

BROWARD CHILDREN'S CENTER, INC.
AUDITED FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2011

BRUCE D. SOULE, CPA, P.A.
CERTIFIED PUBLIC ACCOUNTANT

BROWARD CHILDREN'S CENTER, INC.

AS OF AND FOR THE YEAR ENDED JUNE 30, 2011

CONTENTS

	<u>PAGE</u>
Financial Statements:	
Auditor's Report	1
Statement of Financial Position	2
Statement of Activities	3
Statement of Cash Flows	4
Statement of Functional Expenses	5
Notes to Financial Statements	6-7-8-9-10-11
Supplementary Information:	
Auditor's Report	12
Schedule of Federal, State and County Grant Funds and Reimbursements	13
Schedule of Federal Financial Assistance:	
Auditor's Report	14
Schedule of Expenditures of Federal and State Awards	15
Additional Reports:	
Report on Compliance and Internal Control over Compliance Applicable to each Major Federal Awards Program and State Financial Assistance Project	16-17
Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards	18-19
Schedule of Findings and Questioned Costs - Federal Awards Programs and State Financial Assistance Projects	20-22
Management Letter	23

BRUCE D. SOULE, CPA, P.A.

CERTIFIED PUBLIC ACCOUNTANT

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Broward Children's Center, Inc.
Pompano Beach, Florida

I have audited the accompanying statement of financial position of Broward Children's Center, Inc. as of June 30, 2011, and the related statements of activities, cash flows and functional expenses for the year then ended. These financial statements are the responsibility of Broward Children's Center, Inc.'s management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my 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 I 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. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Broward Children's Center, Inc. as of June 30, 2011, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, I have also issued my report dated September 30, 2011 on my consideration of Broward Children's Center, Inc.'s internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of my audit.

BRUCE D. SOULE, CPA, P.A.



Certified Public Accountant

September 30, 2011

BROWARD CHILDREN'S CENTER, INC.

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2011

<u>ASSETS</u>	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTAL</u>
CURRENT ASSETS:			
Cash and cash equivalents	\$ 1,475,476		\$ 1,475,476
Investments-Certificates of deposit	208,886		208,886
Investments-Mutual funds	419,984		419,984
Grants from Federal, State and County agencies and reimbursements receivable (less allowance for doubtful accounts of \$46,971)	763,448	\$ -	763,448
Due from related organization	190,814		190,814
Inventory	37,819		37,819
Prepaid expenses	128,395		128,395
TOTAL CURRENT ASSETS	3,224,822		3,224,822
Investment-GNMA security	103,500		103,500
Property and equipment - net of accumulated depreciation	595,403		595,403
Other assets	7,645		7,645
TOTAL ASSETS	\$ 3,931,370	\$ -	\$ 3,931,370
<u>LIABILITIES AND NET ASSETS</u>			
CURRENT LIABILITIES:			
Accounts payable	\$ 51,160	\$ -	\$ 51,160
Accrued expenses	358,231		358,231
TOTAL CURRENT LIABILITIES	409,391		409,391
NET ASSETS:			
Unrestricted	3,521,979		3,521,979
Temporarily restricted	-	-	-
Permanently restricted	-		-
TOTAL NET ASSETS	3,521,979	-	3,521,979
TOTAL LIABILITIES AND NET ASSETS	\$ 3,931,370	\$ -	\$ 3,931,370

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

BROWARD CHILDREN'S CENTER, INC.

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2011

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>PERMANENTLY RESTRICTED</u>	<u>TOTAL</u>
REVENUE, GAINS AND OTHER SUPPORT:				
Public support:				
County contracts	\$ 828,518			\$ 828,518
Other revenues	8,196,005			8,196,005
Contributions	<u>101,467</u>			<u>101,467</u>
Total public support	<u>9,125,990</u>			<u>9,125,990</u>
REVENUE:				
Management fees	144,000			144,000
Allocation of home office expenses	163,964			163,964
Private service fees	20,266			20,266
Interest income	9,976			9,976
Other revenues	<u>341,596</u>			<u>341,596</u>
Total revenue	<u>679,802</u>	\$ -0-	\$ -0-	<u>679,802</u>
Total revenue, gains and other support	<u>9,805,792</u>	<u>-0-</u>	<u>-0-</u>	<u>9,805,792</u>
EXPENSES:				
Program services:				
School services	3,964,950			3,964,950
Residential medical	1,523,598			1,523,598
Home health and PPEC	3,339,058			3,339,058
Others	<u>1,282,893</u>			<u>1,282,893</u>
Total program services	<u>10,110,499</u>			<u>10,110,499</u>
Supporting services:				
General and administrative	<u>163,964</u>	<u>-0-</u>	<u>-0-</u>	<u>163,964</u>
Total expenses	<u>10,274,463</u>	<u>-0-</u>	<u>-0-</u>	<u>10,274,463</u>
CHANGE IN NET ASSETS	<u>(468,671)</u>			<u>(468,671)</u>
BEGINNING OF YEAR NET ASSETS	<u>3,740,650</u>	<u>-0-</u>	<u>-0-</u>	<u>3,740,650</u>
BALANCE	<u>3,271,979</u>			<u>3,271,979</u>
LESS TRANSFER FROM RELATED ORGANIZATION	<u>250,000</u>			<u>250,000</u>
END OF YEAR NET ASSETS	<u>\$ 3,521,979</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 3,521,979</u>

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

BROWARD CHILDREN'S CENTER, INC.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2011

CASH FLOW FROM OPERATING ACTIVITIES:

Change in net assets \$ (468,671)

**ADJUSTMENTS TO RECONCILE CHANGE IN NET ASSETS TO
NET CASH PROVIDED BY OPERATING ACTIVITIES:**

Depreciation 112,476
Decrease in grants and accounts receivable 357,843
Increase in due from related organization (150,824)
Decrease in inventory 16,523
Decrease in prepaid expenses 26,041
Increase in other assets (42)
Increase in accounts payable 22,292
Decrease in due to related organization (43,627)
Increase in accrued expenses 35,994

Net cash provided by operating activities (91,995)

CASH FLOW FROM INVESTING ACTIVITIES:

Purchase of property and equipment 122,977

Net cash flow provided by (used in) investing activity (122,977)

CASH FLOW FROM FINANCING ACTIVITIES:

Transfer from related organization 250,000
Purchase of investment-Mutual funds (419,984)
Purchase of investment-Certificates of deposit (312,386)

Net cash flow provided by (used in) financing activity (482,370)

NET INCREASE (DECREASE) IN CASH (697,342)

BEGINNING OF YEAR CASH 2,172,818

END OF YEAR CASH \$ 1,475,476

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

BROWARD CHILDREN'S CENTER, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2011

	<u>PROGRAM SERVICES</u>		
	<u>GROUP HOMES</u>	<u>SCHOOL SERVICES</u>	<u>HOME HEALTH</u>
Salaries	\$ 979,678	\$ 2,265,970	\$ 2,418,328
Professional ancillary therapy costs	45,954	214,148	5,066
Payroll taxes	80,391	189,322	208,386
Group insurance	62,002	160,744	38,029
Workmen's compensation	7,090	16,527	20,696
Total salaries and related expenses	1,175,115	2,846,711	2,690,505
Food & beverage	30,514	55,229	94
Clothing, incidentals & personal supplies	19,241	3,663	-
Medical supplies, equipment rental & repairs	37,188	19,669	3,554
Housekeeping supplies, laundry & linen	16,561	50,882	3,571
Medicine	9,331	23	-
Preschool supplies	-	17,481	-
Rent	73,650	355,581	9,544
Utilities	17,445	54,017	4,978
Repairs and maintenance	24,558	75,787	1,909
Vehicle expenses	4,872	151,603	-
Insurance	18,307	85,997	21,534
Communications	11,596	23,010	4,330
Professional fees	10	183	-
Office supplies	1,626	14,451	1,591
Advertising, recruiting & training	17,482	18,970	5,661
Resident travel & activities	4,551	23,541	-
Bad debts	-	-	-
Miscellaneous	3,183	11,216	988
Total direct expenses	1,465,230	3,808,014	2,748,259
Allocation of G & A expenses	38,555	98,998	71,415
Total expenses before depreciation	1,503,785	3,907,012	2,819,674
Depreciation of buildings & equipment	19,813	57,938	-
TOTAL EXPENSES	\$ 1,523,598	\$ 3,964,950	\$ 2,819,674

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

	RESPIRE PEDIATRICS AND RESPITE		THERAPY	KIDS KLINIC	GENERAL AND ADMINISTRATIVE EXPENSES	TOTAL
\$ 310,404	\$ 416,303	\$ 100,816	\$ 61,111	\$ -	\$ 6,552,610	
2,910	383	390,616	43	-	659,120	
24,830	35,106	40,754	4,719	-	583,508	
19,997	21,180	17,796	3,204	-	322,952	
2,194	3,145	2,399	329	-	52,380	
<u>360,335</u>	<u>476,117</u>	<u>552,381</u>	<u>69,406</u>	-	<u>8,170,570</u>	
401	1,445	3	53	665	88,404	
2,031	243	-	-	-	25,178	
6,829	2,861	73	1,905	8,532	80,611	
4,668	8,021	290	2,192	9,260	95,445	
95	67	-	12	-	9,528	
-	-	-	-	-	17,481	
50,050	32,450	448	5,584	80,310	607,617	
4,886	5,713	443	3,408	17,337	108,227	
6,240	16,526	143	1,261	55,329	181,753	
39,112	-0-	-	3,106	29,249	227,942	
17,902	6,315	5,834	9,120	31,906	196,915	
3,337	7,359	1,987	2,326	37,833	91,778	
-	36	-	-	80,315	80,544	
905	4,686	894	852	16,201	41,206	
2,374	10,716	4,747	1,853	4,536	66,339	
43	1,266	357	-	-	29,758	
704	-	3,728	-	-	4,432	
2,359	1,414	273	617	18,209	38,259	
<u>502,271</u>	<u>575,235</u>	<u>571,601</u>	<u>101,695</u>	<u>389,682</u>	<u>10,161,987</u>	
<u>13,178</u>	<u>15,080</u>	<u>14,882</u>	<u>2,601</u>	<u>(418,673)</u>	<u>(163,964)</u>	
515,449	590,315	586,483	104,296	(28,991)	9,998,023	
3,935	1,734	-	65	28,991	112,476	
<u>\$ 519,384</u>	<u>\$ 592,049</u>	<u>\$ 586,483</u>	<u>\$ 104,361</u>	<u>\$ -</u>	<u>\$ 10,110,499</u>	

BROWARD CHILDREN'S CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2011

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES AND OTHER MATTERS

NON-PROFIT ORGANIZATION STATUS - Broward Children's Center, Inc. is a private non-profit organization incorporated under the laws of the State of Florida. The Center provides quality medical, educational, and therapeutic services for children with special needs, primarily from the South Florida area. Funding comes primarily from the governments of the State of Florida and Broward County. The Center is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

CASH AND CASH EQUIVALENTS - For purposes of the statement of cash flow, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

The Organization has invested \$408,886 of its cash into four certificates of deposit with two different savings institutions. The four certificates of deposit all mature between August 9, 2011 and April 24, 2012. \$1,268,455 of the remaining cash is in one institution and is in excess of the \$250,000 insurance protection of the Federal Deposit Insurance Corporation. The Organization believes that the bank is a high quality institution and the exposure is limited.

INVENTORY - Inventory consists of food supplies, laundry, linen, office, nursing, medical and respiratory supplies; all recorded at cost.

USE OF ESTIMATES - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 2 - PROPERTY AND EQUIPMENT

Property and equipment are recorded at cost at June 30, 2011 and are as follows:

Vehicles	\$990,789
Leasehold Improvements	54,396
Medical equipment	136,310
Furniture	160,888
Non-medical equipment	<u>336,659</u>
Total at cost	1,679,042
Less accumulated depreciation and amortization	<u>1,083,639</u>
Net property and equipment	<u>\$595,403</u>

BROWARD CHILDREN'S CENTER, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2011

NOTE 2 - PROPERTY AND EQUIPMENT (CONTINUED)

The capitalization policy of the Center is to capitalize any item of property and equipment with an individual cost of over \$500. Depreciation and amortization of property and equipment is provided for using the straight-line method over their estimated useful lives; that is, three or five years for vehicles, five years for equipment and five or twenty years for leasehold improvements.

NOTE 3 - COMMITMENTS

The Broward Children's Center Supporting Foundation, Inc. had purchased a piece of property to provide a new site for the South Preschool. During the past fiscal year renovations were started on the property purchased in 2008. The renovations were finished in August 2010 and the school was in session there during the 2010-2011 school year. The renovations were largely paid from the Center's reserve for building and interest only was charged to the Foundation by the bank during the renovation project. Rent has been paid by the Center to the foundation. As of July 2010, 100 children were enrolled in the school program and 100 children are enrolled in the after school program.

Therapy services are provided at each individual site and include physical, occupational and speech therapies. Children in all the programs at the Center as well as children from the community receive therapy at the various locations. Central supply has been relocated to the new south campus. Maintenance and Human Resources are located in the property on Atlantic Boulevard. In house respite and respite home are operated out of the Respite Home.

Seven of the copiers are leased. The leases are for thirty-six months and the monthly payments at June 30, 2011 total \$1,394.

The total amounts of the commitments for the next five years are as follows:

<u>June 30,</u>	<u>Amount</u>
2012	\$22 613
2013	4 181
2014	-0-
2015	-0-
2016	-0-

BROWARD CHILDREN'S CENTER, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2011

NOTE 4 - EQUIPMENT ACQUISITION

In 1995 a new monitoring system called Lynx, which is a computerized badge-activated method of locating, identifying, and tracking residents, equipment, alarms and staff was installed in the Skilled Nursing Facility and Group Home III. The system provides voice notification of alarm conditions to an assigned primary caregiver. Other information provided includes response time of staff, location of staff and children, numbers of alarms sounding, etc. The system now called Versus, was upgraded again this year. Monitors are now in both hallways and at the main nursing station. Tracking is also available on a portable laptop which allows remote staff monitoring on a twenty four hour basis. Printouts of response time of staff as well as records of children's alerts are tracked 24 hours per day. This enhances medical care on an individual child by child basis.

Broward Children's Center earmarks annually a portion of its net assets for equipment, program enhancement and expansion. The amounts accumulated are as follows:

	<u>Cumulative Restriction</u>
Hurricane	\$ 200 000
Equipment replacement	550 000
Renovation of property	550 000
Program expansion	<u>450 000</u>
Total temporarily restricted cash	<u>\$ 1 750 000</u>

NOTE 5 - PROGRAM SERVICES

Two preschools, one in the South West area of Broward County and one in the North East area of Broward County served one hundred and sixty-five (165) developmentally delayed children and over 30 typically normal developing children. The programs offer certified teachers, physical, occupational and speech therapies, recreational activities, after school care and nutritious breakfast, lunches and snacks (Department of Food and Nutrition, School Lunch Program and Department of Health). The schools are open for summer camp sponsored by Children's Services Council and are also open for working parents during holiday and school vacations. Family Central has a contract with this organization to provide subsidized child care in these locations. During the last fiscal year, construction renovations were completed for the new South Preschool and our doors opened to serve children August of 2010. The school is 12,000 square feet and is licensed for 156 children. The North Preschool was awarded the National Re-Accreditation (NAC) for the next three years. The most impressive award earned at Preschool North was the Broward County Quality Rating and Improvement System (5 Stars). Preschool North is the first developmental special needs preschool to receive this honor in Broward County.

BROWARD CHILDREN'S CENTER, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2011

NOTE 5 - PROGRAM SERVICES (CONTINUED)

A preschool for typically developing children called Building Bridges is sponsored in cooperation with St. Martin's Episcopal Church which accommodates forty children and a voluntary Pre Kindergarten class. This preschool program provides employees child care. During the past year the enrollment was at capacity.

Medical child care is provided on a daily basis for up to forty children in the Center's PPEC (prescribed pediatric extended care). Registered nurses, teachers, physical, occupational, speech and respiratory services are provided in this program.

Transportation is provided to all children in the school programs and the PPEC program. Two new vehicles were funded through the Broward County Department of Transportation and a third vehicle was funded through the donations that were solicited by the Foundation's Forty Anniversary Celebration in February.

Broward Children's Center sponsors two group homes, one for developmentally disabled children and young adults and one for ventilator assisted young adults. (The home for ventilator assisted young adults is the only home of its kind in the United States). The home for developmentally disabled children was renovated this year. Lowe's donated all the household equipment and cabinets. The employees of Lowe's are worked on the lawn, fences, sprinkler systems, etc. Lowe's again donated all the supplies for this including fences and plants.

The Respite Home, located in Pompano Beach, is the only respite home in the state. Staff is available seven days a week, twenty four hours per day to provide temporary care and shelter for children with complex medical problems, developmental delays, Attention Deficit Disorder, and autism. Parents can find accommodations for their children when they just "need a break" from stress or have a family or medical emergency themselves. Sibling and parent groups are offered on a regular basis by a licensed clinical social worker who is also the Director of the program.

Respite services are also accessible for children in their own homes. These two programs are offered through Children's Services Administration of Broward County and are accessible only to residents of Broward County.

The Mobile Medical Clinic makes medical care available to children in areas where medical care is inaccessible either due to lack of mass transit or lack of providers. There is a collaborative agreement between PACE PROGRAM FOR GIRLS, which is sponsored by the Juvenile Justice System to provide well and sick visits to the young women in their care.

BROWARD CHILDREN'S CENTER, INC.

NOTES TO FINANCIAL FINANCIAL (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2011

NOTE 5 – PROGRAM SERVICES (CONTINUED)

In cooperation with Broward County School Board nursing services are being provided in several schools in the County. Another contract allows nurses to accompany technologically dependent to their public school classes.

Broward Children's Center has developed a 501 C 4 organization called Florida Association for Medically Fragile Children and Young Adults. There are no fees or monies involved in this organization. It is free to families and functions as an advocacy group and resource center to assist families and young adults in their quest for services and support. There are presently eighty members and meetings are held quarterly on the internet.

NOTE 6 - RETIREMENT PLAN

Broward Children's Center, Inc., along with its sister organization Children's Comprehensive Care Center, Inc., participates in the Broward Children's Center Retirement Plan. The plan is a defined contribution plan, with a 401 (k) feature, for all employees after one year of service. Contributions to the plan by the Organization are discretionary. Employees may optionally contribute to the plan via salary deferrals and are limited only by certain provisions of the Internal Revenue Code. Due to the nature of the plan, there is no liability for past service cost or unfunded vested benefits.

There was no contribution for the fiscal year ended June 30, 2011.

NOTE 7 – ECONOMIC DEPENDENCE

Broward Children's Center obtains the majority of its operating capital from local, state and federal agencies. See the Schedule of Federal, State and County Grant Funds and Reimbursements for a partial list of these sources.

Of the total accounts receivable at June 30, 2011, \$493,076 was due from Medicaid, \$161,094 was due from the State of Florida and \$141,013 was due from Broward County.

NOTE 8 – RELATED PARTY TRANSACTIONS

As indicated above, Broward Children's Center, Inc. is related to Children's Comprehensive Care Center, Inc. Children's Comp Care operated as a program of BCC until July 1, 2006 when Children's Comp Care was incorporated as its own organization and began operations. The two organizations share common management, occasionally employees and other resources. BCC provides all accounting and bookkeeping services for Comp Care. As of June 30, 2011, Comp Care owes BCC \$190,814.

BROWARD CHILDREN'S CENTER, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2011

NOTE 8 – RELATED PARTY TRANSACTIONS (CONTINUED)

Broward Children's Center is also related to the Broward Children's Center Foundation, Inc. The Foundation was set up by the Center and owns most of the real estate that is used by BCC for its programs. Monthly rent of \$22,467 increasing to \$48,542 during the year has been paid in 2010 to cover the use of the seven facilities for the various ongoing programs.

Broward Children's Center is the manager of the property for the foundation. The Center also provides personnel and office space for the fundraising efforts of the Foundation as well as performing all accounting and bookkeeping services. The Center collects \$12,000 per month for these services. As of June 30, 2011, no money was owed to the Foundation.

NOTE 9 – INCOME TAXES

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501 (c) (3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation.

NOTE 10 – TRANSFER TO RELATED ORGANIZATION

The \$250,000 transfer of funds indicated in this report represent money transferred from the Broward Children's Center Supporting Foundation, Inc. to BCC for working capital purposes.

NOTE 11 – GUARANTEE

There is a mortgage in the amount of \$1,452,180 on the South Preschool as described in footnote three that has been obtained by Broward Children's Center Supporting Foundation, Inc. Broward Children's Center, Inc. is a guarantor of this mortgage. As of June 30, 2011, the mortgage balance is \$1,386,070 and the Foundation and BCC are in compliance with all the covenants.

NOTE 12 – SUBSEQUENT EVENTS

Subsequent events have been considered through the date of the report.

BRUCE D. SOULE, CPA, P.A.

CERTIFIED PUBLIC ACCOUNTANT

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ACCOUNTANT'S REPORT ON SUPPLEMENTARY INFORMATION

I have examined the financial statements of Broward Children's Center, Inc. as of June 30, 2011 and have issued my report thereon dated September 30, 2011. My examination of such financial statements was made in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and accordingly, included such tests of the accounting records and such other auditing procedures as I considered necessary in the circumstances.

My examination was made for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying Schedule of Contracts is presented for purposes of additional analysis and is not a required part of the financial statements. The information in this schedule has been subjected to the auditing procedures applied in the examination of the financial statements and, in my opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

BRUCE D. SOULE, CPA, P.A.



Certified Public Accountant

September 30, 2011

BROWARD CHILDREN'S CENTER, INC.

SCHEDULE OF CONTRACTS

FOR THE YEAR ENDED JUNE 30, 2011

**CONTRACT
NUMBER**

AMOUNT

NONE

BRUCE D. SOULE, CPA, P.A.

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INDEPENDENT AUDITOR'S REPORT

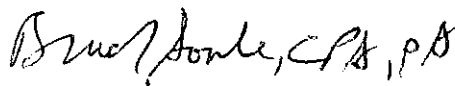
Board of Directors
Broward Children's Center, Inc.
Pompano Beach, Florida

I have audited the statement of financial position of Broward Children's Center, Inc. as of June 30, 2011, and the related statements of activities, cash flows and functional expenses for the year then ended and have expressed my unqualified opinion on those financial statements. These financial statements are the responsibility of Broward Children's Center, Inc. management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States 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 I 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. I believe that my audit provides a reasonable basis for my opinion.

My audit was performed for the purpose of forming an opinion on the basic financial statements of Broward Children's Center, Inc. taken as a whole. The accompanying schedule of expenditures of federal and state awards 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 Governments, and Non-Profit Organizations and the Florida Single Audit Act, and is 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 my opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

BRUCE D. SOULE, CPA, P.A.



Certified Public Accountant

September 30, 2011

BROWARD CHILDREN'S CENTER, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

FOR THE YEAR ENDED JUNE 30, 2011

<u>PROGRAM TITLE</u>	<u>CFDA CFSA NUMBER</u>	<u>PASS THRU GRANTOR NUMBER</u>	<u>PROGRAM OR AWARD AMOUNT</u>	<u>FEDERAL FINANCIAL ASSISTANCE</u>
US Department of Agriculture, Food and Nutrition Service:				
Passed through State Department of Education:				
School Breakfast Program - Cash assistance	10.553	NONE	\$ 39,362	\$ 39,362
National School Lunch Program	10.555	NONE	65,336	65,336
Passed through State Department of Agriculture:				
NSLP Non-Cash Assistance (Commodities)	10.555	NONE	4,135	4,135
Passed through State Department of Health				
Child Food Program - Snacks	10.558	NONE	<u>3,001</u>	<u>3,001</u>
TOTAL US DEPARTMENT OF AGRICULTURE, FOOD AND NUTRITION SERVICE:			<u>111,834</u>	<u>111,834</u>
TOTAL EXPENDITURE OF FEDERAL AWARDS			<u>111,834</u>	<u>111,834</u>
State Department of Children and Families:				
Social Services Block Grant	93.667	NONE	6,016	6,016
Foster Care	93.658	NONE	8,588	8,588
IVE Waiver MOE Equivalent	60.094	NONE	<u>6,866</u>	<u>-0-</u>
TOTAL STATE DEPARTMENT OF CHILDREN AND FAMILIES			<u>21,470</u>	<u>14,604</u>
State Department of Education:				
Facility Use	48.011	NONE	160,000	-0-
Transportation	48.011	NONE	430,247	-0-
Preschool	48.011	NONE	2,094,447	-0-
Medical Support	48.011	NONE	<u>279,656</u>	<u>-0-</u>
TOTAL STATE DEPARTMENT OF EDUCATION			<u>2,964,350</u>	<u>-0-</u>
State Agency for Persons With Disabilities:				
LTRC Group Home	60.026	NONE	<u>18,476</u>	<u>-0-</u>
TOTAL THROUGH AGENCY FOR PERSONS WITH DISABILITIES			<u>18,476</u>	<u>-0-</u>
State Department of Health:				
Division of Family Health Services	64.013	NONE	<u>464,312</u>	<u>-0-</u>
TOTAL STATE DEPARTMENT OF HEALTH			<u>464,312</u>	<u>-0-</u>
TOTAL EXPENDITURES OF STATE			<u>3,468,608</u>	<u>-0-</u>
GRAND TOTALS			<u>\$ 3,580,442</u>	<u>\$ 126,438</u>

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

<u>ACCOUNTS RECEIVABLE JULY 1, 2010</u>	<u>REVENUE RECOGNIZED</u>	<u>REVENUE RECOGNIZED</u>	<u>PROGRAM RECEIPTS</u>	<u>ACCOUNTS RECEIVABLE JUNE 30, 2010</u>	<u>OVERPAYMENTS PAYABLE JUNE 30, 2011</u>
\$ 1,787	\$ 39,362	\$ 39,362	\$ 37,641	\$ 3,508	
5,806	65,336	65,336	65,319	5,823	
-0-	4,135	4,135	4,135	-0-	
<u>450</u>	<u>3,001</u>	<u>3,001</u>	<u>3,451</u>	<u>-0-</u>	
<u>8,043</u>	<u>111,834</u>	<u>111,834</u>	<u>110,546</u>	<u>9,331</u>	
<u>8,043</u>	<u>111,834</u>	<u>111,834</u>	<u>110,546</u>	<u>9,331</u>	<u>-0-</u>
-0-	6,016	6,016	3,943	2,073	
-0-	8,588	8,588	5,628	2,960	
-0-	6,866	6,866	4,500	2,366	
<u>-0-</u>	<u>21,470</u>	<u>21,470</u>	<u>14,071</u>	<u>7,399</u>	<u>-0-</u>
-0-	160,000	160,000	160,000	-0-	
67,479	430,247	430,247	479,559	18,167	
-0-	2,094,447	2,094,447	2,093,444	1,003	
<u>38,592</u>	<u>279,656</u>	<u>279,656</u>	<u>274,952</u>	<u>43,296</u>	
<u>106,071</u>	<u>2,964,350</u>	<u>2,964,350</u>	<u>3,007,955</u>	<u>62,466</u>	<u>-0-</u>
<u>2,174</u>	<u>18,476</u>	<u>18,476</u>	<u>18,416</u>	<u>2,234</u>	
<u>2,174</u>	<u>18,476</u>	<u>18,476</u>	<u>18,416</u>	<u>2,234</u>	
<u>45,145</u>	<u>464,312</u>	<u>464,312</u>	<u>508,898</u>	<u>559</u>	
<u>45,145</u>	<u>464,312</u>	<u>464,312</u>	<u>508,898</u>	<u>559</u>	<u>-0-</u>
<u>153,390</u>	<u>3,468,608</u>	<u>3,468,608</u>	<u>3,549,340</u>	<u>72,658</u>	<u>-0-</u>
<u>\$ 161,433</u>	<u>\$ 3,580,442</u>	<u>\$ 3,580,442</u>	<u>\$ 3,659,886</u>	<u>\$ 81,989</u>	<u>\$ -0-</u>

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REPORT ON COMPLIANCE AND INTERNAL CONTROL OVER COMPLIANCE APPLICABLE TO EACH MAJOR FEDERAL AWARDS PROGRAM AND STATE FINANCIAL ASSISTANCE PROJECT

Board of Directors
Broward Children's Center, Inc.
Pompano Beach, Florida

Compliance

I have audited the compliance of Broward Children's Center, 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 Executive Office of the Governor's State Projects Compliance Supplement that are applicable to each of its major federal programs and state financial assistance projects for the year ended June 30, 2011. Broward Children's Center, Inc.'s major federal programs and state financial assistance projects are identified in the summary of auditor's results sections 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 financial assistance projects is the responsibility of Broward Children's Center, Inc.'s management. My responsibility is to express an opinion on Broward Children's Center, Inc.'s compliance based on my audit.

I have conducted my audit in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations" 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 I 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 award program or state financial assistance projects occurred. An audit includes examining, on a test basis, evidence about Broward Children's Center, Inc. compliance with those requirements and performing such other procedures as I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination on Broward Children's Center, Inc.'s compliance with those requirements.

In my opinion Broward Children's Center, Inc. complied in all material respects, with the requirements referred to above that are applicable to each of its major federal programs and state financial assistance projects for the year ended June 30, 2011.

Internal Control Over Compliance

The management of Broward Children's Center, Inc. is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal awards programs and state financial assistance projects. In planning and performing my audit, I considered Broward Children's Center, Inc.'s internal control over compliance with requirements that could have a direct and material effect on a major federal award program or state financial assistance project in order to determine my auditing procedures for the purpose of expressing my 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.

My consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal awards program or state financial assistance project being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over compliance and its operation that I consider to be material weaknesses.

This report is intended for the information of the 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.

BRUCE D. SOULE, CPA ,P.A.



Certified Public Accountant

September 30, 2011

BRUCE D. SOULE, CPA, P.A.

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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Directors
Broward Children's Center, Inc.
Pompano Beach, Florida

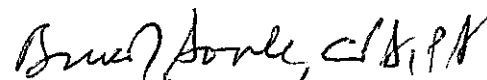
I have audited the financial statements of Broward Children's Center, Inc. as of and for the year ended June 30, 2011, and have issued my report thereon dated September 30, 2011. I conducted my audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

COMPLIANCE - As part of obtaining reasonable assurance about whether Broward Children's Center, Inc.'s financial statements are free of material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my 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 my audit, I considered Broward Children's Center, Inc.'s internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

This report is intended for the information and use of the audit committee, 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.

BRUCE D. SOULE, CPA, P.A.

A handwritten signature in black ink that reads "Bruce D. Soule, CPA, P.A." in a cursive style.

Certified Public Accountant

September 30, 2011

BROWARD CHILDREN'S CENTER, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS -
FEDERAL AWARDS PROGRAMS AND STATE FINANCIAL
ASSISTANCE PROJECTS
Year Ended June 30, 2011

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unqualified	
Internal control over financial reporting:		
Material weaknesses identified?	___ Yes	<u> x </u> No
Reportable conditions identified not considered to be material weaknesses?	___ Yes	<u> x </u> None Reported
Noncompliance material to financial statements noted?	___ Yes	<u> x </u> No

Federal Awards and State Financial Assistance Projects:

Internal control over major programs:		
Material weaknesses identified?	___ Yes	<u> x </u> No
Reportable conditions identified not considered to be material weaknesses?	___ Yes	<u> x </u> None Reported

Type of auditor's report issued on compliance for major programs:	Unqualified	
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Any audit findings disclosed that are required to be reported in accordance with the Federal and Florida Single Audit Acts?	___ Yes	<u> x </u> No
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Identification of Major Programs/Projects:

Federal CFDA
Number

Federal Programs

None

Passed through/

N/A

BROWARD CHILDRENS CENTER, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS –
FEDERAL AWARDS PROGRAMS AND STATE FINANCIAL
ASSISTANCE PROJECTS
Year Ended June 30, 2011

<p>State Projects State Department of Education Preschool</p>	<p>State CSFA <u>Number</u> 48,011</p>		
	<table border="0" style="margin-left: auto; margin-right: auto;"> <tr> <td style="text-align: center;"><u>Federal</u></td> <td style="text-align: center;"><u>State</u></td> </tr> </table>	<u>Federal</u>	<u>State</u>
<u>Federal</u>	<u>State</u>		
Dollar threshold used to distinguish between Type A Type B programs	<table border="0" style="margin-left: auto; margin-right: auto;"> <tr> <td style="text-align: center;"><u>\$ 300 000</u></td> <td style="text-align: center;"><u>\$ 300 000</u></td> </tr> </table>	<u>\$ 300 000</u>	<u>\$ 300 000</u>
<u>\$ 300 000</u>	<u>\$ 300 000</u>		
Auditee qualified as low-risk auditee pursuant to OMB circular A-133	<table border="0" style="margin-left: auto; margin-right: auto;"> <tr> <td style="text-align: center;"><u>X</u> Yes</td> <td style="text-align: center;">___ No</td> </tr> </table>	<u>X</u> Yes	___ No
<u>X</u> Yes	___ No		

SECTION II – Financial Statement Findings

There are no reportable conditions, material weaknesses, or instances of noncompliance related to the financial statements that are required to be reported in accordance with Government Auditing Standards.

Section III – Major Federal Award Findings and Questioned Costs

There are no reportable conditions, material weaknesses, or instances of noncompliance including questioned costs that are required to be reported in accordance with circular A-133.

Section IV – Major State Financial Assistance Projects Findings and Questioned Costs

There are no reportable conditions, material weaknesses, or instances of noncompliance including questioned costs that are required to be reported in accordance with the Florida Single Audit Act.

BROWARD CHILDRENS CENTER, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS --
FEDERAL AWARDS PROGRAMS AND STATE FINANCIAL
ASSISTANCE PROJECTS
Year Ended June 30, 2011

Other Issues

The Summary Schedule of Prior Audit Findings is not included in the report because there were no prior audit findings related to federal awards programs or state financial assistance projects.

A Corrective Action Plan is not required because there were no findings required to be reported under the Federal or Florida Single Audit Acts.

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Board of Directors
Broward Children's Center, Inc.
Pompano Beach, Florida

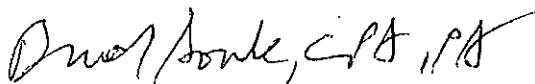
I have audited the financial statements of the Broward Children's Center, Inc. as of and for the fiscal year ended June 30, 2011 and have issued my report thereon dated September 30, 2011.

I conducted my audit 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*. I have issued my Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters, Independent Auditor's Report on Compliance with Requirements Applicable to each Major Federal Program and State Project and on Internal Control over Compliance, and Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule, which are dated September 30, 2011, should be considered in conjunction with this management letter.

Additionally, my audit was conducted in accordance with Chapter 10.650, Rules of the Auditor General, which requires disclosure in the management letter of violations of provisions of contracts or grant agreements or abuse that have an effect on the financial statements or State project amounts that is less than material but more than inconsequential. In addition, for matters that have an inconsequential effect on the financial statements or State project amounts, considering both quantitative and qualitative factors, the following may be reported based on professional judgment: (1) violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse that have occurred, or are likely to have occurred, (2) Deficiencies in internal control that are not significant deficiencies. My audit disclosed the following matter that is required to be disclosed; the Organization has a control deficiency in that it has no personnel that are capable of drafting the financial statements with full footnote disclosures.

Pursuant to Chapter 119, Florida Statutes, this management letter is a public record and its distribution is not limited. Auditing standards generally accepted in the United States of America require me to indicate that this letter is intended solely for the information of Broward Children's Center, Inc. and management, and the Florida Auditor General and is not intended to be and should not be used by anyone other than these specified parties.

Bruce D. Soule, CPA, P.A.



September 30, 2011