

**INSTITUTE FOR CHILD AND FAMILY
HEALTH, INC.**

MANAGEMENT LETTER

JUNE 30, 2010

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MANAGEMENT LETTER

To the Board of Directors of
Institute for Child and Family Health, Inc.
Miami, Florida

We have audited the financial statements of the Institute for Child and Family Health, Inc. (the "Institute"), as of and for the fiscal year ended June 30, 2010, and have issued our report thereon dated January 24, 2011.

We conducted our audit 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*. We have issued our Independent Auditor's 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*, Independent Auditor's Report on Compliance Applicable to each Major Federal Program and State Project and on Internal Control Over Compliance in Accordance with OMB Circular A-133 and Chapter 10.650, Rules of the Auditor General, and Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule, which are dated January 24, 2011, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with Chapter 10.650, Rules of the Auditor General, which requires disclosure in the management letter of violations of provisions of contracts or grant agreements or abuse that have an effect on the financial statements that is less than material but more than inconsequential. In addition, for matters that are inconsequential, considering both quantitative and qualitative factors, the following may be reported based on professional judgment: (1) violations of laws, rules, regulations, and contractual provisions or abuse that have occurred, or were likely to have occurred, and would have an immaterial effect on the financial statements or major State projects; (2) improper expenditures or illegal acts that would not materially affect the financial statements or major State projects; (3) control deficiencies that are not significant deficiencies, including, but not limited to: (a) improper or inadequate accounting procedures (e.g., the omission of required disclosures from the financial statements); (b) failures to properly record financial transactions; and (c) other inaccuracies, shortages, defalcations, and instances of fraud discovered by, or that come to the attention of, the auditor. We did not identify any matters which require disclosure in accordance with the Rules of the Auditor General.

In planning and performing our audit of the financial statements of the Institute as of and for the year ended June 30, 2010, in accordance with auditing standards generally accepted in the United States of America, we considered the Institute's internal control over financial reporting (internal control) 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 Institute's internal control. Accordingly, we do not express an opinion on the effectiveness of the Institute's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses.

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.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Generally accepted auditing standards require auditors to communicate *material weaknesses* and *significant deficiencies* in internal control that they become aware of during the audit. Generally accepted auditing standards do not require auditors to communicate *management points*. Our firm's policy requires us to inform you of any *management points* discovered during our audit.

The following summarizes the results of our audit for the year ended June 30, 2010:

Material Weakness Identified	<u> </u> Yes	<u> X </u> No
Significant Deficiency Identified	<u> X </u> Yes	<u> </u> No
Management Point Identified	<u> X </u> Yes	<u> </u> No

This management letter is intended solely for the information of the audit committee, management, the Board of Directors, and the Florida Auditor General, and is not intended to be and should not be used by anyone other than these specified parties.


CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
January 24, 2011

**REF.
NO. _____ SIGNIFICANT DEFICIENCY**

SD-2010-1 RECORDING OF TRANSACTIONS

See *Schedule of Findings and Questioned Costs* SECTION II FINANCIAL STATEMENT FINDINGS of the audited financial statements.

SD-2010-2 GRANT RECEIVABLES AND GRANT REVENUE

See *Schedule of Findings and Questioned Costs* SECTION II FINANCIAL STATEMENT FINDINGS of the audited financial statements.

MANAGEMENT POINTS

2010-1 GRANT REPORTING

Observation

During our tests of compliance we noted that reports were not submitted timely and we could not verify that other reports submitted via email were delivered by the required deadline.

Recommendation

The Institute should file its grant reports timely and maintain electronic records to support the timely submittal of required reports.

2010-2 CONTROLS OVER PAYROLL

Observation

The required I-9 Forms were not kept on file for employees that have worked at the Institute for more than 3 years. Such forms are required by federal and state regulations to be on file for all employees.

Recommendation

The Institute should conduct periodic review of the personnel files to ensure they are kept current and complete.

2010-3 CREDIT RISK

Observation

Certain balances held in bank accounts at year end exceeded the federal insurable limits.

Recommendation

Banks offer a variety of products that can assist in mitigating this risk such as cash management (sweep) accounts or repurchase agreements (repos). Management should contact their financial institution regarding such products.