

Fort Lauderdale Hospital, Inc.

d/b/a Fort Lauderdale Hospital

**Report on State Financial Assistance in Accordance
with Florida Statutes Section 215.97 and Rules of the
Auditor General of the State of**

Florida Chapter 10.650

December 31, 2010

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d/b/a Fort Lauderdale Hospital
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December 31, 2010**

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Report of Independent Certified Public Accountants

The Board of Directors
Fort Lauderdale Hospital, Inc.
d/b/a Fort Lauderdale Hospital

In our opinion, the accompanying balance sheet and the related statements of income and changes in stockholder's equity and of cash flows present fairly, in all material respects, the financial position of Fort Lauderdale Hospital, Inc. d/b/a Fort Lauderdale Hospital (the "Hospital") as of December 31, 2010, and the results of its operations and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Hospital's management. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit of these statements 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, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Notes 1 and 2 to the financial statements, the Hospital has significant transactions with Universal Health Services, Inc. (the "Parent"), the terms of which may not necessarily be the same as those that would result in transactions among unrelated parties. Further, the Parent has committed to making contributions to the Hospital, as necessary, to fulfill any operating requirements or additional financing that may be needed to sustain operations through December 31, 2011.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 20, 2011 on our consideration of the Hospital's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and 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 *Government 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 taken as a whole. The accompanying Schedule of Expenditures of State Financial Assistance is required by the State of Florida's Department of Financial Services' Florida Administrative Code Section 69I-5.003. The schedule is presented for purposes of additional analysis as required by Florida Statutes Section 215.97 and Rules of the Auditor General of the State of Florida Chapter 10.65, 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.

PricewaterhouseCoopers LLP

June 20, 2011

**Fort Lauderdale Hospital, Inc.
d/b/a Fort Lauderdale Hospital
Balance Sheet
December 31, 2010**

Assets

Current assets	
Cash	\$ 51,195
Accounts receivable, net of allowance for doubtful accounts of \$637,454	2,217,299
Cost report settlement	527,706
Other current assets	<u>456,937</u>
Total current assets	<u>3,253,137</u>
Property and equipment	
Buildings and improvements	1,025,036
Equipment	925,907
Assets under capital leases	<u>278,204</u>
Total property and equipment	2,229,147
Less: Accumulated depreciation	<u>(1,025,668)</u>
Property and equipment, net	1,203,479
Cost in excess of assets acquired	<u>11,043,037</u>
Total assets	<u>\$ 15,499,653</u>

Liabilities and Stockholder's Equity

Current liabilities	
Accounts payable	\$ 1,056,858
Accrued salaries and benefits	666,242
Other accrued liabilities	51,333
Obligations under capital lease	<u>61,310</u>
Total current liabilities	1,835,743
Due to Parent	<u>188,207</u>
Total liabilities	2,023,950
Stockholder's equity	
Common stock, \$1par value; authorized 1,000 shares; 1,000 shares issued and outstanding at December 31, 2010	1,000
Accumulated equity	<u>13,474,703</u>
Total liabilities and stockholder's equity	<u>\$ 15,499,653</u>

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

**Fort Lauderdale Hospital, Inc.
d/b/a Fort Lauderdale Hospital
Statement of Income and Changes in Stockholder's Equity
Year Ended December 31, 2010**

Revenues	
Net patient service revenue	\$ 19,084,792
Other revenue	19,884
	<u>19,104,676</u>
Operating expenses	
Salaries and benefits	10,034,683
Purchased services	1,323,503
Supplies	1,320,693
Rent expense	531,298
Other operating expenses	2,055,069
Provision for doubtful accounts	688,853
Depreciation and amortization	225,128
Management fees allocated by Parent	597,291
Interest expense	845,843
	<u>17,622,361</u>
Total operating expenses	17,622,361
Income before tax provision	1,482,315
Income tax provision	577,392
Net income	<u>904,923</u>
Stockholder's Equity	
Beginning of year	(2,655,859)
Forgiveness of Due to Parent	15,226,639
End of year	<u>\$ 13,475,703</u>

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

**Fort Lauderdale Hospital, Inc.
d/b/a Fort Lauderdale Hospital
Statement of Cash Flows
Year Ended December 31, 2010**

Cash flows from operating activities	
Net income	\$ 904,923
Adjustments to reconcile net loss to net cash provided by operating activities	
Depreciation and amortization	225,128
Provision for doubtful accounts	688,853
Changes in operating assets and liabilities	
Accounts receivable	(260,689)
Other assets	66,025
Accounts payable and accrued expenses	233,426
Accrued salaries and benefits	32,680
Other current liabilities	<u>(550,807)</u>
Net cash provided by operating activities	<u>1,339,539</u>
Cash flows from investing activity	
Purchases of property and equipment	<u>(226,503)</u>
Net cash used in investing activity	<u>(226,503)</u>
Cash flows from financing activities	
Transfers from Parent, net	(1,006,168)
Payments made under capital lease obligation	<u>(56,173)</u>
Net cash used in financing activities	<u>(1,062,341)</u>
Net increase in cash	50,695
Cash	
Beginning of year	<u>500</u>
End of year	<u>\$ 51,195</u>

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

**Fort Lauderdale Hospital, Inc.
d/b/a Fort Lauderdale Hospital
Notes to Financial Statements
December 31, 2010**

1. Summary of Significant Accounting Policies

Description of Business

Fort Lauderdale Hospital, Inc. d/b/a Fort Lauderdale Hospital (the "Hospital"), a wholly-owned subsidiary of Universal Health Services, Inc. (the "Parent"), was incorporated on April 1, 2004. Effective June 1, 2004, the Hospital acquired substantially all of the net assets of Fort Lauderdale Hospital Management, LLC from Northern Healthcare Associates. The Hospital was acquired by Universal Health Services, Inc. on November 15, 2010, in conjunction with the purchase of Psychiatric Solutions, Inc. The Hospital provides inpatient and outpatient care to adults and adolescents suffering from psychiatric illnesses and/or chemical dependency. Services are provided from a free standing facility located in Fort Lauderdale, Florida. The Hospital is dependent upon its Parent for operating and financial support. The Parent has committed to provide such support through December 31, 2011.

Basis of Presentation

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States ("GAAP"). The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results could differ from these estimates.

Net Patient Service Revenue

Patient service revenue is reported on the accrual basis in the period in which services are provided, at established rates. Net patient service revenue includes amounts the Hospital estimates to be reimbursable by federal and state governments under Medicare and other similar programs, privately sponsored managed care and commercial insurance plans and other payers under provisions of cost or prospective reimbursement formulas in effect. Amounts received are generally less than the established billing rates and the differences (contractual adjustments) are reported as deductions from patient service revenue at the time the service is rendered. For the year ended December 31, 2010, approximately 53% and 27% of the Hospital's net revenues related to patients participating in the Medicare and managed care programs, respectively.

Reimbursement regulations are complex and various federal and state government contracts may include multiple reimbursement mechanisms for services provided. The Hospital estimates patient service revenue on a payer-specific basis given its interpretation of the applicable regulations or contract terms. The services provided and related reimbursements are often subject to interpretation and could result in payments differing from our estimates. Additionally, updated regulations and contract negotiations occur frequently, necessitating continual review and assessment of the estimation process by management.

The Hospital provides care without charge to patients who are financially unable to pay for the health care services they receive. Because the Hospital does not pursue collection of amounts determined to qualify as charity care, they are not reported in revenues. Charges forgone from the provision of charity care during the year ended December 31, 2010 were \$34,880.

The Hospital provides services under a service agreement with the Florida Department of Children and Families. Revenues related to this agreement of approximately \$3,418,442 are included in net patient service revenue within the accompanying statement of income and changes in stockholder's equity. Receivables related to this agreement of approximately \$297,892 are included in accounts receivable in the accompanying balance sheet.

**Fort Lauderdale Hospital, Inc.
d/b/a Fort Lauderdale Hospital
Notes to Financial Statements
December 31, 2010**

Accounts Receivable

Accounts receivable is comprised of patient service revenue and is recorded net of contractual adjustments and estimated bad debts. Such amounts are owed by various governmental agencies, insurance companies and private patients. At December 31, 2010, Medicare and managed care comprised approximately 42% and 17%, respectively, of net patient receivables. Concentration of credit risk from other payers is limited by the number of patients and payers.

Allowance for Doubtful Accounts

The Hospital's ability to collect outstanding patient receivables from third-party payers is critical to its operating performance and cash flows. The primary collection risk with regard to patient receivables lies with uninsured patient accounts or patient accounts for which primary insurance has paid, but the portion owed by the patient remains outstanding. The Hospital estimates the allowance for doubtful accounts primarily based on the age of the account since the date of patient discharge. The Hospital continually monitors its accounts receivable balances and utilizes cash collections data to support its estimates of the provision for doubtful accounts. Significant changes in payor mix or business office operations could have a significant impact on the Hospital's results of operations and cash flows.

Allowance for Contractual Discounts

Reimbursement regulations are complex and various managed care contracts may include multiple reimbursement mechanisms for different types of services provided by the Hospital. The Hospital estimates the allowance for contractual discounts on a payor-specific basis given its interpretation of the applicable regulations or contract terms. The services authorized and provided and related reimbursement are often subject to interpretation and could result in payments differing from estimates. Additionally, updated regulations and contract negotiations occur frequently necessitating continual review and assessment of the estimation process by the Hospital's management.

Income Taxes

The Hospital is included in the consolidated tax return of its Parent and, through an agreement with the Parent, accounts for its share of consolidated tax obligations using an "as if separate return" methodology. The provision for income taxes is determined utilizing maximum federal and state statutory rates applied to income before income taxes. Income tax benefits are not allocated to the Hospital for losses before income taxes. Income tax liabilities, including deferred amounts and payments, are reflected in the amounts due to Parent.

Insurance Risk Programs

The Hospital participates in the Parent's group insurance programs. Costs related to these programs are allocated to the Hospital by the Parent based on various methodologies which reasonably approximate the Hospital's portion of the program cost, including allocations based on number of beds, risks associated with Hospital's employees and property value.

**Fort Lauderdale Hospital, Inc.
d/b/a Fort Lauderdale Hospital
Notes to Financial Statements
December 31, 2010**

Under a number of the Parent's insurance programs in which the Hospital participates, which includes the employee health insurance program, the workers compensation insurance programs, medical malpractice insurance and certain components of the property and casualty insurance program, the Parent is liable for a portion of the losses. In these cases, the liabilities for claims are accrued for under an occurrence based principal whereby an estimation of the losses that will be incurred in a respective accounting period is made and that estimated liability is accrued by the Parent and included in the total costs for the program that is allocated to the Hospital on a pro-rata basis. Actuarial methods are utilized in estimating the losses. Professional and general liability costs and workers compensation costs allocated to the Hospital during the year ended December 31, 2010 were \$396,837 and \$215,725, respectively.

Property and Equipment

Property and equipment is stated at cost, net of accumulated depreciation. Depreciation was recorded using the straight-line method over the estimated useful lives of the assets as follows:

Building improvements	5-20 years
Equipment	3-15 years

When events, circumstances, and operating results indicate that the carrying values of certain long-lived assets might be impaired, the Company prepares projections of the undiscounted future cash flows expected to result from the use of the assets and their eventual disposition. If the projections indicate that the recorded amounts are not expected to be recoverable, such amounts are reduced to estimated fair value. Fair value is estimated based upon projections of discounted cash flows.

Costs in Excess of Net Assets Acquired (Goodwill)

Goodwill is reviewed at least annually for impairment. Potential impairment exists if the Hospital's carrying value exceeds the fair value of the Hospital. If the Hospital identifies a potential impairment of goodwill, the implied fair value of goodwill is determined. If the carrying value of goodwill exceeds its implied fair value, an impairment loss is recorded. The annual impairment test of goodwill in 2010 resulted in no goodwill impairment.

Advertising Costs

The Hospital expenses advertising costs as incurred. Total advertising expense for the year ended December 31, 2010 was \$202,829.

Fair Value of Financial Instruments

The carrying amounts reported in the balance sheets for accounts receivable and accounts payable approximate their fair value given the short-term maturity of these instruments.

Subsequent Events

The Hospital has evaluated subsequent events through June 20, 2011, the date the financial statements were available to be issued.

**Fort Lauderdale Hospital, Inc.
d/b/a Fort Lauderdale Hospital
Notes to Financial Statements
December 31, 2010**

2. Transfers to Parent

UHS provides certain general and administrative services to the Hospital, including finance, legal, regulatory, risk management, treasury, information systems, and human resources. A management fee is allocated to the Hospital considering the nature and extent of such services during the year. Also, certain other costs incurred by UHS are allocated to the Hospital. Total management fees and other Parent allocations were \$597,291 for the year ended December 31, 2010. Because UHS can exercise its discretion when allocating management fees and other costs to the Hospital, the financial position and operating results presented herein may not necessarily be indicative of those that would have occurred if the Hospital had operated autonomously.

Substantially all of the Hospital's cash accounts are linked to UHS's centralized cash management system. Accordingly, substantially all cash generated from or used in the Hospital's operations has been transferred to and from UHS. For instance, UHS funds nearly all routine and capital cash disbursements on behalf of the Hospital. Likewise, on a daily basis, the Hospital transfers its cash receipts directly to the concentrated bank account of UHS.

The forgiveness of Due to Parent included in changes in stockholder's equity represents forgiveness of intercompany balances due to PSI, the former parent, which were forgiven by UHS upon acquisition at November 15, 2010.

UHS maintains a contributory retirement plan for eligible employees of the Hospital. The Hospital made no discretionary contributions during 2010 related to benefits earned under this plan.

3. Contingencies and Healthcare Regulation

Commitments and Contingencies

The Hospital is subject to legal proceedings and claims that have arisen in the ordinary course of its business and have not been finally adjudicated, which include malpractice claims covered under the Parent's insurance policy. In the opinion of management, the outcome of these actions will not have a material effect on the financial position or results of operations of the Hospital.

Laws and regulations governing the Medicare program are complex and subject to interpretation. The Hospitals believe that they are in compliance with all applicable laws and regulations. Compliance with such laws and regulations can be subject to government review and interpretation as well as significant regulatory action including fines, penalties, and exclusion from the Medicare program.

**Fort Lauderdale Hospital, Inc.
d/b/a Fort Lauderdale Hospital
Notes to Financial Statements
December 31, 2010**

4. Leases

The Hospital has assumed or executed various leases with third parties for office and other equipment. The future minimum lease payments under noncancelable operating and capital lease with initial terms greater than one year at December 31, 2010 are as follows:

	Operating Leases
2011	\$ 477,299
2012	411,159
2013	408,427
2014	400,870
2015	387,384
Thereafter	<u>1,388,126</u>
Total minimum lease payments	<u>\$ 3,473,265</u>
	Capital Lease
2011	<u>\$ 63,120</u>
Total minimum lease payments	63,120
Less: Amount representing interest	<u>1,810</u>
Present value of net minimum lease payments	<u>\$ 61,310</u>

Total rental expense for operating leases was \$531,298 for the year ended December 31, 2010.

5. Due to Government Agencies

The Health Care Consumer Protection and Awareness Act of 1984 created the Public Medical Assistance Trust Fund for the treatment of indigent patients. The Hospital is assessed an amount equal to 1.5% of net inpatient service revenues, 1.0% of net outpatient service revenues, and 0.4% of operating expenses, less bad debt, to be paid on a quarterly basis. The Hospital's expense related to this assessment for the year ended December 31, 2010 totaled \$305,921.

Supplemental Information

**Fort Lauderdale Hospital, Inc.
d/b/a Fort Lauderdale Hospital
Schedule of Expenditures of Federal Awards and State Financial Assistance
Year Ended December 31, 2010**

Federal/State Agency Pass-Through Entity Federal Program/State Project	CFDA CSFA Number	Contract/ Grant Number	Expenditures
Schedule of Expenditures of Federal Awards - Unaudited			
U.S. Department of Health and Human Services			
Indirect Projects			
Passed through State of Florida Department of Children and Families			
Block Grants for Prevention and Treatment of Substance Abuse	93.959	JH303	\$ 156,220
Total Expenditures of Federal Awards			<u>\$ 156,220</u>
Schedule of Expenditures of State Financial Assistance			
State of Florida Department of Children and Families			
Direct Projects			
Children's Baker Act Services	60.001	JH303	\$ 552,056
Baker Act	60.006	JH303	1,431,725
Substance Abuse Detoxification Services for Children	60.028	JH303	78,110
Substance Abuse Treatment and Aftercare Services for Children	60.030	JH303	874,006
Children's Mental Health SIPP RTC Non-Medicaid Eligible	60.048	JH303	175,167
Adult Community Mental Health - Emergency Stabilization	60.054	JH303	91,842
Children's Mental Health Emergency Stabilization	60.057	JH303	214,444
Total Expenditures of State Financial Assistance			<u>\$ 3,417,350</u>

The accompanying notes are an integral part of this schedule.

**Fort Lauderdale Hospital, Inc.
d/b/a Fort Lauderdale Hospital
Notes to Schedule of Expenditures of Federal Awards and
State Financial Assistance
December 31, 2010**

1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards and Schedule of State Financial Assistance presents the activity of all federal and state financial assistance projects of the Hospital for the year ended December 31, 2010 and is presented on the accrual basis of accounting. The information in these schedules is presented in accordance with the requirements of Florida Statutes Section 215.97 and Rules of the Auditor General Chapter 10.650.



**Report of Independent Certified Public Accountants 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***

The Board of Directors
Fort Lauderdale Hospital, Inc.
d/b/a Fort Lauderdale Hospital

We have audited the financial statements of Fort Lauderdale Hospital, Inc. d/b/a Fort Lauderdale Hospital (the "Hospital") as of and for the year ended December 31, 2010, and have issued our report thereon dated June 20, 2011, which included a matter of emphasis paragraph concerning the Hospital's transactions with its Parent, Universal Health Services, Inc. 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 Hospital'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 Hospital's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Hospital's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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



Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Hospital's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Hospital's Board of Directors, management, others within the entity, state awarding agencies, and the Auditor General of the State of Florida and is not intended to be and should not be used by anyone other than these specified parties.

PricewaterhouseCoopers LLP

June 20, 2011



Report of Independent Certified Public Accountants on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major State Financial Assistance Project and on Internal Control Over Compliance in Accordance with Florida Statutes Section 215.97 and Rules of the Auditor General Chapter 10.650

The Board of Directors
Fort Lauderdale Hospital, Inc.
d/b/a Fort Lauderdale Hospital

Compliance

We have audited the compliance of Fort Lauderdale Hospital, Inc. d/b/a Fort Lauderdale Hospital (the "Hospital") with the types of compliance requirements described in the State of Florida's Department of Financial Services' State Projects Compliance Supplement that could have a direct and material effect on each of its major state financial assistance projects for the year ended December 31, 2010. The Hospital's major state financial assistance projects are identified in the summary of auditor's 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 state financial assistance projects is the responsibility of the Hospital's management. Our responsibility is to express an opinion on the Hospital's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; Florida Statutes Section 215.97 and Rules of the Auditor General of the State of Florida Chapter 10.650. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state financial assistance project occurred. An audit includes examining, on a test basis, evidence about the Hospital'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 Hospital's compliance with those requirements.

In our opinion, the Hospital complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major state financial assistance projects for the year ended December 31, 2010.



Internal Control Over Compliance

Management of the Hospital is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to state financial assistance projects. In planning and performing our audit, we considered the Hospital's internal control over compliance with the requirements that could have a direct and material effect on a major state financial assistance project in order to determine the auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly we do not express an opinion on the effectiveness of the Hospital's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct noncompliance with a type of compliance requirement of a state financial assistance project on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state financial assistance project will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, 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 Hospital's Board of Directors, management, others within the entity, state awarding agencies, and the Auditor General of the State of Florida and is not intended to be and should not be used by anyone other than these specified parties.

PricewaterhouseCoopers LLP

June 20, 2011

Schedule of Findings and Questioned Costs

**Fort Lauderdale Hospital, Inc.
d/b/a Fort Lauderdale Hospital
Schedule of Findings and Questioned Costs
Year Ended December 31, 2010**

Section I – Summary of Certified Public Accountant’s Results

Financial Statements

Type of auditor’s report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? _____ yes _____ X no
- Significant deficiency(ies) identified that are not considered to be material weaknesses? _____ yes _____ X none reported

Noncompliance material to financial statements noted? _____ yes _____ X no

State Awards

Internal control over major state financial assistance projects:

- Material weakness(es) identified? _____ yes _____ X no
- Significant deficiency(ies) identified that are not considered to be material weaknesses? _____ yes _____ X none reported

Type of auditor’s report issued on compliance for major state financial assistance projects: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Florida Statutes Section 215.97 and Rules of the Auditor General of the State of Florida Chapter 10.650? _____ yes _____ X no

Identification of major state financial assistance projects:

<i>CSFA Number</i>	<i>Name of State Program</i>
60.006	Baker Act
60.030	Substance Abuse Treatment and Aftercare Services for Children

Dollar threshold used to distinguish between type A and type B programs: \$300,000

**Fort Lauderdale Hospital, Inc.
d/b/a Fort Lauderdale Hospital
Schedule of Findings and Questioned Costs
Year Ended December 31, 2010**

Section II – Financial Statement Findings

No matters were noted.

Section III – State Financial Assistance Findings and Questioned Costs

No matters were noted.

Summary Schedule of Prior Audit Findings

**Fort Lauderdale Hospital, Inc.
d/b/a Fort Lauderdale Hospital
Summary Schedule of Prior Audit Findings
Year Ended December 31, 2009**

Reference	Program	Questioned Costs
2009-01	CSFA 60.001 – Children's Baker Act Services CSFA 60.006 – Baker Act CSFA 60.030 – Substance Abuse Treatment and Aftercare Services for Children	None

Condition

The contract requires the Hospital to notify the contract manager at least 10 days prior to staffing changes within management. The Hospital did not properly notify the contract manager in regard to the timing requirement for staffing changes related to the Chief Executive Officer and Chief Financial Officer during 2009.

Status

During 2010, the Hospital implemented policies to ensure the proper notification of the contract manager in the instance of management staffing changes. This included notifying the regional CFO of the Hospital's Parent of the compliance requirement.