

**MARION COUNTY
CHILDREN'S ALLIANCE, INC.**

**Independent Auditors' Report,
Financial Statements and
Additional Information**

**As of and for the Year Ended
December 31, 2010**

MARION COUNTY CHILDREN'S ALLIANCE, INC.

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INDEPENDENT AUDITORS' REPORT

August 11, 2011

To the Board of Directors of
Marion County Children's Alliance, Inc.
Ocala, Florida

We have audited the accompanying statement of financial position of Marion County Children's Alliance, Inc. (a nonprofit organization) as of December 31, 2010, and the related statements of activities, 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.

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 Marion County Children's Alliance, Inc. as of December 31, 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 August 11, 2011 on our consideration of Marion County Children's Alliance, 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.

To the Board of Directors of
Marion County Children's Alliance, Inc.

August 11, 2011

Page 2 of 2

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of state financial assistance is presented for purposes of additional analysis as required by Rules of the Auditor General, Chapter 10.650 "Florida Single Audit Act Audits, Nonprofit and For-Profit Organizations", and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 financial statements as a whole.

Duggan, Joiner & Company

MARION COUNTY CHILDREN'S ALLIANCE, INC.
STATEMENT OF FINANCIAL POSITION
December 31, 2010

Assets

Current Assets

Cash and cash equivalents	\$ 321,114
Grants receivable	145,119
Accounts receivable	1,644
Prepaid expenses	<u>2,144</u>

Total Current Assets \$ 470,021

Equipment, net of accumulated depreciation 5,525

Total Assets \$ 475,546

Liabilities and Net Assets

Current Liabilities

Accounts payable and accrued expenses	<u>\$ 188,379</u>
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Total Current Liabilities \$ 188,379

Net Assets

Unrestricted	184,049
Temporarily restricted	<u>103,118</u>

Total Net Assets 287,167

Total Liabilities and Net Assets \$ 475,546

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

MARION COUNTY CHILDREN'S ALLIANCE, INC.
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2010

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support and Revenue			
Grant revenues			
Title II Delinquency Prevention	\$ 0	\$ 93,600	\$ 93,600
Physical Education Program	0	84,980	84,980
Kids Central, Inc. Afterschool & Summer Programs and Administrative Support	34,445	2,227,137	2,261,582
Grant Writer	0	47,128	47,128
United Way	2,426	64,176	66,602
Early Learning Coalition Afterschool & Summer Programs	0	46,770	46,770
Other grants	0	30,543	30,543
Supplemental Education Services/Extended Day Program	0	90,504	90,504
Contributions	46,358	0	46,358
Interest income	4	0	4
Summer Activity Guide revenue	7,953	0	7,953
Other revenue	4,788	34,494	39,282
In-kind contributions	20,000	0	20,000
Net assets released from restrictions:			
Satisfaction of program restrictions	<u>2,712,148</u>	<u>(2,712,148)</u>	<u>0</u>
Total Support and Revenue	<u>2,828,122</u>	<u>7,184</u>	<u>2,835,306</u>

Expenses

Program services			
Title II Delinquency Prevention	101,128	0	101,128
Afterschool and Summer Programs	2,168,714	0	2,168,714
Supplemental Education Services/Extended Day Program	66,572	0	66,572
Physical Education Program	91,772	0	91,772
United Way Tutoring	48,763	0	48,763
Early Learning Coalition Afterschool & Summer Programs	44,623	0	44,623
Other Programs	54,119	0	54,119

(Continued)

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

MARION COUNTY CHILDREN'S ALLIANCE, INC.
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2010

	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	<u>Total</u>
Expenses, (Continued)			
Fundraising expenses	\$ 5,891	\$ 0	\$ 5,891
Administrative expenses			
Conferences, meetings and travel	5,230	0	5,230
Depreciation	4,918	0	4,918
Dues and subscriptions	305	0	305
Grant writer expenses	60,840	0	60,840
In-kind expenses	20,000	0	20,000
Insurance	22,452	0	22,452
Legal and professional fees	18,752	0	18,752
Loss on disposition of assets	259	0	259
Office and miscellaneous	17,527	0	17,527
Postage	2,344	0	2,344
Printing and publications	2,691	0	2,691
Salaries and benefits	66,981	0	66,981
Telephone	<u>2,739</u>	<u>0</u>	<u>2,739</u>
Total Expenses	<u>2,806,620</u>	<u>0</u>	<u>2,806,620</u>
Change in Net Assets	21,502	7,184	28,686
Net Assets, beginning of year	<u>162,547</u>	<u>95,934</u>	<u>258,481</u>
Net Assets, end of year	<u><u>\$ 184,049</u></u>	<u><u>\$ 103,118</u></u>	<u><u>\$ 287,167</u></u>

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

MARION COUNTY CHILDREN'S ALLIANCE, INC.
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2010

Cash Flows from Operating Activities:

Change in Net Assets	\$	28,686
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	\$	4,918
Loss on disposition of assets		259
Changes in operating assets and liabilities:		
Increase in grants receivable		(57,305)
Decrease in accounts receivable		5,844
Decrease in prepaid expenses		492
Increase in accounts payable and accrued expenses		<u>40,734</u>
		<u>(5,058)</u>
Net Cash Provided by Operating Activities		23,628
Cash and cash equivalents, beginning of year		<u>297,486</u>
Cash and cash equivalents, end of year		<u><u>\$ 321,114</u></u>

Supplemental Schedule of Noncash Investing and Financing Activities:

Noncash activities include in-kind donations of coordinator services.

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

MARION COUNTY CHILDREN'S ALLIANCE, INC.

Notes to Financial Statements

December 31, 2010

Note 1 - Summary of Significant Accounting Policies

Organization

Marion County Children's Alliance, Inc. (the Alliance) is a Florida corporation not-for-profit, incorporated under the provisions of Chapter 617, Florida Statutes in August 2003. The Alliance was created to assist in communication and collaboration among the providers of children's services in Marion County, Florida. The Alliance's Board of Directors is comprised of volunteers who are elected by the membership.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

Net assets, revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Alliance and changes therein are classified and reported as follows:

Unrestricted Net Assets - Net assets that are not subject to donor-imposed stipulations or whose restrictions have been met.

Temporarily Restricted Net Assets - Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Alliance and/or the passage of time.

Permanently Restricted Net Assets - Net assets subject to donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Alliance. There are no permanently restricted net assets at December 31, 2010.

The accompanying schedule of expenditures of state financial assistance includes the state grant activity of the Alliance and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Rules of the Auditor General, Chapter 10.650, "Florida Single Audit Act Audits, Nonprofit and For-Profit Organizations".

Income Tax Status

The Alliance qualifies as a not-for-profit organization exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. The Alliance is not classified as a private foundation under the Internal Revenue Code.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Alliance considers all highly liquid investments with same day access and those investments purchased with a maturity of three months or less to be cash equivalents. There are no cash equivalents at December 31, 2010.

MARION COUNTY CHILDREN'S ALLIANCE, INC.

Notes to Financial Statements

December 31, 2010

Note 1 - Summary of Significant Accounting Policies, (Continued)

Receivables

Receivables are recorded by the Alliance for funds to be received from various sources, including Federal and State grants. An allowance for uncollectible receivables has not been recorded as all amounts are deemed collectible.

Equipment and Depreciation

The Alliance follows the practice of capitalizing at cost all expenditures for equipment in excess of \$200. Depreciation expense is computed using the straight-line method over the estimated useful life of the asset. Depreciation expense for 2010 was \$4,918. See Note 3.

In-Kind Contributions

Contributions of coordinator services, which are provided for various programs, have been recorded in the accompanying financial statements. These contributions are recorded at their estimated fair values at date of receipt. These contributions total \$20,000 for the year ended December 31, 2010. Use of office space, including utilities, was provided by the Marion County Sheriff's Office; however, a value has not been established and is not included in the financial statements. Volunteer services, which are used during the Alliance's events, do not meet the criterion used to record donated services and have not been recorded in the financial statements.

Accounting 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.

Compensated Absences

Employees of the Alliance are entitled to paid vacation, holidays, and personal time, depending on length of service and other factors. It is impractical to estimate the amount of compensation pay for future absences, and accordingly, no liability has been accrued on the accompanying financial statements. The Alliance's policy is to recognize the costs of compensated absences when actually paid to employees.

Subsequent Events

The Alliance has evaluated events and transactions for potential recognition or disclosure in the financial statements through the date the financial statements were available to be issued, or August 11, 2011.

MARION COUNTY CHILDREN'S ALLIANCE, INC.

Notes to Financial Statements

December 31, 2010

Note 2 - Cash and Cash Equivalents

Cash and cash equivalents are comprised of the following:

Petty Cash	\$ 811
Checking Accounts	<u>320,303</u>
Total	<u>\$ 321,114</u>

Note 3 - Equipment and Accumulated Depreciation

The following is a schedule of changes in assets owned by the Alliance:

	Balance January 1, <u>2010</u>	<u>Additions</u>	<u>Dispositions</u>	Balance December 31, <u>2010</u>
Equipment	\$ 30,689	\$ 0	\$ (1,200)	\$ 29,489
Accumulated Depreciation	<u>(19,987)</u>	<u>(4,918)</u>	<u>941</u>	<u>(23,964)</u>
Net Equipment	<u>\$ 10,702</u>	<u>\$ (4,918)</u>	<u>\$ (259)</u>	<u>\$ 5,525</u>

Note 4 - Retirement Plans

The Alliance participates in a non-qualified retirement annuity plan for employees through Mutual of America. Seven percent (7%) of each full-time employee's salary is contributed by the Alliance to the plan. During the year ended December 31, 2010, the Alliance contributed \$5,806 to this plan for covered employees. The plan was terminated effective September 1, 2010.

The Alliance has also established a Section 403(b) tax deferred annuity plan ("the plan"). The plan permits employees to make salary reduction contributions. Each year, participants may contribute a percentage of their compensation, up to a maximum of \$16,500 for participants under age 50 and \$22,000 for participants age 50 and older for 2010. The plan does not provide for any other contributions by the Alliance or employees. This retirement plan was also terminated effective September 1, 2010.

Note 5 - Income Taxes

The Alliance adopted the provisions FASB ASC 740-10 on January 1, 2009. Interest and penalties charged related to federal income tax positions are included in operating income; no material interest and penalties are recorded in the year ended December 31, 2010. The Alliance is no longer subject to U.S. federal, state and local, or non-U.S. income tax examinations by tax authorities for years before 2007.

MARION COUNTY CHILDREN'S ALLIANCE, INC.

Notes to Financial Statements

December 31, 2010

Note 6 - Related Party Transactions

The Alliance purchases graphic design services from the spouse of one of the Alliance's employees. During 2010, the amount paid for these services totaled \$14,345.

Note 7 - Commitments and Contingencies

Grants require the fulfillment of certain conditions set forth in the instrument of the grant. Failure to fulfill the conditions could result in the return of the funds to grantors. Although this is a possibility, the Board deems the contingency remote, since by accepting the grants and their terms it has accommodated the objectives of the organization to the provisions of the grants.

Note 8 - Subsequent Events

The Alliance received a substantial amount of its support from Kids Central, Inc. (KCI) in 2010 for afterschool and summer programs. The Alliance did not receive any funding from KCI in 2011 for summer programs; as a result, no summer programs are being conducted by The Alliance.

**ADDITIONAL INFORMATION REQUIRED BY
GOVERNMENT AUDITING STANDARDS
AND RULES OF THE AUDITOR GENERAL**

MARION COUNTY CHILDREN'S ALLIANCE, INC.
Schedule of Expenditures of State Financial Assistance
For the Year Ended December 31, 2010

<u>State Agency/Pass-Through Grantor/State Project</u>	<u>CSFA Number</u>	<u>Expenditures</u>
<u>State of Florida Department of Children and Families</u>		
Passed through Kids Central Inc.		
Community Based Care Supports	60.094	\$ <u>2,227,137</u>
Total State of Florida Department of Children and Families		<u>2,227,137</u>
Total Expenditures of State Financial Assistance		<u>\$ 2,227,137</u>

OTHER INFORMATION:

Significant accounting policies used in preparing the schedule of expenditures of state financial assistance are disclosed in Note 1 beginning on page 7.

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



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

August 11, 2011

To the Board of Directors of
Marion County Children's Alliance, Inc.
Ocala, Florida

We have audited the financial statements of Marion County Children's Alliance, Inc. (a nonprofit organization) as of and for the year ended December 31, 2010, and have issued our report thereon dated August 11, 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 Marion County Children's Alliance, Inc.'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Marion County Children's Alliance, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified a deficiency in internal control over financial reporting that we consider to be a material weakness.

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,

To the Board of Directors of
Marion County Children's Alliance, Inc.
Ocala, Florida

August 11, 2011

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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. We consider the deficiency described as finding 2010-1 in the accompanying schedule of findings and questioned costs to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Marion County Children's Alliance, 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*.

Marion County Children's Alliance, Inc.'s response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit Marion County Children's Alliance, Inc.'s response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, the Board of Directors, others within the entity, and federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Duggan, Joiner & Company



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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH
REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL
EFFECT ON EACH MAJOR STATE PROJECT AND ON INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH
CHAPTER 10.650, RULES OF THE AUDITOR GENERAL**

August 11, 2011

To the Board of Directors of
Marion County Children's Alliance, Inc.
Ocala, Florida

Compliance

We have audited Marion County Children's Alliance, Inc.'s compliance with the types of compliance requirements described in the Executive Office of the Governor's State Projects Compliance Supplement that could have a direct and material effect on each of Marion County Children's Alliance, Inc.'s major state projects for the year ended December 31, 2010. Marion County Children's Alliance, 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 of laws, regulations, contracts, and grants applicable to each of its major state projects is the responsibility of Marion County Children's Alliance, Inc.'s management. Our responsibility is to express an opinion on Marion County Children's Alliance, 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 Auditor General. Those standards 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 state project occurred. An audit includes examining, on a test basis, evidence about Marion County Children's Alliance, 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 Marion County Children's Alliance, Inc.'s compliance with those requirements.

In our opinion, Marion County Children's Alliance, Inc. complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major state project for the year ended December 31, 2010.

To the Board of Directors of
Marion County Children's Alliance, Inc.
Ocala, Florida

August 11, 2011

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Internal Control Over Compliance

Management of Marion County Children's Alliance, Inc. is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to state projects. In planning and performing our audit, we considered Marion County Children's Alliance, Inc.'s internal control over compliance with the requirements that could have a direct and material effect on a major state project to determine the 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 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 Marion County Children's Alliance, 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 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 management, the Board of Directors, others within the entity, state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Duggan, Joiner & Company

MARION COUNTY CHILDREN'S ALLIANCE, INC.
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2010

Section I - Summary of Auditors' Results

Financial Statements

- Type of Auditors' Report Issued
Unqualified opinion.
- Internal Control over Financial Reporting
A deficiency in internal control over financial reporting and its operation was noted. The deficiency is considered to be a material weakness.
- Noncompliance Material to Financial Statements
Results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

State Projects

- Internal Control over Major State Projects
No deficiencies in internal control over major state projects were noted. No material weaknesses were identified.
- Type of Auditors' Report Issued on Compliance for Major State Projects
Unqualified opinion.
- Audit Findings Disclosed that are Required to be Reported in Accordance with Rule 10.656, Rules of the Auditor General
A finding required to be reported under Rule 10.656, Rules of the Auditor General was noted.
- Identification of Major State Projects
State of Florida Department of Children and Families:
CSFA #60.094, Community Based Care (CBC) Supports
- Dollar Threshold Used to Distinguish Between Type A and Type B Projects
\$300,000 for major state projects

MARION COUNTY CHILDREN'S ALLIANCE, INC.
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2010

Section II - Financial Statement Findings

Internal Control Over Financial Reporting

Material Weakness Communicated in Prior Years:

Finding 2010-1

Criteria: Accounting records should be maintained in accordance with generally accepted accounting principles.

Condition: Accounting records are not being analyzed and adjusted on a regular basis. Accounting records are not maintained on the accrual basis. As part of the audit, we noted that adjustments were not made to prepaid expenses, depreciation, and in-kind at year end in order to properly reflect the complete effects of the Alliance's financial transactions for the year. Grants receivable and accrued expenses were recorded at year end, but audit adjustments were necessary to adjust the balances. Management concurred with changes proposed by the auditor and the financial statements reflect these adjustments.

Effect: Interim financial statements submitted to the Board of Directors contain misstatements that are not detected on a timely basis.

Recommendation: We recommend that procedures be implemented to analyze and adjust financial records on a regular basis. Capital equipment purchases should be capitalized and depreciated. Grants receivable, prepaid expenses, and accrued expenses should be recorded on a regular basis.

Management's Response: Management agrees with the finding; however, we believe the cost of correcting this material weakness would exceed the benefits that would be derived from doing so.

A management letter as defined in Chapter 10.654(1)(e), Rules of the Auditor General is not required because there were no findings required to be reported.

Section III - Findings and Questioned Costs

Finding 2010-1

State of Florida Department of Children and Families, Community Based Care Supports; CSFA No. 60.094; Afterschool and Summer programs; Grant Periods – Years ended June 30, 2010 and 2011

Accounting records are not maintained in accordance with generally accepted accounting principles. This finding was communicated in prior years. See Section II for detailed description of material weakness.

MARION COUNTY CHILDREN’S ALLIANCE, INC.
Summary Schedule of Prior Audit Findings
For the Year Ended December 31, 2010

<u>Fiscal</u> <u>Year</u>	<u>Finding</u> <u>Number</u>	<u>Finding</u>	<u>Questioned</u> <u>Costs</u>	<u>Comments</u>
<u>Audit findings that were not corrected:</u>				
2009	2009-1	Accounting records are not maintained in accordance with generally accepted accounting principles.	N/A	Management does not believe that benefits outweigh the costs of implementing new procedures.

MARION COUNTY CHILDREN'S ALLIANCE

CHILD ADVOCACY • AFTERSCHOOL PROGRAMS • FAMILY VIOLENCE PREVENTION

August 11, 2011

SUPPORTED BY:

Ms. Patsy Lancaster
Duggan, Joiner & Company
334 NW Third Avenue
Ocala, FL 34475

City of Ocala

Department of
Children &
Families

Kids Central, Inc.

Marion County
Community
Development Block Grant

Marion County
Health Department

Marion County
Public Schools

Marion County
Sheriff's Office

Marion County
Professional Fire Fighters
Local 3619

Ocala Firefighters
Charities

Radiology Associates of
Ocala, P.A.

Wachovia Bank
Foundation

Dear Ms. Lancaster,

First let me thank you for your assistance in helping us prepare and work through our 2010 audit. You were most accommodating as we gathered together the necessary information.

In regards to the finding from the final report, please allow me to respond.

The finding is acknowledged and as the Alliance grows, the Board of Directors will periodically need to consider the benefits of the accrual method of accounting. Up until the present, our operation has not been large enough to justify the additional accounting costs. However, with additional grants coming to the Alliance, this may change.

If you have further questions, do not hesitate to contact me.

Sincerely,



Mike Jordan, M.D.
Executive Director