

**THE HENRY AND RILLA WHITE YOUTH
FOUNDATION, INC.**

CONSOLIDATED FINANCIAL STATEMENTS

**JUNE 30, 2010 WITH SUMMARIZED INFORMATION
AS OF AND FOR THE YEAR ENDED JUNE 30, 2009**

THE HENRY AND RILLA WHITE YOUTH FOUNDATION, INC.
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JAMES MOORE & CO., P.L.
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
The Henry and Rilla White Youth Foundation, Inc.:

We have audited the accompanying consolidated statements of financial position of The Henry and Rilla White Youth Foundation, Inc. as of June 30, 2010, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended. These consolidated financial statements are the responsibility of The Henry and Rilla White Youth Foundation, Inc.'s management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. The prior year summarized comparative information has been derived from The Henry and Rilla White Youth Foundation, Inc.'s June 30, 2009 consolidated financial statements and, in our report dated September 3, 2009, we expressed an unqualified opinion on those financial statements.

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 consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of The Henry and Rilla White Youth Foundation, 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*, we have also issued our report dated November 30, 2010, on our consideration of The Henry and Rilla White Youth Foundation, Inc.'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 consolidated financial statements as a whole. The accompanying Schedule of Expenses of State Financial Assistance is presented for purposes of additional analysis as required by Chapter 10.650, Rules of the State of Florida, Office of the Auditor General and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

James Moore & Co., P.L.C.

Tallahassee, Florida
November 30, 2010

THE HENRY AND RILLA WHITE YOUTH FOUNDATION, INC.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
JUNE 30, 2010 WITH SUMMARIZED INFORMATION
AS OF JUNE 30, 2009

<u>ASSETS</u>	<u>2010</u>	<u>2009</u>
Current assets		
Cash and cash equivalents	\$ 879,840	\$ 1,019,412
Certificate of deposit	71,021	-
Grants and contracts receivable	1,540,668	1,027,128
Accounts receivable	373,325	132,716
Prepaid and other assets	145,690	146,921
Total current assets	3,010,544	2,326,177
 Property and equipment, net	 161,807	 168,930
Other assets		
Cash value of officer life insurance	113,071	89,075
 Total Assets	 \$ 3,285,422	 \$ 2,584,182
 <u>LIABILITIES AND NET ASSETS</u>		
Current liabilities		
Accounts payable	\$ 197,086	\$ 105,944
Accrued salaries and benefits	331,553	290,324
Capital lease, current portion	5,678	4,985
Total current liabilities	534,317	401,253
 Long-term liabilities		
Capital lease payable, less current portion	-	5,677
Other long-term liabilities	117,497	66,131
Total long-term liabilities	117,497	71,808
 Net assets, unrestricted	 2,633,608	 2,111,121
 Total Liabilities and Net Assets	 \$ 3,285,422	 \$ 2,584,182

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

**THE HENRY AND RILLA WHITE YOUTH FOUNDATION, INC.
CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2010 WITH SUMMARIZED
INFORMATION FOR THE YEAR ENDED JUNE 30, 2009**

	2010	2009
Unrestricted Support and Revenue		
State contracts	\$ 10,510,830	\$ 8,668,921
Medicaid revenues	1,489,970	1,428,913
Local school board contracts	-	80,358
Interest and other revenue	7,427	6,330
Total support and revenue	12,008,227	10,184,522
Expenses		
Program services		
Youth and family services	9,560,031	8,585,606
Support services		
General and administrative	1,925,709	1,489,325
Total expenses	11,485,740	10,074,931
Increase in net assets	522,487	109,591
Net assets, beginning of year	2,111,121	2,001,530
Net assets, end of year	\$ 2,633,608	\$ 2,111,121

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

THE HENRY AND RILLA WHITE YOUTH FOUNDATION, INC.
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2010 WITH SUMMARIZED
INFORMATION FOR THE YEAR ENDED JUNE 30, 2009

	2010	2009
Cash flows from operating activities		
Cash received from grantors, contractors and contributors	\$ 11,250,637	\$ 10,344,231
Cash paid to employees and vendors	(11,257,246)	(10,211,188)
Interest received	3,391	5,039
Interest paid	(1,798)	(2,922)
Net cash provided by (used in) operating activities	(5,016)	135,160
Cash flows from investing activities		
Purchase of property and equipment	(58,601)	(20,604)
Proceeds from sale of investments	-	2,546
Purchase of certificate of deposit	(71,021)	-
Net cash used in investing activities	(129,622)	(18,058)
Cash flows from financing activities		
Payments on capital lease	(4,984)	(4,375)
Net increase (decrease) in cash and cash equivalents	(139,622)	112,727
Cash and cash equivalents, beginning of year	1,019,412	906,685
Cash and cash equivalents, end of year	\$ 879,790	\$ 1,019,412
Reconciliation of increase in net assets to net cash provided by (used in) operating activities		
Increase in net assets	\$ 522,487	\$ 109,591
Adjustments to reconcile increase in net assets to net cash provided by (used in) operating activities:		
Depreciation	65,724	74,982
(Increase) decrease in grants and contracts receivable	(513,540)	110,632
(Increase) decrease in accounts receivable	(240,609)	53,833
Decrease in prepaid expenses	1,231	39,840
Increase (decrease) in accounts payable	91,142	(220,903)
Increase (decrease) in accrued salaries and benefits	41,229	(33,598)
Increase in cash value of life insurance	(23,996)	(23,062)
Increase in other long-term liabilities	51,366	23,562
Unrealized (gain) loss on investments	(50)	283
Total adjustments	(527,503)	25,569
Net cash provided by (used in) operating activities	\$ (5,016)	\$ 135,160

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

THE HENRY AND RILLA WHITE YOUTH FOUNDATION, INC.
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2010
WITH SUMMARIZED FINANCIAL INFORMATION
FOR THE YEAR ENDED JUNE 30, 2009

	Youth and Family Services	General and Administrative Services	2010 Total	2009 Total
Salaries and benefits	\$ 7,072,638	\$ 972,758	\$ 8,045,396	\$ 7,056,520
Professional fees	265,923	212,330	478,253	507,324
Maintenance	191,002	25,027	216,029	203,957
Utilities	284,372	10,655	295,027	255,612
Insurance	194,634	26,115	220,749	292,160
Leases and rentals	250,312	220,954	471,266	425,398
Program supplies	568,955	3,090	572,045	485,113
Office expenses	174,046	44,584	218,630	138,820
Contributions	-	303,500	303,500	50,000
Travel	373,819	31,517	405,336	409,458
Interest	1,443	355	1,798	2,922
Postage	19,033	7,197	26,230	23,780
Training	16,396	3,051	19,447	7,367
Communications	123,820	22,490	146,310	141,518
Depreciation	23,638	42,086	65,724	74,982
Total expenses	<u>\$ 9,560,031</u>	<u>\$ 1,925,709</u>	<u>\$ 11,485,740</u>	<u>\$ 10,074,931</u>

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

THE HENRY AND RILLA WHITE YOUTH FOUNDATION, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2010 AND 2009

(1) **Summary of Significant Accounting Policies:**

The following is a summary of the more significant accounting policies and practices of The Henry and Rilla White Youth Foundation, Inc. and affiliates (the "Foundation") which affect significant elements of the accompanying consolidated financial statements:

(a) **General**—The Foundation is engaged in providing a comprehensive array of alcohol, drug and mental health rehabilitative services to residents of Florida. During the fiscal year 2004, the Foundation organized a wholly owned subsidiary, Corrections Services of Florida, LLC. The organizations share a common Board of Directors and management. The consolidated financial statements include the accounts of The Henry and Rilla White Youth Foundation, Inc. and its subsidiary. All significant inter-company transactions and accounts are eliminated.

(b) **Property and Equipment**—Property and equipment acquired by the Foundation are considered to be owned by the Foundation. However, funding sources may retain an equitable interest in the property purchased with grant monies as well as the right to determine the use of any proceeds from the sale of these assets. The State of Florida has a reversionary interest in those assets purchased with its funds which have a cost of \$1,000 or more and an estimated useful life of at least one year. The Federal Government has a reversionary interest in those assets purchased with its funds which have cost of \$5,000 or more and an estimated useful life of at least one year.

Property and equipment with a value greater than \$500 (unless otherwise stipulated by a donor or grantor) and an estimated useful life of at least one year are recorded at cost when purchased or at estimated fair market value when contributed. Depreciation is computed using the straight-line method over the estimated useful life of the assets, ranging from five to forty years. Repairs and maintenance expenses, which are not considered improvements and do not extend the useful life of the property and equipment, are expensed as incurred.

(c) **Income Taxes**—The Foundation is generally exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Therefore, no provision for Federal income taxes has been made in the accompanying consolidated financial statements. Corrections Services of Florida, LLC is a single member LLC and is a disregarded entity for Federal income taxes. The Foundation files income tax returns in the U.S. Federal jurisdiction. They are no longer subject to income tax examinations by tax authorities for years before 2007.

The Foundation has reviewed and evaluated the relevant technical merits of each of their tax positions in accordance with accounting principles generally accepted in the United States of America for accounting for uncertainty in income taxes, and determined that there are no uncertain tax positions that would have a material impact on the financial statements of the Foundation.

(d) **Cash and Cash Equivalents**—For the purpose of reporting cash flows, cash and cash equivalents include cash on hand, demand deposits held with banks, and short-term investments with original maturities of 90 days or less.

THE HENRY AND RILLA WHITE YOUTH FOUNDATION, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2010 AND 2009

(1) **Summary of Significant Accounting Policies:** (Continued)

(e) **Use of Estimates**—The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

(f) **Basis of Accounting**—The consolidated financial statements have been prepared on the accrual basis of accounting, and accordingly, reflect all significant receivables, payables and other liabilities.

(g) **Basis of Presentation**—The Foundation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

(h) **Functional Allocation of Expenses**—The costs of providing the various program services and other activities have been summarized on a functional basis in the Consolidated Statement of Activities. Accordingly, certain costs have been allocated among the program and supporting services benefited.

(i) **Contributions**—All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases these net asset classes. However, if a restriction is fulfilled in the same time period in which the contribution is received, the entity reports the support as unrestricted.

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met.

Contributed property and equipment is recorded at fair value at the date of donation. In the absence of donor-imposed stipulations regarding how long the contributed assets must be used, the entity has adopted a policy of not implying a time restriction on contributions of such assets that expires over the assets' useful lives; consequently, all contributions of property and equipment, and of the assets contributed to acquire property and equipment, are recorded as unrestricted support or contributions.

(j) **Accrued Leave**—The Foundation compensates its eligible employees for unused vacation leave upon termination of employment. Vacation leave is accrued as earned by eligible employees and recorded as an expense in the period earned.

(k) **Grants, Contracts and Accounts Receivable**—Grants, contracts and accounts receivable are stated at the amount management expects to collect from balances outstanding at year-end. Based on management's assessment of the credit history with customers, grantors, and contractors having outstanding balances and current relationships with them, it has concluded that realization losses on balances outstanding at year-end will be immaterial.

THE HENRY AND RILLA WHITE YOUTH FOUNDATION, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2010 AND 2009

(1) **Summary of Significant Accounting Policies:** (Continued)

(l) **Advertising**—Advertising costs are charged to operations as incurred.

(m) **Investments**—Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the Consolidated Statement of Financial Position. Unrealized gains and losses are included in the change in net assets as a component of investment return.

(2) **Significant Funding Source:**

The Foundation receives a substantial amount of its funding from the State of Florida, Department of Juvenile Justice. A significant reduction in the level of this funding, if it were to occur, could have an adverse effect on the Foundation's programs and activities.

(3) **Concentrations of Credit Risk:**

The more significant concentrations of credit risk are as follows:

(a) **Demand and Time Deposits**—The Foundation maintains cash deposits with several financial institutions. The Foundation has no policy requiring collateral or other security to support its deposits, although all demand deposits with these institutions are Federally insured up to FDIC limits.

(b) **Accounts, Grants and Contracts Receivable**—The Foundation's receivables are primarily for amounts due under contracts with local, state, and Federal government agencies. The Foundation has no policy requiring collateral or other security to support its receivables.

(4) **Property and Equipment:**

The following is a summary of property and equipment at June 30:

	<u>2010</u>	<u>2009</u>
Vehicles	\$ 168,737	\$ 121,705
Machinery and equipment	665,185	653,617
Buildings	59,869	59,869
Furniture and fixtures	<u>50,665</u>	<u>50,665</u>
	944,456	885,856
Less: Accumulated depreciation	<u>782,649</u>	<u>716,926</u>
Total	<u>\$ 161,807</u>	<u>\$ 168,930</u>

THE HENRY AND RILLA WHITE YOUTH FOUNDATION, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2010 AND 2009

(5) **Capital Lease:**

The Foundation leases office equipment under a capital lease that expires in 2011. Minimum future lease payments under the capital lease as of June 30, 2010, for each of the next five years and in the aggregate are:

Year Ending June 30,	Amount
2011	\$ 6,089
2012	-
2013	-
2014	-
2015	-
	6,089
Less amount representing interest	411
Present value of net minimum lease payments	\$ 5,678

(6) **Operating Leases:**

The Foundation leases land and equipment under operating leases.

Minimum future rental payments under the noncancellable operating leases having remaining terms in excess of one year as of June 30, 2010, for each of the next five years and in the aggregate are:

Year Ending June 30,	Amount
2011	\$ 115,224
2012	115,626
2013	44,846
2014	770
2015	-
	\$ 276,466

(7) **Profit Sharing Retirement Plan:**

The defined contribution pension plan previously maintained by the Foundation was terminated at December 31, 2009, at which point, the cash value of the plan was distributed to employees. The contributions for the years ended June 30, 2010 and 2009 were \$2,872 and \$3,184, respectively.

THE HENRY AND RILLA WHITE YOUTH FOUNDATION, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2010 AND 2009

(8) **Related Party Transactions:**

The Foundation leases its corporate offices from The Henry and Rilla White Foundation, Inc., a related foundation governed by the same board members. Rental expense to The Henry and Rilla White Foundation, Inc. was approximately \$124,000 and \$208,000 for the years ended June 30, 2010 and 2009, respectively. The Foundation also leases office space from a Board Member and/or the Executive Director. Rental expenses paid under these leases were approximately \$141,000 and \$63,000 for the years ended June 30, 2010 and 2009, respectively. In addition, the Foundation also contributed \$272,000 to The Henry and Rilla White Foundation, Inc. and is included in contributions in the Statement of Functional Expenses.

(9) **Life Insurance:**

The Foundation is the owner of life insurance policies on the lives of key employees. The beneficiaries of the policies are the key employees' families. No loans are outstanding on these policies at June 30, 2010.

(10) **Comparative Financial Information:**

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Foundation's financial statements for the year ended June 30, 2009, from which the summarized information was derived.

(11) **Subsequent Events:**

The Foundation has evaluated events and transactions for potential recognition or disclosure in the financial statements through November 30, 2010, the date which the financial statements were available to be issued. No subsequent events have been recognized or disclosed.

**THE HENRY AND RILLA WHITE YOUTH FOUNDATION, INC.
SCHEDULE OF EXPENSES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2010**

State Grantor / Program Title	State CSFA Number	Contract Number	Current Year Expenses
State of Florida, Department of Juvenile Justice			
Mental Health Services	80.011	--	\$ 353,701
Mental Health Services	80.011	--	316,067
Mental Health Services	80.011	--	335,926
Mental Health Services	80.011	--	241,410
Mental Health Services	80.011	--	75,269
			<u>1,322,373</u>
Delinquency Non-Secure Residential Services	80.016	R2002	810,219
Delinquency Non-Secure Residential Services	80.016	R2026	827,812
			<u>1,638,031</u>
Secure Residential Services	80.017	R2010	1,649,293
Secure Residential Services	80.017	D7E01	1,234,889
			<u>2,884,182</u>
Conditional Release Services	80.018	C7I01	116,210
Conditional Release Services	80.018	D7I02	346,655
Conditional Release Services	80.018	N8I01	191,706
Conditional Release Services	80.018	P2027	675,980
Conditional Release Services	80.018	P2028	312,929
Conditional Release Services	80.018	P2048	850,469
			<u>2,493,949</u>

- The accompanying note to schedule of expenses of State Financial
Assistance is an integral part of this statement -

**THE HENRY AND RILLA WHITE YOUTH FOUNDATION, INC.
 SCHEDULE OF EXPENSES OF STATE FINANCIAL ASSISTANCE
 FOR THE YEAR ENDED JUNE 30, 2010**

(Continued)

State Grantor / Program Title	State CSFA Number	Contract Number	Current Year Expenses
State of Florida, Department of Juvenile Justice (Continued)			
Diversion Services	80.022	B6I01	\$ 52,984
Diversion Services	80.022	C6I01	111,231
Diversion Services	80.022	P2049	355,165
Diversion Services	80.022	H6I01	117,296
			<u>636,676</u>
Total State Awards			<u>\$ 8,975,211</u>

- The accompanying note to schedule of expenses of State Financial
 Assistance is an integral part of this statement -

THE HENRY AND RILLA WHITE YOUTH FOUNDATION, INC.
NOTE TO THE SCHEDULE OF EXPENSES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2010

Basis of Presentation:

The accompanying Schedule of Expenses of State Financial Assistance includes the State projects activity of The Henry and Rilla White Youth Foundation, Inc. and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Chapter 10.650, Rules of the State of Florida, Office of the Auditor General. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the consolidated financial statements.

JAMES MOORE & CO., P.L.
CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED
ON AN AUDIT OF CONSOLIDATED FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Directors of
The Henry and Rilla White Youth Foundation, Inc.:

We have audited the consolidated financial statements of The Henry and Rilla White Youth Foundation, Inc. as of and for the year ended June 30, 2010, and have issued our report thereon dated November 30, 2010. 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 Henry and Rilla White Youth Foundation, Inc.'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of The Henry and Rilla White Youth Foundation, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of The Henry and Rilla White Youth Foundation, Inc.'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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the consolidated financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of the 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 over financial reporting 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 Henry and Rilla White Youth Foundation, Inc.'s consolidated 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 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 management, the Board of Directors, and State awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

James Moore & Co., P.L.C.

Tallahassee, Florida
November 30, 2010

JAMES MOORE & CO., P.L.
CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR STATE PROJECT AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH CHAPTER 10.650, RULES OF THE STATE OF
FLORIDA, OFFICE OF THE AUDITOR GENERAL**

To the Board of Directors of
The Henry and Rilla White Youth Foundation, Inc.:

Compliance

We have audited the compliance of The Henry and Rilla White Youth Foundation, Inc. with the types of compliance requirements described in the Department of Financial Services' State Projects Compliance Supplement, that are applicable to each of its major State projects for the year ended June 30, 2010. The Henry and Rilla White Youth Foundation, Inc.'s major State projects are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements referred to above is the responsibility of The Henry and Rilla White Youth Foundation, Inc.'s management. Our responsibility is to express an opinion on The Henry and Rilla White Youth Foundation, Inc.'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; and Chapter 10.650, Rules of the State of Florida, Office of the Auditor General. Those standards and Chapter 10.650, Rules of the State of Florida, Office of the Auditor General 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 project occurred. An audit includes examining, on a test basis, evidence about The Henry and Rilla White Youth Foundation, 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 Henry and Rilla White Youth Foundation, Inc.'s compliance with those requirements.

In our opinion, The Henry and Rilla White Youth Foundation, Inc., complied, in all material respects, with the requirements referred to above that are applicable to each of its major State projects identified in the accompanying schedule of findings and questioned costs for the year ended June 30, 2010.

Internal Control Over Compliance

The management of The Henry and Rilla White Youth Foundation, Inc. is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit, we considered The Henry and Rilla White Youth Foundation, Inc.'s internal control over compliance with the requirements that could have a direct and material effect on a major State project 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 Chapter 10.650, Rules of the State of Florida, Office of the Auditor General, 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 Henry and Rilla White Youth Foundation, Inc.'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 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 federal program 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 that might be deficiencies, significant deficiencies, or material weaknesses in internal control over compliance. 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 management, the Board of Directors, and State awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

James Moore & Co., P.L.C.

Tallahassee, Florida
November 30, 2010

THE HENRY AND RILLA WHITE YOUTH FOUNDATION, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS – STATE PROJECTS
JUNE 30, 2010

I. Summary of Auditors' Results:

Financial Statements

A. Type of audit report issued on the consolidated financial statements: *Unqualified*

Internal control over financial reporting:

- Material weakness(es) identified? _____ yes X no
- Significant deficiencies identified that are not considered to be material weaknesses? _____ yes X none reported
- Noncompliance material to financial statements noted? _____ yes X no

State Financial Assistance

Internal control over major State projects:

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

Types of auditor's report issued on compliance for major State projects: *Unqualified*

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

B. Major project identification:

State Project	State CSFA Number
Mental Health Services	80.011
Secure Residential Services	80.017
Diversion Services	80.022

II. Financial Statement Findings: None.

III. Findings and questioned costs – major state projects audit: None.

IV. Independent Auditors' Management Letter Required by Chapter 10.650, Rules of the State of Florida Office of the Auditor General: Nothing to report.

**THE HENRY AND RILLA WHITE YOUTH FOUNDATION, INC.
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
JUNE 30, 2010**

Major State Projects

No prior year audit findings.