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

**FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITORS' REPORTS**

*JUNE 30, 2011*

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**THE STARTING PLACE, INC.**  
**FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

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TABLE OF CONTENTS

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	<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	7-11
<b>SUPPLEMENTAL INFORMATION:</b>	
Schedule of Expenditures of Federal State and Local Awards	12
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	13-14
Independent Auditors' Report on Compliance with requirements Applicable to Each Major Federal Program and State Project And on Internal Control over Compliance in Accordance with OMB Circular A-133 And The Florida Single Act, Section 215.97, F.S.	15-16
Schedule of Findings and Questioned Costs	17
Schedule of State Earnings	18
Schedule of Substance Abuse and Mental Health Services/ Cost Center Funding Sources and Revenue	19
Schedule of Substance Abuse and Mental Health Services/ Cost Center Operating and Capital Expenditures	20

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## INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying statement of financial position of The Starting Place, Inc. (a non-profit organization) as of June 30, 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 The Starting Place, Inc. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Starting Place, Inc. as of June 30, 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, we have also issued our report dated September 20, 2011, on our consideration of The Starting Place, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. The report is an integral part of an audit performed in accordance with Government Auditing Standards and important for assessing the results of our audit.

(Continued)

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of The Starting Place, Inc. taken as a whole. The accompanying schedule of expenditures of federal, state and local awards on page 12 is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and the Florida Single Act, and is not a required part of the basic financial statements. The information on this schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The accompanying Schedule of State Earnings, Schedule of Substance Abuse and Mental Health Services Cost Center Funding Sources and Revenue and Schedule of Substances Abuse and Mental Health Services Cost Center Operating and Capital Expenditures on pages 18-20 are also presented for purposes of additional analysis as required by the State of Florida Department of Children and Families and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.



RIBOTSKY, LEVINE & COMPANY  
Certified Public Accountants

North Miami, Florida  
September 20, 2011

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

**JUNE 30, 2011**

<b>ASSETS</b>	
<b>CURRENT ASSETS:</b>	
Cash and cash equivalents	\$ 450,233
Restricted cash	200,000
Receivables:	
Grants	319,816
Medicaid	94,802
Clients	3,013
Other	3,450
Prepaid expenses	43,778
<b>TOTAL CURRENT ASSETS</b>	<u>1,115,092</u>
PROPERTY AND EQUIPMENT, NET	<u>47,310</u>
<b>OTHER ASSETS:</b>	
Investments - unrestricted	2,072
Investments - permanently restricted	104,142
Deposits	24,771
<b>TOTAL OTHER ASSETS</b>	<u>130,985</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 1,293,387</u></u>
<b>LIABILITIES AND NET ASSETS</b>	
<b>CURRENT LIABILITIES:</b>	
Accounts payable and accrued expenses	\$ 127,475
Insurance payable	35,441
Note payable, current portion	4,539
<b>TOTAL CURRENT LIABILITIES</b>	<u>167,455</u>
LONG-TERM DEBT, NET OF CURRENT PORTION	<u>4,392</u>
<b>NET ASSETS:</b>	
Unrestricted net assets	1,017,398
Permanently restricted net assets	104,142
<b>TOTAL NET ASSETS</b>	<u>1,121,540</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 1,293,387</u></u>

See accompanying notes to the financial statements.

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

**FOR THE YEAR ENDED JUNE 30, 2011**

**OPERATING SUPPORT AND REVENUE:**

Governmental grants	\$ 2,541,342
Medicaid	727,470
Client fees	103,095
Contributions (including \$47,512 in-kind)	158,624
Special event	18,639
Interest	4,034
Other	905
Gain on disposal of property and equipment	6,603
Unrealized gain on investment	15,838
TOTAL OPERATING SUPPORT AND REVENUE	<u><b>3,576,550</b></u>

**OPERATING EXPENSES:**

Program services	3,024,688
Supporting services - management and general	487,731
TOTAL OPERATING EXPENSES	<u><b>3,512,419</b></u>

**CHANGE IN NET ASSETS**

**64,131**

**NET ASSETS - JULY 1, 2010**

**1,057,409**

**NET ASSETS - JUNE 30, 2011**

**\$ 1,121,540**

See accompanying notes to the financial statements.

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

**FOR THE YEAR ENDED JUNE 30, 2011**

**CASH FLOWS FROM OPERATING ACTIVITIES:**

<b>Change in Net Assets</b>	<b>\$</b>	<b>64,131</b>
<i>Adjustments to reconcile change in net assets to net cash provided by operating activities:</i>		
Depreciation		16,238
Bad debts		43,376
Unrealized gain on investment		(15,838)
Gain on disposal of property and equipment		(6,603)
Changes in certain assets and liabilities:		
Decrease in grants receivable		29,472
(Increase) in medicaid receivable		(3,577)
(Increase) in clients receivable		(42,934)
Decrease in other receivables		1,699
Decrease in prepaid expenses		8,391
Decrease in investments		7,147
(Increase) in deposits		(24,771)
Increase in accounts payable and accrued expenses		9,735
(Decrease) in insurance payable		(15,869)
<b>Net Cash provided by Operating Activities</b>		<b><u>70,597</u></b>

**CASH FLOWS FROM INVESTING ACTIVITIES:**

Proceeds from sale of property and equipment		10,650
Purchases of property and equipment		(18,020)
<b>Net Cash (used in) Investing Activities</b>		<b><u>(7,370)</u></b>

**CASH FLOWS FROM FINANCING ACTIVITIES:**

Repayments of notes payable		(39,264)
Proceeds from notes payable		35,000
Decrease in restricted cash for line of credit collateral		20,000
<b>Net Cash provided by Financing Activities</b>		<b><u>15,736</u></b>

**NET INCREASE IN CASH AND CASH EQUIVALENTS** **78,963**

**CASH AND CASH EQUIVALENTS - JULY 1, 2010** **371,270**

**CASH AND CASH EQUIVALENTS - JUNE 30, 2011** **\$ 450,233**

**SUPPLEMENTAL DISCLOSURES:**

In-kind contributions	<b>\$</b>	<b><u>47,512</u></b>
Interest paid		<b><u><u>869</u></u></b>

See accompanying notes to the financial statements.

**THE STARTING PLACE, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**

**FOR THE YEAR ENDED JUNE 30, 2011**

	Program Services										Total program services	Management and general	Total
	Outpatient	CCST	After-school Day Treatment	Intervention	Youth Opportunities	Redirection	Medical Services	Outreach	Aftercare	Other program services			
<b>Personnel Costs:</b>													
Salaries	\$ 985,382	\$ 478,541	\$ 84,037	\$ 214,341	\$ 35,231	\$ 197,310	\$ -	\$ 28,679	\$ 17,024	\$ 12,344	\$ 2,052,889	\$ 291,785	\$ 2,344,674
Payroll taxes and employee benefits	160,829	87,175	19,452	39,368	7,085	37,681	-	6,107	3,263	1,372	362,332	46,298	408,630
<b>Total Personnel Costs</b>	<b>1,146,211</b>	<b>565,716</b>	<b>103,489</b>	<b>253,709</b>	<b>42,316</b>	<b>234,991</b>	<b>-</b>	<b>34,786</b>	<b>20,287</b>	<b>13,716</b>	<b>2,415,221</b>	<b>338,083</b>	<b>2,753,304</b>
<b>Other Expenses:</b>													
Occupancy	50,079	26,301	5,418	10,661	1,945	9,687	401	1,463	923	645	107,523	10,315	117,838
Professional fees	24,088	15,301	6,164	3,246	-	7,419	60,935	927	464	464	119,008	25,034	144,042
Transportation	56,621	23,724	3,761	5,401	1,353	7,013	-	310	829	195	99,207	-	99,207
Training and program activities	959	578	1,634	-	-	9,292	-	-	-	-	12,463	1,667	14,130
Laboratory tests	35,185	6,760	-	-	288	-	-	-	1,376	1,639	45,248	168	45,416
Insurance	12,110	6,360	10,190	2,578	470	2,343	97	354	223	156	34,881	2,494	37,375
Interest	-	-	-	-	-	-	-	-	-	-	-	869	869
Other supplies and expenses	55,592	29,196	14,161	11,835	3,482	10,753	446	1,624	1,024	716	128,829	80,521	209,350
Bad debts	42,405	-	-	-	-	-	971	-	-	-	43,376	-	43,376
In-kind services	14,199	-	-	-	-	-	-	-	-	4,733	18,932	28,580	47,512
<b>Total Other Expenses</b>	<b>291,238</b>	<b>108,220</b>	<b>41,328</b>	<b>33,721</b>	<b>7,538</b>	<b>46,507</b>	<b>62,850</b>	<b>4,678</b>	<b>4,839</b>	<b>8,548</b>	<b>609,467</b>	<b>149,648</b>	<b>759,115</b>
	<b>\$ 1,437,449</b>	<b>\$ 673,936</b>	<b>\$ 144,817</b>	<b>\$ 287,430</b>	<b>\$ 49,854</b>	<b>\$ 281,498</b>	<b>\$ 62,850</b>	<b>\$ 39,464</b>	<b>\$ 25,126</b>	<b>\$ 22,264</b>	<b>\$ 3,024,688</b>	<b>\$ 487,731</b>	<b>\$ 3,512,419</b>

See accompanying notes to the financial statements.



**THE STARTING PLACE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

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**Note 1 - Organization and Activities**

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

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

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**Basis of Presentation**

The accompanying financial statements have been prepared on the accrual basis of accounting and in accordance with the principles of fund accounting, in order to ensure observance of the limitations and restrictions placed on the use of its resources. In accordance with FASB ASC 958, The Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

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

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

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

**Contributions**

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

(Continued)

**THE STARTING PLACE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

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

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**Donated Materials and Services**

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

**Cash and Cash Equivalents**

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

**Fair Value of Financial Instruments**

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

**Receivables**

Grants and other receivables consist of amounts due from governmental agencies, donors and clients for services. The allowance method is used for providing for bad debts. The Organization considers all of the receivables to be collectible at June 30, 2011.

**Concentration of Credit Risk**

The Organization maintains cash balances at several banks. Non-interest bearing accounts are fully insured by the Federal Deposit Insurance Corporation until December 31, 2012. Interest bearing accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. At June 30, 2011, cash balances of the Organization did not exceed insured limits.

(Continued)

**THE STARTING PLACE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

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

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**Property and Equipment**

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

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

Furniture and fixtures	5 Years
Vehicles	3 Years
Equipment	5 Years

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

**Income Taxes**

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

The Organization files annual returns in the U.S. federal jurisdiction. With few exceptions, the Organization is no longer subject to U.S. federal examinations by tax authorities for years before 2007.

**Use of Estimates**

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

**THE STARTING PLACE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

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**Note 3 - Grants Receivable**

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Grants receivable at June 30, 2011 comprise the following:

Broward County-TOPS	\$ 108,841
Broward County-STARs	20,304
Evidence-Based Associates	54,065
DCF	128,436
Byrne-STARs	<u>8,170</u>
	<u>\$ 319,816</u>

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**Note 4 - Property and Equipment**

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Property and equipment consist of the following as of June 30, 2011:

Equipment	\$ 57,677
Furniture and fixtures	79,072
Auto	<u>13,537</u>
	150,286
Less: Accumulated depreciation	<u>102,976</u>
	<u>\$ 47,310</u>

Depreciation expense for the year ended June 30, 2011 totaled \$16,238.

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**Note 5 – Notes Payable**

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

\$ 8,931

Future principal payments are as follows:

Year ending June 30:

2012	\$ 4,539
2013	<u>4,392</u>
	<u>\$ 8,931</u>

The Organization maintains a \$200,000 revolving line of credit with the bank. The borrowings are secured by a Certificate of Deposit held at the same bank in the amount of \$200,000, the interest rate is 2% over the CD rate. The outstanding balance of the line of credit was \$0 at June 30, 2011.

**THE STARTING PLACE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

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**Note 6 – Donated Materials and Services**

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The In-kind contributions for the year ended June 30, 2011 comprised the following:

Volunteer services	\$ 46,512
Professional fees	<u>1,000</u>
	\$ <u>47,512</u>

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**Note 7 – Commitments**

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**Operating Leases**

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

Estimated future minimum operating lease payments as of June 30, 2011 are as follows:

Year ending June 30:	
2012	\$ 188,233
2013	193,828
2014	192,869
2015	196,949
2016	<u>66,467</u>
Total minimum payments	\$ <u>838,346</u>

Rent expenses under the operating leases amounted to \$151,549 for the year ended June 30, 2011.

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**Note 8 - Permanently Restricted Net Assets**

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

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**Note 9 – Subsequent Events**

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The Organization has evaluated subsequent events through September 20, 2011, the date the financial statements were available to be issued.

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

**FOR THE YEAR ENDED JUNE 30, 2011**

Federal/State Agency Pass-through Entity Federal Program/State Project/Local Program	Federal CFDA/ State CSFA Number	Contract Number	Contract Term	Amount Awarded	Reimbursable/ Disbursements/ Expenses	Cash Receipts	Grants Receivable June 30, 2011
<b>Federal</b>							
U.S. Department of Health and Human Services Passed through the Florida Department of Children and Families Block Grants for Prevention and Treatment of Substance Abuse	93.959	JD246	7/1/10-6/30/11	\$ 660,408	\$ 660,408	\$ 617,261	\$ 43,147
Temporary Assistance for Needy Families	93.558	JD246	7/1/10-6/30/11	14,957	14,957	9,902	5,055
U.S. Department of Education Passed through the Florida Department of Law Enforcement Governor's Drug-Free Communities Program	84.186	2009-DFC-BROW-1-X1-016	10/1/09-9/30/10	65,134	14,895	14,895	-
U.S. Department of Justice Passed through the Florida Department of Law Enforcement Byrne/JAG Countywide Grant	16.738	2010-JAGC-BROW-3-4X-158	10/1/09-9/30/10	52,560	18,291	18,291	-
Byrne/JAG Countywide Grant	16.738	2011-JAGC-BROW-4-B2-239	10/1/10-9/30/11	48,912	41,191	33,021	8,170
<b>American Recovery Act</b>							
U.S. Department of Justice Passed through the Florida Department of Law Enforcement Byrne/JAG Stimulus Grant	16.803	2010-ARRC-BROW-20-W7-292	10/1/09-9/30/10	<u>285,700</u>	<u>165,683</u>	<u>165,683</u>	<u>-</u>
<b>Total Federal Awards</b>				<b><u>1,127,671</u></b>	<b><u>915,425</u></b>	<b><u>859,053</u></b>	<b><u>56,372</u></b>
<b>State Financial Assistance</b>							
State of Florida Department of Children and Families Children's Mental Health Community Support Services	60.055	JD246	7/1/10-6/30/11	144,084	144,084	131,866	12,218
Substance Abuse Treatment and Aftercare Services for Children	60.030	JD246	7/1/10-6/30/11	397,478	397,478	329,462	68,016
State of Florida Department of Juvenile Justice Redirection Project	80.018, 80.019	N/A	11/1/09-10/31/10	320,221	102,515	102,515	-
Redirection Project	80.018, 80.019	N/A	11/1/10-10/31/11	<u>311,215</u>	<u>205,031</u>	<u>150,966</u>	<u>54,065</u>
<b>Total State Financial Assistance</b>				<b><u>1,172,998</u></b>	<b><u>849,108</u></b>	<b><u>714,809</u></b>	<b><u>134,299</u></b>
<b>Local Government Awards</b>							
Children's Services Council/NEW DAY Program	N/A	06-2795	10/1/09-9/30/10	149,961	44,513	44,513	-
Broward County/STARS Program	N/A	08-CSAD-8268-01	10/1/09-9/30/10	108,620	35,274	35,274	-
Broward County/STARS Program	N/A	08-CSAD-8268-01	10/1/10-9/30/11	113,620	68,238	47,934	20,304
Broward County/TOPS Program	N/A	10-CP-CSA-8268-01	10/1/09-9/30/10	506,260	208,553	208,553	-
Broward County/TOPS Program	N/A	10-CP-CSA-8268-01	10/1/10-9/30/11	<u>618,760</u>	<u>420,231</u>	<u>311,390</u>	<u>108,841</u>
<b>Total Local Awards</b>				<b><u>1,497,221</u></b>	<b><u>776,809</u></b>	<b><u>647,664</u></b>	<b><u>129,145</u></b>
<b>Total Awards</b>				<b><u>\$ 3,797,890</u></b>	<b><u>\$ 2,541,342</u></b>	<b><u>\$ 2,221,526</u></b>	<b><u>\$ 319,816</u></b>

See accompanying independent auditors' report.

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN  
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

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

We have audited the financial statements of The Starting Place, Inc. (a non-profit organization) as of and for the year ended June 30, 2011, and have issued our report thereon dated September 20, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in "Government Auditing Standards", issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered The Starting Place Inc.'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of The Starting Place, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or 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 Starting Place, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and 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".

(Continued)

Board of Directors  
**The Starting Place, Inc.**  
Plantation, Florida  
Page 2

However we noted certain matters that we reported to the management of The Starting Place, Inc. in a separate letter dated September 20, 2011.

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



RIBOTSKY, LEVINE & COMPANY  
Certified Public Accountants

North Miami, Florida  
September 20, 2011



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND STATE PROJECT AND ON  
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR  
A-133 AND THE FLORIDA SINGLE AUDIT ACT, SECTION 215.97, F.S.**

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

**Compliance**

We have audited the compliance of The Starting Place, Inc. (a non-profit organization) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement and the requirements described in the Executive Office of the Governor's State Projects Compliance Supplement that could have a direct and material effect on each of The Starting Place, Inc.'s major federal programs and state projects for the year ended June 30, 2011. The Starting Place, Inc.'s major federal programs and state projects are identified in the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs and state projects is the responsibility of The Starting Place, Inc.'s management. Our responsibility is to express an opinion on The Starting Place, Inc.'s compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the auditing standards contained in Government Auditing Standards, issued by the Comptroller General of the United States; and provisions of OMB Circular A-133, Audits of State, Local Governments and Non-Profit Organizations and Chapter 10.650 Rules of the Auditor General. Those standards and provisions require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program or state project occurred. An audit includes examining, on a test basis, evidence about The Starting Place, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of The Starting Place, Inc.'s compliance with those requirements.

In our opinion, The Starting Place, Inc. complied, in all material respects, with the 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.

(Continued)

### **Internal Control Over Compliance**

Management of The Starting Place, Inc. is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs and state projects. In planning and performing our audit, we considered The Starting Place, Inc.'s internal control over compliance with the requirements that could have a direct and material effect on a major federal program or state project to determine the auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of The Starting Place, Inc.'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 a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program or state project will not be prevented or detected and corrected on a timely basis.

Our consideration of 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.

However we have noted other matters that we reported to the management of The Starting Place, Inc. in a separate letter dated September 20, 2011.

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



RIBOTSKY, LEVINE & COMPANY  
Certified Public Accountants

North Miami, Florida  
September 20, 2011

**THE STARTING PLACE, INC.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2011**

**SUMMARY OF AUDITORS' RESULTS**

- 1 The auditors' report expresses an unqualified opinion on the general purpose financial statements of The Starting Place, Inc.
- 2 There were no significant deficiencies disclosed during the audit of the general purpose financial statements of The Starting Place, Inc. and reported in the Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and other matters Based on an Audit of Financial Statements Performed in Accordance with Governmental Auditing Standards.
- 3 No instances of noncompliance material to the general purpose financial statements of The Starting Place, Inc. were disclosed during the audit.
- 4 There were no significant deficiencies disclosed during the audit of internal control over major federal programs and/or major state projects.
- 5 The auditors' report on compliance for major federal programs and state projects of The Starting Place, Inc. expresses an unqualified opinion.
- 6 There were no items disclosed during the audit of the financial statements of The Starting Place, Inc. that constituted "findings" relative to the major federal programs and major state projects for The Starting Place, Inc.
- 7 The federal programs and state projects tested as major are:
  - Major Federal Programs:
    - U.S. Department of Health and Human Services – Passed through the Florida Department of Children and Families – Block Grants for Prevention and Treatment of Substance Abuse – CFDA #93.959
    - American Recovery Act - U.S. Department of Justice – Passed through the Florida Department of Law Enforcement – Byrne/JAG Stimulus Grant – CFDA #16.803
  - Major State Projects:
    - State of Florida Department of Children and Families – Substance Abuse Treatment and Aftercare for Children – CSFA #60.030
    - State of Florida Department of Juvenile Justice – Redirection Project – CSFA #80.018 and CSFA #80.019
- 8 The threshold used for distinguishing between Type A and B programs and projects was \$300,000 and \$254,732, respectively.
- 9 There were no prior year (fiscal year ended June 30, 2010) audit findings. Further, The Starting Place, Inc. qualified as a low-risk auditee under the criteria outlined in OMB Circular A-133.

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

**FOR THE YEAR ENDED JUNE 30, 2011**

Total operating expenses		\$ 3,512,419
Less other State and Federal funds	547,606	
Less Medicaid	727,470	
Less in-kind services	<u>47,512</u>	<u>1,322,588</u>
Net allowable expenses		2,189,831
Amount of State funds received or receivable	1,216,927	
Required match	<u>110,462</u>	<u>1,327,389</u>
Excess expenses		<u><u>\$ 862,442</u></u>

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

See accompanying independent auditors' report.

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

**FOR THE YEAR ENDED JUNE 30, 2011**

	Outpatient Individual	Outpatient Group	Assessment	CCST	Aftercare	Intervention	Medical Services	Outreach	DCF SAMH-Funded Cost Centers	Non-DCF SAMH-Funded Cost Centers	Total SAMH-Funded Cost Centers	Non-SAMH Cost Center	Total Funding
<b>Section I</b>													
Total State Funding													
1. Adult Substance Abuse Substance Abuse Services	\$ 86,779	\$ 3,658	\$ 16,443	\$ -	\$ -	\$ -	\$ -	\$ 23,144	\$ 130,024	\$ -	\$ 130,024	\$ -	\$ 130,024
2. Children Substance Abuse Substance Abuse Services	74,738	1,934	61,955	653,170	25,968	46,500	59,450	19,104	942,819	-	942,819	-	942,819
3. Children Mental Health Mental Health Services	-	-	-	144,084	-	-	-	-	144,084	-	144,084	-	144,084
<b>Total State SAMH Funding</b>	<b>161,517</b>	<b>5,592</b>	<b>78,398</b>	<b>797,254</b>	<b>25,968</b>	<b>46,500</b>	<b>59,450</b>	<b>42,248</b>	<b>1,216,927</b>	<b>-</b>	<b>1,216,927</b>	<b>-</b>	<b>1,216,927</b>
<b>Section II</b>													
Other Government Funding													
1. Other State Funding	-	-	-	-	-	-	-	-	-	307,546	307,546	-	307,546
2. Medicaid	292,222	-	58,360	-	-	259,954	-	-	610,536	116,934	727,470	-	727,470
3. Local Government	725,838	6,458	-	-	-	-	-	-	732,296	44,513	776,809	-	776,809
4. Federal Grants and Contracts	217,215	-	7,950	-	-	-	-	-	225,165	14,895	240,060	-	240,060
<b>Total Other Government Funding</b>	<b>1,235,275</b>	<b>6,458</b>	<b>66,310</b>	<b>-</b>	<b>-</b>	<b>259,954</b>	<b>-</b>	<b>-</b>	<b>1,567,997</b>	<b>483,888</b>	<b>2,051,885</b>	<b>-</b>	<b>2,051,885</b>
<b>Section III</b>													
All Other Funding													
1. 1st and 2nd Party Payment	40,608	-	53,507	-	-	-	1,809	-	95,924	7,171	103,095	-	103,095
2. Contribution and Donations	-	-	-	-	-	-	-	-	-	111,112	111,112	-	111,112
3. Other	-	-	-	-	-	-	-	-	-	46,019	46,019	-	46,019
4. In-Kind	12,353	116	1,730	-	-	-	-	-	14,199	33,313	47,512	-	47,512
<b>Total All Other Funding</b>	<b>52,961</b>	<b>116</b>	<b>55,237</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,809</b>	<b>-</b>	<b>110,123</b>	<b>197,615</b>	<b>307,738</b>	<b>-</b>	<b>307,738</b>
<b>Total Funding</b>	<b>\$ 1,449,753</b>	<b>\$ 12,166</b>	<b>\$ 199,945</b>	<b>\$ 797,254</b>	<b>\$ 25,968</b>	<b>\$ 306,454</b>	<b>\$ 61,259</b>	<b>\$ 42,248</b>	<b>\$ 2,895,047</b>	<b>\$ 681,503</b>	<b>\$ 3,576,550</b>	<b>\$ -</b>	<b>\$ 3,576,550</b>

See accompanying independent auditors' report.

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

FOR THE YEAR ENDED JUNE 30, 2011

	Outpatient Individual	Outpatient Group	Assessment	CCST	Aftercare	Intervention	Medical Services	Outreach	DCF SAMH-Funded Cost Centers	Non-DCF SAMH-Funded Cost Centers	Total SAMH-Funded Cost Centers	Non-SAMH Cost Centers	Management and General	Total
<b>Personnel Costs</b>														
1. Salaries	\$ 857,282	\$ 8,048	\$ 120,052	\$ 478,541	\$ 17,024	\$ 214,341	\$ -	\$ 28,679	\$ 1,723,967	\$ 328,922	\$ 2,052,889	\$ -	\$ 291,785	\$ 2,344,674
2. Payroll taxes and employee benefits	139,921	1,314	19,594	87,175	3,263	39,368	-	6,107	296,742	65,590	362,332	-	46,298	408,630
<b>Total Personnel Costs</b>	<b>997,203</b>	<b>9,362</b>	<b>139,646</b>	<b>565,716</b>	<b>20,287</b>	<b>253,709</b>	<b>-</b>	<b>34,786</b>	<b>2,020,709</b>	<b>394,512</b>	<b>2,415,221</b>	<b>-</b>	<b>338,083</b>	<b>2,753,304</b>
<b>Other Expenses</b>														
1. Occupancy	43,569	409	6,101	26,301	923	10,661	401	1,463	89,828	17,695	107,523	-	10,315	117,838
2. Professional fees	20,957	-	3,131	15,301	464	3,246	60,935	927	104,961	14,047	119,008	-	25,034	144,042
3. Transportation	49,260	-	7,361	23,724	829	5,401	-	310	86,885	12,322	99,207	-	-	99,207
4. Training and program activities	834	8	117	578	-	-	-	-	1,537	10,926	12,463	-	1,667	14,130
5. Medical and pharmacy	30,611	287	4,287	6,760	1,376	-	-	-	43,321	1,927	45,248	-	168	45,416
6. Insurance	10,536	99	1,475	6,360	223	2,578	97	354	21,722	13,159	34,881	-	2,494	37,375
7. Interest	-	-	-	-	-	-	-	-	-	-	-	-	869	869
8. Operating supplies and expenses	48,365	454	6,773	29,196	1,024	11,835	446	1,624	99,717	29,112	128,829	-	80,521	209,350
9. Bad debts	36,893	346	5,166	-	-	-	971	-	43,376	-	43,376	-	-	43,376
10. Donated services	12,353	116	1,730	-	-	-	-	-	14,199	4,733	18,932	-	28,580	47,512
<b>Total Other Expenses</b>	<b>253,378</b>	<b>1,719</b>	<b>36,141</b>	<b>108,220</b>	<b>4,839</b>	<b>33,721</b>	<b>62,850</b>	<b>4,678</b>	<b>505,546</b>	<b>103,921</b>	<b>609,467</b>	<b>-</b>	<b>149,648</b>	<b>759,115</b>
<b>Total Personnel Costs and Other Expenses</b>	<b>1,250,581</b>	<b>11,081</b>	<b>175,787</b>	<b>673,936</b>	<b>25,126</b>	<b>287,430</b>	<b>62,850</b>	<b>39,464</b>	<b>2,526,255</b>	<b>498,433</b>	<b>3,024,688</b>	<b>-</b>	<b>487,731</b>	<b>3,512,419</b>
<b>Distributed Indirect Costs</b>														
1. Other support costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Administration	148,311	1,392	20,769	104,039	605	18,555	1,203	2,049	296,923	25,051	321,974	-	(321,974)	-
<b>Total Distributed Indirect Costs</b>	<b>148,311</b>	<b>1,392</b>	<b>20,769</b>	<b>104,039</b>	<b>605</b>	<b>18,555</b>	<b>1,203</b>	<b>2,049</b>	<b>296,923</b>	<b>25,051</b>	<b>321,974</b>	<b>-</b>	<b>(321,974)</b>	<b>-</b>
<b>Total Expenses</b>	<b>1,398,892</b>	<b>12,473</b>	<b>196,556</b>	<b>777,975</b>	<b>25,731</b>	<b>305,985</b>	<b>64,053</b>	<b>41,513</b>	<b>2,823,178</b>	<b>523,484</b>	<b>3,346,662</b>	<b>-</b>	<b>165,757</b>	<b>3,512,419</b>
<b>Unallowable costs</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Allowable Costs</b>	<b>\$ 1,398,892</b>	<b>\$ 12,473</b>	<b>\$ 196,556</b>	<b>\$ 777,975</b>	<b>\$ 25,731</b>	<b>\$ 305,985</b>	<b>\$ 64,053</b>	<b>\$ 41,513</b>	<b>\$ 2,823,178</b>	<b>\$ 523,484</b>	<b>\$ 3,346,662</b>	<b>\$ -</b>	<b>\$ 165,757</b>	<b>\$ 3,512,419</b>
<b>Capital Expenditures</b>	<b>\$ 6,646</b>	<b>\$ -</b>	<b>\$ 1,013</b>	<b>\$ 4,022</b>	<b>\$ 141</b>	<b>\$ 1,630</b>	<b>\$ 61</b>	<b>\$ 224</b>	<b>\$ 13,737</b>	<b>\$ 2,706</b>	<b>\$ 16,443</b>	<b>\$ -</b>	<b>\$ 1,577</b>	<b>\$ 18,020</b>

See accompanying independent auditors' report.

Marvin H. Ribotsky, CPA  
(1934-2008)

Norman Levine, CPA

Elliott W. Starman, CPA



CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS



[www.ribotskylevine.com](http://www.ribotskylevine.com)

September 20, 2011

To the Board of Directors  
**The Starting Place, Inc.**  
351 N. State Road 7, Suite 200  
Plantation, FL 33317

In planning and performing our audit of the financial statements of The Starting Place, Inc. (Organization) as of and for the year ended June 30, 2011, we considered the Organization's internal control in order to determine our audit procedures for the purpose of expressing an opinion on your financial statements.

However, during the course of our audit, we became aware of several matters that are opportunities for strengthening internal controls and operating efficiencies none of which by itself are significant deficiencies or material weaknesses. Rather, these comments and recommendations are offered as part of the Organization's ongoing evaluation of procedures and control structure. We have already discussed these comments and recommendations with management and will be pleased to discuss these comments further in detail with you at your convenience as well as to provide suggestions in implementing the recommendations.

In this connection, we make the following observations and recommendations:

**Segregation of duties**

*Observation:*

The Chief Executive Officer approves contracts, cash disbursements and signs checks. As a result, the fiscal sponsorship contract was approved and grants were made to the project before contributions were received by The Starting Place and before the donor's reporting requirements were met.

*Recommendation:*

All bank statements and contracts must be reviewed by the board of directors in a timely manner.

We will be pleased to discuss the foregoing comments with you at your convenience.

A handwritten signature in red ink that reads "Ribotsky Levine &amp; Co." in a cursive style.

RIBOTSKY, LEVINE & COMPANY  
Certified Public Accountants



September 30, 2011

Board of Directors  
The Starting Place, Inc.  
351 N. State Road 7  
Suite 200  
Plantation, Florida 33317

RE: Management Letter Response – Fiscal Year ending June 30, 2011

Dear Board Members,

In response to the financial audit of The Starting Place, Inc. the management has reviewed the recommendations and will incorporate the following:

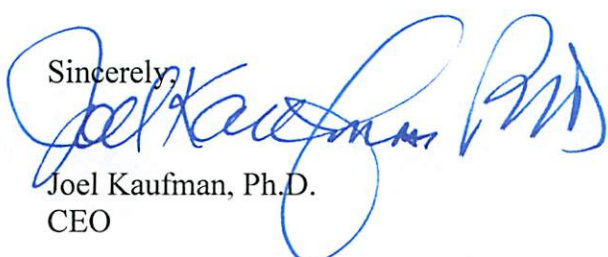
**Segregation of Duties**

The CFO and CEO review and reconcile the bank statements on an ongoing basis. The Chair of the Finance committee will now be provided the bank statements on a quarterly basis for her review and reconciliation as well.

The Board will be provided twice a year information concerning all the existing contracts for the agency. If there are any major changes to existing contracts or if any new contracts are added, the Board will be informed and provided with the necessary information on an ongoing basis.

Thank you for the opportunity to continuously make this the best quality agency that everyone is proud of.

Sincerely,

  
Joel Kaufman, Ph.D.  
CEO