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**THE STARTING PLACE, INC.**  
**(A NOT-FOR-PROFIT CORPORATION)**

**FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITORS' REPORTS**

***JUNE 30, 2010***

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**THE STARTING PLACE, INC.**  
**FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

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## INDEPENDENT AUDITORS' REPORT

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**To the Board of Directors  
The Starting Place, Inc.  
Plantation, Florida**

We have audited the accompanying statement of financial position of The Starting Place, Inc. (a non-profit 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 management of The Starting Place, Inc. 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 The Starting Place, Inc. as of June 30, 2010, and the changes in its net assets and its cash flows and functional expenses 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 September 17, 2010, on our consideration of The Starting Place, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. 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. The report is an integral part of an audit performed in accordance with Government Auditing Standards and important for assessing the results of our audit.

(Continued)

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of The Starting Place, Inc. taken as a whole. The accompanying schedule of expenditures of federal, state and local awards on page 13 is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and the Florida Single Act, and is not a required part of the basic financial statements. The information on this schedule 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.

The accompanying Schedule of State Earnings, Schedule of Substance Abuse and Mental Health Services Cost Center Funding Sources and Revenue and Schedule of Substances Abuse and Mental Health Services Cost Center Operating and Capital Expenditures on pages 19-21 are also presented for purposes of additional analysis as required by the State of Florida Department of Children and Families and 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.

A handwritten signature in red ink that reads "Ribotsky Levine & Co." with a stylized flourish at the end.

RIBOTSKY, LEVINE & COMPANY  
Certified Public Accountants

North Miami, Florida  
September 17, 2010

**THE STARTING PLACE, INC.**  
**STATEMENT OF FINANCIAL POSITION**

**JUNE 30, 2010**

<b>ASSETS</b>	
<b>CURRENT ASSETS:</b>	
Cash and cash equivalents	\$ 371,270
Restricted cash	220,000
Receivables:	
Grants	349,287
Medicaid	91,225
Clients, net of allowance for doubtful accounts of \$9,017	3,455
Other	5,149
Prepaid expenses	52,169
<b>TOTAL CURRENT ASSETS</b>	<u>1,092,555</u>
PROPERTY AND EQUIPMENT, NET	<u>49,573</u>
INVESTMENTS-PERMANENTLY RESTRICTED, NET OF FAIR MARKET VALUE ADJUSTMENT OF \$6,637	<u>97,505</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 1,239,633</u></b>
<b>LIABILITIES AND NET ASSETS</b>	
<b>CURRENT LIABILITIES:</b>	
Accounts payable and accrued expenses	\$ 117,739
Insurance payable	51,310
Note payable, current portion	4,254
<b>TOTAL CURRENT LIABILITIES</b>	<u>173,303</u>
LONG-TERM DEBT, NET OF CURRENT PORTION	<u>8,921</u>
<b>NET ASSETS:</b>	
Unrestricted net assets	953,267
Permanently restricted net assets	104,142
<b>TOTAL NET ASSETS</b>	<u>1,057,409</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 1,239,633</u></b>

See accompanying notes to the financial statements.

**THE STARTING PLACE, INC.**  
**STATEMENT OF ACTIVITIES**

**FOR THE YEAR ENDED JUNE 30, 2010**

**OPERATING SUPPORT AND REVENUE:**

Governmental grants	\$ 2,323,954
Medicaid	625,637
Client fees	97,441
Contributions (including \$26,563 in-kind)	49,988
Special event	19,497
Interest	6,377
Other	2,234
Unrealized gain on investment	10,125
TOTAL OPERATING SUPPORT AND REVENUE	<u>3,135,253</u>

**OPERATING EXPENSES:**

Program services	2,643,160
Supporting services - management and general	457,459
TOTAL OPERATING EXPENSES	<u>3,100,619</u>

CHANGE IN NET ASSETS BEFORE EFFECT OF DISCONTINUED OPERATIONS **34,634**

Net income from discontinued operations 584,645

**CHANGE IN NET ASSETS** **619,279**

**NET ASSETS - JULY 1, 2009** 438,130

**NET ASSETS - JUNE 30, 2010** \$ 1,057,409

See accompanying notes to the financial statements.

**THE STARTING PLACE, INC.**  
**STATEMENT OF CASH FLOWS**

**FOR THE YEAR ENDED JUNE 30, 2010**

**CASH FLOWS FROM OPERATING ACTIVITIES:**

<b>Change in Net Assets</b>	<b>\$</b>	<b>619,279</b>
<i>Adjustments to reconcile change in net assets to net cash (used in) operating activities:</i>		
Depreciation		11,983
Loan cost amortization		20,927
Bad debts		28,457
Unrealized gain on investment		(10,125)
Gain on disposal of property and equipment		(617,919)
Changes in certain assets and liabilities:		
(Increase) in grants receivable		(60,432)
Decrease in medicaid receivable		10,213
(Increase) in clients receivable		(26,563)
(Increase) in other receivables		(1,879)
(Increase) in prepaid expenses		(3,256)
Decrease in investments		7,673
(Decrease) in accounts payable and accrued expenses		(13,270)
Increase in insurance payable		3,692
<b>Net Cash (Used in) Operating Activities</b>		<b><u>(31,220)</u></b>

**CASH FLOWS FROM INVESTING ACTIVITIES:**

Proceeds from sale of property and equipment		1,822,377
Purchases of property and equipment		(26,738)
<b>Net Cash Provided by Investing Activities</b>		<b><u>1,795,639</u></b>

**CASH FLOWS FROM FINANCING ACTIVITIES:**

Repayments of mortgages and notes payable		(2,072,314)
Proceeds from notes payable		743,537
Restricted cash for line of credit collateral		(220,000)
<b>Net Cash (Used in) Financing Activities</b>		<b><u>(1,548,777)</u></b>

**NET INCREASE IN CASH AND CASH EQUIVALENTS** **215,642**

**CASH AND CASH EQUIVALENTS - JULY 1, 2009** **155,628**

**CASH AND CASH EQUIVALENTS - JUNE 30, 2010** **\$ 371,270**

**SUPPLEMENTAL DISCLOSURES:**

In-kind contributions	<b>\$</b>	<b><u>26,563</u></b>
Interest paid	<b>\$</b>	<b><u><u>9,786</u></u></b>

See accompanying notes to the financial statements.





# THE STARTING PLACE, INC.

## NOTES TO FINANCIAL STATEMENTS

### JUNE 30, 2010

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#### **Note 1 - Organization and Activities**

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The Starting Place, Inc. (the "Organization") was established as a Florida non-profit corporation in 1969. The purpose of the Organization is to improve lives through education, treatment and support services related to substance abuse, mental health and co-occurring disorders. The Organization provides assessments and referrals, outpatient services, school-based programs, aftercare and community drug abuse prevention programs.

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#### **Note 2 - Summary of Significant Accounting Policies**

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##### **Basis of Presentation**

The accompanying financial statements have been prepared on the accrual basis of accounting and in accordance with the principles of fund accounting, in order to ensure observance of the limitations and restrictions placed on the use of its resources. In accordance with FASB ASC 958, The Organization reports 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.

Unrestricted net assets - That part of net assets that is neither permanently restricted nor temporarily restricted by donor-imposed stipulations.

Temporarily restricted net assets - That part of net assets resulting from contributions, grants and other inflows of assets whose use by the Organization is limited by donor-imposed stipulations that either expire by passage of time or by actions of the Organization that satisfy those stipulations. Temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions upon satisfaction of the donor stipulations.

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that they be maintained permanently and therefore, neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Organization.

##### **Contributions**

The Organization adheres to FASB ASC 958, which requires among other things the immediate recognition as support (income) all unconditional contributions received and makes an important distinction between restrictions and conditions. The Starting Place, Inc. accounts for its government grants in a manner similar to exchange transactions.

(Continued)

**THE STARTING PLACE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

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**Note 2 - Summary of Significant Accounting Policies (Continued)**

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**Donated Materials and Services**

Donated materials, if significant, are recorded as contributions at their estimated values at date of receipt. Donated services are recognized when there is an objective basis to measure the value of such services and such services create or enhance a non-financial asset or the service requires specialized skills that would be purchased if not provided by donation.

**Cash and Cash Equivalents**

Cash equivalents consist of highly liquid investments purchased with an original maturity of three months or less.

**Fair Value of Financial Instruments**

The Organization's financial instruments, including grants and other receivables, accounts payable and accrued expenses are reported at their carrying value, which in management's opinion approximates their fair value due to relatively short-term maturities. The carrying value of mortgages and notes payable approximate their fair value since stated rates are similar to rates currently available to the Organization for debt with similar terms.

**Receivables**

Grants and other receivables consist of amounts due from governmental agencies, donors and clients for services. The allowance method is used for providing for bad debts. The allowance for doubtful accounts is \$9,017 at June 30, 2010.

**Concentration of Credit Risk**

The Organization maintains cash balances at two banks. Accounts at each bank are insured by the Federal Deposit Insurance Corporation up to \$250,000. At June 30, 2010, cash balances of the Organization exceeded insured limits by \$68,921.

(Continued)

**THE STARTING PLACE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

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**Note 2 - Summary of Significant Accounting Policies (Continued)**

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**Property and Equipment**

Property and equipment are recorded at cost when purchased, or at estimated fair value when donated.

Depreciation of property and equipment is provided using the straight-line method over the estimated useful lives of the assets. Estimated useful lives are as follows:

Furniture and fixtures	5 Years
Vehicles	3 Years
Equipment	5 Years

The Organization reviews assets for impairment whenever events or changes in circumstances indicate that the carrying value of the asset may not be recoverable. A determination of impairment, if any, is made based on the estimates of undiscounted future cash flows.

**Income Taxes**

The Organization is exempt from Federal and State income taxes under Internal Revenue Code Section 501(c)(3). Therefore, no provision for income taxes has been made in accompanying financial statements.

The Organization files annual returns in the U.S. federal jurisdiction. With few exceptions, the Organization is no longer subject to U.S. federal examinations by tax authorities for years before 2006.

**Use of Estimates**

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosures of contingent assets and liabilities as of the date of the financial statements, and the reported amounts of revenue and expenses during the reported period. Accordingly, actual results could differ from those estimates.

**THE STARTING PLACE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

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**Note 3 - Grants Receivable**

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Grants receivable at June 30, 2010 comprise the following:

Broward County-TOPS	\$ 92,756
Broward County-STARs	18,920
Children Services Council	15,874
Evidence-Based Associates	55,038
DCF	124,208
FDLE-Byrne	24,423
FDLE-Governor's office	<u>18,068</u>
	<u>\$ 349,287</u>

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**Note 4 - Property and Equipment**

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Property and equipment consist of the following as of June 30, 2010:

Equipment	\$ 75,690
Furniture and fixtures	78,574
Auto	<u>24,437</u>
	178,701
Less: Accumulated depreciation	<u>129,128</u>
	<u>\$ 49,573</u>

Depreciation expense for the year ended June 30, 2010 totaled \$11,983.

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**Note 5 - Notes Payable**

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Auto loan, collateralized by the mini-van used in the after-school program, original amount - \$13,537. Principal and interest in the amount of \$415.54 are payable monthly until May 17, 2013, interest at 6.5%.

\$ 13,175

Future principal payments are as follows:

Year ending June 30:

2011	\$ 4,254
2012	4,539
2013	<u>4,382</u>
	<u>\$ 13,175</u>

(Continued)

**THE STARTING PLACE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

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**Note 5 – Note Payable (Continued)**

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The Organization maintains a \$200,000 revolving line of credit with the bank. The borrowings are secured by a Certificate of Deposit held at the same bank in the amount of \$220,000, the interest rate is 2% over the CD rate. The outstanding balance of the line of credit was \$0 at June 30, 2010.

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**Note 6 – Discontinued Operations**

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The Organization owned a property in Hollywood, Florida, which was used as a residential and day-treatment facility. In-patient programs were discontinued in February 2008 and the property with equipment and furniture were sold in August 2009.

The net income from discontinued operations for the year ended June 30, 2010 comprised the following:

Gain on disposal of property and equipment	<u>\$ 617,919</u>
Less:	
Interest	7,998
Loan cost amortization	20,927
Insurance	957
Utilities	2,301
Professional fees	<u>1,091</u>
	<u>33,274</u>
Net income from discontinued operations	<u>\$ 584,645</u>

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**Note 7 – Donated Materials and Services**

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The In-kind contributions for the year ended June 30, 2010 comprised the following:

Volunteer services	\$ 23,975
Professional fees	825
Activity supplies	<u>1,763</u>
	<u>\$ 26,563</u>

**THE STARTING PLACE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

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**Note 8 – Commitments**

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**Operating Leases**

The Organization has entered into operating leases for various equipment and office facilities located in Plantation, Florida.

Estimated future minimum operating lease payments as of June 30, 2010 are as follows:

Year ending June 30:	
2011	\$ 31,446
2012	30,505
2013	11,202
2014	<u>3,085</u>
Total minimum payments	<u>\$ 76,238</u>

The Organization's current office lease expired in August 2010, therefore, it is not included in the above schedule of estimated future minimum operating lease payments. For the year ended June 30, 2010, office rent expense was \$117,110. The Organization is currently leasing its office facility on a month-to-month basis and is in the process of negotiating a new long-term office lease with its current landlord.

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**Note 9 - Permanently Restricted Net Assets**

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Permanently restricted net assets consist of contributions received and invested with the Community Foundation of Broward in perpetuity. Income derived from the investments is unrestricted.

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**Note 10 – Subsequent Events**

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The Organization has evaluated subsequent events through September 17, 2010, the date the financial statements were available to be issued.

**THE STARTING PLACE, INC.**  
**SCHEDULE OF EXPENDITURES OF FEDERAL, STATE AND LOCAL AWARDS**

**FOR THE YEAR ENDED JUNE 30, 2010**

Federal/State Agency Pass-through Entity Federal Program/State Project/Local Program	Federal CFDA/ State CSFA Number	Contract Number	Contract Term	Amount Awarded	Reimbursable/ Disbursements/ Expenses	Cash Receipts	Grants Receivable June 30, 2010
<b>Federal</b>							
U.S. Department of Health and Human Services Passed through the Florida Department of Children and Families Block Grants for Prevention and Treatment of Substance Abuse	93.959	JD246	7/1/09-6/30/10	\$ 655,408	\$ 654,944	\$ 581,254	\$ 73,690
Temporary Assistance for Needy Families	93.558	JD246	7/1/09-6/30/10	14,957	14,957	14,957	-
U.S. Department of Education Passed through the Florida Department of Law Enforcement Governor's Drug-Free Communities Program	84.186	2008-DFC-BROW-1-T6-018	10/1/08-9/30/09	64,996	16,401	16,401	-
Governor's Drug-Free Communities Program	84.186	2009-DFC-BROW-1-X1-016	10/1/09-9/30/10	65,000	50,240	32,172	18,068
U.S. Department of Justice Passed through the Florida Department of Law Enforcement Byrne/JAG Countywide Grant	16.738	2010-JAGC-BROW-34X-158	10/1/09-9/30/10	52,560	34,269	27,954	6,315
<b>American Recovery Act</b>							
U.S. Department of Justice Passed through the Florida Department of Law Enforcement Byrne/JAG Stimulus Grant	16.803	2010-ARRC-BROW-20-W7-292	10/1/09-9/30/10	285,700	120,016	101,908	18,108
<b>Total Federal Awards</b>				<b>1,138,621</b>	<b>890,827</b>	<b>774,646</b>	<b>116,181</b>
<b>State Financial Assistance</b>							
Slate of Florida Department of Children and Families Children's Mental Health Community Support Services	60.055	JD246	7/1/09-6/30/10	144,084	144,084	130,417	13,667
Substance Abuse Treatment and Aftercare Services for Children	60.030	JD246	7/1/09-6/30/10	347,528	347,528	310,677	36,851
State of Florida Department of Juvenile Justice Redirection Project	80.018, 80.019	N/A	11/1/08-10/31/09	223,488	61,767	61,767	-
Redirection Project	80.018, 80.019	N/A	11/1/09-10/31/10	320,221	213,273	158,235	55,038
<b>Total State Financial Assistance</b>				<b>1,035,321</b>	<b>766,652</b>	<b>661,096</b>	<b>105,556</b>
<b>Local Government Awards</b>							
City of Fort Lauderdale/Police Referral Outreach Program	N/A	N/A	10/1/08-9/30/09	10,000	2,503	2,503	-
Children's Services Council/NEW DAY Program	N/A	06-2795	10/1/08-9/30/09	149,961	42,582	42,582	-
Children's Services Council/NEW DAY Program	N/A	06-2795	10/1/09-9/30/10	149,961	97,793	81,919	15,874
Broward County/Wraparound	N/A	07-CSAD-8268-02	10/1/08-9/30/09	373,604	77,580	77,580	-
Broward County/STARS Program	N/A	08-CSAD-8268-01	10/1/08-9/30/09	126,755	27,553	27,553	-
Broward County/STARS Program	N/A	10/1/09-9/30/10	108,620	72,919	53,999	18,920	-
Broward County Outpatient	N/A	07-CSAD-8268-01	10/1/08-9/30/09	192,655	47,838	47,838	-
Broward County/TOPS Program	N/A	10-CP-CSA-8268-01	10/1/09-9/30/10	506,260	297,707	204,951	92,756
<b>Total Local Awards</b>				<b>1,617,816</b>	<b>666,475</b>	<b>538,925</b>	<b>127,550</b>
<b>Total Awards</b>				<b>\$ 3,791,758</b>	<b>\$ 2,323,954</b>	<b>\$ 1,974,667</b>	<b>\$ 349,287</b>

See accompanying independent auditors' report.

**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**

Board of Directors  
**The Starting Place, Inc.**  
Plantation, Florida

We have audited the financial statements of The Starting Place, Inc. (a non-profit organization) as of and for the year ended June 30, 2010, and have issued our report thereon dated September 17, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards contained in "Government Auditing Standards", issued by the Comptroller General of the United States.

**Compliance And Other Matters**

As part of obtaining reasonable assurance about whether The Starting Place, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 that are required to be reported under "Government Auditing Standards".

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered The Starting Place Inc.'s internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the 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 control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the organization's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the organization's financial statements that is more than inconsequential will not be prevented or detected by the organization's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the organization's internal control.

(Continued)



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 that might be 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.

However we noted other matters that we reported to the management of The Starting Place, Inc. in a separate letter dated September 17, 2010.

This report is intended solely for the information of the board of directors and management of The Starting Place, Inc. and its grantors and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in red ink that reads "Ribotsky Levine & Co." with a stylized flourish at the end.

RIBOTSKY, LEVINE & COMPANY  
Certified Public Accountants

North Miami, Florida  
September 17, 2010

**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 THE FLORIDA SINGLE AUDIT ACT, SECTION 215.97, F.S.**

Board of Directors  
**The Starting Place, Inc.**  
Plantation, Florida

**Compliance**

We have audited the compliance of The Starting Place, Inc. (a non-profit organization) 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 Executive Office of the Governor's State Projects Compliance Supplement that are applicable to its major federal programs and state projects for the year ended June 30, 2010. The Starting Place, Inc.'s major federal programs and state projects are identified in 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 The Starting Place, Inc.'s management. Our responsibility is to express an opinion on The Starting Place, Inc.'s compliance based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the auditing standards contained in Government Auditing Standards, issued by the Comptroller General of the United States; and provisions of OMB Circular A-133, Audits of State, Local Governments and Non-Profit Organizations and Chapter 10.650 Rules of the Auditor General. Those standards and provisions 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 The Starting Place, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of The Starting Place, Inc.'s compliance with those requirements.

In our opinion, The Starting Place, Inc. complied, in all material respects, with the requirements referred to above that are applicable to its major federal programs and state projects for the year ended June 30, 2010.

(Continued)

**Internal Control Over Compliance**

The management of The Starting Place, 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 The Starting Place, Inc.'s 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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of The Starting Place, Inc.

A control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program or state project on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program or state project such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program or state project that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program or state project will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be 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.

However we have noted other matters that we reported to the management of The Starting Place, Inc. in a separate letter dated September 17, 2010.

This report is intended solely for the information and use of the Board of Directors and management of The Starting Place, Inc. and its grantors and is not intended to be and should not be used by anyone other than these specified parties.



RIBOTSKY, LEVINE & COMPANY  
Certified Public Accountants

North Miami, Florida  
September 17, 2010

**THE STARTING PLACE, INC.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2010**

**SUMMARY OF AUDITORS' RESULTS**

- 1 The auditors' report expresses an unqualified opinion on the general purpose financial statements of The Starting Place, Inc.
- 2 There were no significant deficiencies disclosed during the audit of the general purpose financial statements of The Starting Place, Inc. and reported in the 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 Governmental Auditing Standards.
- 3 No instances of noncompliance material to the general purpose financial statements of The Starting Place, Inc. were disclosed during the audit.
- 4 There were no significant deficiencies disclosed during the audit of internal control over major federal programs and/or major state projects.
- 5 The auditors' report on compliance for major federal programs and state projects of The Starting Place, Inc. expresses an unqualified opinion.
- 6 There were no items disclosed during the audit of the financial statements of The Starting Place, Inc. that constituted "findings" relative to the major federal programs and major state projects for The Starting Place, Inc.
- 7 The federal programs and state projects tested as major are:
  - Major Federal Programs:
    - U.S. Department of Health and Human Services – Passed through the Florida Department of Children and Families – Block Grants for Prevention and Treatment of Substance Abuse – CFDA #93.959
    - American Recovery Act - U.S. Department of Justice – Passed through the Florida Department of Law Enforcement – Byrne/JAG Stimulus Grant – CFDA #16.803
  - Major State Projects:
    - State of Florida Department of Children and Families – Substance Abuse Treatment and Aftercare for Children – CSFA #60.030
    - State of Florida Department of Children and Families – Children's Mental Health Community Support – CSFA #60.055
- 8 The threshold used for distinguishing between Type A and B programs and projects was \$300,000.
- 9 There were no prior year (fiscal year ended June 30, 2009) audit findings. Further, The Starting Place, Inc. qualified as a low-risk auditee under the criteria outlined in OMB Circular A-133.

**THE STARTING PLACE, INC.**  
**SCHEDULE OF STATE EARNINGS - ALCOHOL, DRUG ABUSE  
AND MENTAL HEALTH (ADM) GRANT (1)**

**FOR THE YEAR ENDED JUNE 30, 2010**

Total operating expenses		\$ 3,100,619
Less other State and Federal funds	495,966	
Less Medicaid	625,637	
Less in-kind services	<u>26,563</u>	<u>1,148,166</u>
Net allowable expenses		1,952,453
Amount of State funds received or receivable	1,161,513	
Required match	<u>109,235</u>	<u>1,270,748</u>
Excess expenses		<u><u>\$ 681,705</u></u>

- (1) This computation determines whether local requirements (as stated in the Department of Children and Families contract) have been satisfied. The computation of allowable matching is governed by the Florida Department of Children and Family Services, Guide to Performance Contracting for Alcohol, Drug Abuse and Mental Health Services, 5th Edition, May 2001.

See accompanying independent auditors' report.

**THE STARTING PLACE, INC.**  
**SCHEDULE OF SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES**  
**COST CENTER FUNDING SOURCES AND REVENUE**

**FOR THE YEAR ENDED JUNE 30, 2010**

	Outpatient Individual	Outpatient Group	Assessment	CCST	Aftercare	Intervention	Medical Services	Outreach	DCF SAMH-Funded Cost Centers	Non-DCF SAMH-Funded Cost Centers	SAMH-Funded Cost Centers	Total SAMH-Funded Cost Centers	Non-SAMH Cost Center	Total Funding
<b>Section I</b>														
Total State Funding														
1. Adult Substance Abuse Substance Abuse Services	\$ 66,227	\$ 2,839	\$ 10,358	\$ -	\$ -	\$ -	\$ -	\$ 50,137	\$ 129,561	\$ -	\$ -	\$ 129,561	\$ -	\$ 129,561
2. Children Substance Abuse Substance Abuse Services	82,519	1,214	52,560	540,759	58,993	35,406	99,962	16,455	887,868	-	-	887,868	-	887,868
3. Children Mental Health Mental Health Services	-	-	-	144,084	-	-	-	-	144,084	-	-	144,084	-	144,084
<b>Total State SAMH Funding</b>	<b>148,746</b>	<b>4,053</b>	<b>62,918</b>	<b>684,843</b>	<b>58,993</b>	<b>35,406</b>	<b>99,962</b>	<b>66,592</b>	<b>1,161,513</b>	<b>-</b>	<b>-</b>	<b>1,161,513</b>	<b>-</b>	<b>1,161,513</b>
<b>Section II</b>														
Other Government Funding														
1. Other State Funding	-	-	-	-	-	-	-	-	-	275,040	-	275,040	-	275,040
2. Medicaid	123,937	-	34,557	-	-	270,259	-	-	428,753	196,884	-	625,637	-	625,637
3. Local Government	441,482	4,535	-	-	-	-	-	-	446,017	220,458	-	666,475	-	666,475
4. Federal Grants and Contracts	143,760	-	10,525	-	-	-	-	-	154,285	66,641	-	220,926	-	220,926
<b>Total Other Government Funding</b>	<b>709,179</b>	<b>4,535</b>	<b>45,082</b>	<b>-</b>	<b>-</b>	<b>270,259</b>	<b>-</b>	<b>-</b>	<b>1,029,055</b>	<b>799,023</b>	<b>-</b>	<b>1,788,078</b>	<b>-</b>	<b>1,788,078</b>
<b>Section III</b>														
All Other Funding														
1. 1st and 2nd Party Payment	38,774	-	46,866	-	-	-	5,916	-	91,656	5,785	-	97,441	-	97,441
2. Contribution and Donations	-	-	-	-	-	-	-	-	-	23,425	-	23,425	-	23,425
3. Other	-	-	-	-	-	-	-	-	-	38,233	-	38,233	-	38,233
4. In-Kind	7,518	72	1,279	-	-	-	-	-	8,869	17,694	-	26,563	-	26,563
<b>Total All Other Funding</b>	<b>46,292</b>	<b>72</b>	<b>48,245</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,916</b>	<b>-</b>	<b>100,525</b>	<b>85,137</b>	<b>-</b>	<b>185,662</b>	<b>-</b>	<b>185,662</b>
<b>Total Funding</b>	<b>\$ 904,217</b>	<b>\$ 8,660</b>	<b>\$ 156,245</b>	<b>\$ 684,843</b>	<b>\$ 58,993</b>	<b>\$ 305,665</b>	<b>\$ 105,878</b>	<b>\$ 66,592</b>	<b>\$ 2,291,093</b>	<b>\$ 844,160</b>	<b>\$ -</b>	<b>\$ 3,135,253</b>	<b>\$ -</b>	<b>\$ 3,135,253</b>

See accompanying independent auditors' report.

**THE STARTING PLACE, INC.**  
**SCHEDULE OF SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES**  
**COST CENTER OPERATING AND CAPITAL EXPENDITURES**

**FOR THE YEAR ENDED JUNE 30, 2010**

	Outpatient Individual	Outpatient Group	Assessment	CCST	Aftercare	Intervention	Medical Services	Outreach	DCF SAMH-Funded Cost Centers	Non-DCF SAMH-Funded Cost Centers	Total SAMH-Funded Cost Centers	Non-SAMH Cost Centers	Management and General	Total
<b>Personnel Costs</b>														
1. Salaries	\$ 472,369	\$ 4,552	\$ 80,367	\$ 409,879	\$ 36,458	\$ 209,423	\$ 1,111	\$ 45,722	\$ 1,259,901	\$ 451,968	\$ 1,711,869	\$ -	\$ 293,294	\$ 2,005,163
2. Payroll taxes and employee benefits	77,355	745	13,160	68,628	6,867	36,794	164	8,087	211,800	80,003	291,803	-	43,662	335,465
<b>Total Personnel Costs</b>	<b>549,744</b>	<b>5,297</b>	<b>93,527</b>	<b>478,507</b>	<b>43,325</b>	<b>246,217</b>	<b>1,275</b>	<b>53,809</b>	<b>1,471,701</b>	<b>531,971</b>	<b>2,003,672</b>	<b>-</b>	<b>336,956</b>	<b>2,340,628</b>
<b>Other Expenses</b>														
1. Occupancy	28,128	271	4,785	25,896	2,462	12,605	43	2,695	76,865	28,598	105,463	-	12,004	117,467
2. Professional fees	55,513	-	9,444	9,583	342	685	91,276	1,027	167,870	19,702	187,572	-	36,325	223,897
3. Subcontracted services	-	-	-	-	-	-	-	-	-	32,814	32,814	-	-	32,814
4. Training and program activities	10	-	-	28	-	-	-	-	38	13,777	13,815	-	1,726	15,541
5. Transportation	24,429	-	4,155	17,514	2,831	5,129	-	699	54,757	31,263	86,020	-	-	86,020
6. Medical and pharmacy	18,015	174	3,085	3,836	2,744	-	-	-	27,834	4,151	31,985	-	252	32,237
7. Insurance	6,026	59	1,025	5,548	527	2,701	9	578	16,473	13,616	30,089	-	2,572	32,661
8. Interest	-	-	-	-	-	-	-	-	-	-	-	-	606	606
9. Operating supplies and expenses	29,293	282	4,983	26,968	2,564	13,127	44	2,807	80,068	32,109	112,177	-	51,531	163,708
10. Bad debts	12,499	-	10,042	-	-	-	5,916	-	28,457	-	28,457	-	-	28,457
11. Donated services	7,518	72	1,279	-	-	-	-	-	8,869	2,207	11,076	-	15,487	26,563
<b>Total Other Expenses</b>	<b>181,431</b>	<b>858</b>	<b>38,778</b>	<b>89,373</b>	<b>11,470</b>	<b>34,247</b>	<b>97,288</b>	<b>7,806</b>	<b>461,251</b>	<b>178,237</b>	<b>639,488</b>	<b>-</b>	<b>120,503</b>	<b>759,991</b>
<b>Total Personnel Costs and Other Expenses</b>	<b>731,175</b>	<b>6,155</b>	<b>132,305</b>	<b>567,880</b>	<b>54,795</b>	<b>280,464</b>	<b>98,563</b>	<b>61,615</b>	<b>1,932,952</b>	<b>710,208</b>	<b>2,643,160</b>	<b>-</b>	<b>457,459</b>	<b>3,100,619</b>
<b>Distributed Indirect Costs</b>														
1. Other support costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Administration	153,519	1,479	26,118	97,998	300	21,304	4,642	2,137	307,497	29,283	336,780	-	(336,780)	-
<b>Total Distributed Indirect Costs</b>	<b>153,519</b>	<b>1,479</b>	<b>26,118</b>	<b>97,998</b>	<b>300</b>	<b>21,304</b>	<b>4,642</b>	<b>2,137</b>	<b>307,497</b>	<b>29,283</b>	<b>336,780</b>	<b>-</b>	<b>(336,780)</b>	<b>-</b>
<b>Total Expenses</b>	<b>884,694</b>	<b>7,634</b>	<b>158,423</b>	<b>665,878</b>	<b>55,095</b>	<b>301,768</b>	<b>103,205</b>	<b>63,752</b>	<b>2,240,449</b>	<b>739,491</b>	<b>2,979,940</b>	<b>-</b>	<b>120,679</b>	<b>3,100,619</b>
<b>Unallowable costs</b>														
<b>Total Allowable Costs</b>	<b>884,694</b>	<b>7,634</b>	<b>158,423</b>	<b>665,878</b>	<b>55,095</b>	<b>301,768</b>	<b>103,205</b>	<b>63,752</b>	<b>2,240,449</b>	<b>739,491</b>	<b>2,979,940</b>	<b>-</b>	<b>120,679</b>	<b>3,100,619</b>
<b>Capital Expenditures</b>	<b>6,962</b>	<b>-</b>	<b>939</b>	<b>1,280</b>	<b>129</b>	<b>623</b>	<b>-</b>	<b>133</b>	<b>-</b>	<b>16,031</b>	<b>26,097</b>	<b>-</b>	<b>641</b>	<b>26,738</b>

See accompanying independent auditors' report.