

**ECONOMIC OPPORTUNITIES COUNCIL
OF INDIAN RIVER COUNTY, INC.
FINANCIAL STATEMENTS,
SUPPLEMENTARY DATA,
AND COMPLIANCE REPORTS
YEARS ENDED SEPTEMBER 30, 2010 AND 2009**



**ECONOMIC OPPORTUNITIES COUNCIL OF INDIAN RIVER COUNTY, INC.
FINANCIAL STATEMENTS, SUPPLEMENTARY DATA, AND COMPLIANCE REPORTS
FOR YEARS ENDED SEPTEMBER 30, 2010 AND 2009**

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Economic Opportunities Council
of Indian River County, Inc.
Vero Beach, Florida

We have audited the accompanying statements of financial position of the Economic Opportunities Council of Indian River County, Inc., (a non-profit organization) as of September 30, 2010 and 2009, and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of Economic Opportunities Council of Indian River County, Inc.'s management. 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 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 the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Economic Opportunities Council of Indian River County, Inc. as of September 30, 2010 and 2009, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated May 23, 2011 on our consideration of the Economic Opportunities Council of Indian River County, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, 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 *Governmental Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of the Economic Opportunities Council of Indian River County, Inc. taken as a whole. The accompanying schedule of expenditures of federal awards and state financial assistance is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations; the Florida Single Audit Act, Chapter 10.650, Rules of the Auditor General, 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 our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

L.F. Harris & Associates

L. F. Harris & Associates, CPA, PA
Orlando, Florida
May 23, 2011

FINANCIAL STATEMENTS



**ECONOMIC OPPORTUNITIES COUNCIL
OF INDIAN RIVER COUNTY, INC.
STATEMENTS OF FINANCIAL POSITION
As of September 30, 2010 and 2009**

	ASSETS		2010		2009
Current Assets					
Cash and cash equivalents		\$	93,334	\$	125,731
Grants receivable			348,545		356,502
Other receivables			185		185
Prepaid expenses			40,999		54,016
Total Current Assets			483,063		536,434
Property and Equipment					
Property and equipment (net of accumulated depreciation of \$1,438,091 and \$1,365,799 respectively)			487,678		552,004
Total Assets		\$	970,741	\$	1,088,438
LIABILITIES AND NET ASSETS					
Current Liabilities					
Accounts payable		\$	37,489	\$	112,118
Accrued expenses			249,352		275,398
Deferred revenue			3,125		-
Current portion of long-term debt			-		4,864
Total Current Liabilities			289,966		392,380
Net Assets					
Unrestricted			680,775		696,058
Total Liabilities and Net Assets		\$	970,741	\$	1,088,438

**ECONOMIC OPPORTUNITIES COUNCIL
OF INDIAN RIVER COUNTY, INC.
STATEMENTS OF ACTIVITIES
For the Years Ended September 30, 2010 and 2009**

	<u>2010</u>	<u>2009</u>
UNRESTRICTED NET ASSETS		
Revenue and Support		
Grant revenue	\$ 4,925,021	\$ 4,229,330
Donated materials and services	376,946	174,183
Contributions	5,294	24,677
Miscellaneous revenue	14,749	66,174
Program income	6,802	4,927
	<hr/>	<hr/>
Total Revenue and Support	5,328,812	4,499,291
	<hr/>	<hr/>
Expenses		
Program services	4,699,561	4,031,197
Management and general	634,785	438,230
Fundraising	9,749	5,827
	<hr/>	<hr/>
Total Expenses	5,344,095	4,475,254
	<hr/>	<hr/>
Increase (Decrease) in Unrestricted Net Assets	(15,283)	24,037
Unrestricted Net Assets at Beginning of Year	696,058	672,021
	<hr/>	<hr/>
Unrestricted Net Assets at End of Year	<u>\$ 680,775</u>	<u>\$ 696,058</u>

**ECONOMIC OPPORTUNITIES COUNCIL
OF INDIAN RIVER COUNTY, INC.
STATEMENTS OF CASH FLOWS
For the Years Ended September 30, 2010 and 2009**

	<u>2010</u>	<u>2009</u>
Cash Flows from Operating Activities:		
Cash received from grants	\$ 4,936,104	\$ 4,115,007
Cash received from contributions	5,294	24,677
Cash received from other revenue sources	21,551	71,101
Cash paid to suppliers and employees	<u>(4,982,529)</u>	<u>(4,164,268)</u>
Net Cash Provided by Operating Activities	<u>(19,580)</u>	<u>46,517</u>
Cash Flows from Investing Activities:		
Cash payments for property and equipment	<u>(7,953)</u>	<u>(6,322)</u>
Net Cash Used in Investing Activities	<u>(7,953)</u>	<u>(6,322)</u>
Cash Flows from Financing Activities:		
Repayment of long-term debt	<u>(4,864)</u>	<u>(6,587)</u>
Net Cash (Used in) Provided by Financing Activities	<u>(4,864)</u>	<u>(6,587)</u>
Net increase (decrease) in cash and equivalents	(32,397)	33,608
Cash and cash equivalents at beginning of year	<u>125,731</u>	<u>92,123</u>
Cash and cash equivalents at end of year	<u>\$ 93,334</u>	<u>\$ 125,731</u>
Net Cash Provided by Operating Activities:		
(Decrease) Increase in net assets	\$ (15,283)	\$ 24,037
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	72,279	76,706
(Increase) decrease in accounts receivable	7,957	(111,514)
(Increase) decrease in prepaid expenses	13,017	1,338
Increase (decrease) in accounts payable	(74,628)	39,671
Increase (decrease) in accrued liabilities	(26,046)	19,088
Increase (decrease) in deferred revenue	<u>3,125</u>	<u>(2,809)</u>
Net Cash Provided by Operating Activities	<u>\$ (19,579)</u>	<u>\$ 46,517</u>

**ECONOMIC OPPORTUNITIES COUNCIL
OF INDIAN RIVER COUNTY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended September 30, 2010**

	PROGRAM SERVICES							SUPPORT SERVICES		2010	
	Community Service Block Grant	Community Service Block Grant ARRA	VPK	Head Start	Head Start ARRA	Low- Income Energy Assistance	USDA Food Program	Total Program Services	Management and General	Fund- raising	Total Program and Support Services
Salaries and fringe benefits	\$ 74,584	\$ 35,989	\$ 373,539	\$ 1,979,575	\$ 94,883	\$ 86,650	\$ 29,199	\$ 2,674,419	\$ 422,015		\$ 3,096,434
Accounting services	-	-	-	-	-	-	-	-	19,221		19,221
Client assistance	68,063	222,497	-	-	-	-	-	290,560	-		290,560
Contractual services	-	-	3,868	26,346	-	-	-	30,214	18,450		48,664
Crisis benefits	-	-	-	-	-	136,725	-	136,725	-		136,725
Depreciation	804	-	-	64,168	-	-	-	64,972	7,307		72,279
Equipment leasing	552	770	-	9,027	-	259	-	10,608	5,467		16,075
Food	-	-	2,500	17,859	-	-	196,992	217,351	-	2,997	220,348
Home energy benefits	-	-	-	-	-	480,291	-	480,291	-		480,291
In-kind expenditures	211,051	-	-	168,379	-	-	-	379,430	-		379,430
Insurance	-	-	293	500	-	-	-	793	50,295		51,088
Interest	-	-	-	250	-	-	-	250	-		250
Material and supplies	3,107	7,157	10,278	28,272	21,113	1,478	11,887	83,292	8,760	3,212	95,264
Other	1,736	7,174	2,183	6,587	1,043	6,633	-	25,356	10,810	3,540	39,706
Rent and occupancy	8,959	7,267	3,250	102,579	-	3,279	-	125,334	45,367		170,701
Repairs and maintenance	4,826	941	7,450	45,068	12,398	217	-	70,900	14,629		85,529
Telephone	1,455	1,838	-	36,705	-	2,148	-	42,146	19,564		61,710
Training	332	1,743	-	22,056	-	-	-	24,131	8,822		32,953
Transportation	467	72	4,383	34,814	-	58	-	39,794	115		39,909
Travel	385	-	95	2,037	-	478	-	2,995	3,963		6,958
Functional Expense Reported By Function on The Statement of Activities	\$ 376,321	\$ 285,448	\$ 407,839	\$ 2,544,222	\$ 129,437	\$ 718,216	\$ 238,078	\$ 4,699,561	\$ 634,785	\$ 9,749	\$ 5,344,095
Overhead Allocated	48,392	38,303	94,704	395,785	25,781	31,820	-	634,785	(634,785)		-
Total Functional Expenses	\$ 424,713	\$ 323,751	\$ 502,543	\$ 2,940,007	\$ 155,218	\$ 750,036	\$ 238,078	\$ 5,334,346	\$ -	\$ 9,749	\$ 5,344,095

See accompanying notes to financial statements

**ECONOMIC OPPORTUNITIES COUNCIL
OF INDIAN RIVER COUNTY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended September 30, 2009**

	PROGRAM SERVICES						SUPPORT SERVICES		2009		
	Community Service Block Grant	Community Service Block Grant ARRA	VPK	Head Start	Head Start ARRA	Low-Income Energy Assistance	USDA Food Program	Total Program Services	Management and General	Fund-raising	Total Program and Support Services
Salaries and fringe benefits	\$ 62,756	\$ -	\$ 399,768	\$ 1,894,573	\$ -	\$ 90,772	\$ 33,577	\$ 2,481,446	\$ 285,540	\$ 5,827	\$ 2,772,813
Accounting services	-	750	-	-	-	-	-	750	17,250	-	18,000
Client assistance	106,209	-	-	-	-	-	-	106,209	-	-	106,209
Contractual services	-	4,740	13,010	18,712	2,442	-	-	38,904	17,376	-	56,280
Crisis benefits	-	-	-	-	-	108,851	-	108,851	-	-	108,851
Depreciation	3,394	-	11,349	61,858	-	105	-	76,706	-	-	76,706
Equipment leasing	2,236	-	-	6,236	-	1,230	-	9,702	6,702	-	16,404
Food	-	-	12,499	12,199	-	-	177,120	201,818	-	-	201,818
Home energy benefits	3,170	-	-	-	-	400,225	-	403,395	-	-	403,395
In-kind expenditures	41,983	-	-	160,493	-	-	-	202,476	-	-	202,476
Insurance	-	-	2,824	1,998	-	-	-	4,822	48,254	-	53,076
Interest	-	-	-	821	-	-	-	821	-	-	821
Material and supplies	6,293	-	11,165	31,677	11,779	1,350	14,481	76,745	17,616	-	94,361
Other	5,188	-	6,571	31,458	-	1,901	-	45,118	11,675	-	56,793
Rent and occupancy	5,872	-	4,557	122,276	-	1,763	-	134,468	13,591	-	148,059
Repairs and maintenance	453	-	18,770	11,742	-	64	-	31,029	2,578	-	33,607
Telephone	2,804	-	-	39,277	-	2,454	-	44,535	14,331	-	58,866
Training	-	195	997	25,425	-	-	-	26,617	2,507	-	29,124
Transportation	728	-	9,302	22,316	-	-	-	32,346	-	-	32,346
Travel	236	-	471	3,340	-	392	-	4,439	810	-	5,249
Functional Expense Reported By Function on The Statement of Activities	\$ 241,322	\$ 5,685	\$ 491,283	\$ 2,444,401	\$ 14,221	\$ 609,107	\$ 225,178	\$ 4,031,197	\$ 438,230	\$ 5,827	\$ 4,475,254
Overhead Allocated	37,441	-	57,633	321,324	-	21,832	-	438,230	(438,230)	-	-
Total Functional Expenses	\$ 278,763	\$ 5,685	\$ 548,916	\$ 2,765,725	\$ 14,221	\$ 630,939	\$ 225,178	\$ 4,469,427	\$ -	\$ 5,827	\$ 4,475,254

See accompanying notes to financial statements

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Nature of Activities

The Economic Opportunities Council of Indian River County, Inc. (the Council) is a non-profit, non-political, community service council supported by grants from governmental agencies. The Council provides a Head Start program for working families, emphasizing a quality education and nutrition program for children. The Council also provides services in the areas of housing, energy conservation, and adult nutrition.

The Council functions through a board of directors representing a cross-section of the public and depends largely on the participation and support of the entire community. The Economic Opportunities Council of Indian River County, Inc. is an Advocacy Council for the disadvantaged members of our population.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the Council is required to report information regarding its financial position and activities according to three classes of net assets:

- Unrestricted net assets – Net assets that are not subject to donor-imposed stipulations;
- Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that can be fulfilled by actions of the Council pursuant to those stipulations or that expire by the passage of time; and
- Permanently restricted net assets – Net assets subject to donor-imposed stipulations that the Council must maintain permanently. Generally, the donors of such assets permit the Council to use all or part of the income earned on the assets.

The Council had no permanently or temporarily restricted net assets as of September 30, 2010 or 2009. The Council's program expenses are presented in the accompanying Statements of Functional Expenses.

Grants Receivable

Grants receivable are stated at unpaid balances, less an allowance for doubtful accounts. The Council provides for losses on accounts receivable using the allowance method. Receivables are considered impaired if full payments are not received in accordance with the contractual terms. It is the Council's policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected. At September 30, 2010 and 2009, there was no allowance for uncollectible accounts as management deemed the entire balance collectible.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES – (continued)

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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

Contributions Including Promises to Give

The Council accounts for contributions including promises to give received from third parties in accordance with the recommendations of the Financial Accounting Standards Board in SFAS No. 116, *Accounting for Contributions Received and Contributions Made*. In accordance with SFAS No. 116, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or nature of any donor restrictions. All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Promises to give may be conditional or unconditional. Unconditional promises to give are recognized as revenue in the period received and as increases in net assets or decreases in liabilities or expenses, depending on the form of the benefits received. Unconditional promises to give are recorded at net realizable value if expected to be collected in one year, and at fair value if expected to be collected in more than one year. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Cash and Cash Equivalents

The Council considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. The Organization's cash deposits did not exceed the Federal Deposit Insurance Corporation limits of \$250,000 during the fiscal years ended September 30, 2010 and 2009.

Property and Equipment

The Council capitalizes all expenditures in excess of \$1,000 for property and equipment at cost. Contributed property and equipment is recorded at fair value at the date of donation. If donors stipulate how long the assets must be used, or restrict their use to a specific program, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as unrestricted support. Expenditures for repairs and maintenance are expensed as incurred.

Depreciation is provided over the estimated useful lives (5-15 years) of the respective assets on a straight-line basis.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (continued)

Donated Materials and Services

The value of donated materials included in the financial statements and the corresponding expenses for the years ended September 30, 2010 and 2009 are as follows:

	<u>2010</u>	<u>2009</u>
Food	10,601	\$ 16,839
Rent	122,163	123,000
Supplies/Other	244,182	34,344
Total	<u>376,946</u>	<u>\$174,183</u>

No amounts have been reflected in the financial statements for volunteer services. The Council's management estimates that the fair market value of donated services received but not recognized as revenues was \$130,573 and \$78,185 for the years ended September 30, 2010 and 2009, respectively. The Council pays for most services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Council with specific assistance programs, campaign solicitations, and various committee assignments. The Council received more than 12,947 and 7,980 in volunteer hours for the years ended September 30, 2010 and 2009, respectively.

The facilities where the Council operates its childcare centers were donated by Local Governmental agencies which own the real property at the site. Amounts have been recognized as revenues and expenses in the accompanying financial statements for the fair market value of the donated facilities: \$122,163 and \$123,000 for the years ended September 30, 2010 and 2009. All operating and maintenance expenses for the facilities are the responsibility of the Council.

Functional Expenses

Expenses are charged to each program based on direct expenditures incurred. Any expenditure not directly chargeable to a particular program is allocated based on the relative benefit provided.

Tax Exempt Status

The Council is a tax exempt organization under Section 501 (c)(3) of the Internal Revenue Code. The Council has been determined to be other than a private foundation under the meaning of Section 509(a) of the Internal Revenue Code. Therefore, no provision for income taxes has been included in the accompanying financial statements.

NOTE B - GRANTS RECEIVABLE

Grants receivable represent reimbursement of allowable costs incurred but not yet received from the grantor. Grants receivable consist of the following as of September 30, 2010 and 2009:

<u>Grants</u>	CFDA/ CSFA #	2010	2009
U.S. Department of Health & Human Services - Head Start Program	93.600	247,041	\$ 117,559
U.S. Department of Agriculture - Child and Adult Care Food Program	10.558	37,128	34,238
U.S. Department of Energy – Low Income Home Energy Assistance Program	93.568	29,154	86,177
U.S. Department of Community Affairs – Community Service Block Grant	93.569	11,408	81,689
State of Florida Agency of Workforce Innovation – Voluntary Pre-Kindergarten Education Program	75.007	23,814	36,839
		348,545	\$ 356,502

NOTE C - PROPERTY AND EQUIPMENT

Property and equipment are recorded at cost, including the cost of additions and significant improvements that materially extend asset lives. At September 30, 2010 and 2009, property and equipment consisted of the following:

	2010	2009
Building	308,972	\$ 308,972
Building improvements	604,027	604,027
Furniture, furnishings, and equipment	497,545	489,579
Vehicles	515,225	515,225
Total	1,925,769	1,917,803
Less accumulated depreciation	(1,438,091)	(1,365,799)
Net property and equipment	487,678	\$ 552,004

Depreciation of \$72,292 and \$76,706 was charged to expense in the years ended September 30, 2010 and 2009, respectively.

NOTE C – PROPERTY AND EQUIPMENT (continued)

Reclassifications of the fixed assets have been made to the 2009 financial statement presentation to correspond to the current year's format. Net assets and changes in net assets are unchanged due to these reclassifications.

NOTE D - DEFERRED REVENUE

The Council records advances on grants deemed to be exchange transactions for accounting purposes as deferred revenue until the related services are performed. The Council had \$3,125 and \$0 in advances from grantors at September 30, 2010 and 2009, respectively.

NOTE E - CONTINGENCIES

The Council participates in certain federal and state assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives, as well as annual federal and state single audit. Any liability for reimbursement that may arise as the result of these audits is not believed to be material.

NOTE F - ECONOMIC DEPENDENCY

The Council's major source of revenue is from a Head Start Program grant awarded by the U.S. Department of Health and Human Services. Revenues derived from this grant accounted for approximately 55% of total revenues each year and amounted to \$2,710,980 and \$2,543,375 for the years ended September 30, 2010 and 2009, respectively.

NOTE G - CASH FLOW INFORMATION

Interest paid for the years ended September 30, 2010 and 2009 was \$250 and \$821, respectively.

NOTE H - RETIREMENT PLAN

The Council has a SEP-IRA retirement plan covering all employees who meet the eligibility requirements. The Council's contributions to the plan are determined by its Board of Directors. Contributions to the plan were \$79,576 and \$76,266 for the years ended September 30, 2010 and 2009, respectively.

NOTE I - LEASING ARRANGEMENTS

The Council's administrative offices are located in a facility which is leased under a five-year non-cancelable operating lease expiring in December, 2013.

Rental expense under all operating leases for the years ended September 30, 2010 and 2009 was \$57,729 and \$41,532, respectively.

NOTE I – LEASING ARRANGEMENTS (continued)

Future minimum lease payments as of September 30, 2010 are:

Year Ending September 30,	
2011	34,800
2012	34,800
2013	34,800
Thereafter	8,700
	<u>\$ 113,100</u>

NOTE J – SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through May 23, 2011, the date which the financial statements were available to be issued.

SUPPLEMENTARY DATA



**ECONOMIC OPPORTUNITIES COUNCIL
OF INDIAN RIVER COUNTY, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
For the Year Ended September 30, 2010**

Federal/State Agency, Federal Program/State Project	CFDA/ CSFA Number	Grantor Number	Program or Award Amount	Revenue	Federal State Expenditures	Grant Receivable 9/30/10	Deferred Revenue 9/30/10
MAJOR PROGRAMS							
<u>U.S. Department of Health and Human Services:</u>							
Head Start Program	93.600	04CH308143/0 4CH308144	\$ 5,222,609	\$ 2,710,980	\$ 2,710,980	\$ 240,676	\$ -
Head Start Program ARRA	93.600R	04SE3081/01	175,328	161,107	161,107	6,365	-
<u>U.S. Department of Energy:</u>							
Passed through State of Florida							
Department of Community Affairs:							
Low Income Home Energy Assistance Program	93.568	09EA-7K-10-40- 04-011	816,258	289,844	289,844	-	-
Low Income Home Energy Assistance Program	93.568	10EA-8F-10-40- 04-011	1,098,539	454,989	454,989	29,154	-
NON-MAJOR PROGRAMS							
<u>U.S. Department of Health and Human Services:</u>							
Passed through State of Florida							
Department of Community Affairs:							
Community Services Block Grant	93.569	10-SB-7Q-10- 40-04-009	207,766	207,421	207,421	11,408	-
Community Services Block Grant - ARRA	93.569R	10SB-8B-10-40- 04-113	330,685	325,000	325,000	-	-
<u>U.S. Department of Agriculture:</u>							
Passed through State of Florida							
Florida Department of Health:							
Child Care Food Program	10.558	S-729	238,078	238,078	238,078	37,128	-
TOTAL FEDERAL AWARDS			<u>\$ 8,089,263</u>	<u>\$ 4,387,419</u>	<u>\$ 4,387,419</u>	<u>\$ 324,731</u>	<u>\$ -</u>
<u>State of Florida Agency of Workforce Innovation:</u>							
Passed through Early Learning Coalition of Indian River, Martin & Okeechobee Counties, Inc.							
Voluntary Pre-Kindergarten Education Program	75.007	AWI-VPK20		537,602	502,542	23,814	-
TOTAL FEDERAL AND STATE AWARDS			<u>\$ 8,089,263</u>	<u>\$ 4,925,021</u>	<u>\$ 4,889,961</u>	<u>\$ 348,545</u>	<u>\$ -</u>
RECONCILIATION TO FINANCIAL STATEMENTS							
In-kind contributions/expenditures:				376,946	376,946		
Other:				26,845	12,862		
Depreciation:				-	72,279		
Capital Additions:				-	(7,953)		
			<u>\$ 5,328,812</u>	<u>\$ 5,344,095</u>	<u>\$ 348,545</u>	<u>\$ -</u>	

See accompanying notes to financial statements -14-

**ECONOMIC OPPORTUNITIES COUNCIL OF INDIAN RIVER COUNTY, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2010**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance include grant activity of the Economic Opportunities Council of Indian River County, Inc. and is 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*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE B – COMMUNITY SERVICE BLOCK GRANT

Expenditures for the Community Service Block Grant exceeded the award by \$6,241. The excess, which is not included in the expenditure amount on the accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance, was attributable to matching expenditures of \$6,241.

COMPLIANCE





INDEPENDENT AUDITORS' 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
Economic Opportunities Council
of Indian River County, Inc.
Vero Beach, Florida

We have audited the financial statements of the Economic Opportunities Council of Indian River County, Inc. (a non-profit organization) as of and for the year ended September 30, 2010, and have issued our report thereon dated May 23, 2011. We conducted our 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Economic Opportunities Council of Indian River County, Inc.'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Economic Opportunities Council of Indian River County, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a deficiency in internal control over financial reporting that we consider to be a significant deficiency.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the organization's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the organization's financial statements that is more than inconsequential will not be prevented or detected by the organization's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the organization's internal control.

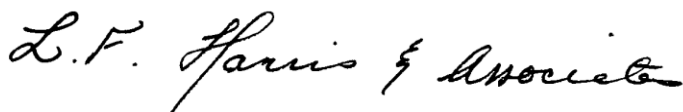
Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Economic Opportunities Council of Indian River County, 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 non-compliance or other matters that are required to be reported under *Government Auditing Standards*.

The Economic Opportunities Council of Indian River County, Inc.'s response to the finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. We did not audit the Economic Opportunities Council of Indian River County, Inc.'s response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the audit committee, management, specified legislative or regulatory bodies, federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.



L.F. Harris & Associates, CPA, P.A.
Orlando, Florida
May 23, 2011



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

To the Board of Directors
Economic Opportunities Council
of Indian River County, Inc.
Vero Beach, Florida

Compliance

We have audited the compliance of the Economic Opportunities Council of Indian River County, Inc. (a non-profit organization) 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 Department of Financial Services' State Projects Compliance Supplement, that are applicable to each of its major federal programs and state projects for the year ended September 30, 2010. The Economic Opportunities Council of Indian River County, Inc.'s major federal programs and state projects are identified in the summary of auditors' results section 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 projects is the responsibility of the management of the Economic Opportunities Council of Indian River County, Inc. Our responsibility is to express an opinion on the Economic Opportunities Council of Indian River County, Inc.'s compliance based on our audit.

We conducted our audit of compliance 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; 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 we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal awards program or state financial assistance project occurred. An audit includes examining, on a test basis, evidence about the Economic Opportunities Council of Indian River County, 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. Our audit does not provide a legal determination of the Economic Opportunities Council of Indian River County, Inc.'s compliance with those requirements.

In our opinion, the Economic Opportunities Council of Indian River County, Inc. complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal awards programs and state financial assistance projects for the year ended September 30, 2010.

Internal Control Over Compliance

The management of the Economic Opportunities Council of Indian River County, Inc. is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal awards programs and state financial assistance projects. In planning and performing our audit, we considered the Economic Opportunities Council of Indian River County, Inc.'s internal control over compliance with requirements that could have a direct and material effect on a major federal awards program or state financial assistance project to determine our auditing procedures for the purpose of expressing our opinion on compliance but not for the purpose of expressing an opinion on the Council's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Economic Opportunities Council of Indian River County, Inc.'s internal control over compliance.

A control deficiency in an entity's internal control over compliance 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 non-compliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that non-compliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the Council's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material non-compliance with a type of compliance requirement of a federal program will not be prevented or detected by the Council's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section, and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the audit committee, management, specified legislative or regulatory bodies, federal and state awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

L.F. Harris & Associates

L.F. Harris & Associates, CPA, P.A.
Orlando, Florida
May 23, 2011

ECONOMIC OPPORTUNITIES COUNCIL OF INDIAN RIVER COUNTY, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2010

PART I. SUMMARY OF AUDITORS' RESULTS:

1. Financial Statements	
a) The type of auditors' report issued on the financial statements	Unqualified
b) Internal control over financial reporting:	
i. Material weakness identified?	No
ii. Significant deficiencies identified not considered to be material weaknesses	No
c) Non-compliance that is material to the financial statement reported?	No
d) Internal control over major programs and state projects:	
i. Material weakness identified?	No
ii. Significant deficiencies identified not considered to be material weaknesses?	None reported
e) Type of auditors' report issued on compliance for major programs and state projects	Unqualified
f) Any audit findings relative to the major federal programs and state projects	No
g) Identification of major programs/projects tested	<u>Federal Programs</u> CSBG Cluster CFDA No. 93.569 CFDA No. 93.710 LIHEAP CFDA No. 93.568 <u>State Project</u> Voluntary Pre-Kindergarten Education Program CSFA No. 75.007
h) Dollar threshold used to distinguish between type A and B programs/projects	<u>Major Federal Programs</u> \$ 300,000 <u>Major State Projects</u> \$150,763
i) Does the auditee qualify as a low-risk auditee?	Yes

PART II. FINDINGS - FINANCIAL STATEMENTS

None.

PART III. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS

None.

PART IV. FINDINGS AND QUESTIONED COSTS –NON-MAJOR FEDERAL PROGRAMS

None.

PART V. FINDINGS AND QUESTIONED COSTS – MAJOR STATE FINANCIAL ASSISTANCE PROJECTS

None.

Prior Year Audit Findings:

SIGNIFICANT DEFICIENCY

09-01

Property and Equipment

Condition: We noted during our audit that property and equipment acquisitions are entered on an Excel spreadsheet instead of an integrated fixed asset system. The general ledger fixed asset accounts are not updated each time an asset is purchased, sold, or discarded.

Criteria: Detailed property records are an important management tool in maintaining control over fixed assets. The detailed records should be updated each time an asset is purchased, sold, or discarded. Internal controls should be effectively in place, providing reasonable assurance that a complete subsidiary ledger which reconciles to the general ledger is maintained for property and equipment.

Cause: The Council does not utilize an integrated fixed assets system to account for fixed assets.

Effect: Potential misstatement of fixed assets and depreciation expense in financial statements

Recommendation: We recommend that the Council consider acquiring a fixed asset system to account for and monitor its physical assets and related depreciation. This will ensure that fixed assets are properly stated and that depreciation is being calculated from a reliable listing.

Management's Response

Management concurs and will establish procedures to reconcile fixed assets subsidiary ledgers to the general ledger on a timely basis.

OTHER ISSUES

No management letter is required because there were no findings that are required to be reported under Chapter 10.656(3)(e), Rules of the Auditor General.



**COMMUNICATION WITH THE AUDIT COMMITTEE
OF THE BOARD OF DIRECTORS**

To the Board of Directors
Economic Opportunities Council
of Indian River County, Inc.
Vero Beach, Florida

We have audited the financial statements of the Economic Opportunities Council of Indian River County, Inc. for the year ended September 30, 2010, and have issued our report thereon dated May 23, 2011. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards and OMB Circular A-133

As stated in our engagement letter dated March 9, 2009, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

In planning and performing our audit we considered Economic Opportunities Council of Indian River County, Inc.'s internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements, and not to provide assurance on the internal control over financial reporting. We also considered internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our 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, State of Florida.

As part of obtaining reasonable assurance about whether the Economic Opportunities Council of Indian River County, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, non-compliance 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. Also, in accordance with OMB Circular A-133 and Chapter 10.650, Rules of the Auditor General, State of Florida, we examined, on a test basis, evidence about the Economic Opportunities Council of Indian River County, Inc.'s compliance 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 Project Compliance Supplement, applicable to each of its major federal programs and state projects for the purpose of expressing an opinion on the Economic Opportunities Council of Indian River County, Inc.'s compliance with those requirements. While our audit provides a reasonable basis for our opinion, it does not provide a legal determination on the Economic Opportunities Council of Indian River County, Inc.'s compliance with those requirements.

Planned Scope and Timing of the Audit

We performed the audit in accordance with planned scope and timing previously communicated to the Economic Opportunities Council of Indian River County, Inc in our meeting about planning matters in December, 2010.

Significant Audit Findings

Qualitative Aspects of Accounting Practices:

Management has the responsibility for selection and use of appropriate accounting policies. The significant accounting policies used by the Economic Opportunities Council of Indian River County, Inc. are described in Note A to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2010. We noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There were no sensitive estimates affecting the financial statements.

Management has the responsibility for selection and use of appropriate financial statement disclosures in accordance with generally accepted accounting principles. There are no sensitive financial statement disclosures affecting the financial statements.

Corrected and Uncorrected Misstatements:

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements.

Difficulties Encountered in Performing the Audit:

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Disagreements with Management:

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report no such disagreements arose during the course of our audit.

Management Consultations with Other Independent Accountants:

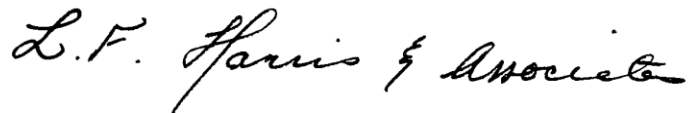
In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion", on certain situations. If a consultation involves application of an accounting principle to the organization's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with Management each year prior to retention as the Organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the Audit Committee, the Board of Directors, and Management of the Economic Opportunities Council of Indian River County, Inc. and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in cursive script that reads "L.F. Harris & Associates". The signature is written in black ink and is positioned above the typed name of the firm.

L.F. Harris & Associates, CPA, P.A.

Orlando, Florida.

May 23, 2011