

JUVENILE SERVICES PROGRAM, INC.

Independent Auditor's Report
and
Audited Financial Statements

June 30, 2010

JUVENILE SERVICES PROGRAM, INC.

JUNE 30, 2010

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Juvenile Services Program, Inc.
Clearwater, Florida

We have audited the accompanying statement of financial position of Juvenile Services Program, Inc. (a nonprofit organization) as of June 30, 2010, and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from Juvenile Services Program, Inc.'s 2009 financial statements and, in our report dated October 29, 2009, we expressed an unqualified opinion on those financial statements.

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. 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 audit provides 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 Juvenile Services Program, 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 a report dated May 9, 2011, on our consideration of Juvenile Services Program, 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 basic financial statements of Juvenile Services Program, Inc. taken as a whole. The accompanying schedule of expenditures of state financial assistance is presented for purposes of additional analysis as required by Chapter 69I-5, Rules of the Florida Department of Financial Services, Florida Administrative Code. The accompanying schedule of expenditures of federal awards is also presented for purposes of additional analysis as required by the U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These schedules are 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.

Wells, Houser & Schatzel, P.A.

May 9, 2011

JUVENILE SERVICES PROGRAM, INC.

STATEMENTS OF FINANCIAL POSITION

June 30, 2010 (with comparative totals for 2009)

	<u>2010</u>	<u>2009</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 42,516	\$ 15,811
Due from funding agencies	158,546	121,867
Inventory	14,596	14,098
Prepaid expenses	<u>55,017</u>	<u>59,094</u>
	270,675	210,870
PROPERTY AND EQUIPMENT	1,570,232	1,472,480
Less accumulated depreciation	<u>416,657</u>	<u>345,320</u>
	1,153,575	1,127,160
OTHER ASSETS	<u>35,210</u>	<u>23,974</u>
TOTAL ASSETS	<u>\$ 1,459,460</u>	<u>\$ 1,362,004</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Line of credit	\$ 75,000	\$ 69,425
Note payable	28,979	29,283
Accounts payable	40,466	8,131
Accrued payroll and related liabilities	41,038	38,603
Accumulated employee vacation pay	24,929	34,724
Current portion of long-term debt	35,471	39,865
Current portion of obligations under capital lease	<u>19,749</u>	<u>23,197</u>
	265,632	243,228
LONG-TERM DEBT		
Less current portion	720,855	731,004
LONG-TERM OBLIGATIONS UNDER CAPITAL LEASE		
Less current portion	-	19,752
DUE TO RELATED PARTY	<u>129,620</u>	<u>-</u>
TOTAL LIABILITIES	1,116,107	993,984
NET ASSETS		
Unrestricted net assets	<u>343,353</u>	<u>368,020</u>
TOTAL NET ASSETS	<u>343,353</u>	<u>368,020</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,459,460</u>	<u>\$ 1,362,004</u>

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

JUVENILE SERVICES PROGRAM, INC.

STATEMENTS OF ACTIVITIES

Year Ended June 30, 2010 (with comparative totals for 2009)

	<u>2010</u>	<u>2009</u>
UNRESTRICTED NET ASSETS		
SUPPORT		
Grants and subsidies from governmental and other agencies		
Intensive Delinquency Diversion Services	\$ 392,220	\$ 448,846
Residential Facility	799,715	1,057,909
Juvenile Assessment and Detention Centers	441,776	385,959
Delinquency Prevention	64,728	-
Contributions	12,610	11,774
Contributions in-kind	63,484	99,377
Interest income	-	221
	<u>1,774,533</u>	<u>2,004,086</u>
TOTAL UNRESTRICTED SUPPORT		
EXPENSES		
Program services	1,630,127	1,899,302
Supporting services	169,073	224,931
	<u>1,799,200</u>	<u>2,124,233</u>
TOTAL EXPENSES		
INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS	(24,667)	(120,147)
TEMPORARILY RESTRICTED NET ASSETS	<u>-</u>	<u>-</u>
PERMANENTLY RESTRICTED NET ASSETS	<u>-</u>	<u>-</u>
INCREASE (DECREASE) IN NET ASSETS	(24,667)	(120,147)
NET ASSETS AT BEGINNING OF YEAR	<u>368,020</u>	<u>488,167</u>
NET ASSETS AT END OF YEAR	<u>\$ 343,353</u>	<u>\$ 368,020</u>

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

JUVENILE SERVICES PROGRAM, INC.

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2010 (with comparative totals for 2009)

	Program Services			
	Intensive Delinquency Diversion Services	Residential Facility	Juvenile Assessment Centers	Delinquency Prevention
Salaries	\$ 167,130	\$ 485,720	\$ 293,326	\$ 36,503
Employee benefits	9,734	15,192	13,938	340
Payroll taxes and worker's compensation insurance	20,578	37,019	29,716	2,466
TOTAL SALARIES AND RELATED EXPENSES	197,442	537,931	336,980	39,309
Travel expenses	27,651	5,913	3,849	5,146
Office supplies and postage	16,390	-	11,490	2,964
Operating and other supplies	-	142	2,545	3,058
Occupancy	13,549	66,247	3,917	373
Telephone	8,913	5,317	2,307	96
Contractual services	7,302	7,133	11,168	3,276
Printing and duplicating	-	-	-	-
Employee education and training	-	256	-	726
Equipment maintenance and rental	9,537	18,224	3,976	531
Client service costs	-	105,562	2,641	-
Corporate expenses	-	-	-	-
Insurance	13,125	11,782	15,849	3,637
Interest	-	56,560	-	-
TOTAL BEFORE DEPRECIATION	293,909	815,067	394,722	59,116
Depreciation expense	11,141	54,829	1,343	-
TOTAL FUNCTIONAL EXPENSES	\$ 305,050	\$ 869,896	\$ 396,065	\$ 59,116

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

Supporting Services				Totals	
Total	Management and General	Fundraising	Total	2010	2009
\$ 982,679	\$ 107,975	\$ -	\$ 107,975	\$ 1,090,654	\$ 1,358,693
39,204	4,308	-	4,308	43,512	37,472
89,779	9,865	-	9,865	99,644	130,500
1,111,662	122,148	-	122,148	1,233,810	1,526,665
42,559	4,676	-	4,676	47,235	47,458
30,844	3,389	-	3,389	34,233	14,517
5,745	631	-	631	6,376	21,680
84,086	7,476	-	7,476	91,562	102,428
16,633	1,828	251	2,079	18,712	23,713
28,879	3,173	45	3,218	32,097	38,579
-	-	-	-	-	197
982	150	-	150	1,132	10,419
32,268	3,545	-	3,545	35,813	47,561
108,203	-	-	-	108,203	124,527
-	8,981	-	8,981	8,981	3,651
44,393	5,086	1,200	6,286	50,679	33,607
56,560	2,470	-	2,470	59,030	61,403
1,562,814	163,553	1,496	165,049	1,727,863	2,056,405
67,313	4,024	-	4,024	71,337	67,828
<u>\$ 1,630,127</u>	<u>\$ 167,577</u>	<u>\$ 1,496</u>	<u>\$ 169,073</u>	<u>\$ 1,799,200</u>	<u>\$ 2,124,233</u>

JUVENILE SERVICES PROGRAM, INC.

STATEMENTS OF CASH FLOWS

Year Ended June 30, 2010 (with comparative totals for 2009)

	<u>2010</u>	<u>2009</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from funding agencies	\$ 1,661,760	\$ 1,980,234
Cash received from contributions	12,610	11,774
Cash received from other sources	-	221
Cash paid to employees and suppliers	(1,588,031)	(1,977,053)
Interest paid	<u>(59,030)</u>	<u>(61,403)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	27,309	(46,227)
CASH FLOWS FROM INVESTING ACTIVITIES		
Property and equipment acquisitions	<u>(97,752)</u>	<u>(67,740)</u>
NET CASH USED BY INVESTING ACTIVITIES	(97,752)	(67,740)
CASH FLOWS FROM FINANCING ACTIVITIES		
New borrowings		
Short-term borrowings	5,575	98,708
Long-term borrowings	154,045	-
Debt reduction		
Short-term borrowings	(304)	-
Long-term debt	(38,968)	(36,149)
Repayment of capital lease obligations	<u>(23,200)</u>	<u>(21,573)</u>
NET CASH PROVIDED BY FINANCING ACTIVITIES	97,148	40,986
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	26,705	(72,981)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>15,811</u>	<u>88,792</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 42,516</u>	<u>\$ 15,811</u>

	<u>2010</u>	<u>2009</u>
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Increase (decrease) in net assets	\$ (24,667)	\$ (120,147)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	71,337	67,828
Amortization	1,279	1,279
Loss on disposal of equipment	-	618
In-kind contribution of capital equipment	-	(16,950)
(Increase) decrease in operating assets		
Due from funding agencies	(36,679)	87,520
Inventory	(498)	(2,158)
Prepaid expenses	4,077	(10,213)
Other assets	(12,515)	10,538
Increase (decrease) in operating liabilities		
Accounts payable	32,335	(57,747)
Accrued payroll and related liabilities	2,435	(10,619)
Accumulated employee vacation pay	(9,795)	3,824
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 27,309</u>	<u>\$ (46,227)</u>
NON-CASH INVESTING AND FINANCING ACTIVITIES		
Capital equipment acquired by contribution	<u>\$ -</u>	<u>\$ 16,950</u>

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

JUVENILE SERVICES PROGRAM, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2010 (with comparative information for 2009)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Purpose of Organization: Juvenile Services Program, Inc. (the Organization) (a Florida non-profit corporation) provides various social services for youths. These services, which are provided in various counties throughout the State of Florida, include: intensive delinquent diversion services, delinquency prevention, juvenile assessment center screening, and an emergency shelter facility for boys known as Harbinger House.

Basis of Accounting: The financial statements have been prepared on the accrual basis of accounting, which recognizes revenue when earned and expenses as incurred. State and local government and public grants are recorded as support when performance occurs pursuant to the contract agreement. The financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Codification Section 958-205 - *Not-for Profit Entities – Presentation of Financial Statements*. Under FASB Codification Section 958-205, Juvenile Services Program, Inc. 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.

The costs of providing the various programs and other activities have been detailed in the Statement of Functional Expenses and summarized in the Statement of Activities. Salaries and other expenses, which are associated with a specific program, are charged directly to that program. Salaries and other expenses, which benefit more than one program, are allocated to the various programs based on the relative benefit provided. Administrative expenses are allocated to the various programs based on each program's salary expense.

Cash Equivalents: For purposes of financial statement presentation, the Organization considers highly liquid investments, with original maturities of three months or less, to be cash equivalents.

Inventory – The inventory of supplies is stated at acquisition cost.

Contributions: Juvenile Services Program, Inc. accounts for contributions in accordance with Financial Accounting Standards Board Codification Section 958-605 – *Not-for Profit Entities – Revenue Recognition*. In accordance with FASB Codification Section 958-605, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or nature of any donor imposed restrictions. When a donor 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.

In accordance with FASB Codification Section 958-605, unconditional promises to give are recognized as revenues in the period received and as assets, decreases in liabilities, or expenses depending on the form of the benefit received. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Property and Equipment: Juvenile Services Program, Inc. capitalizes property and equipment purchases in excess of \$500 with a useful life greater than one year. Property and equipment are stated at cost, or estimated fair market value if donated, less accumulated depreciation. Depreciation is determined using the straight-line method based on the estimated useful lives of the assets ranging 5 to 30 years.

Donated Services: There are individuals who volunteer their time and perform a variety of tasks that assist the Organization in meeting its objectives. No amounts have been reflected in the financial statements for these donated services. The Organization generally pays for services requiring specific expertise.

Other in-kind donations are reflected in the financial statements at their estimated values at date of receipt.

JUVENILE SERVICES PROGRAM, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2010 (with comparative information for 2009)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Concentration of Grants: The Organization is supported primarily through grants, service provider contracts, and donor contributions. Approximately 96% and 94% of the Organization's support for the years ended June 30, 2010 and 2009, respectively, came from grants and service provider contracts.

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 assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Fair Value Measurements: Juvenile Services Program, Inc. has adopted Financial Accounting Standards Board Codification Section 820 – *Fair Value Measurements and Disclosures*. FASB Codification Section 820 requires the use of a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three levels: quoted market prices that are observable for the assets or liabilities (Level 1); inputs other than quoted market prices that are observable for the asset or liability, either directly or indirectly (Level 2); and unobservable inputs from the asset or liability (Level 3).

The carrying amount reported in the statement of financial position for cash and cash equivalents, due from funding agencies, and accounts payable approximate fair value because of the immediate or short-term maturities of these financial instruments.

Summarized Comparative Prior Year Information: The financial statements include certain prior year summarized comparative information that is presented in total. 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 Organization's financial statements for the year ended June 30, 2009, from which the summarized information was derived.

NOTE 2 - TAX STATUS

The Organization is exempt from Federal Income Taxes under Section 501(c)(3). It has been determined to be an organization which is not a private foundation, and cash contributions to it are qualified for the charitable contributions deduction. Similarly, the Organization is exempt from State Income Taxes under Chapter 200.13 of the Florida Statutes.

NOTE 3 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	2010	2009
Land	\$ 183,900	\$ 183,900
Buildings and improvements	1,167,727	1,083,498
Vehicles	24,189	24,189
Furniture and equipment	194,416	180,893
	<u>\$1,570,232</u>	<u>\$1,472,480</u>

JUVENILE SERVICES PROGRAM, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2010 (with comparative information for 2009)

NOTE 4 – OTHER ASSETS

Other assets consist of the following

	<u>2010</u>	<u>2009</u>
Loan costs	\$ 25,587	\$ 25,587
Less: accumulated amortization – 20 year period	(7,889)	(6,609)
Refundable deposits	<u>17,512</u>	<u>4,996</u>
	<u>\$ 35,210</u>	<u>\$ 23,974</u>

NOTE 5 - ACCUMULATED EMPLOYEE VACATION PAY

The Organization has a policy whereby employees are entitled to receive payment for accumulated unused vacation time upon termination of employment. Accordingly, a liability has been recorded for this obligation as of June 30, 2010 and 2009 in the amount of \$24,929 and \$34,724, respectively. The decrease in this liability for June 30, 2010 in the amount of \$9,795 and the increase for June 30, 2009 in the amount of \$3,824 have been reported as an adjustment to salary expense.

NOTE 6 – DUE FROM FUNDING AGENCIES

Management of the Organization believes that the amounts due from funding agencies are fully collectible; therefore, a provision for uncollectible accounts has not been established. The amounts due from funding agencies for the performance of contract services are as follows:

<u>Agency</u>	<u>Program</u>	<u>2010</u>	<u>2009</u>
Florida Department of Juvenile Justice Judicial Circuit 7	Intensive Delinquency Diversion Services	\$ -	\$ 1,393
Judicial Circuit 15	Intensive Delinquency Diversion Services	34,118	32,377
Detention Screening Services	Juvenile Assessment Center	17,883	15,647
Alternative Services for Girls	Delinquency Prevention	15,660	-
Manatee County	Juvenile Assessment Center	19,470	-
Sarasota Family YMCA, Inc.	Emergency Shelter	180	2,700
Hillsborough Kids, Inc.	Emergency Shelter	4,455	12,240
Eckerd Community Alternatives	Emergency Shelter	65,880	57,510
United For Families	Emergency Shelter	900	-
		<u>\$ 158,546</u>	<u>\$ 121,867</u>

These amounts are unsecured and represent concentrations of credit risk in the event that any of the agencies were unable to remit the amounts due to the Organization.

JUVENILE SERVICES PROGRAM, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2010 (with comparative information for 2009)

NOTE 7 - NOTES PAYABLE AND LONG-TERM DEBT

	<u>2010</u>	<u>2009</u>
Note Payable:		
Financed insurance premiums payable in monthly note installments: as of June 30, 2010, - \$28,979 - 10 principal and interest payments of \$2,898 at a rate of 7.84% with final payment due April 30, 2011. As of June 30, 2009, - \$29,283 - 10 principal and interest payments of \$3,038 at a rate of 8.09% with final payment due April 30, 2010.	<u>\$ 28,979</u>	<u>\$ 29,283</u>
Line of Credit:		
The Organization has entered into a line of credit agreement with a lending institution that provides for a total availability of funds of \$100,000; interest is payable monthly and accrues at the Wall Street Journal Prime Rate plus 1% as adjusted monthly; the line of credit is unsecured and does not have a stated maturity date. Management considers the initial \$75,000 of the borrowing to be a current obligation and that the remaining \$25,000 represents a long-term obligation as the intent is to not repay this portion within a one year period; total borrowings against the line of credit as of June 30 are:	\$ 99,425	\$ 69,425
Long-term Debt:		
Mortgage note payable in the original amount of \$875,000, due in monthly installments of \$7,108 including principal and interest at the rate of 7.5% per annum; maturity date April 26, 2024; secured by real property (emergency shelter - New Port Richey).	728,310	757,017
Note payable in the original amount of \$45,660, due in monthly installments of \$912, including principal and interest at the rate of 7.25% per annum; maturity date September 30, 2010; unsecured.	<u>3,591</u>	<u>13,852</u>
	831,326	840,294
Less current portion (line of credit - \$75,000 - 2010, \$69,425 - 2009)	<u>110,471</u>	<u>109,290</u>
	<u>\$ 720,855</u>	<u>\$ 731,004</u>

Maturities of long-term debt as of June 30, 2010 are as follows:

June 30, 2011	\$ 110,471
2012	42,497
2013	45,164
2014	48,037
2015	42,993
Thereafter	<u>542,164</u>
	<u>\$ 831,326</u>

JUVENILE SERVICES PROGRAM, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2010 (with comparative information for 2009)

NOTE 8 – OBLIGATIONS UNDER CAPITAL LEASE

The Organization leases equipment under two non-cancelable, capital lease agreements that expire on February 28, 2011, and June 24, 2011. The leases generally provide that the Organization pays the taxes, insurance and maintenance expenses related to the leased assets.

The carrying value of the equipment and the related accumulated depreciation for the respective capital lease obligations is as follows:

	<u>2010</u>	<u>2009</u>
Carrying Value	\$ 106,769	\$ 106,769
Less: accumulated depreciation	<u>75,256</u>	<u>57,549</u>
	<u>\$ 31,513</u>	<u>\$ 49,220</u>

Future minimum payments as of June 30, 2010, are as follows:

Total minimum lease payments	\$ 20,395
Less: amount representing interest	<u>646</u>
Present value of minimum lease payments	<u>\$ 19,749</u>

NOTE 9 - OPERATING LEASE COMMITMENTS

The Organization has several lease agreements in effect that are for terms of less than one year. The Organization also had an office equipment lease and vehicle lease with original commitments in excess of one year. Rental expense for the years ended June 30, 2010 and 2009 was \$38,809 and \$55,909, respectively. Future commitments for the remaining vehicle lease are as follows:

June 30, 2011	8,391
June 30, 2012	<u>6,993</u>
	<u>\$ 15,384</u>

Both leases are cancelable in the event the funding source discontinues the program. These leases are not subject to escalation provisions. Various lease agreements are subject to informal renewal options.

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JUVENILE SERVICES PROGRAM, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2010 (with comparative information for 2009)

NOTE 10 - SOURCES OF FUNDING

Funding received by the Organization for the years ended June 30, 2010 and 2009 by program category is listed below. The Organization's programs are funded primarily by the Florida Department of Juvenile Justice (DJJ), Manatee County, Hillsborough Kids, Inc., Eckerd Community Alternatives, and Kids Central, Inc.

	<u>Funding 2010</u>	<u>Funding 2009</u>
INTENSIVE DELINQUENCY DIVERSION SERVICES (DJJ)		
Judicial Circuit #7	\$ 5,570	\$ 36,715
Judicial Circuit #15	386,650	412,131
	<u>\$ 392,220</u>	<u>\$ 448,846</u>
DELINQUENCY PREVENTION (DJJ)		
Alternative Services for Girls	<u>\$ 64,728</u>	<u>\$ -</u>
DETENTION SCREENING SERVICES		
Juvenile Assessment Center Judicial Circuit #12 (DJJ)	\$ 50,000	\$ 171,360
Juvenile Assessment Center Judicial Circuit #18 (DJJ)	214,599	214,599
Juvenile Assessment Center (Manatee County)	177,177	-
	<u>\$ 441,776</u>	<u>\$ 385,959</u>
RESIDENTIAL FACILITY – HARBINGER HOUSE		
Kids Central, Inc. – Emergency Shelter	\$ -	\$ 29,679
Safe Children Coalition/Sarasota Family YMCA, Inc.	7,380	3,720
Hillsborough Kids, Inc. – Emergency Shelter	137,925	161,460
Eckerd Community Alternatives	634,070	863,050
United for Families	9,630	-
Children's Network of SWFL	4,050	-
Partnership for Strong Families	6,660	-
	<u>\$ 799,715</u>	<u>\$ 1,057,909</u>

NOTE 11 – IN-KIND CONTRIBUTIONS

The value of in-kind contributions included in the financial statements and the corresponding expenditures are as follows:

	<u>2010</u>	<u>2009</u>
In-kind rent	\$ -	\$ 10,290
In-kind food and supplies	58,370	42,788
In-kind capital equipment	-	16,950
In-kind operating and other supplies	559	9,027
In-kind client service costs	-	11,737
In-kind professional fees	4,555	8,585
	<u>\$ 63,484</u>	<u>\$ 99,377</u>

JUVENILE SERVICES PROGRAM, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2010 (with comparative information for 2009)

NOTE 12 – FAIR VALUES OF FINANCIAL INSTRUMENTS

Financial Accounting Standards Board Codification Section 820 – *Fair Value Measurements and Disclosures*, provides a common definition of fair value, establishes a framework for measuring fair value under U. S. generally accepted accounting principles and requires additional disclosures about fair value.

Financial instruments measured at fair value are classified and disclosed in the following categories:

- Level 1: Quoted prices are available in active markets for identical investments as of the reporting date. The types of investments included in Level 1 are cash, money market funds, fixed income mutual funds, equity mutual funds, equity securities, corporate bonds, and time deposits.
- Level 2: Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies. The types of financial instruments included in Level 2 include accounts receivable, account payable, and short and long term debt.
- Level 3: Valuation is based on unobservable inputs. The types of financial instruments included in Level 3 include unconditional promises to give – pledges.

The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, a financial instrument's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement.

The fair value of assets and liabilities measured on a recurring basis at June 30, 2010 are as follows:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<u>Assets</u>				
All have immediate or short-term maturities.	\$ -	\$ -	\$ -	\$ -
<u>Liabilities</u>				
Line of credit	\$ 99,425		99,425	
Note payable	28,979		28,979	
Note payable	3,591		3,591	
Mortgage payable	728,310		728,310	
Advance from related party	129,620		129,620	

For the line of credit, notes payable and mortgage loan payable, the fair value of the obligations approximates the carrying value of the indebtedness since the stated rate of interest is similar to rates currently available to the Organization for debt with similar terms and remaining maturities. The advance from related party in the amount of \$129,620 was non-interest bearing as of June 31, 2010. This obligation has been stated at its face value.

JUVENILE SERVICES PROGRAM, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2010 (with comparative information for 2009)

NOTE 13 – RELATED PARTY TRANSACTIONS

The amount due to related party consists of the following:

	<u>2010</u>	<u>2009</u>
Advance from Executive Director to assist Organization with operational expenses – non-interest bearing.	<u>\$ 129,620</u>	<u>\$ -</u>

NOTE 14 – SUBSEQUENT EVENTS

The Organization has evaluated whether any events have occurred subsequent to June 30, 2010 and before the issuance of the financial statements that would have an impact on the Organization's financial condition as of June 30, 2010 or would influence the conclusions reached by a reader of the financial statements regarding the Organization's overall financial condition. Management has determined that no such events have occurred through May 9, 2011 which is the date that the financial statements were available to be issued.

SUPPLEMENTARY FINANCIAL INFORMATION

JUVENILE SERVICES PROGRAM, INC.

SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE

Year Ended June 30, 2010

State Agency / Pass - Through State Project	CSFA Number	Contract Number	Expenditures
FLORIDA DEPARTMENT OF JUVENILE JUSTICE			
Direct Projects			
Intensive Delinquency Diversion Services	80.022	G6I01	\$ 5,570
Intensive Delinquency Diversion Services	80.022	O6K02	327,156
			332,726
Juvenile Assessment Center Intake Screening Unit	80.020	P2046	50,000
Juvenile Assessment Center Intake Screening Unit	80.020	P2026	214,599
			264,599
Total Department of Juvenile Justice			597,325
FLORIDA DEPARTMENT OF CHILDREN AND FAMILIES			
Indirect Projects			
Sarasota Family YMCA, Inc.			
Foster Care Community Based Supports	60.094	9020	3,247
Eckerd Community Alternatives, Inc.			
Foster Care Community Based Supports	60.094	ECA-OHC-JSP-FY10	173,038
Hillsborough Kids, Inc.			
Foster Care Community Based Supports	60.094	HKIF112	36,771
			213,056
Total Department of Children and Families			213,056
TOTAL EXPENDITURES OF STATE FINANCIAL ASSISTANCE			\$ 810,381

NOTE TO THE SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE

Basis of Accounting: State Financial Assistance is accounted for in the Statement of Activities as Grants and Subsidies from Governmental and Other Agencies. The Schedule of Expenditures of State Financial Assistance has been prepared on the accrual basis which is the same basis of accounting as that used in the financial statements of Juvenile Services Program, Inc.

JUVENILE SERVICES PROGRAM, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2010

Federal Grantor / Pass - Through Federal Program	CFDA Number	Contract Number	Expenditures
U.S. DEPARTMENT OF JUSTICE			
Indirect Projects			
Florida Department of Juvenile Justice			
Edward Byrne Memorial JAG Program to State and Territories Delinquency Prevention - Alternative Services for Girls (ARRA)	16.803	D2034	\$ 64,728
Florida Department of Law Enforcement			
Manatee County, FL			
Edward Byrne Memorial JAG Program to State and Territories Juvenile Assessment Center Intake Screening Unit (ARRA)	16.803	2009-SU-B9-0021	177,177
			<u>241,905</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Indirect Projects			
Florida Department of Children and Families			
Sarasota Family YMCA, Inc.			
Foster Care - Title IV	93.658	9020	2,287
Eckerd Community Alternatives, Inc.			
Foster Care - Title IV	93.658	ECA-OHC-JSP-FY10	207,404
Hillsborough Kids, Inc.			
Foster Care - Title IV	93.658	HKIF112	54,922
			<u>264,613</u>
Sarasota Family YMCA, Inc.			
Social Services Block Grant	93.667	9020	1,845
Eckerd Community Alternatives, Inc.			
Social Services Block Grant	93.667	ECA-OHC-JSP-FY10	253,628
Hillsborough Kids, Inc.			
Social Services Block Grant	93.667	HKIF112	46,232
			<u>301,705</u>
Total Department of Health and Human Services			<u>566,318</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u><u>\$ 808,223</u></u>

NOTE TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Basis of Presentation The Schedule of Expenditures of Federal Awards includes the federal grant activity of Juvenile Services Program, 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.

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*

Board of Directors
Juvenile Services Program, Inc.
Clearwater, Florida

We have audited the financial statements of Juvenile Services Program, Inc. (a nonprofit organization) as of and for the year ended June 30, 2010, and have issued our report thereon dated May 9, 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 Juvenile Services Program, 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 Juvenile Services Program, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Juvenile Services Program, Inc.'s internal control over financial reporting.

A *deficiency in internal controls* 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 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 would not necessarily 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 Juvenile Services Program, 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 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 Board of Directors, management and federal, state and local awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than the specified parties.

Wells, Houser & Schatzel, P.A.

May 9, 2011

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
REQUIREMENTS 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

Board of Directors
Juvenile Services Program, Inc.
Clearwater, Florida

Compliance

We have audited Juvenile Services Program, Inc.'s compliance with the types of compliance requirements described in 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 could have a direct and material effect on each of the Organization's major Federal programs and State projects for the year ended June 30, 2010. Juvenile Services Program, Inc.'s major Federal programs and State 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 Federal programs and State projects is the responsibility of Juvenile Services Program, Inc.'s management. Our responsibility is to express an opinion on Juvenile Services Program, 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; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and Chapter 10.650 of 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 noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal program or State project occurred. An audit includes examining, on a test basis, evidence about Juvenile Services Program, 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 Juvenile Services Program, Inc.'s compliance with those requirements.

In our opinion, Juvenile Services Program, Inc. complied, in all material respects, with the requirements referred to above that are applicable to each of its major Federal programs and State projects for the year ended June 30, 2010.

Internal Control Over Compliance

The management of Juvenile Services Program, Inc. is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to Federal programs and State projects. In planning and performing our audit, we considered Juvenile Services Program, Inc.'s internal control over compliance with the requirements that could have a direct and material effect on a major Federal program or 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 OMB Circular A-133 and Chapter 10.650, Rules 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 of the effectiveness of Juvenile Services Program, 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 Federal program or 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 or State 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 Board of Directors, management and federal, state and local awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than the specified parties.

Wille, Houser & Schatzel, P.A.

May 9, 2011

JUVENILE SERVICES PROGRAM, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the fiscal year ended June 30, 2010

SUMMARY OF AUDITOR'S RESULTS

Financial Statements

The auditor's report expresses an unqualified opinion on the financial statements of Juvenile Services Program, Inc.

Internal control over financial reporting:

Material weakness identified? _____ Yes X No
 Significant deficiency identified? _____ Yes X None reported
 Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards and State Financial Assistance

Internal control over major programs:

Material weakness identified? _____ Yes X No
 Significant deficiency identified? _____ Yes X None reported

The auditor's report on compliance for the major Federal programs and State projects for Juvenile Services Program, Inc. expresses an unqualified opinion on all major federal programs.

Any audit findings disclosed related to Federal programs or State projects that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 or Chapter 10.656 of the Rules of the Auditor General, respectively? _____ X

Identification of major Federal programs and State projects

<u>Federal Programs</u>	<u>Name of Federal Program or Cluster</u>
CFDA Number	
93.667	Social Services Block Grant
16.803	Edward Byrne Memorial JAG Program to State and Territories (ARRA)

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

Auditee qualified as low-risk auditee? _____ Yes X No

<u>State Projects</u>	<u>Name of State Project or Cluster</u>
CSFA Number	
80.020	Juvenile Assessment Center Intake Screening Unit
80.022	Intensive Delinquency Diversion Services

Dollar threshold used to distinguish between type A and type B programs: \$ 243,114

A schedule of prior audit findings is not presented because there are no prior audit findings.

A management letter is not presented because there are no items related to State financial assistance required to be reported in a management letter.