

# **The Tallahassee Pediatric Foundation, Inc.**

Financial Statements & Supplementary Information

For the Years Ended June 30, 2011 and 2010

**GLOVER & COMPANY, INC.**

*Certified Public Accountants*

Post Office Box 12612

Tallahassee, Florida 32317

# Table of Contents

	<u>Page Number</u>
Report of Independent Auditors.....	1
Statements of Financial Position .....	3
Statements of Activities.....	4
Statements of Functional Expenses.....	5
Statements of Cash Flows.....	6
Notes to Financial Statements.....	7
Schedule of Expenditures of State Financial Assistance.....	13
Independent Auditor’s Report of Internal Control.....	14
Independent Auditor’s Report on Compliance.....	17
Schedule of Findings and Questioned Costs.....	20
Summary Schedule of Prior Audit Findings.....	22
Management Letter.....	23

**GLOVER & COMPANY, INC.**

*Certified Public Accountants*

Post Office Box 12612

Tallahassee, Florida 32317

---

Telephone (850) 422-1040

Fax (850) 422-1042

## Report of Independent Auditors

To the Board of Directors  
The Tallahassee Pediatric Foundation, Inc.

We have audited the accompanying statements of financial position of The Tallahassee Pediatric Foundation, Inc. (a nonprofit organization) as of June 30, 2011 and 2010, and the related statements of activities, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of The Tallahassee Pediatric Foundation Inc.'s management. 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 the *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 significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide 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 Tallahassee Pediatric Foundation, Inc. as of June 30, 2011 and 2010, and the changes in its net assets and its cash flows for the years 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 a report dated November 3, 2011, on our consideration of The Tallahassee Pediatric Foundation, Inc.'s internal control over financial reporting and on 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, and not to provide an opinion on the internal control over financial reporting or on compliance. That 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 audits.

Our audits were performed for the purpose of forming an opinion on the basic financial statements of The Tallahassee Pediatric Foundation, Inc. taken as a whole. The accompanying Schedule of Expenditures of State Financial Assistance is presented for purposes of additional analysis as required by Chapter 10.650, Rules of the Auditor General of the State of Florida, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.



Glover & Company, Inc.  
November 3, 2011

The Tallahassee Pediatric Foundation, Inc.  
 Statements of Financial Position  
 June 30, 2011 and 2010

	<b>Assets</b>	
	<u><b>2011</b></u>	<u><b>2010</b></u>
Cash and Cash Equivalents	\$ 1,016,640	\$ 842,799
Investments	216,266	200,000
Medicaid and Other Receivables	40,256	66,322
Grants Receivable	86,463	86,463
Prepaid Expenses	14,604	5,964
Property and Equipment, net	175,001	184,156
Investment in TPF Building Partnership	12,148	6,947
Security Deposit	<u>16,924</u>	<u>16,924</u>
 Total Assets	 <u>\$ 1,578,302</u>	 <u>\$ 1,409,575</u>
 <b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Accrued Expenses	\$ 1,530	\$ 1,530
Wages and Payroll Taxes Payable	131,783	93,595
Physician and Professional Services Payable	<u>102,649</u>	<u>95,900</u>
 Total Liabilities	 235,962	 191,025
 <b>Net Assets</b>		
Unrestricted	<u>1,342,340</u>	<u>1,218,550</u>
 Total Liabilities and Net Assets	 <u>\$ 1,578,302</u>	 <u>\$ 1,409,575</u>

The Tallahassee Pediatric Foundation, Inc.  
 Statements of Activities  
 For the Years Ended June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Unrestricted Support and Revenue		
Medicaid Reimbursements	\$ 967,040	\$ 1,192,866
Florida Department of Health Grant	1,037,512	1,037,512
Case Management and Care Coordination	240,305	265,281
Medicaid and Medipass Payments	148,312	175,786
Investment Income	2,586	1,777
Insurance Reimbursements	530	24,859
Title XXI Income	27,578	881
Other Revenue	4,938	4,500
Unrealized Gain (Loss) on Investments	14,822	(837)
	<hr/>	<hr/>
Total Unrestricted Support and Revenue	2,443,623	2,702,625
Expenses		
Program Services - Case Management	2,007,455	2,394,452
Support Services - Management and General	312,378	332,926
	<hr/>	<hr/>
Total Expenses	2,319,833	2,727,378
Change in Unrestricted Net Assets	123,790	(24,753)
Unrestricted Net Assets, Beginning of Year	1,218,550	1,243,303
	<hr/>	<hr/>
Unrestricted Net Assets, End of Year	<u>\$ 1,342,340</u>	<u>\$ 1,218,550</u>

The Tallahassee Pediatric Foundation, Inc.  
 Statements of Functional Expenses  
 For the Years Ended June 30, 2011 and 2010

	Program Services <i>Case Management</i>		Support Services <i>Management &amp; General</i>		Totals	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Wages & Benefits	\$ 724,443	\$ 881,984	\$ 290,633	\$ 309,479	\$ 1,015,076	\$ 1,191,463
Physician Services	1,004,353	1,223,804	0	0	1,004,353	1,223,804
Medicaid & Medipass	150,658	160,582	0	0	150,658	160,582
Rent	41,358	43,702	7,299	7,712	48,657	51,414
Accounting & Auditing	7,670	7,302	1,354	1,289	9,024	8,591
Depreciation	10,268	7,781	1,812	1,373	12,080	9,154
Office Expenses	4,826	8,271	851	1,460	5,677	9,731
Insurance	7,404	7,893	1,306	1,393	8,710	9,286
Title XXI Capitation	19,270	16,430	0	0	19,270	16,430
Postage	4,724	3,974	834	701	5,558	4,675
Janitorial	8,166	7,452	1,441	1,315	9,607	8,767
Utilities	5,290	5,539	934	978	6,224	6,517
Computer Maintenance	5,523	5,312	975	937	6,498	6,249
Repairs & Maintenance	7,349	5,834	1,297	1,030	8,646	6,864
Interest Expense	0	74	0	13	0	87
Printing & Advertising	1,787	4,304	315	760	2,102	5,064
Management Fee	650	650	115	115	765	765
Member Benefits	0	0	2,555	3,727	2,555	3,727
Travel	1,488	744	263	131	1,751	875
Telephone	1,596	2,155	282	380	1,878	2,535
Ancillary Services	632	755	112	133	744	888
<b>Total Expenses</b>	<b><u>\$ 2,007,455</u></b>	<b><u>\$ 2,394,542</u></b>	<b><u>\$ 312,378</u></b>	<b><u>\$ 332,926</u></b>	<b><u>\$ 2,319,833</u></b>	<b><u>\$ 2,727,468</u></b>

The Tallahassee Pediatric Foundation, Inc.  
 Statements of Cash Flows  
 For the Years Ended June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Cash Flows from Operating Activities		
Change in Net Assets	\$123,789	(\$24,753)
Adjustments to reconcile change:		
Depreciation	9,155	9,154
(Increase) Decrease in:		
Medicaid and Other Receivables	26,066	49,157
Prepaid Expenses	(8,639)	64
Grants Receivable	0	8,686
Investment in TPF Building Partnership	(5,201)	(6,947)
Increase (Decrease) in:		
Accrued Expenses	0	220
Wages and Payroll Taxes Payable	38,188	6,974
Physician and Professional Services Payable	6,749	1,664
	<u>190,107</u>	<u>44,219</u>
Net Cash Used in Operating Activities		
Cash Flows from Investing Activities		
Purchase of Certificates of Deposit	(16,266)	(200,000)
	<u>(16,266)</u>	<u>(200,000)</u>
Cash Flows from Financing Activities		
Principal Payments on Mortgage Payable	0	(7,641)
	<u>0</u>	<u>(7,641)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	173,841	(163,422)
Cash and Cash Equivalents, Beginning of Year	842,799	1,006,221
	<u>842,799</u>	<u>1,006,221</u>
Cash and Cash Equivalents, End of Year	<u>\$ 1,016,640</u>	<u>\$ 842,799</u>
Supplemental Disclosure of Cash Flow Information		
Interest Paid	\$ -	\$ 87
	<u>\$ -</u>	<u>\$ 87</u>



The Tallahassee Pediatric Foundation, Inc.  
Notes to Financial Statements  
June 30, 2011

---

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

***Nature of the Organization***

The Tallahassee Pediatric Foundation, Inc. (the Foundation) is a private non-profit agency that was organized to promote and provide optimal health care to medically indigent children. The Foundation operates at 1126 Lee Avenue in Tallahassee, Florida. In 1984, the Foundation designed and implemented a primary medical care program for indigent children, utilizing private sector physicians to provide a medical home for each child, a strong nursing case management system, and safety and parenting education. The success of the program in the Tallahassee area led to replication throughout the State. During the year, the Foundation served 7,886 children. Thirty-four physicians, including pediatricians and family practitioners, are members of the Foundation.

The Primary Care Program is funded by state general revenue with pass-through Federal funds, contracted to the Foundation by the Children's Medical Services Program (CMS), Florida Department of Health, and by third party (mostly Medicaid) collections. The contract funds are paid in twelve equal monthly payments. Monthly expenditures required to provide services under this contract exceed contract receipts. For this reason, the Foundation has retained capital sufficient to maintain cash flow to fund programs throughout the year. Eligibility for the program includes children and their siblings who are recipients of state and/or federal social services, entitlement or medical services such as CMS and Medicaid.

The Foundation may also serve as an organizational structure and contracting entity for other programs and business interests that support the overall mission and goals of the Foundation. Funding for these activities is derived primarily from various contractual and/or fee-for-service arrangements.

***Basis of Accounting***

The Foundation's books are maintained on the accrual basis of accounting.

The Tallahassee Pediatric Foundation, Inc.  
Notes to Financial Statements (Continued)  
June 30, 2011

---

***Basis of Presentation***

In accordance with accounting principles generally accepted in the United States of America, the Foundation is required to report 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. There were no temporarily restricted or permanently restricted net assets as of June 30, 2011 and 2010.

***Cash Equivalents***

The Foundation considers all unrestricted highly liquid investments with an original maturity of three months or less to be cash equivalents.

***Accounts Receivable***

Accounts receivable are stated at the amount management expects to collect from balances outstanding at year-end. Accordingly, no allowance for doubtful accounts is required.

***Property and Equipment***

Property and equipment are recorded at cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that exceed a threshold established by management and which significantly extend the useful life of the asset are capitalized. All property and equipment are depreciated using the straight-line method over the estimated lives of the assets.

Included in property and equipment are acquisitions purchased with funds received under State contract. Disposals of such assets require State approval and may reduce future amounts due to the Foundation under the State contract.

The Tallahassee Pediatric Foundation, Inc.  
Notes to Financial Statements (Continued)  
June 30, 2011

---

***Support and Revenue***

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulation time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

***Income Taxes***

The Foundation is exempt from state and federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Therefore, no provision for income taxes has been recorded.

***Expense Allocation***

The costs of providing various programs and other activities have been presented on a functional basis in the statements of activities and the statements of functional expenses. Expenses have been allocated between program and support services based on personnel time records and space utilized by function.

***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 certain reported amounts and disclosures. Actual results may differ from those estimates.

The Tallahassee Pediatric Foundation, Inc.  
Notes to Financial Statements (Continued)  
June 30, 2011

---

**Note B - Related Party Transactions**

The Treasurer of the Board of Directors serves as the Foundation's Executive Director and received payment of \$15,000, which is included in the amount paid shown below.

Fees paid to members of the Board of Directors for services in providing primary care to Foundation patients were as follows:

	<u>2011</u>	<u>2010</u>
Secretary/Treasurer	\$ 15,000	\$18,309
Vice-President	\$ 1,333	\$ 769
President	\$ 52,786	\$52,183
Board of Directors	\$174,726	\$189,390

**Note C - Building Partnership**

The Foundation is the owner of a 51% interest in its operating facility in Tallahassee, Florida.

**Note D - Commitments**

The Foundation has received the following contract commitments from the Florida Department of Health:

<u>Funding Party</u>	<u>Commitment Term</u>	<u>Amount</u>
State of Florida Department of Health Contract # COQPN	July 1, 2009 to June 30, 2012	\$3,112,536

The Tallahassee Pediatric Foundation, Inc.  
Notes to Financial Statements (Continued)  
June 30, 2011

---

**Note E - Defined Contribution Retirement Plan**

The Foundation adopted a simplified employee pension retirement plan in 1985. The Foundation contributed an amount equal to twelve percent (12%) of eligible employees' compensation, amounting to \$74,091 and \$100,608 during the years ended June 30, 2011 and 2010, respectively.

In October 2004, the Foundation established a 403(b) plan, which is employee funded through salary reduction.

**Note F - Concentrations of Credit Risk**

During the years ended June 30, 2011 and 2010, the Foundation received approximately 97% and 98%, respectively of its revenue from a Department of Health contract and Medicaid payments. The Foundation is dependent on this revenue to continue its programs.

The Foundation maintains cash balances at a Florida financial institution. Accounts at the institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. As of June 30, 2010, the Foundation's uninsured cash balances totaled \$392,799 and as of June 30, 2011 the uninsured cash balances totaled \$146,680 for the Foundation. As of the report date, management continues to diversify the funds so as to decrease the uninsured cash balances.

**Note G - Property and Equipment**

Property and equipment consisted of the following as of June 30:

	<u>2011</u>	<u>2010</u>
Land, Building, & Improvements	\$378,073	\$378,073
Furniture & Equipment	<u>186,895</u>	<u>218,983</u>
<b>Subtotal</b>	<b>564,968</b>	<b>597,056</b>
Less: Accumulated Depreciation	<u>(389,967)</u>	<u>(412,900)</u>
<b>Net Property &amp; Equipment</b>	<b><u>\$175,001</u></b>	<b><u>\$184,156</u></b>

The estimated useful life of Land, Building, & Improvements is 5 to 40 years, and the estimated useful life of Furniture & Equipment is 3 to 10 years.

The Tallahassee Pediatric Foundation, Inc.  
Notes to Financial Statements (Continued)  
June 30, 2011

---

**Note H - Contingencies**

Financial payments from federal and state entities for the program operations are subject to special audits. Such audits could result in claims against the Foundation for disallowed costs for noncompliance. No provision has been made for liabilities that may arise from such audits since the amounts, if any, cannot currently be determined. No such audits were in process as of June 30, 2011.

**Note I - Investments**

All investments are index-linked certificates of deposit, the value and yield of which vary based on the Dow Jones market based index. The maturity dates also vary, but more are all three months or greater. All investments are with a single financial institution and each is insured by the Federal Deposit Insurance Corporation.

**Note J - Revenue Analysis**

The Florida Legislature enacted provisions to eliminate the Foundation's ability to bill Medicaid for Case Management effective October 1, 2010. Children's Medical Services provided funding in the amount of \$181,336 for Care Coordination for the year ended June 30, 2011. Care Coordination continues to be available, but is not guaranteed past June 30, 2012.

Management has taken appropriate action to otherwise reduce costs to offset the future revenue shortfall.

The Tallahassee Pediatric Foundation, Inc.  
 Schedule of Expenditures of State Financial Assistance  
 For the Year Ended June 30, 2011

---

State Agency/ State Project	State Contract Number	CSFA Number	Expenditures	Transfers to Subrecipients
<b>State of Florida Department of Health:</b>				
Children's Medical Services- Primary Care	COQPN	64.007	\$ 613,580	\$ 0
Total Expenditures of State Financial Assistance			\$ 613,580	\$ 0

**Basis of Presentation**

The accompanying Schedule of Expenditures of State Financial Assistance includes the state grant activity of The Tallahassee Pediatric Foundation, Inc. and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Chapter 10.650, Rules of the Auditor General of the State of Florida. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**GLOVER & COMPANY, INC.**

*Certified Public Accountants*

Post Office Box 12612

Tallahassee, Florida 32317

---

Telephone (850) 422-1040

Fax (850) 422-1042

**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***

To the Board of Directors  
The Tallahassee Pediatric Foundation, Inc.  
Tallahassee, Florida

We have audited the financial statements of The Tallahassee Pediatric Foundation, Inc. (a non-profit organization) as of and for the years ended June 30, 2011 and June 30, 2010 and have issued our report thereon dated November 3, 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 Tallahassee Pediatric Foundation, 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 Tallahassee Pediatric Foundation, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of The Tallahassee Pediatric Foundation, Inc.'s internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily



identify all deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we considered a significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more inconsequential will not be prevented or detected by the entity's internal control.

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. We do not believe that the significant deficiencies described as a material weakness or control weakness exist.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether The Tallahassee Pediatric Foundation, 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*.

This report is intended solely for the information and use of the Board of Directors, management, others within the organization, and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Glover & Company, Inc." in a cursive style.

Glover & Company, Inc.

November 3, 2011

**GLOVER & COMPANY, INC.**

*Certified Public Accountants*

Post Office Box 12612

Tallahassee, Florida 32317

---

Telephone (850) 422-1040

Fax (850) 422-1042

**Independent Auditor's Report on Compliance with Requirements  
Applicable to Each Major State Project and on Internal Control  
Over Compliance in Accordance with Chapter 10.650, Rules of the  
Auditor General of the State of Florida**

To the Board of Directors  
The Tallahassee Pediatric Foundation, Inc.  
Tallahassee, Florida

Compliance

We have audited the compliance of The Tallahassee Pediatric Foundation, Inc. (a non-profit organization) with the types of compliance requirements described in the State Projects Compliance Statement that are applicable to each of its major state projects for the year ended June 30, 2011 and June 30, 2010. The Tallahassee Pediatric Foundation, Inc.'s major state projects are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with requirements of laws, regulations, contracts, and grants applicable to each of its major state projects is the responsibility of The Tallahassee Pediatric Foundation, Inc.'s management. Our responsibility is to express an opinion on The Tallahassee Pediatric Foundation, Inc.'s compliance based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.650, Rules of the Auditor General. Those standards and Chapter 10.650, Rules of the Auditor General of the State of Florida, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above could have a direct and material effect on a major state project occurred. An audit includes examining, on a test basis, evidence

about The Tallahassee Pediatric Foundation, 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 on The Tallahassee Pediatric Foundation, Inc.'s compliance with those requirements.

In our opinion, The Tallahassee Pediatric Foundation, Inc. complied, in all material respects, with the requirements referred to above that are applicable to each of its major state projects for the year ended June 30, 2011.

### Internal Control Over Compliance

The management of The Tallahassee Pediatric Foundation, Inc. is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to state projects. In planning and performing our audit, we considered The Tallahassee Pediatric Foundation, Inc.'s internal control over compliance with requirements that could have a direct and material effect on a major state project in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of The Tallahassee Pediatric Foundation, Inc.'s internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a state program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a state program that is more than inconsequential will not be prevented or detected by the entity's internal control.

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

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

internal control over compliance that we consider to be material weakness, as defined above.

This report is intended solely for the information and use of the Board of Directors, management, others within the organization, state awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

  
Glover & Company, Inc.  
November 3, 2011

The Tallahassee Pediatric Foundation, Inc.  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2011

---

**A. Summary of Auditor's Results**

1. The auditor's report expresses an unqualified opinion on the basic financial statements of The Tallahassee Pediatric Foundation, Inc. (the Foundation)
2. No instances of noncompliance material to the financial statements of The Tallahassee Pediatric Foundation, Inc. were disclosed during the audit.
3. No significant deficiencies relating to the audit of the major state project are reported in the Independent Auditor's Report on Compliance with Requirements Applicable to Each Major State Project and on Internal Control Over Compliance with Chapter 10.650, Rules of the Auditor General of the State of Florida.
4. The auditor's report on compliance for the major state project for The Tallahassee Pediatric Foundation, Inc. expresses an unqualified opinion.
5. Audit findings relative to the major state project for The Tallahassee Pediatric Foundation, Inc. are reported in Part C of this Schedule.
6. The project tested as a major project included the following:

<u>State Project</u>	<u>CSFA No.</u>
Children's Medical Services - Primary Care	64.007

7. The threshold for distinguishing Type A and B programs was \$300,000 for major state projects.

**B. Findings - State of Florida Financial Audit**

None

**C. Findings and Questioned Costs - Major State Project**

None

**D. Other Issues**

1. No Corrective Action Plan is required because there are no audit findings.

The Tallahassee Pediatric Foundation, Inc.  
Summary Schedule of Prior Audit Findings  
For The Year Ended June 30, 2011

---

2010 - 1 Financial Reporting

*Observation:*

None



**GLOVER & COMPANY, INC.**

*Certified Public Accountants*

Post Office Box 12612

Tallahassee, Florida 32317

---

Telephone (850) 422-1040

Fax (850) 422-1042

**MANAGEMENT LETTER**

To the Board of Directors  
The Tallahassee Pediatric Foundation, Inc.  
Tallahassee, Florida

We have audited the financial statements of The Tallahassee Pediatric Foundation, Inc. (a non-profit organization) (the Foundation) in Tallahassee, Florida, as of and for the fiscal year ended June 30, 2011 and June 30, 2010, and have issued our report thereon dated November 3, 2011.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. 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 with Requirements Applicable to Each Major Project and on Internal Control Over Compliance in Accordance with Chapter 10.650, Rules of the Auditor General of the State of Florida, and Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule, which are dated November 3, 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.

The Rules of Auditor General Section 10.654(1)(d) require disclosure in the management letter of the following matters if not already addressed in the auditor's reports on compliance and internal controls or schedule of findings and questioned costs: (1) violations of laws, rules, regulations, and contractual provisions that have occurred, or are likely to have occurred; (2) improper or illegal expenditures; (3) improper or inadequate accounting procedures (e.g., the omission of required disclosures from the financial statements); (4) failures to properly record financial transactions; and (5) other inaccuracies, shortages, defalcations, and instances of fraud discovered by, or that come to the attention of, the auditor. Our audit disclosed that no matters existed that required disclosures.