

**BROWARD COUNTY COMMUNITY DEVELOPMENT CORPORATION, INC.  
D/B/A BROWARD HOUSING SOLUTIONS, INC.**

**Financial Statements  
and Supplementary Information  
June 30, 2011**

**BROWARD COUNTY COMMUNITY DEVELOPMENT CORPORATION, INC.  
D/B/A BROWARD HOUSING SOLUTIONS, INC**

**Table of Contents**

	<b>Page</b>
<b>Independent Auditors' Report</b>	1-2
<b>Financial Statements</b>	
Statement of Financial Position	3
Statement of Activities	4
Statement of Cash Flows	5
Statement of Functional Expenses	6
Notes to Financial Statements	7-17
<b>Supplementary Information</b>	
Schedule of Expenditures of Federal Awards and State Financial Assistance	18
Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance	19
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	20-21
Independent Auditors' Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133 and Chapter 10.650, Rules of the Auditor General	22-23
Schedule of Findings and Questioned Costs	24



## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Broward County Community Development Corporation, Inc.  
d/b/a Broward Housing Solutions, Inc.  
Fort Lauderdale, Florida

We have audited the accompanying statement of financial position of Broward County Community Development Corporation, Inc. d/b/a Broward Housing Solutions, Inc. (a non-profit organization) as of June 30, 2011, 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 Broward County Community Development Corporation, Inc. d/b/a Broward Housing Solutions, 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 Broward County Community Development Corporation, Inc., d/b/a Broward Housing Solutions, Inc. as of June 30, 2011, 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 and the Florida Single Audit Act, we have also issued our report dated September 29, 2011, on our consideration of Broward County Community Development Corporation, Inc.'s d/b/a Broward Housing Solutions, Inc. 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. The report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards and state financial assistance on page 18 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 Audit Act, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Cherry Bekert & Holland LLP

Fort Lauderdale, Florida  
September 29, 2011

**BROWARD COUNTY COMMUNITY DEVELOPMENT CORPORATION, INC.**  
**D/B/A BROWARD HOUSING SOLUTIONS, INC.**

**Statement of Financial Position**  
**June 30, 2011**

**ASSETS**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>Current assets</b>				
Cash and cash equivalents	\$ 275,159	\$ -	\$ -	\$ 275,159
Grants receivable	31,298	-	-	31,298
Other receivables	174,390	-	-	174,390
Prepaid expenses	91,302	-	-	91,302
<b>Total current assets</b>	<b>572,149</b>	<b>-</b>	<b>-</b>	<b>572,149</b>
Property and equipment, net	278,974	6,139,348	916,190	7,334,512
Deposits and other assets	2,407	-	-	2,407
<b>Total assets</b>	<b>\$ 853,530</b>	<b>\$ 6,139,348</b>	<b>\$ 916,190</b>	<b>\$ 7,909,068</b>

**LIABILITIES AND NET ASSETS**

<b>Current liabilities</b>				
Accounts payable and accrued expense	\$ 102,625	\$ -	\$ -	\$ 102,625
Deferred revenue		70,713	-	70,713
Deposits	84,560	-	-	84,560
Mortgages and notes payable - current portion	64,530	672,988	-	737,518
<b>Total current liabilities</b>	<b>251,715</b>	<b>743,701</b>	<b>-</b>	<b>995,416</b>
Mortgages and notes payable, net of current portion	250,000	2,716,754	-	2,966,754
<b>Total liabilities</b>	<b>501,715</b>	<b>3,460,455</b>	<b>-</b>	<b>3,962,170</b>
<b>Net assets</b>	<b>351,815</b>	<b>2,678,893</b>	<b>916,190</b>	<b>3,946,898</b>
<b>Total liabilities and net assets</b>	<b>\$ 853,530</b>	<b>\$ 6,139,348</b>	<b>\$ 916,190</b>	<b>\$ 7,909,068</b>

**BROWARD COUNTY COMMUNITY DEVELOPMENT CORPORATION, INC.  
D/B/A BROWARD HOUSING SOLUTIONS, INC.**

**Statement of Activities  
For the Year Ended June 30, 2011**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>Support and Revenue</b>				
Government grants	\$ -	\$ 1,305,875	\$ -	\$ 1,305,875
United Way		3,335	-	3,335
Rent	491,266	-	-	491,266
Contributions (Including \$19,627 In-kind)	168,206	141,240	-	309,446
Interest	172	-	-	172
Loss on sale of property and equipment	(1,658)	-	-	(1,658)
Other	574	-	-	574
Net assets released from restrictions- satisfaction of program restrictions	1,450,450	(1,450,450)	-	-
<b>Total support and revenue</b>	<b>2,109,010</b>	<b>-</b>	<b>-</b>	<b>2,109,010</b>
<b>Expenses</b>				
Program services - housing program	2,019,322	-	-	2,019,322
Supporting services - management and general	173,846	-	-	173,846
	<b>2,193,168</b>	<b>-</b>	<b>-</b>	<b>2,193,168</b>
	<b>(84,158)</b>	<b>-</b>	<b>-</b>	<b>(84,158)</b>
<b>Interfund transfers</b>	<b>51,767</b>	<b>(51,767)</b>	<b>-</b>	<b>-</b>
<b>Changes in net assets</b>	<b>(32,391)</b>	<b>(51,767)</b>	<b>-</b>	<b>(84,158)</b>
<b>Net assets - July 1, 2010</b>	<b>384,206</b>	<b>2,730,660</b>	<b>916,190</b>	<b>4,031,056</b>
<b>Net assets - June 30, 2011</b>	<b>\$ 351,815</b>	<b>\$ 2,678,893</b>	<b>\$ 916,190</b>	<b>\$ 3,946,898</b>

**BROWARD COUNTY COMMUNITY DEVELOPMENT CORPORATION, INC.**  
**D/B/A BROWARD HOUSING SOLUTIONS, INC.**

**Statement of Cash Flows**  
**For the Year Ended June 30, 2011**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>Cash flows from operating activities</b>				
Decrease in net assets	\$ (32,391)	\$ (51,767)	\$ -	\$ (84,158)
Adjustments to reconcile decrease in net assets to net cash provided by operating activities				
Depreciation	285,788	-	-	285,788
Debt forgiveness	-	(155,920)	-	(155,920)
Loss on sale of property and equipment	-	1,658	-	1,658
Changes in assets and liabilities				
Decrease in grants receivable	21,058	-	-	21,058
Decrease in prepaid expenses	26,605	-	-	26,605
(Increase) in other receivables	(108,320)	-	-	(108,320)
(Increase) in deposits and other assets	(468)	-	-	(468)
Increase in accounts payable and accrued expenses	81,088	-	-	81,088
Increase in deferred revenue	-	11,100	-	11,100
Increase in deposits	4,146	-	-	4,146
Interfund transfers	(253,345)	253,345	-	-
<b>Net cash provided by operating activities</b>	<u>24,161</u>	<u>58,416</u>	<u>-</u>	<u>82,577</u>
<b>Cash flows from investing activities</b>				
Proceeds from sale of property and equipment	-	142,010	-	142,010
Purchases of property and equipment	-	(15,094)	-	(15,094)
<b>Net cash provided by investing activities</b>	<u>-</u>	<u>126,916</u>	<u>-</u>	<u>126,916</u>
<b>Cash flows from financing activities</b>				
Proceeds from notes payable	11,614	-	-	11,614
Payments on mortgages and notes payable	-	(203,077)	-	(203,077)
<b>Net cash provided by (used in) financing activities</b>	<u>11,614</u>	<u>(203,077)</u>	<u>-</u>	<u>(191,463)</u>
<b>Net increase (decrease) in cash</b>	35,775	(17,745)	-	18,030
<b>Cash - July 1, 2010</b>	<u>239,384</u>	<u>17,745</u>	<u>-</u>	<u>257,129</u>
<b>Cash - June 30, 2011</b>	<u>\$ 275,159</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 275,159</u>
<b>Supplemental disclosure of cash flow information</b>				
Cash paid during the year for interest	<u>\$ 111,304</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 111,304</u>
Contributed services and materials	<u>\$ 19,627</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,627</u>

See accompanying notes to the financial statements.

**BROWARD COUNTY COMMUNITY DEVELOPMENT CORPORATION, INC.  
D/B/A BROWARD HOUSING SOLUTIONS, INC.**

**Statement of Functional Expenses  
For the Year Ended June 30, 2011**

	<u>Housing Program</u>	<u>Management and General</u>	<u>Total</u>
Salaries	\$ 400,944	\$ 92,659	\$ 493,603
Payroll taxes and employee benefits	103,856	23,998	127,854
Rental subsidies	670,526	2,712	673,238
Depreciation	282,172	3,616	285,788
Maintenance and repairs	105,731	1,384	107,115
Utilities	102,995	917	103,912
Insurance	95,177	2,131	97,308
Condominium dues	7,171	-	7,171
Travel and conferences	3,986	1,304	5,290
Taxes and licenses	2,911	151	3,062
Community support	27,950	277	28,227
Office	21,055	5,478	26,533
Professional fees	56,987	34,403	91,390
Interest	108,112	3,192	111,304
Telephone	10,122	1,624	11,746
In-Kind services	19,627	-	19,627
<b>Total expenses</b>	<b>\$ 2,019,322</b>	<b>\$ 173,846</b>	<b>\$ 2,193,168</b>

**BROWARD COUNTY COMMUNITY DEVELOPMENT CORPORATION, INC.  
D/B/A BROWARD HOUSING SOLUTIONS, INC.**

**Notes to Financial Statements  
June 30, 2011**

**Note 1 – Summary of Significant Accounting Policies**

*Organization and Purpose* - Broward County Community Development Corporation, Inc. (d/b/a Broward Housing Solutions, Inc.), (the "Organization") was incorporated as a non-profit organization for the purpose of establishing safe, accessible, and affordable housing opportunities within Broward County, Florida for low-income individuals with special needs.

*Basis of Presentation* - The accounts of the Organization are maintained 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. 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. In addition, the Organization is required to present a statement of cash flow and has grouped its accounts for financial statement presentation as follows:

- Unrestricted net assets – portion of net assets that is neither permanently restricted nor temporarily restricted by donor-imposed stipulations
- Temporarily restricted net assets – portion 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. Substantially all temporarily restricted net assets have been designated by grantors to be used for providing affordable housing for low income individuals with special needs.
- 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.

*Cash and Cash Equivalents* - The Organization considers investments in highly liquid debt instruments purchased with a maturity date of three months or less to be cash equivalents.

*Fair Value of Financial Instruments* - The Organization's financial instruments consist primarily of cash and cash equivalents, accounts receivable, accounts payable, accrued expenses, and mortgage and notes payable. The carrying amounts of such financial instruments approximate their respective estimated fair value due to the short-term maturities and/or approximate market interest rates of these instruments.

**BROWARD COUNTY COMMUNITY DEVELOPMENT CORPORATION, INC.**  
**D/B/A BROWARD HOUSING SOLUTIONS, INC.**

**Notes to Financial Statements**  
**June 30, 2011**

**Note 1 – Summary of Significant Accounting Policies (continued)**

*Fair Value of Financial Instruments (continued)* - The estimated fair value is not necessarily indicative of the amounts the Organization would realize in a current market exchange or from future earnings or cash flows. Borrowings and loans, generally from government sources, for the acquisition of long-lived assets are reflected at face value when the use of the long-lived asset is stipulated by the government lender (grantor) and the sale or deviation from such stipulated use, require immediate repayment of the borrowing (grant).

*Property And Equipment* - Property and equipment are recorded at cost when purchased or constructed or at their estimated fair values when donated. Additions, improvements and expenditures for maintenance that add materially to productive capacity or extend the life of an asset are capitalized. Other expenditures for maintenance are expensed as incurred. In the case of disposals, the assets and related reserves are removed from the accounts and the net amount, less proceeds from disposal, is charged or credited to income. Depreciation of property and equipment is computed by the straight line method over the estimated useful lives of the assets.

Estimated useful lives:

Land	n/a
Buildings and improvements	10-30 years
Furniture and equipment	5 years
Motor vehicles	5 years

*Concentration of Credit Risk* - Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and cash equivalents. The Organization maintains its cash and cash equivalents with several financial institutions. These balances are insured by the Federal Deposit Insurance Corporation ("FDIC"). At various times, the Organization periodically held cash in excess of the insured limit. At June 30, 2011 cash balances are under the federally insured limit.

*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 creates or enhances a non-financial asset or the service requires specialized skills that would be purchased if not provided by donation. A substantial number of volunteers have donated significant amounts of their time to the Organization that are not recognized, since such contributed services do not meet the preceding criteria.

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

**BROWARD COUNTY COMMUNITY DEVELOPMENT CORPORATION, INC.**  
**D/B/A BROWARD HOUSING SOLUTIONS, INC.**

**Notes to Financial Statements**  
**June 30, 2011**

**Note 1 – Summary of Significant Accounting Policies (continued)**

*Government Grants* - Grant revenue is recorded in the period in which the applicable costs are incurred as additions to unrestricted, temporarily restricted, or permanently restricted net assets.

*Rent Revenue* - Rents due from tenants are recognized as revenue when due, which is generally on the first day of the month. Unearned rents received are reported as deferred revenue.

*Use of Estimates* - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts in the financial statements and accompanying notes. Actual results could differ from those estimates.

*Income Taxes* - The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and is classified as a nonprofit organization other than a private foundation. However, the Organization is subject to income taxes on unrelated business income. No income tax provision is required since the Organization had no unrelated business taxable income during the year ended June 30, 2011.

FASB ASC Topic 740, "Income Taxes" prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The guidance requires that the Organization determine whether the benefits of the Organization's tax positions are more likely than not of being sustained upon audit based on the technical merits of the tax position. The Organization did not have unrecognized tax benefits and does not have any uncertain tax positions. The tax years 2008 through 2011 remain subject to examination by major tax jurisdictions as of June 30, 2011.

The Organization includes any interest and penalties assessed by income taxing authorities in operating expenses. The Organization did not have penalties and interest expenses for the year ended June 30, 2011.

*Compensated Absences* - Employees of the Organization are entitled to paid vacations, sick days and other time off depending on job classification, length of service and other factors. The Organization's policy is to recognize the costs of compensated absences as incurred. At June 30, 2011, the accrued compensated absences totaled \$16,145 and are included in accrued expenses.

*Functional Allocation of Expenses* - Expenses of the housing program and management and general activities have been summarized on a functional basis in the statement of activities. Expenses are generally charged directly to program and management and general categories based on specific identification, although certain indirect expenses have been allocated based on management estimates.

**BROWARD COUNTY COMMUNITY DEVELOPMENT CORPORATION, INC.  
D/B/A BROWARD HOUSING SOLUTIONS, INC.**

**Notes to Financial Statements  
June 30, 2011**

**Note 1 – Summary of Significant Accounting Policies (continued)**

*Impairment of Long-Lived Assets* - The Organization reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted cash flows expected to be generated by the asset.

If such assets are considered to be impaired, the impairment to be recognized is measured by the amount reported at the lower of the carrying amount or fair value less costs to sell. The Organization recognized no impairment of long-lived assets during the year ended June 30, 2011.

**Note 2 – Property and Equipment**

At June 30, 2011, property and equipment consist of:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Land	\$ 74,604	\$ 235,000	\$ 916,190	\$ 1,225,794
Buildings and improvements	331,586	7,784,811	-	8,116,397
Furniture and equipment	206,266	-	-	206,266
Motor vehicles	57,115	-	-	57,115
	<u>669,571</u>	<u>8,019,811</u>	<u>-</u>	<u>9,605,572</u>
Less: accumulated depreciation	<u>390,597</u>	<u>1,880,463</u>	<u>-</u>	<u>2,271,060</u>
	<u>\$ 278,974</u>	<u>\$ 6,139,348</u>	<u>\$ 916,190</u>	<u>\$ 7,334,512</u>

Certain properties are pledged or subject to liens (See Note 4). Depreciation expense for the year ended June 30, 2011 totaled \$285,788.

**Note 3 – Insurance Premium Financing**

The Organization has an insurance premium financing agreement with an independent company to purchase insurance policies. (See Note 4)

**BROWARD COUNTY COMMUNITY DEVELOPMENT CORPORATION, INC.**  
**D/B/A BROWARD HOUSING SOLUTIONS, INC.**

**Notes to Financial Statements**  
**June 30, 2011**

**Note 4 - Mortgages and Notes Payable**

At June 30, 2010, mortgages and notes payable consist of:

Mortgage note payable to Broward County, payment of principal and interest deferred for a period of fifteen years from June 2000 to June 2015.

The original loan (\$40,000) is being forgiven by the lender ratably over 15 years provided the Organization satisfies the usage requirements contained in the note. The note is collateralized by residential property with a book value of \$205,307 (Cluster 4).

\$ 10,667

Mortgage note payable to Broward County, payment of principal and interest deferred for a period of fifteen years from September 1999 to September 2014. The original loan (\$68,000) is being forgiven by the lender ratably over 15 years provided the Organization satisfies the usage requirements contained in the note. The note is collateralized by residential property with a book value of \$205,307 (Cluster 4).

14,656

Mortgage note payable to Broward County, payment of principal and interest deferred for a period of fifteen years from July 2002 to July 2017. The original loan (\$70,000) is being forgiven by the lender ratably over 15 years provided the Organization satisfies the usage requirements contained in the note. The note is collateralized by a townhouse in Pompano Beach, Florida with a book value of \$60,745.

28,000

Mortgage note payable to Broward County, payment of principal and interest deferred for fifteen years from July 2002 to July 2017. The loan of \$75,000 is fully drawn and is being forgiven by the lender ratably over 15 years provided the ownership and occupancy requirements contained within the note are met. The note is collateralized by residential property with a book value of \$168,126 (Cluster 1).

32,083

Mortgage note payable to Broward County, payment of principal and interest deferred for a period up to ten years from August 2004 to July 2014. The project was completed August 2004. The loan of \$100,000 is being forgiven by the lender at the rate of one-tenth (1/10) per annum provided the ownership and occupancy requirements contained within the note are met. The note is collateralized by residential property (Cluster 6) with a book value of \$1,114,007

30,833

Mortgage note payable to Broward County, payment of principal and interest deferred for a period up to twenty years from August 2002 to August 2022. The loan of \$501,020 is fully drawn and is being forgiven by the lender at the rate of one-twentieth (1/20) annually provided the ownership and occupancy requirements contained within the note are met. The note is collateralized by residential property (Cluster 6) with a book value of \$1,114,007.

278,693

**BROWARD COUNTY COMMUNITY DEVELOPMENT CORPORATION, INC.**  
**D/B/A BROWARD HOUSING SOLUTIONS, INC.**

**Notes to Financial Statements**  
**June 30, 2011**

**Note 4 - Mortgages and Notes Payable (continued)**

Mortgage note payable to Broward County, payment of principal and interest deferred for a period up to fifteen years from February 2004 to February 2019. The loan of \$143,196 is fully drawn and is being forgiven by the lender at the rate of one-fifteenth (1/15) per annum provided the ownership and occupancy requirements contained within the note are met. The note is collateralized by residential property (Cluster 8) with a book value of \$247,518.	73,189
Mortgage note payable to Broward County, payment of principal and interest deferred for fifteen years from January 2005. The loan of \$216,642 is fully drawn and is being forgiven by the lender ratably over 15 years provided the Organization satisfies the usage requirements contained within the note. The note is collateralized by residential property with a book value of \$714,409 (Cluster 9).	122,692
Mortgage note payable to Broward County, payment of principal and interest deferred for fifteen years from January 2005 to January 2020. The loan of \$215,838 is fully drawn and is being forgiven by the lender ratably over 15 years provided the Organization satisfies the usage requirements contained within the note. The note is collateralized by residential property with a book value of \$689,364 (Cluster 10).	122,308
Mortgage note payable to Broward County, payment of principal and interest deferred for a period up to thirty years from January 2007 to January 2037. The loan of \$323,361 is fully drawn and is being forgiven by the lender at the rate of one-thirtieth (1/30) per annum provided the ownership and occupancy requirements contained within the note are met. The note is collateralized by residential property (Woodside) with a book value of \$471,849.	274,857
Mortgage note payable to Broward County, payment of principal and interest deferred for a period up to fifteen years from October 2005 to October 2020. The loan of \$349,600 is fully drawn and is being forgiven by the lender at the rate of one-fifteen (1/15) per annum provided the ownership and occupancy requirements contained within the note are met. The note is collateralized by residential property (Wilson) with a book value of \$812,243.	217,047
Mortgage note payable to Broward County, payment of principal and interest deferred for five years from September 2006 to September 2011. The loan of \$120,000 is fully drawn and is being forgiven by the lender ratably over 5 years provided the ownership and occupancy requirements contained within the note are met. The note is collateralized by residential property (Wilson) with a book value of \$812,243.	6,000

**BROWARD COUNTY COMMUNITY DEVELOPMENT CORPORATION, INC.  
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**Notes to Financial Statements  
June 30, 2011**

**Note 4 - Mortgages and Notes Payable (continued)**

Mortgage note payable to Broward County, payment of principal and interest deferred for five years from December 2008 to December 2013. The loan of \$37,983 was approved and amount drawn to date totaled \$36,969. The loan is to be forgiven by the lender at the rate of one-fifth (1/5) per annum provided the ownership and occupancy requirements contained within the note are met. The note is collateralized by residential property (Riverside) with a book value of \$554,210.	17,860
Mortgage note payable to Broward County, payment of principal and interest deferred for up to thirty years from March 2008 to March 2038. The total loan approved was \$178,337, \$53,337 is to be paid when the property is sold, and \$125,000 is to be forgiven by the lender after thirty years from the date of agreement of March 5, 2008 provided the occupancy requirements contained within the note are met. The note is collateralized by residential property (Avondale) with a book value of.	178,337
Mortgage note payable to a bank in the amount of \$200,000. The note is collateralized by residential property known as Riverside. The loan is to be forgiven by the lender after fifteen years from the date of purchase of the property on June 5, 2008 provided that certain occupancy requirements as contained in the note are met. The book value of Riverside is \$554,210	200,000
6.75% insurance financing note with ten monthly payments of \$6,063, with the final payment due on March 21, 2011. (Note 3)	64,529
Mortgage note payable to Community Reinvestment Group, payment of principal and interest due on July 20, 2011. The note is collateralized by residential property located in Pompano Beach (Palm Aire) with a book value of \$97,666.	88,100
6.25% mortgage note payable to Florida Community Loan Fund to be used for improvements to residential property, original amount - \$200,000, monthly payments of principal and interest of \$2,246 with a final payment due June 26, 2012. The note is collateralized by residential property (Cluster 6) with a book value of \$1,114,007.	89,716
6.36% mortgage note payable to a bank requiring monthly payments of principal and interest of \$2,541 to maturity (June 26, 2033) collateralized by residential property (Cluster 9) with a book value of \$714,409.	360,730
6.36% mortgage note payable to a bank requiring monthly payments of principal and interest of \$2,541 to maturity (June 26, 2033); collateralized by residential property (Cluster 10) with a book value of \$689,364.	360,728

**BROWARD COUNTY COMMUNITY DEVELOPMENT CORPORATION, INC.**  
**D/B/A BROWARD HOUSING SOLUTIONS, INC.**

**Notes to Financial Statements**  
**June 30, 2011**

**Note 4 – Mortgages and Notes Payable (continued)**

Mortgage note payable to Housing Finance Authority, payment of principal and interest deferred for a period of fifteen years from November 2003 to August 2018, at which time obligations under the mortgage shall be satisfied by a balloon payment unless the Organization satisfies the usage requirements in the note. No interest has been paid or accrued on this note since the organization intends to satisfy the aforementioned usage requirements. The note is collateralized by residential property (Cluster 6) with a book value of \$1,114,007.	200,000
5.65% mortgage note payable to a bank with a balloon principal payment due April 6, 2012 together with accrued interest. The mortgage is collateralized by the administration property with a book value of \$299,217.	250,000
6.25% mortgage note payable to Florida Community Loan Fund, original amount - \$165,300, monthly payments of principal and interest of \$1,017 with the remaining principal due and payable May 10, 2012. The note is collateralized by residential property (Cluster 8) with a book value of \$247,518.	142,244
6.50% mortgage note payable to Florida Community Loan Fund, original amount - \$76,500, monthly payments of principal and interest of \$570 with the remaining principal due and payable in June 2013. The note is collateralized by residential property (Cluster 9) with a book value of \$714,409.	58,409
6.50% mortgage note payable to Florida Community Loan Fund, original amount - \$76,500, monthly payments of principal and interest of \$570 with the remaining principal due and payable in June 2013. The note is collateralized by residential property (Cluster 10) with a book value of \$689,364.	58,409
5.50% revolving line of credit payable to Florida Community Loan Fund, original available amount - \$400,000, monthly payments of accrued interest only with the remaining principal due and payable on May 15, 2012. The note is collateralized by residential properties (Avondale, Coral Springs Tower) with a combined book value of \$759,943.	146,099

**BROWARD COUNTY COMMUNITY DEVELOPMENT CORPORATION, INC.  
D/B/A BROWARD HOUSING SOLUTIONS, INC.**

**Notes to Financial Statements  
June 30, 2011**

**Note 4 – Mortgages and Notes Payable (continued)**

5.875% mortgage note payable to a bank, original amount - \$290,000, monthly payments of principal and interest of \$1,732 with the remaining principal due and payable on June 5, 2023. The note is collateralized by residential property (Riverside) with a book value of \$554,210.

278,086

Less Mortgages and Notes payable -current portion

3,704,272  
737,518  
\$ 2,966,754

The principal on the above mortgages are amortizable as follows:

Fiscal Year Ended June 30:	Notes Payable	Forgivable Loans	Total
2012	\$ 599,688	\$ 137,830	\$ 737,518
2013	54,017	131,829	185,846
2014	57,258	127,226	184,484
2015	54,334	111,697	166,031
2016	36,608	107,141	143,749
Thereafter	<u>1,348,482</u>	<u>938,162</u>	<u>2,286,644</u>
	<u>\$ 2,150,387</u>	<u>\$ 1,553,885</u>	<u>\$ 3,704,272</u>

Interest expense on all notes payable was \$111,304 for the year ended June 30, 2011.

**BROWARD COUNTY COMMUNITY DEVELOPMENT CORPORATION, INC.  
D/B/A BROWARD HOUSING SOLUTIONS, INC.**

**Notes to Financial Statements  
June 30, 2011**

**Note 5 – Support from State, County and Other Agencies**

The grants received from the agencies listed below, generally require performance by the Organization and, in certain instances, matching funds to earn the amounts awarded. The Organization is subject to grantor audits, which could result in the questioning of expenditures and other matters relating to earned grants. In management's opinion, the probability of material disallowance of amounts received is remote (See Note 7). Support from state, county and municipal agencies for the year ended June 30, 2011 comprised the following:

	Contract Number	Amount
State of Florida Department of Children and Families	JH312	\$ 552,841
Broward County – Broward II Permanent Supportive Housing Program	10-CP-HIP-8278-HUD-2	703,501
Broward County - Match		51,568
FTL CDBG		26,809
		<u>1,334,719</u>
Broward County – BHS Samaritan 2009 Permanent Housing Project	10-CP-HIP-8278-HUD-1	<u>(28,844)</u>
		<u>\$ 1,305,875</u>

**Note 6 – Restricted Net Assets**

Temporarily restricted net assets at June 30, 2011 consisted of capital facilities in the amount of \$6,139,348 less related liabilities in the amount of \$743,701. Temporarily restricted net assets were released from donor restrictions by incurring program expenses satisfying the restricted purposes in the amount of \$1,450,450.

Permanently restricted net assets at June 30, 2011 consisted of capital facilities in the amount of \$916,190.

**Note 7 – Contributed Services and Materials**

In-kind contributions consisted of the following for the year ended June 30, 2011:

Materials and supplies		\$ 8,801
Services		<u>10,826</u>
		<u>\$ 19,627</u>

**BROWARD COUNTY COMMUNITY DEVELOPMENT CORPORATION, INC.  
D/B/A BROWARD HOUSING SOLUTIONS, INC.**

**Notes to Financial Statements  
June 30, 2011**

**Note 8 – Commitments and Contingencies**

*Contingencies* - Amounts received from contracting agencies are subject to audit and potential adjustment by the contracting agencies. Any disallowed costs, including amounts already collected, would become a liability of the Organization if so determined in the future. It is management's belief that approximately \$71,000 may become a liability of the Organization at the completion of Broward County's audit on funding received through the Broward Housing Samaritan Grant for the fiscal year ended June 30, 2011. Deferred revenue in the above amount has been recorded at June 30, 2011.

*Legal Matters* -In the ordinary course of conducting its business, the Organization may become involved in various legal actions and other claims, some of which are currently pending. Litigation is subject to many uncertainties and management may be unable to accurately predict the outcome of individual litigated matters. Some of these matters may possibly be decided unfavorably towards the Organization.

**Note 9 – Subsequent Events**

Management has evaluated the impact of events occurring after June 30, 2011 up to September 29, 2011, the date the statements were available to be issued. These statements contain all necessary adjustments and disclosures resulting from that evaluation.

**BROWARD COMMUNITY DEVELOPMENT CORPORATION, INC.**  
**D/B/A BROWARD HOUSING SOLUTIONS, INC.**  
**Schedule of Expenditures of Federal Awards and State Financial Assistance**  
**For the Year Ended June 30, 2011**

Federal/State Grantor, Pass-Through Grantor Federal Program/State Project	CFDA/ CFSA Number	Contract/ Grant Number	Expenditures
<b>Federal awards</b>			
<b>U.S. Department of Housing and Urban Development</b>			
<b>Pass-through Broward County</b>			
Supportive Housing Program	14.235	10-CP-HIP-8278-HUD-2	\$ 703,501
Supportive Housing Program	14.235	11-CP-HCS-8278-LM	51,568
Supportive Housing Program	14.235		26,809
Supportive Housing Program	14.235		<u>(28,844)</u>
<b>Total expenditures of federal awards</b>			<b><u>\$ 753,034</u></b>
<b>State financial assistance</b>			
<b>Florida Department of Children and Families</b>			
Recovery and Resiliency Mental Health	60.053	JH322	<u>\$ 552,841</u>
<b>Total expenditures of state financial assistance</b>			<b><u>\$ 552,841</u></b>

See notes to schedule of expenditures of federal awards and state financial assistance.

**BROWARD COMMUNITY DEVELOPMENT CORPORATION, INC.  
D/B/A BROWARD HOUSING SOLUTIONS, INC.**

**Schedule of Expenditures of Federal Awards and State Financial Assistance  
For the Year Ended June 30, 2011**

**Note 1 – Basis of Presentation**

The accompanying schedule of expenditures of federal awards and state financial assistance includes the federal and state grant activity of Broward County Community Development Corporation, 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 financial statements.



**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  
Broward County Community Development Corporation, Inc.  
d/b/a Broward Housing Solutions, Inc.  
Fort Lauderdale, Florida

We have audited the financial statements of Broward County Community Development Corporation, Inc. d/b/a Broward Housing Solutions, Inc. (the "Organization") as of and for the year ended June 30, 2011, and have issued our report thereon dated September 29, 2011. 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.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Organization's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization'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 misstatements on a timely basis. A material weakness is a deficiency or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and 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 the Organization's financial statements are free of material misstatement, we performed tests of its compliance with certain provision of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Board of Directors, management of Broward County Community Development Corporation, Inc. d/b/a Broward Housing Solutions, Inc. 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.

Cherry Bekant ? Holland LLP

Fort Lauderdale, Florida  
September 29, 2011



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD  
HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL  
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB  
CIRCULAR A-133 AND CHAPTER 10.650, RULES OF THE AUDITOR GENERAL**

To the Board of Directors  
Broward County Community Development Corporation, Inc.  
d/b/a Broward Housing Solutions, Inc.  
Fort Lauderdale, Florida

**Compliance**

We have audited Broward County Community Development Corporation, Inc. d/b/a Broward Housing Solutions, Inc. (the "Organization") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and the requirements described in the *Executive Office of the Governor's State Projects Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs and state financial assistance projects for the year ended June 30, 2011. The Organization's major federal programs and state projects are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs and state projects is the responsibility of the Organization's management. Our responsibility is to express an opinion on the Organization's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*; and Chapter 10.650 Rules of the Auditor General. Those standards, OMB Circular A-133, and Chapter 10.650 Rules, 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 major federal programs and state projects occurred. An audit includes examining, on a test basis, evidence about the Organization'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 Organization's compliance with those requirements.

In our opinion, the Organization complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and state projects for the year ended June 30, 2011.

## Internal Control Over Compliance

Management of the Organization 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 Organization's internal control over compliance with the requirements that could have a direct and material effect on major federal programs and state projects to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 Organization's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program or state project on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is reasonable possibility that material noncompliance with a type of compliance requirement of federal programs and state projects will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Board of Directors, management of Broward County Community Development Corporation, Inc. d/b/a Broward Housing Solutions, Inc. 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.

*Cherry Bekert* : Holland LLP

Fort Lauderdale, Florida  
September 29, 2011

**BROWARD COUNTY COMMUNITY DEVELOPMENT CORPORATION, INC.  
D/B/A BROWARD HOUSING SOLUTIONS, INC.**

**Schedule of Findings and Questioned Costs  
For the year Ended June 30, 2011**

Section I - Summary of Auditor's Results

*Financial Statements*

Type of auditor's report issued: *Unqualified Opinion*

Internal control over financial reporting:

- Material weakness(es) identified?  yes  no
- Significant deficiency(ies) identified that are not considered to be material weaknesses?  yes  none reported

Noncompliance material to financial statements noted?  yes  no

*Federal Awards and State Financial Assistance Projects*

Internal control over major programs:

- Material weakness(es) identified?  yes  no
- Significant deficiency(ies) identified that are not considered to be material weaknesses?  yes  none reported

Type of auditor's report issued on compliance for major programs: *Unqualified Opinion*

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 and Chapter 10.650, Rules of the Auditor General?  yes  no

Identification of major programs:

<u>Federal Pass-thru Financial Assistance Projects</u>	<u>CFDA No.</u>
Broward II Permanent Supportive Housing Program	14.235

<u>State Financial Assistance Projects</u>	<u>CFSA No.</u>
Florida Department of Children and Families: Recovery and Resiliency Mental Health	60.053

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

Auditee qualified as low-risk auditee?  yes  no

Section II - Financial Statement Findings None

Section III - Federal Award and State Financial Assistance Project Findings and Questioned Costs None