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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, 2013, 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, 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.

Marc Labossiere PA

March 8, 2014

Sunshine Social Services, Inc.
Statements of Financial Position
December 31, 2013

Assets

Cash and cash equivalents	\$ 106,031
Accounts receivable, net	34,570
Furniture, Fixtures & Equipments, net	11,998
Deposits	<u>9,104</u>
Total assets	<u>\$ 161,703</u>

Liabilities and net assets

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

Net assets:

Unrestricted	81,703
Temporarily restricted	<u>80,000</u>
Total net assets	
Total liabilities and net assets	<u>\$ 161,703</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, 2013

	<i>Unrestricted</i>	<i>Temporarily Restricted</i>	<i>Permanently Restricted</i>	<i>Total</i>
Revenues, gains, and other support:				
Support, :				
Contributions	\$ 16,004	\$		\$ 16,004
Board Commitment	12,671			12,671
Fundraising Events	114,460			114,460
Contributions - Guardian Circle	75,425			75,425
Private Grants	127,825	80,000		207,825
United Way	74,000			74,000
Government Grants	465,990			465,990
Total support	<u>886,375</u>	<u>80,000</u>	<u>-0-</u>	<u>966,375</u>
Program service fees	57,888			57,888
Interest Income	60			60
Other revenue	1,966			1,966
Total revenues, gains, and other support	<u>946,289</u>	<u>80,000</u>	<u>-0-</u>	<u>1,026,289</u>
Net assets released from Restrictions:				
Expiration of time and purpose restrictions	40,000	(40,000)		-0-
Total revenues, gains, and other support	<u>986,289</u>	<u>40,000</u>		<u>1,026,289</u>
Expenses				
Program services:				
Mental Health Service	200,059			200,059
Senior Services	52,114			52,114
Noble McArtor	262,106			262,106
Education & Training	50,673			50,673
Case Management	226,822			226,822
Transgender	1,550			1,550
Youth & Family Services	<u>167,141</u>			<u>167,141</u>
Total program services	960,465			960,465
Management and General	79,193			79,193
Total expenses	<u>1,039,658</u>	<u>-0-</u>		<u>1,039,658</u>
Change in net assets	<u>(53,369)</u>	<u>40,000</u>		<u>(13,369)</u>
Prior Period Adjustment	48			48
Net assets at beginning of year	<u>135,120</u>	<u>40,000</u>	<u>-0-</u>	<u>175,120</u>
Net assets at end of year	<u>\$ 81,703</u>	<u>\$ 80,000</u>	<u>\$ -0-</u>	<u>\$ 161,703</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, 2013

Operating activities:	
Change in net assets	\$ (13,369)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation and amortization of Furniture, Fixtures & Equipment	5,332
Changes in operating assets and liabilities:	
Accounts receivable	9,757
Accounts payable	<u>-0-</u>
Net cash provided by operating activities	<u>1,720</u>
 Investing activities:	
Increase in Deposits	(604)
Purchases of Furniture, Fixture & equipments	<u>(4,891)</u>
Net cash used in investing activities	(5,495)
 Financing activities:	
Net cash provided by financing activities	<u>-0-</u>
Change in cash and cash equivalents	(3,775)
Prior Period Adjustment	(48)
Cash and cash equivalents at beginning of year	<u>109,854</u>
Cash and cash equivalents at end of year	<u><u>\$ 106,031</u></u>
 Interest paid	 <u><u>\$ -0-</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, 2013

	Case Mangeme nt	Educatio n/Traini ng	Managem ent & General	Mental Health Service	Noble McArtor Adult Day Care	Senior Services	Transgend er	Youth and Family Service	Total
Advertising & Promotion	\$ 1,131	\$ 315	\$ 630	\$ 1,488	\$ 1,921	\$ 596	\$ -0-	\$ 2,773	\$8,854
Postage	241	237	181	199	197	25		88	1,168
Accounting	582	162	259	776	937	97		420	3,233
Background Checks				86				432	518
Computer	1,760	334	1,219	1,406	1,933	201		1,884	8,737
Consulting									
Credit Card Fees	500	137	1,350	663	802	86		362	3,900
Group Leader Stipends				450				3,675	4,125
Med Consulting				750					750
Online Storage				8,058					8,058
Psychiatric Fundraising Expenses			26,742	12,400					12,400
Insurance	640	178	284	853	1,031	107		462	3,555
Occupancy	17,739	3,087	5,217	20,205	25,219	3,624		4,837	79,928
Bank Charges			186	47					233
Dues & Subscription	382	389	276	987	1,049	171		571	3,825
Equipment Lease	480	56	141	475	141	56		56	1,405
Food & Food Supplies	135	846	3,348	246	3,907	4,453		5,047	17,982
Licenses	100	17	34	111	72	747		31	1,112
NM Entertainment					20,921				20,921
Other Misc	116	14	34	116	34	14		14	342
Service Costs									
Printing	3,255	1,106	1,331	644	859	26		2,217	9,438
Supplies & Materials	4,196	804	1,305	2,296	5,172	268		9,589	23,630
Telephone	4,586	471	1,177	4,001	4,389	471		3,003	18,098
Payroll Expenses	186,378	41,684	21,383	139,024	191,900	40,632	1,550	129,197	751,748
Depreciation			5,332						5,332
Prior Period Adjustment			6,847						6,847
Training	70		46	79	105			240	540
Utilities	4,387	516	1,683	4,010	1,285	516		766	13,163
Travel	144	321	189	688	232	24	-0-	1,476	3,074
Total Expenses	\$ 226,822	\$ 50,674	\$ 79,194	\$ 200,058	\$ 262,106	\$ 52,114	\$ 1,550	\$ 167,140	\$ 1,039,658

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, 2013

1. Description of Organization

Recognizing that the entire LGBTQ community has the right to quality care, our 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.

Noble A McArtor Senior Center

The Noble A. McArtor Adult Day Care Center was the first of its kind in the United States. A senior daycare center designed for LGBTQ seniors who could come and be comfortable and not face discrimination. The Senior Center was founded by an extraordinary team of individuals whose vision created a safe, open and home-life 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.

Mental Health Services

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 various clinicians who make up the Therapist's Collective. Most services on site are provided by Florida registered mental health interns and/or volunteer licensed clinicians. Services are provided on a sliding payment scale, with no one turned away due to lack of funds.

Youth Services

The Youth Program operates six youth groups throughout Broward County as well as working with Broward County Schools in developing GSA's and training opportunities for professionals who work with youth. The Youth Program strives to promote an individual's health, through education and prevention strategies, emphasizing the dangers and signs of suicide, substance abuse, HIV/AIDS, bullying and online predators. All these programs are geared to build social and professional support systems for LGBTQ youth.

Sunshine Social Services, Inc.
Notes to Financial Statements
For the Year Ended December 31, 2013

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

Senior Services

This program works to allow LGBTQ seniors to age in their homes. A “phone a friend” program and case management program are provided as well as staff advocating for LGBTQ seniors in all different settings. A senior lunch is provided once a month in an effort to share information and provide socialization.

Case Management

Two types of case management are provided. The housing case managers work with the notion that if an HIV+ positive person does not have a safe and secure place to live, it certainly will be hard for them to maintain their medical regimen. We strive to not only provide housing, but a means to keep the housing in the future through job skills development, job placement and budgeting assistance.

The second type of case management is for those who have been diagnosed with full blown AIDS and are in an imminent of risk of institutionalization. We work to keep a client healthy and out of the hospital or nursing home.

Transgender Services

The Director of Transgender Services is the point person for transgender information in South Florida. This “position” has been scattered in different agencies in past and we think it is important that one person becomes that “go-to” person for all information for, about and because of the Transgender community.

Sunshine Social Services, Inc.
Notes to Financial Statements
For the Year Ended December 31, 2013

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.

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 from 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.

Sunshine Social Services, Inc.
Notes to Financial Statements
For the Year Ended December 31, 2013

C) Permanently Restricted Net Assets

Permanently restricted net assets are resources whose use by the organization is limited by donor-imposed restrictions that neither expires 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.

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
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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.

Sunshine Social Services, Inc.
Notes to Financial Statements
For the Year Ended December 31, 2013

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.

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 their portion of the utilities. The organization entered into a lease agreement for Office #4 at the same location. The lease of office # 4 is for one year starting September 1, 2013. The monthly rent is \$ 604.00. The organization also entered into a lease agreements for office 3 and 7. The lease for these two offices is for one year starting March 1, 2014. The monthly lease rent is \$ 1,147.50.

Sunshine Social Services, Inc.
Notes to Financial Statements
For the Year Ended December 31, 2013

12. Furniture, Fixtures and Equipment

Furniture, Fixtures and equipment at December 31, 2013, are as follows:

Furniture, Fixtures & Equipment	\$ 28,772
	<hr/>
Accumulated depreciation and amortization	16,774
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	<u>\$ 11,998</u>

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, 2013, are available for the following purposes or periods:

Purpose restrictions, available for spending:

Transgender	\$ 30,000
Youth Services	<u>50,000</u>
Total purpose-restricted net assets	<u>80,000</u>
Total temporarily restricted net assets	<u>\$ 80,000</u>

Sunshine Social Services, Inc.
Notes to Financial Statements
For the Year Ended December 31, 2013

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 48 percent, of the organization's annual funding comes from the Government grants and approximately 15 percent comes from Private Grants.

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 March 8, 2014, 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.

Sunshine Social Services, Inc.
Supplementary Information
For the Year Ended December 31, 2013

Supplementary Information
Statement of Functional Expenses Comparison

	2010	2011	2012	2013
Advertising & Promotion	\$ 1,907	\$ 3,509	\$ 4,227	\$ 8,854
Postage	1,427	838	1,364	1,168
Accounting	1,270	3,178	2,800	3,233
Background Checks	473	477	641	518
Computer Consulting	5,629	7,701	3,561	8,737
Credit Card Fees	1,141	2,196	4,288	3,900
Group Leader Stipends	-0-	-0-	-0-	4,125
Med Consulting	-0-	1,108	583	750
Other	1,164	1,525	-0-	-0-
Online Storage	-0-	5,387	6,676	8,058
Psychiatric	2,520	8,700	9,400	12,400
Fundraising Expenses	12,108	462	15,852	26,742
General Administration	284	21,818	-0-	-0-
Insurance	12,061	3,909	3,677	3,555
Interest	11,101	1,690	712	-0-
Occupancy	20,204	44,205	69,915	79,928
Bank Charges	693	314	463	233
Dues & Subscription	2,281	3,020	4,033	3,825
Equipment Lease	-0-	-0-	-0-	1,405
Office Expenses	2,120	546	-0-	-0-
Food & Food Supplies	6,987	10,949	18,881	17,982
Licenses	653	-0-	-0-	1,112
NM Entertainment	11,578	17,377	17,277	20,921
Training	-0-	40	-0-	540
Other Misc Service Costs	2,394	-0-	954	342
Printing	4,422	4,932	7,344	9,438
Supplies & Materials	9,422	13,080	13,085	23,630
Telephone	7,773	15,379	11,492	18,098
Payroll Expenses	287,517	456,082	527,375	751,748
Depreciation	-0-	3,306	4,015	5,332
Prior Period Adjustment	-0-	-0-	-0-	6,847
Utilities	-0-	3,009	14,456	13,163
Travel	210	650	2,843	3,074
Total Expenses	<u>\$ 407,339</u>	<u>\$ 635,387</u>	<u>\$ 745,914</u>	<u>\$ 1,039,658</u>