

BROWARD CHILDREN'S CENTER, INC.
AUDITED FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2010

BRUCE D. SOULE, CPA, P.A.
CERTIFIED PUBLIC ACCOUNTANT

BROWARD CHILDREN'S CENTER, INC.

AS OF AND FOR THE YEAR ENDED JUNE 30, 2010

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BRUCE D. SOULE, CPA, P.A.

CERTIFIED PUBLIC ACCOUNTANT

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Broward Children's Center, Inc.
Pompano Beach, Florida

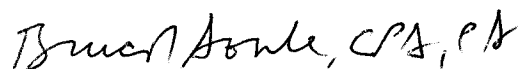
I have audited the accompanying statement of financial position of Broward Children's Center, Inc. as of June 30, 2010, and the related statements of activities, cash flows and functional expenses for the year then ended. These financial statements are the responsibility of Broward Children's Center, Inc.'s management. 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 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 I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Broward Children's Center, Inc. as of June 30, 2010, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, I have also issued my report dated October 11, 2010 on my consideration of Broward Children's Center, Inc.'s internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of my audit.

BRUCE D. SOULE, CPA, P.A.



Certified Public Accountant

October 11, 2010

BROWARD CHILDREN'S CENTER, INC.

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2010

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTAL</u>
<u>ASSETS</u>			
CURRENT ASSETS:			
Cash and cash equivalents	\$ 2,172,818		\$ 2,172,818
Grants from Federal, State and County agencies and reimbursements receivable (less allowance for doubtful accounts of \$46,971)	1,121,291	\$ -	1,121,291
Due from related organizations	39,990		39,990
Inventory	54,342		54,342
Prepaid expenses	<u>154,436</u>		<u>154,436</u>
TOTAL CURRENT ASSETS	3,542,877		3,542,877
Property and equipment - net of accumulated depreciation	584,902		584,902
Other assets	<u>7,603</u>		<u>7,603</u>
TOTAL ASSETS	<u>\$ 4,135,382</u>	<u>\$ -</u>	<u>\$ 4,135,382</u>
<u>LIABILITIES AND NET ASSETS</u>			
CURRENT LIABILITIES:			
Accounts payable	\$ 28,868		\$ 28,868
Due to related organization	43,627		43,627
Accrued expenses	<u>322,268</u>		<u>322,268</u>
TOTAL CURRENT LIABILITIES	<u>394,763</u>		<u>394,763</u>
NET ASSETS:			
Unrestricted	3,740,619		3,740,619
Temporarily restricted	-0-	-	-
Permanently restricted	<u>-0-</u>		<u>-0-</u>
TOTAL NET ASSETS	<u>3,740,619</u>	<u>-</u>	<u>3,740,619</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 4,135,382</u>	<u>\$ -</u>	<u>\$ 4,135,382</u>

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

BROWARD CHILDREN'S CENTER, INC.**STATEMENT OF ACTIVITIES****FOR THE YEAR ENDED JUNE 30, 2010**

		TEMPORARILY PERMANENTLY		
	UNRESTRICTED	RESTRICTED	RESTRICTED	TOTAL
REVENUE, GAINS AND OTHER SUPPORT:				
Public support:				
County contracts	\$ 1,084,534			\$ 1,084,534
Other revenues	8,033,193			8,033,193
Contributions	<u>192,205</u>			<u>192,205</u>
Total public support	<u>9,309,932</u>			<u>9,309,932</u>
REVENUE:				
Management fees	144,000			144,000
Private service fees	38,416			38,416
Interest income	22,981			22,981
Other revenues	<u>372,206</u>			<u>372,206</u>
Total revenue	<u>577,603</u>	\$ -0-	\$ -0-	<u>577,603</u>
Total revenue, gains and other support	<u>9,887,535</u>	<u>-0-</u>	<u>-0-</u>	<u>9,887,535</u>
EXPENSES:				
Program services:				
School services	3,151,399			3,151,399
Residential medical	1,418,958			1,418,958
Home health and PPEC	3,446,031			3,446,031
Others	<u>1,242,419</u>			<u>1,242,419</u>
Total program services	9,258,807			9,258,807
Supporting services:				
General and administrative	<u>428,822</u>	<u>-0-</u>	<u>-0-</u>	<u>428,822</u>
Total expenses	<u>9,687,629</u>	<u>-0-</u>	<u>-0-</u>	<u>9,687,629</u>
CHANGE IN NET ASSETS	199,906			199,906
BEGINNING OF YEAR NET ASSETS	<u>4,184,413</u>	<u>-0-</u>	<u>-0-</u>	<u>4,184,413</u>
BALANCE	4,384,319			4,384,319
LESS TRANSFER TO RELATED ORGANIZATION	<u>643,700</u>			<u>643,700</u>
END OF YEAR NET ASSETS	<u>\$ 3,740,619</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 3,740,619</u>

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

BROWARD CHILDREN'S CENTER, INC.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2010

CASH FLOW FROM OPERATING ACTIVITIES:	
Change in net assets	\$ 199,906
ADJUSTMENTS TO RECONCILE CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Depreciation	98,144
Decrease in grants and accounts receivable	299,351
Decrease in due from related organization	107,109
Increase in inventory	(8,978)
Decrease in prepaid expenses	35,257
Decrease in other assets	2,622
Decrease in accounts payable	(5,028)
Increase in due to related organization	17,491
Decrease in accrued expenses	<u>(792)</u>
Net cash provided by operating activities	<u>745,082</u>
CASH FLOW FROM INVESTING ACTIVITIES:	
Purchase of property and equipment	<u>359,483</u>
Net cash flow provided by (used in) investing activity	<u>(359,483)</u>
CASH FLOW FROM FINANCING ACTIVITIES:	
Transfer to related organization	643,700
Purchase of certificates of deposit	<u>708,004</u>
Net cash flow provided by (used in) financing activity	<u>(1,351,704)</u>
NET INCREASE (DECREASE) IN CASH	(966,105)
BEGINNING OF YEAR CASH	<u>2,430,919</u>
END OF YEAR CASH	<u>\$ 1,464,814</u>

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

BROWARD CHILDREN'S CENTER, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2010

	<u>PROGRAM SERVICES</u>		
	<u>GROUP HOMES</u>	<u>SCHOOL SERVICES</u>	<u>HOME HEALTH</u>
Salaries	\$ 917,910	\$ 1,902,010	\$ 2,646,957
Professional ancillary therapy costs	61,900	135,593	7,006
Payroll taxes	72,639	149,016	215,489
Group insurance	60,109	153,796	36,306
Workmen's compensation	6,902	48,930	15,229
Pension fund	-	-	-
Total salaries and related expenses	1,119,460	2,389,345	2,920,987
Food & beverage	27,638	59,049	100
Clothing, incidentals & personal supplies	18,024	4,836	33
Medical supplies, equipment rental & repairs	41,482	16,654	3,486
Housekeeping supplies, laundry & linen	17,852	57,237	2,939
Medicine	5,402	89	-
Preschool supplies	-	15,137	-
Rent	62,800	229,195	8,604
Utilities	17,371	42,107	3,441
Repairs and maintenance	32,301	36,144	3,610
Vehicle expenses	5,790	100,143	61
Insurance	19,362	82,690	16,945
Communications	12,760	22,954	4,479
Professional fees	83	30	5
Office supplies	2,814	10,909	4,602
Advertising, recruiting & training	9,691	10,332	3,902
Resident travel & activities	4,328	24,095	-
Bad debts	-	-	-
Miscellaneous	<u>6,408</u>	<u>2,703</u>	<u>2,458</u>
Total direct expenses	1,403,566	3,103,649	2,975,652
Allocation of G & A expenses	<u>65,520</u>	<u>144,881</u>	<u>138,905</u>
Total expenses before depreciation	1,469,086	3,248,530	3,114,557
Depreciation of buildings & equipment	<u>15,392</u>	<u>47,750</u>	<u>-</u>
TOTAL EXPENSES	\$ <u>1,484,478</u>	\$ <u>3,296,280</u>	\$ <u>3,114,557</u>

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

	<u>PPEC</u>	<u>RESPITE PEDIATRICS AND RESPITE</u>	<u>THERAPY</u>	<u>KIDS KLINIC</u>	<u>GENERAL AND ADMINISTRATIVE EXPENSES</u>	<u>TOTAL</u>
\$	308,322	\$ 494,816	\$ 106,465	\$ 59,085	\$ -	\$ 6,435,565
	1,898	-	296,860	325	-	503,582
	23,829	43,542	31,759	3,665	-	539,939
	12,179	22,817	18,386	3,920	7,247	314,760
	2,445	3,212	1,975	349	-	79,042
	-	-	-	-	-	-
	348,673	564,387	455,445	67,344	7,247	7,872,888
	399	2,082	6	49	467	89,790
	1,787	481	-	14	-	25,175
	6,565	2,051	133	2,365	8,134	80,870
	4,752	7,347	479	1,210	10,187	102,003
	76	-	-	-	-	5,567
	-	-	-	-	-	15,137
	36,900	28,602	1,120	4,644	83,536	457,831
	4,758	6,242	438	2,441	26,788	103,586
	6,365	13,809	1,540	1,314	55,365	148,018
	29,213	-0-	-	1,557	28,335	165,099
	17,583	5,965	6,179	7,689	39,440	195,853
	3,159	8,074	3,765	1,899	43,866	100,956
	-	17	-	-	65,034	65,169
	881	8,826	1,847	951	20,808	51,638
	1,683	11,445	5,658	1,331	5,077	49,119
	40	1,596	46	-	-	30,105
	-	3,318	1,264	-	-	4,582
	365	4,552	260	424	8,929	26,099
	463,199	668,794	478,180	93,232	403,213	9,589,485
	21,622	31,220	22,322	4,352	(428,822)	-
	484,821	700,014	500,502	97,584	(25,609)	9,589,485
	7,180	2,213	-	-	25,609	98,144
\$	<u>492,001</u>	<u>\$ 702,227</u>	<u>\$ 500,502</u>	<u>\$ 97,584</u>	<u>\$ -</u>	<u>\$ 9,687,629</u>

BROWARD CHILDREN'S CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2010

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES AND OTHER MATTERS

NON-PROFIT ORGANIZATION STATUS - Broward Children's Center, Inc. is a private non-profit organization incorporated under the laws of the State of Florida. The Center provides quality medical, educational, and therapeutic services for children with special needs, primarily from the South Florida area. Funding comes primarily from the governments of the State of Florida and Broward County. The Center is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

CASH AND CASH EQUIVALENTS - For purposes of the statement of cash flow, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

The Organization has invested \$708,004 of its cash into seven certificates of deposit with two different savings institutions. The seven certificates of deposit all mature between October 12, 2011 and December 9, 2011. \$1,241,611 of the remaining cash is in one institution and is in excess of the \$250,000 insurance protection of the Federal Deposit Insurance Corporation. The Organization believes that the bank is a high quality institution and the exposure is limited.

INVENTORY - Inventory consists of food supplies, laundry, linen, office, nursing, medical and respiratory supplies; all recorded at cost.

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

NOTE 2 - PROPERTY AND EQUIPMENT

Property and equipment are recorded at cost at June 30, 2010 and are as follows:

Vehicles	\$997 049
Leasehold Improvements	170 472
Medical equipment	153 980
Furniture	124 507
Non-medical equipment	<u>354 871</u>
Total at cost	1 800 879
Less accumulated depreciation and amortization	<u>1 215 978</u>
Net property and equipment	<u>\$584 901</u>

BROWARD CHILDREN'S CENTER, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2010

NOTE 2 - PROPERTY AND EQUIPMENT (CONTINUED)

The capitalization policy of the Center is to capitalize any item of property and equipment with an individual cost of over \$500. Depreciation and amortization of property and equipment is provided for using the straight-line method over their estimated useful lives; that is, three or five years for vehicles, five years for equipment and five or twenty years for leasehold improvements.

NOTE 3 - COMMITMENTS

Currently the Center leases space in South Broward for its preschool center. The enrollment there fluctuates from eighty to one hundred twenty special needs and normally developing children. Funds are available through a contract with the Department of Education. Children are transported there on a daily basis and a regular school year and curriculum are followed. During the summer, summer camp is conducted and after school is provided during the school year and the summer program. These programs are sponsored by the Broward County Commission.

The Center has purchased a piece of property to provide a new site for the South Preschool. During the past fiscal year renovations were started on the property purchased in 2008. The renovations were finished in August 2010 and the school will be in session there during the 2010-2011 school year. The renovations were largely paid from the Center's reserve for building and interest only was charged during the renovation project. Beginning in the next fiscal year, monthly mortgage payments will be paid. As of July 2010, 100 children were enrolled in the school program and 100 children are enrolled in the after school program.

Therapy services are provided at each individual site and include physical, occupational and speech therapies. Children in all the programs at the Center as well as children from the community receive therapy at the various locations. Central supply has been relocated to the new south campus. Maintenance and Human Resources are located in the property on Atlantic Boulevard. In house respite and respite home are operated out of the Respite Home.

Many of the computers, copiers and one telephone system are leased. The leases are for thirty-six to sixty months and the monthly payments at June 30, 2010 total \$2,944.

The total amount of the commitments for the next five years are as follows:

<u>June 30,</u>	<u>Amount</u>
2011	\$8 888
2012	-0-
2013	-0-
2014	-0-
2015	-0-

BROWARD CHILDREN'S CENTER, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2010

NOTE 4 - EQUIPMENT ACQUISITION

In 1995 a new monitoring system called Lynx, which is a computerized badge-activated method of locating, identifying, and tracking residents, equipment, alarms and staff was installed in the Skilled Nursing Facility and Group Home III. The system provides voice notification of alarm conditions to an assigned primary caregiver. Other information provided includes response time of staff, location of staff and children, numbers of alarms sounding, etc. The system now called Versus, was upgraded again this year. Monitors are now in both hallways and at the main nursing station. Tracking is also available on a portable laptop which allows remote staff monitoring on a twenty four hour basis. Printouts of response time of staff as well as records of children's alerts are tracked 24 hours per day. This enhances medical care on an individual child by child basis.

Broward Children's Center earmarks annually a portion of its net assets for equipment, program enhancement and expansion. The amounts accumulated are as follows:

	<u>Cumulative Restriction</u>
Hurricane	\$ 200 000
Equipment replacement	550 000
Renovation of property	550 000
Program expansion	<u>450 000</u>
Total temporarily restricted cash	<u>\$ 1 750 000</u>

NOTE 5 - PROGRAM SERVICES

Two preschools, one in the South West area of Broward County and one in the North East area of Broward County serve one hundred and seventy-five (175) developmentally delayed children. The programs offer certified teachers, physical, occupational and speech therapies, recreational activities, after school care and hot lunches (Department of Food and Nutrition, School Lunch Program). The schools are open for summer camp sponsored by Children's Services Board and are also open for working parents during holiday and school vacations. Family Central has a contract with this organization to provide subsidized child care in these locations. During the last fiscal year, construction renovations were completed for the new South Preschool. It is 12,000 square feet and is licensed for 156 children. The deaf and hard of hearing classroom for South Broward County will be at the new school.

During the construction phase of the South Preschool, the Center was granted money under the Federal Stimulus Package to purchase equipment for the new kitchen. The kitchen is state of the art and will be used as a valuable asset to encourage fund raisers as well as teaching nutrition classes to parents.

BROWARD CHILDREN'S CENTER, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2010

NOTE 5 - PROGRAM SERVICES (CONTINUED)

A preschool for typically developing children called Building Bridges is sponsored in cooperation with St. Martin's Episcopal Church which accommodates forty children and a voluntary Pre Kindergarten class. This preschool program provides employees child care. During the past year the enrollment was at capacity.

Medical child care is provided on a daily basis for up to forty children in the Center's PPEC (prescribed pediatric extended care). Registered nurses, teachers, physical, occupational, speech and respiratory services are provided in this program.

Children who do not have transportation are bussed to the above services on busses funded through grants from the Department of Transportation.

Broward Children's Center sponsors two group homes, one for developmentally disabled children and young adults and one for ventilator assisted young adults. (The home for ventilator assisted young adults is the only home of its kind in the United States). The home for developmentally disabled children was renovated this year. Lowe's donated all the household equipment and cabinets. The employees of Lowe's worked on the lawn, fences, sprinkler systems, etc. Lowe's again donated all the supplies for this including fences and plants.

The Respite Home, located in Pompano Beach, is the only respite home in the state. Staff is available seven days a week, twenty four hours per day to provide temporary care and shelter for children with complex medical problems, developmental delay, Attention Deficit Disorder and Bi-Polar Disorder. Parents can find accommodations for their children when they just "need a break" from stress or have a family or medical emergency themselves. Sibling and parent groups are offered on a regular basis by a licensed clinical social worker who is also the Director of the program.

Respite services are also accessible for children in their own homes. These two programs are offered through Children's Services Administration of Broward County and are accessible only to residents of Broward County.

The Mobile Medical Clinic makes medical care available to children in areas where medical care is inaccessible either due to lack of mass transit or lack of providers. There is a collaborative agreement between PACE PROGRAM FOR GIRLS, which is sponsored by the Juvenile Justice System to provide well and sick visits to the young women in their care.

In cooperation with Broward County School Board nursing services are being provided in several schools in the County. Another contract allows nurses to accompany technologically dependent to their public school classes.

BROWARD CHILDREN'S CENTER, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2010

NOTE 6 - RETIREMENT PLAN

Broward Children's Center, Inc., along with its sister organization Children's Comprehensive Care Center, Inc., participates in the Broward Children's Center Retirement Plan. The plan is a defined contribution plan, with a 401 (k) feature, for all employees after one year of service. Contributions to the plan by the Organization are discretionary. Employees may optionally contribute to the plan via salary deferrals and are limited only by certain provisions of the Internal Revenue Code. Due to the nature of the plan, there is no liability for past service cost or unfunded vested benefits.

There was no contribution for the fiscal year ended June 30, 2010.

NOTE 7 - ECONOMIC DEPENDENCE

Broward Children's Center obtains the majority of its operating capital from local, state and federal agencies. See the Schedule of Federal, State and County Grant Funds and Reimbursements for a partial list of these sources.

Of the total accounts receivable at June 30, 2010, \$740,426 was due from Medicaid, \$239,464 was due from the State of Florida and \$148,325 was due from Broward County.

NOTE 8 - RELATED PARTY TRANSACTIONS

As indicated above, Broward Children's Center, Inc. is related to Children's Comprehensive Care Center, Inc. Children's Comp Care operated as a program of BCC until July 1, 2006 when Children's Comp Care was incorporated as its own organization and began operations. The two organizations share common management, occasionally employees and other resources. BCC provides all accounting and bookkeeping services for Comp Care. As of June 30, 2010, Comp Care owes BCC \$39,990 and BCC owes Comp Care \$43,626.

BROWARD CHILDREN'S CENTER, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2010

NOTE 8 – RELATED PARTY TRANSACTIONS (CONTINUED)

Broward Children's Center is also related to the Broward Children's Center Foundation, Inc. The Foundation was set up by the Center and owns most of the real estate that is used by BCC for its programs. Monthly rent of \$22,467 has been paid in 2009 to cover the use of the seven facilities for the various ongoing programs.

Broward Children's Center is the manager of the property for the foundation. The Center also provides personnel and office space for the fundraising efforts of the Foundation as well as performing all accounting and bookkeeping services. The Center collects \$12,000 per month for these services. As of June 30, 2010, no money was owed to the Foundation.

NOTE 9 – INCOME TAXES

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501 (c) (3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation.

NOTE 10 – TRANSFER TO RELATED ORGANIZATION

The transfer of funds indicated in this report represent money transferred to the Broward Children's Center Supporting Foundation, Inc. for use in rebuilding Group Home One and in constructing a new Preschool in South Broward County.

NOTE 11 – SUBSEQUENT EVENTS

Subsequent events have been considered through the date of the report.

BRUCE D. SOULE, CPA, P.A.

CERTIFIED PUBLIC ACCOUNTANT

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ACCOUNTANT'S REPORT ON SUPPLEMENTARY INFORMATION

I have examined the financial statements of Broward Children's Center, Inc. as of June 30, 2010 and have issued my report thereon dated October 11, 2010. My examination of such financial statements was made in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and accordingly, included such tests of the accounting records and such other auditing procedures as I considered necessary in the circumstances.

My examination was made for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying Schedule of Contracts is presented for purposes of additional analysis and is not a required part of the financial statements. The information in this schedule has been subjected to the auditing procedures applied in the examination of the financial statements and, in my opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

BRUCE D. SOULE, CPA, P.A.



Certified Public Accountant

October 11, 2010

BROWARD CHILDREN'S CENTER, INC.

SCHEDULE OF CONTRACTS

FOR THE YEAR ENDED JUNE 30, 2010

**CONTRACT
NUMBER**

AMOUNT

NONE

BRUCE D. SOULE, CPA, P.A.

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Broward Children's Center, Inc.
Pompano Beach, Florida

I have audited the statement of financial position of Broward Children's Center, Inc. as of June 30, 2010, and the related statements of activities, cash flows and functional expenses for the year then ended and have expressed my unqualified opinion on those financial statements. These financial statements are the responsibility of Broward Children's Center, Inc. management. 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 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 I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

My audit was performed for the purpose of forming an opinion on the basic financial statements of Broward Children's Center, Inc. taken as a whole. The accompanying schedule of expenditures of federal and state awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and the Florida Single Audit Act, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

BRUCE D. SOULE, CPA, P.A.



Certified Public Accountant

October 11, 2010

BROWARD CHILDREN'S CENTER, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

FOR THE YEAR ENDED JUNE 30, 2010

<u>PROGRAM TITLE</u>	<u>CFDA CFSA NUMBER</u>	<u>PASS THRU GRANTOR NUMBER</u>	<u>PROGRAM OR AWARD AMOUNT</u>	<u>FEDERAL FINANCIAL ASSISTANCE</u>
US Department of Agriculture, Food and Nutrition Service:				
Passed through State Department of Education:				
School Breakfast Program - Cash assistance	10.553	NONE	\$ 12,561	\$ 12,561
National School Lunch Program	10.555	NONE	59,170	59,170
School Lunch Equipment, ARRA	10.579	NONE	107,945	107,945
Passed through State Department of Agriculture:				
NSLP Non-Cash Assistance (Commodities)	10.555	NONE	4,030	4,030
Passed through State Department of Health				
Child Food Program - Snacks	10.558	NONE	<u>1,014</u>	<u>1,014</u>
TOTAL US DEPARTMENT OF AGRICULTURE, FOOD AND NUTRITION SERVICE:			<u>184,720</u>	<u>184,720</u>
TOTAL EXPENDITURE OF FEDERAL AWARDS			<u>184,720</u>	<u>184,720</u>
State Department of Education:				
Facility Use	48.011	NONE	160,000	-0-
Transportation	48.011	NONE	412,449	-0-
Preschool	48.011	NONE	1,965,672	-0-
Medical Support	48.011	NONE	<u>339,748</u>	<u>-0-</u>
TOTAL STATE DEPARTMENT OF EDUCATION			<u>2,877,869</u>	<u>-0-</u>
State Agency for Persons With Disabilities:				
LTRC Group Home	60.026	NONE	<u>13,042</u>	<u>-0-</u>
TOTAL THROUGH AGENCY FOR PERSONS WITH DISABILITIES			<u>13,042</u>	<u>-0-</u>
State Department of Health:				
Children Medical Services	93.778	NONE	7,042	-0-
Division of Family Health Services	64.013	NONE	<u>352,579</u>	<u>-0-</u>
TOTAL STATE DEPARTMENT OF HEALTH			<u>359,621</u>	<u>-0-</u>
TOTAL EXPENDITURES OF STATE			<u>3,250,532</u>	<u>-0-</u>
GRAND TOTALS			<u>\$ 3,435,252</u>	<u>\$ 184,720</u>

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

ACCOUNTS RECEIVABLE JULY 1, 2009	REVENUE RECOGNIZED	REVENUE RECOGNIZED	PROGRAM RECEIPTS	ACCOUNTS RECEIVABLE JUNE 30, 2010	OVERPAYMENTS PAYABLE JUNE 30, 2010
\$ -	\$ 12,561	\$ 12,561	\$ 10,774	\$ 1,787	
5,578	59,170	59,170	58,942	5,806	
-0-	107,945	107,945	107,945	-0-	
-0-	4,030	4,030	4,030	-0-	
<u>-0-</u>	<u>1,014</u>	<u>1,014</u>	<u>564</u>	<u>450</u>	
<u>5,578</u>	<u>184,720</u>	<u>184,720</u>	<u>182,255</u>	<u>8,043</u>	
<u>5,578</u>	<u>184,720</u>	<u>184,720</u>	<u>182,255</u>	<u>8,043</u>	<u>-0-</u>
247	160,000	160,000	160,247	-0-	
139,707	412,449	412,449	484,677	67,479	
-0-	1,965,672	1,965,672	1,965,672	-0-	
<u>49,264</u>	<u>339,748</u>	<u>339,748</u>	<u>350,420</u>	<u>38,592</u>	
<u>189,218</u>	<u>2,877,869</u>	<u>2,877,869</u>	<u>2,961,016</u>	<u>106,071</u>	<u>-0-</u>
<u>1,087</u>	<u>13,042</u>	<u>13,042</u>	<u>11,955</u>	<u>2,174</u>	
<u>1,087</u>	<u>13,042</u>	<u>13,042</u>	<u>11,955</u>	<u>2,174</u>	
3,169	7,042	7,042	10,211	-0-	
-0-	352,579	352,579	307,434	45,145	
<u>3,169</u>	<u>359,621</u>	<u>359,621</u>	<u>317,645</u>	<u>45,145</u>	<u>-0-</u>
<u>193,474</u>	<u>3,250,532</u>	<u>3,250,532</u>	<u>3,290,616</u>	<u>153,390</u>	<u>-0-</u>
<u>\$ 199,052</u>	<u>\$ 3,435,252</u>	<u>\$ 3,435,252</u>	<u>\$ 3,472,871</u>	<u>\$ 161,433</u>	<u>\$ -0-</u>

BRUCE D. SOULE, CPA, P.A.

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REPORT ON COMPLIANCE AND INTERNAL CONTROL OVER COMPLIANCE APPLICABLE TO EACH MAJOR FEDERAL AWARDS PROGRAM AND STATE FINANCIAL ASSISTANCE PROJECT

Board of Directors
Broward Children's Center, Inc.
Pompano Beach, Florida

Compliance

I have audited the compliance of Broward Children's Center, Inc. with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement and the requirements described in the Executive Office of the Governor's State Projects Compliance Supplement that are applicable to each of its major federal programs and state financial assistance projects for the year ended June 30, 2010. Broward Children's Center, Inc.'s major federal programs and state financial assistance projects are identified in the summary of auditor's results sections of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs and state financial assistance projects is the responsibility of Broward Children's Center, Inc.'s management. My responsibility is to express an opinion on Broward Children's Center, Inc.'s compliance based on my audit.

I have conducted my audit in accordance with 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" and Chapter 10.650 Rules of the Auditor General. Those standards, OMB Circular A-133 and Chapter 10.650 Rules of the Auditor General require that I 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 award program or state financial assistance projects occurred. An audit includes examining, on a test basis, evidence about Broward Children's Center, Inc. compliance with those requirements and performing such other procedures as I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination on Broward Children's Center, Inc.'s compliance with those requirements.

In my opinion Broward Children's Center, Inc. complied in all material respects, with the requirements referred to above that are applicable to each of its major federal programs and state financial assistance projects for the year ended June 30, 2010.

Internal Control Over Compliance

The management of Broward Children's Center, Inc. is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal awards programs and state financial assistance projects. In planning and performing my audit, I considered Broward Children's Center, Inc.'s internal control over compliance with requirements that could have a direct and material effect on a major federal award program or state financial assistance project in order to determine my auditing procedures for the purpose of expressing my opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and Chapter 10.650, Rules of the Auditor General.

My consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal awards program or state financial assistance project being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over compliance and its operation that I consider to be material weaknesses.

This report is intended for the information of the management, others within the organization and federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

BRUCE D. SOULE, CPA, P.A.



Certified Public Accountant

October 11, 2010

BRUCE D. SOULE, CPA, P.A.

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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Directors
Broward Children's Center, Inc.
Pompano Beach, Florida

I have audited the financial statements of Broward Children's Center, Inc. as of and for the year ended June 30, 2010, and have issued my report thereon dated October 11, 2010. I conducted my audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

COMPLIANCE - As part of obtaining reasonable assurance about whether Broward Children's Center, Inc.'s financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

INTERNAL CONTROL OVER FINANCIAL REPORTING - In planning and performing my audit, I considered Broward Children's Center, Inc.'s internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

This report is intended for the information and use of the audit committee, management, others within the organization and federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

BRUCE D. SOULE, CPA, P.A.

Bruce Soule, CPA, PA

Certified Public Accountant

October 11, 2010

BROWARD CHILDREN'S CENTER, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS -
FEDERAL AWARDS PROGRAMS AND STATE FINANCIAL
ASSISTANCE PROJECTS
Year Ended June 30, 2010

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unqualified	
Internal control over financial reporting:		
Material weaknesses identified?	___ Yes	_x_ No
Reportable conditions identified not considered to be material weaknesses?	___ Yes	_x_ None Reported
Noncompliance material to financial statements noted?	___ Yes	_x_ No

Federal Awards and State Financial Assistance Projects:

Internal control over major programs:		
Material weaknesses identified?	___ Yes	_x_ No
Reportable conditions identified not considered to be material weaknesses?	___ Yes	_x_ None Reported

Type of auditor's report issued on compliance for major programs:	Unqualified
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Any audit findings disclosed that are required to be reported in accordance with the Federal and Florida Single Audit Acts?	___ Yes	_x_ No
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Identification of Major Programs/Projects:

Federal CFDA
Number

Federal Programs

None

Passed through/

N/A

BROWARD CHILDRENS CENTER, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS –
FEDERAL AWARDS PROGRAMS AND STATE FINANCIAL
ASSISTANCE PROJECTS
Year Ended June 30, 2010

State Projects	State CSFA	
State Department of Education	<u>Number</u>	
Preschool	48.011	
	<u>Federal</u>	<u>State</u>
Dollar threshold used to distinguish between Type A Type B programs	<u>\$ 300 000</u>	<u>\$ 300 000</u>
Auditee qualified as low-risk auditee pursuant to OMB circular A-133	<u>X</u> Yes	<u> </u> No

SECTION II – Financial Statement Findings

There are no reportable conditions, material weaknesses, or instances of noncompliance related to the financial statements that are required to be reported in accordance with Government Auditing Standards.

Section III – Major Federal Award Findings and Questioned Costs

There are no reportable conditions, material weaknesses, or instances of noncompliance including questioned costs that are required to be reported in accordance with circular A-133.

Section IV – Major State Financial Assistance Projects Findings and Questioned Costs

There are no reportable conditions, material weaknesses, or instances of noncompliance including questioned costs that are required to be reported in accordance with the Florida Single Audit Act.

BROWARD CHILDRENS CENTER, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS –
FEDERAL AWARDS PROGRAMS AND STATE FINANCIAL
ASSISTANCE PROJECTS
Year Ended June 30, 2010

Other Issues

The Summary Schedule of Prior Audit Findings is not included in the report because there were no prior audit findings related to federal awards programs or state financial assistance projects.

A Corrective Action Plan is not required because there were no findings required to be reported under the Federal or Florida Single Audit Acts.

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Board of Directors
Broward Children's Center, Inc.
Pompano Beach, Florida

I have audited the financial statements of the Broward Children's Center, Inc. as of and for the fiscal year ended June 30, 2010 and have issued my report thereon dated October 11, 2010.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. I have issued my 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 Questions Costs. Disclosures in those reports and schedule, which are dated October 11, 2010, should be considered in conjunction with this management letter.

Additionally, my audit was conducted in accordance with Chapter 10.650, Rules of the Auditor General, which requires disclosure in the management letter of violations of provisions of contracts or grant agreements or abuse that have an effect on the financial statements that is less than material but more than inconsequential. In addition, for matters that are inconsequential, considering both quantitative and qualitative factors, the following may be reported based on professional judgment: (1) violations of laws, rules, regulations, and contractual provisions or abuse that have occurred, or were likely to have occurred, and would have an immaterial effect on the financial statements of major State projects; (2) improper expenditures or illegal acts that would not materially affect the financial statements or major State projects; (3) control deficiencies that are not significant deficiencies, including, but not limited to: (a) improper or inadequate accounting procedures (e.g., the omission of required disclosures from the financial statements); (b) failures to properly record financial transactions; and (c) other inaccuracies, shortages, defalcations, and instances of fraud discovered by, or that come to the attention of, the auditor. My audit disclosed the following matter that is required to be disclosed; the Organization has a control deficiency in that it has no personnel that are capable of drafting the financial statements with full footnote disclosures.

This management letter is intended solely for the information of Broward Children's Center, Inc. and management, and the Florida Auditor General and is not intended to be and should not be used by anyone other than these specified parties.

Bruce D. Soule, CPA, P.A. 

October 11, 2010