affect the financial position of the organization.

Sunshine Social Services, Inc.
Notes to Financial Statements
For the Year Ended December 31, 2012

9. Expense Recognition and Allocation

The cost of providing the organization's programs and other activities is summarized on a functional basis in the statement of activities and statement of functional expenses. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Costs common to multiple functions have been allocated among the various functions benefited.

General and administrative expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of the organization.

Fundraising costs are expensed as incurred, even though they may result in contributions received in future years. The organization generally does not conduct its fundraising activities in conjunction with its other activities. In the few cases in which it does, such as when the annual report or donor acknowledgements contain requests for contributions, joint costs have been allocated between fundraising and management and general expenses in accordance with standards for accounting for costs of activities that include fundraising. Additionally, advertising costs are expensed as incurred.

10. Tax Status

The organization is incorporated exempt from federal income taxation under Section 501(c)(3) of the Internal Revenue Code, though it would be subject to tax on income unrelated to its exempt purposes (unless that income is otherwise excluded by the Code). Contributions to the organization are tax deductible to donors under section 170 of the Code. The organization is not classified as a private foundation

11. Lease

The organization entered into a lease for the 2nd floor of 2312 Wilton Drive, Wilton Manors, Florida in June of 2011. The lease provides for a free period from June 15, 2011 to July 31, 2011. The lease is for a period of five years. Base rent is \$ 4,125.00 per month starting August 1, 2011. There is an increase over the term of the lease as follow: 2nd Year 3% Increase, 3rd Year 4% Increase, 4th Year 5% Increase, 5th Year 5% Increase. The organization is to pay for all the taxes due on the lease plus their portion of the utilities.

12. Furniture, Fixtures and Equipment

Furniture, Fixtures and equipment at December 31, 2012, are as follows:

Furniture, Fixtures & Equipment	\$ 23,881
	<hr/>
Accumulated depreciation and amortization	11,442
	<hr/>
	\$ 12,439
	<hr/> <hr/>

Sunshine Social Services, Inc.
Notes to Financial Statements
For the Year Ended December 31, 2012

13. Line of Credit Payable

The line of credit with Bank of America was closed on December 26, 2012.

14. Restricted Net Assets

Temporarily restricted net assets at December 31, 2012, are available for the following purposes or periods:

Purpose restrictions, available for spending:

Senior Services	\$ 10,000
Mental Health Services	<u>30,000</u>
Total purpose-restricted net assets	<u>40,000</u>
Total temporarily restricted net assets	<u>\$ 40,000</u>

15. Concentrations of Risk

Amounts held in financial institutions occasionally are in excess of the Federal Deposit Insurance Corporation and Securities Investor Protection Corporation limits. The organization deposits its cash with high quality financial institutions, and management believes the organization is not exposed to significant credit risk on those amounts.

A significant portion, approximately 30 percent, of the organization's annual funding comes from the Government grants and approximately 21 percent comes from Private Grants.

Sunshine Social Services, Inc.
Notes to Financial Statements
For the Year Ended December 31, 2012

The majority of the organization's contributions and grants are received from corporations, foundations, and individuals located in the greater Fort Lauderdale metropolitan area and from agencies of the state of Florida. As such, the organization's ability to generate resources via contributions and grants is dependent upon the economic health of that area and of the state of Florida. An economic downturn could cause a decrease in contributions and grants that coincides with an increase in demand for the organization's services.

16. Subsequent Events

Subsequent events have been evaluated through February 12, 2013, which is the date the financial statements were available to be issued. Events occurring after that date have not been evaluated to determine whether a change in the financial statements would be required.

Supplementary Information
Statement of Functional Expenses Comparison

	2010	2011	2012
Advertising & Promotion	\$ 1,907	\$ 3,509	\$ 4,227
Postage	1,427	838	1,364
Accounting	1,270	3,178	2,800
Background Checks	473	477	641
Computer Consulting	5,629	7,701	3,561
Credit Card Fees	1,141	2,196	4,288
Med Consulting	-0-	1,108	583
Other	1,164	1,525	-0-
Online Storage	-0-	5,387	6,676
Psychiatric	2,520	8,700	9,400
Fundraising Expenses	12,108	462	15,852
General Administration	284	21,818	-0-
Insurance	12,061	3,909	3,677
Interest	11,101	1,690	712
Occupancy	20,204	44,205	69,915
Bank Charges	693	314	463
Dues & Subscription	2,281	3,020	4,033
Office Expenses	2,120	546	-0-
Food & Food Supplies	6,987	10,949	18,881
Licenses	653	-0-	-0-
NM Entertainment	11,578	17,377	17,277
Training	-0-	40	-0-
Other Misc Service Costs	2,394	-0-	954
Printing	4,422	4,932	7,344
Supplies & Materials	9,422	13,080	13,085
Telephone	7,773	15,379	11,492
Payroll Expenses	287,517	456,082	527,375
Depreciation	-0-	3,306	4,015
Utilities	-0-	3,009	14,456
Travel	210	650	2,843
Total Expenses	<u>\$ 407,339</u>	<u>\$ 635,387</u>	<u>\$ 745,914</u>