

**INSTITUTE FOR CHILD AND FAMILY  
HEALTH, INC.**

MANAGEMENT LETTER

JUNE 30, 2011

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## MANAGEMENT LETTER

To the Board of Directors of  
The Institute for Child and Family Health, Inc.  
Miami, Florida

We have audited the financial statements of The Institute for Child and Family Health, Inc. (the "Institute"), as of and for the fiscal year ended June 30, 2011, and have issued our report thereon dated December 1, 2011.

We conducted our audit in accordance with United States 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. We have issued our Independent Auditor's 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*, Independent Auditor's Report on Compliance Applicable to each Major Federal Program and State Project and on Internal Control Over Compliance in Accordance with OMB Circular A-133 and Chapter 10.650, Rules of the Auditor General, and Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule, which are dated December 1, 2011, should be considered in conjunction with this management letter.

Additionally, our 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 that have deficiencies. We did not identify any matters which require disclosure in accordance with the Rules of the Auditor General.

In planning and performing our audit of the financial statements of the Institute as of and for the year ended June 30, 2011, in accordance with auditing standards generally accepted in the United States of America, we considered the Institute's internal control over financial reporting (internal control) 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 Institute's internal control. Accordingly, we do not express an opinion on the effectiveness of the Institute's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and therefore there can be no assurance that all such deficiencies have been identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency in the Institute's internal control and presented on page 3 to this letter to be a material weakness.

Generally accepted auditing standards require auditors to communicate *material weaknesses* and *significant deficiencies* in internal control that they become aware of during the audit. Generally accepted auditing standards do not require auditors to communicate *management points*. Our firm's policy requires us to inform you of any *management points* discovered during our audit.

The following summarizes the results of our audit for the year ended June 30, 2011:

Material Weakness Identified	<u> X </u>	Yes	<u>    </u>	No
Management Point Identified	<u> X </u>	Yes	<u>    </u>	No

This communication is intended solely for the information of the audit committee, management, the Board of Directors, and the Florida Auditor General, and is not intended to be and should not be used by anyone other than these specified parties.



CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida  
December 1, 2011

**INSTITUTE FOR CHILD AND FAMILY HEALTH, INC.**  
**OBSERVATIONS AND RECOMMENDATIONS**  
**JUNE 30, 2011**

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**REF.NO.**                      **DESCRIPTION**

***MATERIAL WEAKNESS***

**MW-2011-1                      RECORDING OF TRANSACTIONS**

See *Schedule of Findings and Questioned Costs* SECTION II FINANCIAL STATEMENT FINDINGS of the audited financial statements.

***MANAGEMENT POINT***

**MLC-2011-1                      ACCOUNTS RECEIVABLE**

Observation

During our tests of subsequent collections, certain account receivables at year end could not be specifically identified with subsequent payments.

Recommendation

The Institute must be able to effectively and efficiently identify receipts and subsequent collections of its accounts receivables. This will ensure that delinquent accounts receivable balances are investigated, that accounts receivable balances are timely reviewed for collectability, and the allowance for doubtful account is adequate.