

PABLO TOWERS APARTMENTS
A PROJECT OF
BEACHES CHRISTIAN SERVICE CORPS, INC.
PROJECT NO. 063-44048-NP

FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

Years Ended June 30, 2010 and 2009

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To The Department of Housing
and Urban Development:

Attached is the financial report of Pablo Towers Apartments, a project of Beaches Christian Service Corps, Inc. (HUD Project No. 063-44048-NP) for the year ended June 30, 2010.

Signature: Barbara L. Towle, CPA

Date: September 23, 2010

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MEMBER OF
AMERICAN AND FLORIDA
INSTITUTES OF
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

Board of Directors
Beaches Christian Service Corps, Inc.
Jacksonville Beach, Florida

We have audited the accompanying statements of financial position of Pablo Towers Apartments, a project of Beaches Christian Service Corps, Inc., HUD Project No. 063-44048-NP, as of June 30, 2010 and 2009, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Pablo Towers Apartments' management. Our responsibility is to express an opinion on these financial statements based on our audits.

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 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 significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide 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 Pablo Towers Apartments, HUD Project No. 063-44048-NP, as of June 30, 2010 and 2009 and the changes in its net assets and its cash flows for the years 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 July 30, 2010, on our consideration of Pablo Towers Apartments' internal control over financial reporting and 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 audits.

Our audits were performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying supplementary information on pages 15 to 24 is presented for purposes of additional analysis and is not a required part of the basic financial statements of Pablo Towers Apartments. The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Government and Non-Profit Organizations*, by Section 215.97, Florida Statutes and Chapter 10.650; "Rules of the Auditor General" and is also not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits 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.


James Knutzen & Associates, C.P.A.'s, P.A.

Jacksonville, Florida

July 30, 2010

PABLO TOWERS APARTMENTS
A PROJECT OF
BEACHES CHRISTIAN SERVICE CORPS, INC.
PROJECT NO. 063-44048-NP
STATEMENTS OF FINANCIAL POSITION
June 30, 2010 and 2009

ASSETS

CURRENT ASSETS

	<u>2010</u>	<u>2009</u>
Petty cash	\$ 250	\$ 250
Cash, operating	82,411	89,071
Accounts receivable, tenants	-	1,280
Accounts receivable, HUD	-	-
Accounts receivable, operating	800	2,177
Prepays	3,817	3,717
Total Current Assets	<u>87,278</u>	<u>96,495</u>

RESTRICTED DEPOSITS AND RESERVES

Tenant security deposits	85,464	89,037
Excess income	2,847	7,503
Insurance escrow	288,551	217,724
Replacement reserve	1,202,601	1,042,638
Other reserves	62,252	43,982
EHCL loan escrow (Note P)	116,017	99,444
	<u>1,757,732</u>	<u>1,500,328</u>

PROPERTY AND EQUIPMENT

Land	152,562	152,562
Land improvements	140,990	120,520
Building and improvements	9,272,719	9,112,687
Building equipment, portable	147,622	147,622
Furniture for project/tenant use	78,536	69,103
Furnishings	374,365	365,289
Office furniture and equipment	25,420	24,662
Maintenance equipment	10,120	10,120
	<u>10,202,334</u>	<u>10,002,565</u>
Accumulated depreciation	<u>(7,064,829)</u>	<u>(6,627,876)</u>
	3,137,505	3,374,689
Total Assets	<u>\$ 4,982,515</u>	<u>\$ 4,971,512</u>

See Notes to Financial Statements.

PABLO TOWERS APARTMENTS
A PROJECT OF
BEACHES CHRISTIAN SERVICE CORPS, INC.
PROJECT NO. 063-44048-NP
STATEMENTS OF FINANCIAL POSITION
June 30, 2010 and 2009
- continued -

LIABILITIES AND NET ASSETS

	<u>2010</u>	<u>2009</u>
CURRENT LIABILITIES		
Accounts payable, operations	\$ 67,781	\$ 58,870
Accrued expenses	33,580	27,383
Mortgage payable - current portion	222,365	207,452
Loan payable, Duval Housing (Note M)	650,000	-
Total Current Liabilities	<u>973,726</u>	<u>293,705</u>
Tenant security deposits (contra)	85,464	85,175
Accrued interest, EHCL Loan (Note P)	34,995	31,047
Loan payable, EHCL (Note P)	200,000	200,000
Flexible subsidy note payable (Note F)	571,382	571,382
Accrued interest, flexible subsidy note	62,917	57,195
Loan payable, Duval Housing (Note M)	-	650,000
Loan payable, Duval Housing (Note O)	47,000	47,000
Loan payable, City of Jacksonville (Note Q)	258,499	258,499
Loan payable, City of Jacksonville (Note N)	300,000	300,000
Mortgage payable, less current portion (Note E)	628,786	851,073
Total Liabilities	<u>3,162,769</u>	<u>3,345,076</u>
NET ASSETS		
Unrestricted net assets	<u>1,819,746</u>	<u>1,626,436</u>
Total Net Assets	<u>1,819,746</u>	<u>1,626,436</u>
Total Liabilities and Net Assets	<u>\$ 4,982,515</u>	<u>\$ 4,971,512</u>

See Notes to Financial Statements.

PABLO TOWERS APARTMENTS
A PROJECT OF
BEACHES CHRISTIAN SERVICE CORPS, INC.
PROJECT NO. 063-44048-NP

STATEMENTS OF ACTIVITIES

Years Ended June 30, 2010 and 2009

CHANGES IN UNRESTRICTED NET ASSETS:

	<u>2010</u>	<u>2009</u>
UNRESTRICTED REVENUES		
Rent	\$ 1,768,355	\$ 1,724,441
Interest	8,191	15,807
Interest reduction payments revenue	166,696	167,774
Service coordinator income	49,606	40,674
Miscellaneous	71,715	58,448
Total Unrestricted Revenue	<u>2,064,563</u>	<u>2,007,144</u>
EXPENSES		
Administrative	355,589	351,825
Utilities	372,722	335,722
Operating and maintenance	363,775	333,666
Taxes and insurance	259,572	279,346
Depreciation	436,953	425,527
Interest and financial	82,642	97,480
Total Expenses and Losses	<u>1,871,253</u>	<u>1,823,566</u>
INCREASE IN UNRESTRICTED NET ASSETS	<u>193,310</u>	<u>183,578</u>
INCREASE IN NET ASSETS	193,310	183,578
NET ASSETS, Beginning of Year	<u>1,626,436</u>	<u>1,442,858</u>
NET ASSETS, End of Year	<u>\$ 1,819,746</u>	<u>\$ 1,626,436</u>

See Notes to Financial Statements.

PABLO TOWERS APARTMENTS
A PROJECT OF
BEACHES CHRISTIAN SERVICE CORPS, INC.
PROJECT NO. 063-44048-NP
STATEMENTS OF CASH FLOWS
Years Ended June 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 193,310	\$ 183,578
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	436,953	425,527
(Increase) decrease in:		
Accounts receivable	2,657	25,166
Prepaid expenses	(100)	93,807
Tenant security deposits	3,573	(7,211)
(Decrease) increase in:		
Accounts payable	15,108	3,191
Accrued interest payable	9,670	10,038
Tenant security deposit liability	289	3,349
	<u>661,460</u>	<u>737,445</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES		
CASH FLOWS FROM INVESTING ACTIVITIES:		
Transfers from (to) excess income retained	4,656	(5,261)
Transfers from (to) insurance escrow	(70,827)	(127,984)
Transfers from (to) replacement reserve	(159,963)	(121,846)
Transfers from (to) other reserves	(18,270)	(25,075)
Transfers to sinking fund	(16,573)	(16,574)
Additions to fixed assets	(199,769)	(168,641)
	<u>(460,746)</u>	<u>(465,381)</u>
NET CASH USED BY INVESTING ACTIVITIES		
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayment of long-term debt	(207,374)	(193,393)
	<u>(207,374)</u>	<u>(193,393)</u>
NET CASH USED BY FINANCING ACTIVITIES		
NET INCREASE (DECREASE) IN CASH	(6,660)	78,671
CASH AT BEGINNING OF YEAR	<u>89,321</u>	<u>10,650</u>
CASH AT END OF YEAR	<u>\$ 82,661</u>	<u>\$ 89,321</u>
SUPPLEMENTARY DISCLOSURES:		
Cash paid for interest	<u>\$ 67,527</u>	<u>\$ 81,508</u>

See Notes to Financial Statements.

PABLO TOWERS APARTMENTS
A PROJECT OF
BEACHES CHRISTIAN SERVICE CORPS, INC.
PROJECT NO. 063-44048-NP

NOTES TO FINANCIAL STATEMENTS
June 30, 2010 and 2009

A. Organization:

The Beaches Christian Service Corps, Inc. was incorporated in 1967 as a non-profit corporation for the purpose of constructing, owning and operating Pablo Towers Apartments, a 199-unit apartment project located in Jacksonville Beach, Florida. The Elderly Housing Management Corporation became the managing agent for Pablo Towers in April 2002.

Nature of Business:

The apartment complex is designed to provide housing for low-income elderly families.

The project is operated under Section 236 of the National Housing Act and rental charges and operating methods are regulated by the U.S. Department of Housing and Urban Development (HUD). The project is also subject to Section 8 Housing Assistance payments agreements with HUD and a significant portion of the project's rental income is received from HUD. The project's major programs are its Section 236 loan and its Section 8 Housing Assistance Payments program.

B. Summary of Significant Accounting Policies:

Financial Statement Presentation:

The financial statements are prepared in accordance with the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-For-Profit Organizations."

Rental Income:

The tenants' leases are for a one year period and are accounted for as operating leases with rental income reported as earned over the term of the lease. Section 8 Housing Assistance payments from HUD are treated as income as earned.

PABLO TOWERS APARTMENTS
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NOTES TO FINANCIAL STATEMENTS
June 30, 2010 and 2009
-continued-

Income Taxes:

The Company is tax exempt under Section 501(c)(3) of the Internal Revenue Code and is not a private foundation. Accordingly, no provision for income tax is required.

Use of Estimates:

Preparation of the Company's financial statements in conformity with generally accepted accounting principles requires the use of management's estimates, primarily related to the collectibility of receivables and depreciable lives of equipment that affect certain amounts and disclosures. Accordingly, actual results could differ from those estimates.

Restricted and Unrestricted Revenue and Support:

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a 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.

C. HUD - Restricted Deposits:

Under the regulatory agreement, the company is required to set aside amounts for the replacement of property and other project expenditures. HUD-restricted deposits at June 30, 2010 and 2009 were \$1,205,448 and \$1,050,141, respectively, and are held in separate accounts and generally not available for operating purposes.

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NOTES TO FINANCIAL STATEMENTS
June 30, 2010 and 2009
-continued-

D. Property and Equipment:

Property and equipment with useful lives of more than one year and a cost of over \$500 are capitalized, are recorded at cost, and are depreciated using the straight-line method over the estimated useful lives (ranging from 3 to 40 years) of the related assets.

E. Mortgage Payable - Berkadia:

The HUD-insured Section 236 mortgage note is payable in installments of \$22,908, including interest at 7.00%. In addition, monthly deposits for insurance and replacement of depreciable assets are required. Interest reduction payments revenue of \$166,696 was subsidized by HUD during the current fiscal year. Substantially all of the rental property and equipment is pledged as collateral on the mortgage.

Mortgage Payable June 30, 2010	\$ 851,151
Less: Amount due within one year	
Included in current liabilities	<u>222,365</u>
Long-Term Debt	<u>\$ 628,786</u>

Maturities of mortgage debt are as follows:

<u>Year Ended</u> <u>June 30</u>	<u>Amount</u>
2011	\$ 222,365
2012	238,439
2013	255,677
2014	<u>134,670</u>
	<u>\$ 851,151</u>

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NOTES TO FINANCIAL STATEMENTS
June 30, 2010 and 2009
-continued-

F. Flexible Subsidy Notes Payable:

In 1986, HUD approved a flexible subsidy under a Management Improvement and Operating Plan. HUD and the Project entered into a Financial Assistance Contract, which ran until 1987. The proceeds of the \$571,382 note payable were used for renovations and repairs. Principal payments and interest of 1.0% per year (not compounded) are due to HUD only after the mortgage payable described in Note E has been paid in full, which will be on December 31, 2013. Payments of this note may be made out of residual receipts, or funds other than Project funds. As of June 30, 2010 and 2009 the accrued interest on this note was \$62,917 and \$57,195, respectively.

G. Cash Concentration:

The company maintains accounts at four FDIC insured banks. These deposits do not exceed the FDIC depository insurance limit as of June 30, 2010 and 2009, respectively. Funds held in Merrill Lynch accounts are invested in bank cash and money market accounts that did not exceed FDIC insurance as of June 30, 2010 and 2009, respectively.

H. Management Fee:

The project pays a management fee equal to 7.50% of gross revenues to Elderly Housing Management Corporation.

I. Unrestricted Net Assets:

None of the Project's net assets are subject to donor-imposed restrictions. Accordingly, all net assets are accounted for as unrestricted net assets under SFAS No. 117.

PABLO TOWERS APARTMENTS
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BEACHES CHRISTIAN SERVICE CORPS, INC.
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NOTES TO FINANCIAL STATEMENTS
June 30, 2010 and 2009
-continued-

J. Rent Increases:

Under the regulatory agreement, the Project may not increase rents charged to tenants without HUD approval.

K. Current Vulnerability Due to Certain Concentrations:

The Project operates in a heavily regulated environment. The operations of the project are subject to the administrative directives, rules and regulations of federal, state and local regulatory agencies, including, but not limited to, HUD. Such administrative directives, rules and regulations are subject to change by an act of Congress or an administrative change mandated by HUD. Such changes may occur with little notice or inadequate funding to pay for the related cost, including the additional administrative burden, to comply with a change.

L. Retirement Plan

Employees of the Project are paid by Elderly Housing Management Company (EHMC). Each pay period the Project reimburses EHMC for salaries, payroll taxes, retirement plan, and other benefits. The Project pays to EHMC an amount equal to 7% of the employees' gross salary to fund a Simplified Employee Pension (SEP) plan each year. During the fiscal years ending June 30, 2010 and 2009, employer contributions to the plan were \$22,908 and \$22,473, respectively.

M. SHIP Loan for Air Conditioning Renovations

In the 2000-2001 year, the Project signed an agreement with Duval County Housing Finance Authority (DCHFA) for a \$650,000 SHIP Loan. The proceeds of this loan were used to renovate the air conditioning system at Pablo Towers. No interest or principal payments are required as long as the housing remains available to low-income elderly residents according to the terms specified in the loan. The loan matures on November 30, 2010, but will be forgiven according to the same terms. A mortgage and security agreement pledges the real estate to secure the loan.

PABLO TOWERS APARTMENTS
A PROJECT OF
BEACHES CHRISTIAN SERVICE CORPS, INC.
PROJECT NO. 063-44048-NP

NOTES TO FINANCIAL STATEMENTS
June 30, 2010 and 2009

-continued-

N. City of Jacksonville Loan

During the 2001-2002 year, the Project was the recipient of a \$300,000 Rental Housing Program Rehabilitation Deferred Payment Loan from the City of Jacksonville. The proceeds of this 15-year loan were used for air conditioning system renovations at Pablo Towers. No interest or principal payments are required as long as the housing remains available to low income elderly residents according to the terms specified in the loan. The loan will be forgiven at the end of the fifteen-year period if all terms of the agreement have been met. The loan is secured by a mortgage on the property.

O. SHIP Loan for Fire Alarm System

In the 2001-2002 year, the Project signed an agreement with Duval County Housing Finance Authority (DCHFA) for a \$47,000 SHIP Loan. Proceeds of this loan were received in December of 2002 and were used to renovate the fire alarm and emergency call systems at Pablo Towers. No interest or principal payments are required as long as the housing remains available to low-income elderly residents according to the terms specified in the loan. The loan matures in June of 2016, but will be forgiven according to the same terms. A mortgage and security agreement pledges the real estate to secure the loan.

P. Elderly Housing Community Loan (EHCL)

In the 2002-2003 year, the Project signed an agreement with Florida Housing Finance Corporation for a \$200,000 loan. The proceeds of this loan were used to renovate the fire alarm and emergency call systems at Pablo Towers. The loan matures on July 1, 2018. The interest rate is 3% simple interest with payment of principal and accrued interest due at the maturity of the note. As required by the terms of the loan, the Project is making monthly deposits of \$1,381 into an escrow account toward future repayment of the loan. The escrow account was established July 1, 2003 and contains \$116,017 and \$99,444 as of June 30, 2010 and 2009, respectively. Of the \$116,017 in the escrow account, \$34,995 is allocated to interest and \$81,022 is allocated to the loan principal. A mortgage and security agreement pledges the real estate to secure the loan. The housing must remain available to low-income elderly residents for the fifteen year term of the loan.

PABLO TOWERS APARTMENTS
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BEACHES CHRISTIAN SERVICE CORPS, INC.
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NOTES TO FINANCIAL STATEMENTS
June 30, 2010 and 2009
-continued-

Q. City of Jacksonville Loan

During the 2002-2003 year, the Project was the recipient of a \$258,499 Rental Housing Program Rehabilitation Deferred Payment Loan from the City of Jacksonville. The proceeds of this 15-year loan were used for air conditioning system renovations at Pablo Towers. No interest or principal payments are required as long as the housing remains available to low income elderly residents according to the terms specified in the loan. The loan will be forgiven at the end of the fifteen-year period if all terms of the agreement have been met. The loan is secured by a mortgage on the property.

R. Advertising

The Project uses advertising to promote its services. The costs of advertising are expensed as incurred. During the years ending June 30, 2010 and 2009, advertising costs totaled \$2,545 and \$3,010, respectively.

S. Subsequent Events

In preparing these financial statements, the organization has evaluated events and transactions for potential recognition or disclosure through July 30, 2010, the date the financial statements were available to be issued.

PABLO TOWERS APARTMENTS
A PROJECT OF
BEACHES CHRISTIAN SERVICE CORPS, INC.
PROJECT NO. 063-44048-NP

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

For The Year Ended June 30, 2010

<u>Federal/State Agency, Pass-through Entity, Federal Program/State Project</u>	<u>Contract Period</u>	<u>CFDA CFSA Number</u>	<u>Expenditures</u>	<u>Transfers to Subrecipients</u>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Direct Programs				
Section 8 Housing Assistance Payments	7/1/09 - 6/30/10	14.195	\$ 936,499	\$ -
Flexible Subsidy Loan	7/1/09 - 6/30/10	14.164	571,382	-
Service Coordinator	7/1/09 - 6/30/10	14.191	49,606	-
Section 236 Loan	7/1/09 - 6/30/10	14.103	851,151	-
Section 236 Interest Reduction Payments	7/1/09 - 6/30/10	14.103	166,696	-
Indirect Programs				
Passed through City of Jacksonville -				
Home Investment Partnership	7/1/09 - 6/30/10	14.239	258,499	-
Home Investment Partnership	7/1/09 - 6/30/10	14.239	<u>300,000</u>	<u>-</u>
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			<u>3,133,833</u>	<u>-</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 3,133,833</u>	<u>\$ -</u>
FLORIDA HOUSING FINANCE CORPORATION				
Indirect Projects				
Passed through Duval County Housing Finance Authority				
SHIP Loan	12/1/02 - 6/1/16	52.901	\$ 47,000	\$ -
SHIP Loan	12/1/00 - 11/30/10	52.901	<u>650,000</u>	<u>-</u>
TOTAL FLORIDA HOUSING FINANCE CORPORATION			<u>697,000</u>	<u>-</u>
TOTAL EXPENDITURES OF STATE FINANCIAL ASSISTANCE			<u>\$ 697,000</u>	<u>\$ -</u>

The accompanying notes are an integral part of this schedule.

PABLO TOWERS APARTMENTS
A PROJECT OF
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PROJECT NO. 063-44048-NP

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
For The Year Ended June 30, 2010

NOTE A – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards and state financial assistance includes the federal and state grant activity of Beaches Christian Service Corps, 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, *Audits of States, Local Governments, and Non-Profit Organizations* and Chapter 10.650 “Rules of the Auditor General.” Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

PABLO TOWERS APARTMENTS
A PROJECT OF
BEACHES CHRISTIAN SERVICE CORPS, INC.
PROJECT NO. 063-44048-NP

SUPPLEMENTARY DATA REQUIRED BY HUD
Year Ended June 30, 2010

Reserve for Replacements Account:

Activity in the reserve for replacements account was as follows:

Balance, 6-30-09	\$ 1,042,638
Deposits (\$27,306 x 12 months)	327,672
Other deposits	6,729
Interest	7,735
HUD approved disbursements	<u>(182,173)</u>
Balance, 06-30-10	<u>\$ 1,202,601</u>

These funds are to be used for replacement property with the approval of HUD. The reserve is held by Berkadia.

PABLO TOWERS APARTMENTS
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PROJECT NO. 063-44048-NP

STATEMENT OF FINANCIAL POSITION DATA

June 30, 2010

<u>Account No.</u>		<u>ASSETS</u>	
	CURRENT ASSETS		
1120	Cash - Operations	\$	82,661
1130	Tenant/member accounts receivable		-
1135	Accounts receivable - HUD		-
1140	Accounts and notes receivable - Operations		800
1200	Miscellaneous prepaid expenses		3,817
1100T	Total Current Assets		<u>87,278</u>
1191	Tenant security deposits		85,464
	DEPOSITS AND RESERVES		
1310	Escrow deposits		404,568
1320	Replacement reserve		1,202,601
1330	Other reserves		65,099
1300T	Total Deposits		<u>1,672,268</u>
	PROPERTY AND EQUIPMENT		
1410	Land		152,562
1420	Buildings		9,413,709
1440	Building equipment (portable)		147,622
1450	Furniture for project/tenant use		78,536
1460	Furnishings		374,365
1465	Office furniture and equipment		25,420
1470	Maintenance equipment		10,120
1400T	Total Fixed Assets		<u>10,202,334</u>
1495	Accumulated depreciation		<u>(7,064,829)</u>
1400N	Net Fixed Assets		<u>3,137,505</u>
1000T	Total Assets	\$	<u><u>4,982,515</u></u>
	<u>LIABILITIES AND NET ASSETS</u>		
	CURRENT LIABILITIES		
2110	Accounts payable	\$	67,781
2120	Accrued wages payable		22,638
2121	Accrued payroll taxes payable		827
2123	Accrued management fee payable		10,115
2170	Mortgage payable - current portion		222,365
2174	Other loans and notes payable - short term		650,000
2122T	Total Current Liabilities		<u>973,726</u>
2191	Tenant security deposits (contra)		85,464
2330	Accrued interest payable - long term		97,912
2324	Other loans and notes payable		805,499
2325	Flexible subsidy loan payable		571,382
2320	Mortgage payable, less current portion		628,786
2000T	Total Liabilities		<u>3,162,769</u>
	NET ASSETS		
3131	Unrestricted net assets		<u>1,819,746</u>
3130	Total Net Assets		<u>1,819,746</u>
2033T	Total Liabilities and Net Assets	\$	<u><u>4,982,515</u></u>

PABLO TOWERS APARTMENTS
A PROJECT OF
BEACHES CHRISTIAN SERVICE CORPS, INC.
PROJECT NO.063-44048-NP

STATEMENT OF ACTIVITIES DATA
Year Ended June 30, 2010

<u>No.</u>		
	REVENUES	
5120	Rent revenue - gross potential	\$ 819,287
5121	Tenant assistance payments	936,499
5170	Garage and parking spaces	8,001
5194	Retained excess income	11,355
5100T	Total Rent Revenue	<u>1,775,142</u>
5200T	Total Vacancies	<u>(6,787)</u>
5152N	Net Rental Revenue	1,768,355
5410	Financial revenue - project operations	456
5440	Revenue from investments - Replacement Reserve	7,735
5400T	Total Financial Revenue	<u>8,191</u>
5910	Laundry and vending revenue	13,127
5920	Tenant charges	2,304
5945	Interest reduction payments revenue	166,696
5970	Gifts	1,600
5990	Miscellaneous revenue	104,290
5900T	Total Other Revenue	<u>288,017</u>
5000T	Total Revenue	<u>2,064,563</u>
	EXPENSES	
6203	Conventions and meetings	7,090
6204	Management consultants	-
6210	Advertising and marketing	2,545
6310	Office salaries	58,710
6311	Office expenses	26,820
6320	Management fee	138,838
6330	Manager or superintendent salaries	49,699
6340	Legal expense	-
6350	Audit expense	8,500
6351	Bookeeping fees/accounting services	7,550
6390	Miscellaneous administrative expenses	55,837
6263T	Total Administrative Expenses	<u>355,589</u>
6450	Electricity	270,519
6451	Water	26,760
6452	Gas	26,997
6453	Sewer	48,446
6400T	Total Utilities Expense	<u>372,722</u>

PABLO TOWERS APARTMENTS
A PROJECT OF
BEACHES CHRISTIAN SERVICE CORPS, INC.
PROJECT NO.063-44048-NP

STATEMENT OF ACTIVITIES DATA
Year Ended June 30, 2010

-continued-

6510	Payroll	134,816
6515	Supplies	51,906
6520	Contracts	88,705
6525	Garbage removal	22,236
6530	Security payroll/contract	56,118
6546	Heating/cooling repairs and maintenance	9,994
6500T	Total Operating and Maintenance	<u>363,775</u>
6711	Payroll taxes	32,374
6720	Property and liability insurance	131,269
6722	Workmen's compensation	5,921
6723	Health insurance and other employment benefits	89,517
6790	Miscellaneous taxes, licenses, permits and insurance	491
6700T	Total Taxes and Insurance	<u>259,572</u>
6820	Interest on mortgage payable	67,527
6830	Interest on notes payable	9,670
6850	Mortgage insurance	4,945
6890	Miscellaneous financial expenses	500
6800T	Total Financial Expenses	<u>82,642</u>
6000T	Total Cost of Operations Before Depreciation	1,434,300
5060T	Change in Net Assets Before Depreciation	630,263
6600	Depreciation expenses	<u>436,953</u>
5060N	Operating profit	193,310
3247	Change in Unrestricted Net Assets	<u>\$ 193,310</u>
3250	Change in Total Net Assets	<u>\$ 193,310</u>
S1000-010	Total mortgage principal payments required during the year.	\$ 207,374
S1000-020	Total of 12 monthly deposits during the year into the replacement reserve, as required by the regulatory agreement.	\$ 327,672
S1000-030	Replacement reserve or residual receipt releases which are included as expense items on this profit and loss statement.	\$ 15,421
S1000-040	Project improvement reserve releases under the flexible subsidy program that are included as expense items on this profit and loss statement.	\$ -

PABLO TOWERS APARTMENTS
A PROJECT OF
BEACHES CHRISTIAN SERVICE CORPS, INC.
PROJECT NO. 063-44048-NP

SUPPLEMENTARY DATA REQUIRED BY HUD
Year Ended June 30, 2010

DETAIL OF MISCELLANEOUS ACCOUNTS:

5990 Miscellaneous Revenue

Service Coordinator	\$ 49,606
Rent from Management Company	9,768
Miscellaneous	2,238
Beauty Shop	673
Antenna Lease	<u>42,005</u>

\$ 104,290

5390 Miscellaneous Administrative Expenses

Social Services Coordinator Payroll	\$ 34,481
Staff Training	3,319
Resident Activities	4,892
Dues	7,351
Auto expense	959
Tenant screening	1,537
Bank and investment fees	1,475
Other	<u>1,823</u>

\$ 55,837

6790 Miscellaneous Taxes, Licenses, Permits and Insurance

State license renewals	\$ <u>491</u>
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\$ 491

6890 Miscellaneous Financial

First Housing Development Corporation fee	\$ <u>500</u>
-------------------------------------------	---------------

\$ 500

PABLO TOWERS APARTMENTS
A PROJECT OF
BEACHES CHRISTIAN SERVICE CORPS, INC.
PROJECT NO. 063-44048-NP

STATEMENT OF CASH FLOWS DATA

Year Ended June 30, 2010

Cash flows from operating activities:		
S1200-010	Rental receipts	\$ 1,769,635
S1200-020	Interest receipts	8,191
S1200-025	Gifts	1,600
S1200-030	Other operating receipts	287,794
S1200-040	Total Receipts	<u>2,067,220</u>
S1200-050	Administrative	(73,468)
S1200-070	Management fees	(140,335)
S1200-090	Utilities	(367,600)
S1200-100	Salaries and wages	(326,379)
S1200-110	Operating and maintenance	(170,365)
S1200-140	Property insurance	(131,027)
S1200-150	Miscellaneous taxes and insurance	(127,476)
S1200-160	Tenant security deposits	3,862
S1200-180	Interest on mortgage	(67,527)
S1200-220	Miscellaneous financial	(5,445)
S1200-230	Total Disbursements	<u>(1,405,760)</u>
S1200-240	Net Cash Provided by Operating Activities	661,460
Cash flows from investing activities:		
S1200-250	Net replacement reserve deposits	(159,963)
S1200-255	Net deposits to other reserves	(101,014)
S1200-330	Net purchase of fixed assets	(199,769)
S1200-350	Net Cash Used in Investing Activities	<u>(460,746)</u>
Cash flows from financing activities:		
S1200-360	Principal payments on loans	(207,374)
S1200-460	Net Cash Used in Financing Activities	<u>(207,374)</u>
S1200-470	Net Increase (Decrease) in Cash and Cash Equivalents	(6,660)
S1200-480	Cash - Beginning of Period	89,321
S1200T	Cash - End of Period	<u>\$ 82,661</u>
Reconciliation of change in net assets to net cash provided by operating activities:		
3250	Increase in Net Assets	193,310
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
6600	Depreciation expenses	436,953
S1200-500	Decrease in accounts receivable	2,657
S1200-520	Increase in prepaid expenses	(100)
S1200-530	Decrease in cash restricted for tenant security deposits	3,573
S1200-540	Increase in accounts payable	15,108
S1200-570	Increase in accrued interest payable	9,670
S1200-580	Increase in tenant security deposits held in trust	289
S1200-610	Net Cash Provided by Operating Activities	<u>\$ 661,460</u>

PABLO TOWERS APARTMENTS
A PROJECT OF
BEACHES CHRISTIAN SERVICE CORPS, INC.
PROJECT NO. 063-44048-NP

COMPUTATION OF SURPLUS CASH

June 30, 2010

Account No.

S1300-010	Cash	\$ 168,125
1135	Accounts receivable - HUD	-
S1300-030	Other	-
S1300-040	Total cash	<u>168,125</u>
S1300-075	Accounts payable - 30 days	67,781
S1300-100	Accrued expenses	33,580
2191	Tenant security deposit liability	85,464
S1300-110	Other - Unspent advance from reserve	<u>54,544</u>
S1300-140	Total current obligations	<u>241,369</u>
S1300-150	Surplus cash (deficiency)	(73,244)
S1300-210	Deposit due residual receipts	<u><u>\$ -</u></u>

PABLO TOWERS APARTMENTS
A PROJECT OF
BEACHES CHRISTIAN SERVICE CORPS, INC.
PROJECT NO. 063-44048-NP

CHANGES IN FIXED ASSETS
June 30, 2010

JAMES KNUTZEN & ASSOCIATES
C.P.A.'s P.A.

	Assets			Accumulated Depreciation				Net Book Value 6/30/10	
	Balance 06/30/09	Additions	Deductions	Balance 06/30/10	Balance 06/30/09	Current Provisions	Deductions		Balance 06/30/10
Land	\$ 152,562	\$ -	\$ -	\$ 152,562	\$ -	\$ -	\$ -	\$ -	\$ 152,562
Land Improvements	120,520	20,470	-	140,990	38,887	9,729	-	48,616	92,374
Building and Improvements	9,112,687	160,032	-	9,272,719	6,114,471	385,971	-	6,500,442	2,772,277
Building Equipment (Portable)	147,622	-	-	147,622	89,711	13,424	-	103,135	44,487
Furniture for Project/Tenant Use	69,103	9,433	-	78,536	39,176	4,410	-	43,586	34,950
Furnishings	365,289	9,076	-	374,365	315,819	20,351	-	336,170	38,195
Office Furniture & Equipment	24,662	758	-	25,420	21,308	2,057	-	23,365	2,055
Equipment - Maintenance	10,120	-	-	10,120	8,504	1,011	-	9,515	605
	<u>\$ 10,002,565</u>	<u>\$ 199,769</u>	<u>\$ -</u>	<u>\$10,202,334</u>	<u>\$ 6,627,876</u>	<u>\$436,953</u>	<u>\$ -</u>	<u>\$ 7,064,829</u>	<u>\$ 3,137,505</u>

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Peter F. Carroll, C.P.A.

MEMBER OF
AMERICAN AND FLORIDA
INSTITUTES OF
CERTIFIED PUBLIC ACCOUNTANTS

**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***

To the Board of Directors
Beaches Christian Service Corps, Inc.
Jacksonville Beach, Florida

We have audited the financial statements of Pablo Towers Apartments, a project of Beaches Christian Service Corps, Inc. (a nonprofit organization) as of and for the year ended June 30, 2010, and have issued our report thereon dated July 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 Beaches Christian Service Corps, 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 Beaches Christian Service Corps, 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.

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


Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control 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 Beaches Christian Service Corps, 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*.

We noted certain matters that we reported to management of Beaches Christian Service Corps, Inc. in a separate letter dated July 30, 2010.

This report is intended solely for the information and use of the audit committee, board of directors, management, others within the organization 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.


James Knutzen & Associates, C.P.A.'s, P.A.
Jacksonville, Florida
July 30, 2010

JAMES KNUTZEN & ASSOCIATES, C.P.A.'s, P.A.

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MEMBER OF
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INDEPENDENT AUDITORS' 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 STATE PROJECTS COMPLIANCE SUPPLEMENT

To the Board of Directors
Beaches Christian Service Corps, Inc.
Jacksonville Beach, Florida

Compliance

We have audited the compliance of Pablo Towers Apartments, a project of Beaches Christian Service Corps, Inc. with the types of compliance requirements described in the *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 are applicable to its major federal programs and state projects for the year ended June 30, 2010. Pablo Towers Apartments' major federal programs and 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 federal programs and state projects is the responsibility of Pablo Towers Apartments' management. Our responsibility is to express an opinion on Pablo Towers Apartments' 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and Chapter 10.650 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 Pablo Towers Apartments' 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 Pablo Towers Apartments' compliance with those requirements.

In our opinion Pablo Towers Apartments 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

Management of Pablo Towers Apartments is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs and state projects. In planning and performing our audit, we considered Pablo Towers Apartments' internal control over compliance with 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 on the effectiveness of Pablo Towers Apartments' 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 the 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 audit committee, board of directors, management, others within the organization and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.


James Knutzen & Associates, C.P.A.'s, P.,A.
Jacksonville, Florida
July 30, 2010

PABLO TOWERS APARTMENTS
A PROJECT OF
BEACHES CHRISTIAN SERVICE CORPS, INC.
PROJECT NO. 063-44048-NP

SCHEDULE OF FINDINGS AND QUESTIONED COSTS -
FEDERAL PROGRAMS AND STATE PROJECTS
Year Ended June 30, 2010

Section I--Summary of Auditor's Results

Financial Statements

Unqualified auditors' report issued:

Internal control over financial reporting:

Material weakness(es) identified?	_____ yes	<u> X </u> no
Significant deficiency(ies) identified?	_____ yes	<u> X </u> none reported
Noncompliance material to financial statements noted?	_____ yes	<u> X </u> no

Federal and State Awards

Internal Control over major programs:

Material weakness(es) identified?	_____ yes	<u> X </u> no
Significant deficiency(ies) identified?	_____ yes	<u> X </u> none reported

Unqualified auditor's report issued on compliance for major federal programs and state projects:

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133 or Chapter 10.650, Rules of the Auditor General?	_____ yes	<u> X </u> no
------------------------------------------------------------------------------------------------------------------------------------------------------------------------	-----------	-----------------

Identification of major programs or projects:	<u>CFDA #'s</u>	<u>Name of Federal Program and State Project or Cluster</u>
U.S. Department of Housing and Urban Development Section 236 Loan	14.103	N/A
U.S. Department of Housing and Urban Development Section 8 Housing Assistance	14.195	N/A
	<u>CFSA #'s</u>	
Florida Housing Finance Corporation SHIP Loan	52.901	N/A
Dollar threshold used to distinguish between type A and type B federal programs:	\$300,000	
Dollar threshold used to distinguish between type A and type B state projects:	\$209,100	
Auditee qualified as low risk auditee?	<u> X </u> yes	_____ no

PABLO TOWERS APARTMENTS
A PROJECT OF
BEACHES CHRISTIAN SERVICE CORPS, INC.
PROJECT NO. 063-44048-NP

SCHEDULE OF FINDINGS AND QUESTIONED COSTS -
FEDERAL PROGRAMS AND STATE PROJECTS
Year Ended June 30, 2010

- continued -

Section II--Financial Statement Findings

none

Section III--Federal/State Award Findings and Questioned Costs

none

Section IV--Summary Schedule of Prior Audit Findings

none

Section V--Corrective Action Plan

none

No management letter as defined in the State of Florida, Rules of the Auditor General 10.656(3)(e) is required because there were no findings required to be reported in the management letter.

PABLO TOWERS APARTMENTS
A PROJECT OF
BEACHES CHRISTIAN SERVICE CORPS, INC.
PROJECT NO. 063-44048-NP
Year Ended June 30, 2010

Certification of Project Owner

We hereby certify that we have examined the accompanying financial statements and supplemental data of Pablo Towers Apartments, a project of Beaches Christian Service Corps, Inc., HUD Project No. 063-44048-NP and, to the best of our knowledge and belief, the same are accurate and complete.

Harry E. Drake
Signature

HARRY E. DRAKE
Name

Treasurer
Title

8/19/2010
Date

Murray A. Lewis
Signature

MURRAY A. LEWIS
Name

Vice President
Title

8-26-10
Date

Federal Identification No. XXXXXXXXXX

**PABLO TOWERS APARTMENTS
A PROJECT OF
BEACHES CHRISTIAN SERVICE CORPS, INC.
PROJECT NO. 063-44048-NP
Year Ended June 30, 2010**

Management Agent's Certification

We hereby certify that we have examined the accompanying financial statements and supplemental data of Pablo Towers Apartments, a project of Beaches Christian Service Corps, Inc., HUD Project No. 063-44048-NP and, to the best of our knowledge and belief, the same are accurate and complete.

Melissa T. Gilreath
Signature of Management Agent's Representative

MELISSA T. GILREATH
Management Agent's Name

Executive Director, Managing Agent
Title

8-19-10
Date

Elderly Housing Management Corporation

Federal Identification No. XXXXXXXXXX

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MEMBER OF
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**INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING
AGREED-UPON PROCEDURE**

To the Board of Directors
Beaches Christian Service Corps, Inc.
Jacksonville Beach, Florida

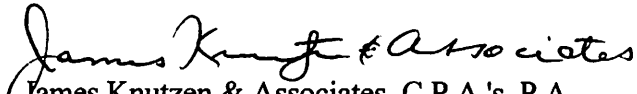
We have performed the procedure described in the second paragraph of this report, which was agreed to by Pablo Towers Apartments, a project of Beaches Christian Service Corps, Inc. and the U.S. Department of Housing and Urban Development, Real Estate Assessment Center (REAC), solely to assist them in determining whether the electronic submission of certain information agrees with the related hard copy documents included within the OMB Circular A-133 reporting package. Beaches Christian Service Corps, Inc. is responsible for the accuracy and completeness of the electronic submission. This agreed-upon procedure engagement was conducted in accordance with the attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States. The sufficiency of the procedure is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedure described below either for the purpose for which this report has been requested or for any other purpose.

We compared the electronic submission of the items listed in the "UFRS Rule Information" column with the corresponding printed documents listed in the "Hard Copy Documents" column. The results of the performance of our agreed-upon procedure indicate agreement or non-agreement of the electronically submitted information and hard copy documents as shown on the attached chart.

We were engaged to perform an audit in accordance with OMB Circular A-133, *Audits of States, Local Governments, and Non-profit Organizations*, of the financial statements of Beaches Christian Service Corps, Inc. as of and for the year ended June 30, 2010, and have issued our reports thereon dated July 30, 2010. The information in the "Hard Copy Documents" column was included within the scope, or was a by-product of the audit. Further, our opinion on the fair presentation of the supplemental financial data templates dated July 30, 2010, was expressed in relation to the basic financial statements of Beaches Christian Service Corps, Inc. taken as a whole.

A copy of the reporting package required by OMB Circular A-133, which includes the auditor's reports, is available in its entirety from Beaches Christian Service Corps, Inc. We have not performed any additional auditing procedures since the date of the aforementioned audit reports. Further, we take no responsibility for the security of the information transmitted electronically to the U.S. Department of Housing and Urban Development, REAC.

This report is intended solely for the information and use of Beaches Christian Service Corps, Inc. and the U.S. Department of Housing and Urban Development, REAC, and is not intended to be and should not be used by anyone other than these specified parties.


James Knutzen & Associates, C.P.A.'s, P.A.
Jacksonville, Florida
September 23, 2010

ATTACHMENT TO INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING
AGREED-UPON PROCEDURE

UFRS Rule Information	Hard Copy Document(s)	Findings
Balance Sheet, Revenue and Expense and Cash Flow Data (account numbers 1120 to 7100T and the S1200 series)	Supplemental Schedules with Financial Statement Data	Agrees
Surplus Cash (S1300 series of accounts)	Computation of Surplus Cash, Distributions and Residual Receipts (Annual)	Agrees
Footnotes (S3100 series of accounts)	Notes to Financial Statements	Agrees
Type of Opinion on the Financial Statements and Auditor Reports (S3400, S3500 and S3600 series of accounts)	Auditors' Reports on the Financial Statements, Compliance and Internal Control	Agrees
Type of Opinion on Supplemental Data (account S3400-100)	Auditors' Report on Supplemental Data	Agrees
Audit Findings Narrative (S3800 series of accounts)	Schedule of Findings and Questioned Costs	Agrees
General Information (S3300, S3700 and S4000 series of accounts)	Schedule of Findings and Questioned Costs and OMB Data Collection Form	Agrees