

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

**FINANCIAL STATEMENTS
AND ADDITIONAL INFORMATION**

June 30, 2012

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

FINANCIAL STATEMENTS
AND ADDITIONAL INFORMATION
June 30, 2012

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FINANCIAL STATEMENTS



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 not-for-profit organization) (the "Organization") as of June 30, 2012, and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the Organization'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 *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 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 Organization at June 30, 2012, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 27, 2012, on our consideration of the Organization'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 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. 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 audit.

Broward Housing Solutions, Inc.

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying schedule of expenditures of Federal awards and state financial assistance, and related notes, are presented for purposes of additional analysis as required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and Chapter 10.650, Rules of the Auditor General, and are 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.

Keefe, McCullough & Co., LLP

KEEFE, McCULLOUGH & CO., LLP

Fort Lauderdale, Florida
September 27, 2012

BROWARD COUNTY COMMUNITY
DEVELOPMENT CORPORATION, INC.
D/B/A/ BROWARD HOUSING SOLUTIONS, INC.
STATEMENT OF FINANCIAL POSITION
June 30, 2012

A S S E T S

ASSETS:

Cash and cash equivalents	\$	399,004
Grants receivable		72,835
Other receivables		131,510
Prepaid expenses		<u>94,121</u>
Total current assets		<u>697,470</u>
Property and equipment, net		7,360,360
Deposits and other assets		<u>1,938</u>
Total assets	\$	<u><u>8,059,768</u></u>

L I A B I L I T I E S A N D N E T A S S E T S

LIABILITIES:

Accounts payable and accrued expenses	\$	55,978
Deferred revenue		18,900
Deposits		88,389
Mortgages and notes payable, current portion		<u>343,980</u>
Total current liabilities		<u>507,247</u>
Mortgages and notes payable, net of current portion		<u>3,699,095</u>
Total liabilities		<u>4,206,342</u>

NET ASSETS

Unrestricted		3,809,727
Temporarily restricted		<u>43,699</u>
Total net assets		<u>3,853,426</u>
Total liabilities and net assets	\$	<u><u>8,059,768</u></u>

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

BROWARD COUNTY COMMUNITY
DEVELOPMENT CORPORATION, INC.
D/B/A/ BROWARD HOUSING SOLUTIONS, INC.
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2012

CHANGE IN UNRESTRICTED NET ASSETS:

SUPPORT AND REVENUE:

Governmental grants and contract revenue	\$ 1,590,917
Rent	519,530
Forgiveness of debt	137,922
Contributions (including \$ 37,806 in-kind)	89,847
Fundraising income	34,951
Other	6,470
Interest	374
Loss on sale of property and equipment	<u>(198,361)</u>
Total support and revenue	<u>2,181,650</u>

EXPENSES:

Program services:	
Housing program	2,124,082
Supporting services :	
Management and general	182,366
Fundraising	<u>12,373</u>
Total expenses	<u>2,318,821</u>
Change in unrestricted net assets	<u>(137,171)</u>

CHANGE IN TEMPORARILY RESTRICTED NET ASSETS:

Contributions	<u>43,699</u>
Change in temporarily restricted net assets	<u>43,699</u>
Change in net assets	(93,472)

NET ASSETS, July 1, 2011	<u>3,946,898</u>
NET ASSETS, June 30, 2012	<u>\$ 3,853,426</u>

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

BROWARD COUNTY COMMUNITY
DEVELOPMENT CORPORATION, INC.
D/B/A BROWARD HOUSING SOLUTIONS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2012

	<u>Housing Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Rental subsidies	\$ 736,640	\$ 1,347	\$ -	\$ 737,987
Salaries	419,889	101,456	-	521,345
Depreciation	278,699	3,268	-	281,967
Maintenance and repairs	120,231	2,897	-	123,128
Payroll taxes and employee benefits	91,832	22,188	-	114,020
Interest	105,964	3,115	-	109,079
Utilities	101,524	775	-	102,299
Insurance	96,934	1,997	-	98,931
Professional fees	51,266	33,623	2,908	87,797
In-kind services	37,806	-	-	37,806
Office	29,272	7,641	-	36,913
Community support	27,685	-	-	27,685
Travel and conferences	4,360	1,987	9,465	15,812
Telephone	10,681	1,857	-	12,538
Condominium dues	7,073	-	-	7,073
Taxes and licenses	4,226	215	-	4,441
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total expenses	\$ <u>2,124,082</u>	\$ <u>182,366</u>	\$ <u>12,373</u>	\$ <u>2,318,821</u>

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

BROWARD COUNTY COMMUNITY
DEVELOPMENT CORPORATION, INC.
D/B/A/ BROWARD HOUSING SOLUTIONS, INC.
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2012

CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in net assets	\$ (93,472)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Provision for depreciation	281,967
Loss on sale of property and equipment	198,361
Forgiveness of debt	(137,922)
Changes in assets and liabilities:	
Increase in grants receivable	(41,537)
Decrease in other receivables	42,880
Increase in prepaid expenses	(2,819)
Decrease in deposits and other assets	469
Decrease in accounts payable and accrued expenses	(46,647)
Decrease in deferred revenue	(51,813)
Increase in deposits	<u>3,829</u>
Net cash provided by operating activities	<u>153,296</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Proceeds from sale of property and equipment	53,849
Purchases of property and equipment	<u>(33,625)</u>
Net cash provided by investing activities	<u>20,224</u>
CASH FLOWS FROM FINANCING ACTIVITIES:	
Payments on mortgages and notes payable	<u>(49,675)</u>
Net cash used in financing activities	<u>(49,675)</u>
Net increase in cash and cash equivalents	123,845
CASH AND CASH EQUIVALENTS, July 1, 2011	<u>275,159</u>
CASH AND CASH EQUIVALENTS, June 30, 2012	\$ <u><u>399,004</u></u>
SUPPLEMENTAL CASH FLOW INFORMATION:	
Cash paid during the year for -	
Interest expense	\$ <u><u>109,079</u></u>
Cash received during the year for -	
Interest income	\$ <u><u>374</u></u>

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

BROWARD COUNTY COMMUNITY DEVELOPMENT CORPORATION, INC.
D/B/A/ BROWARD HOUSING SOLUTIONS, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

NOTE 1 – ORGANIZATION AND OPERATIONS

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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation:

Financial statement presentation follows the recommendation of the Financial Accounting Standards Board in its Accounting Standards Codification (ASC) No. 958 *Not-for-Profit Entities*. Under ASC No. 958, the Organization 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.

Restricted and unrestricted revenue and support:

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Noncash contributions are recorded at their fair value on the date received.

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 stipulated 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. For the year ended June 30, 2012, the Organization had temporarily restricted net assets of \$ 43,699 designated for program services. The Organization had no permanently restricted net assets as of June 30, 2012.

Cash and cash equivalents:

The Organization considers investments in highly liquid instruments with a maturity date of three months or less when purchased to be cash equivalents.

Allowance for doubtful accounts:

Management periodically reviews the grants and other receivables balances and provides an allowance for amounts which may be uncollectible. At June 30, 2012, management considered the grants and other receivables to be fully collectible within the current accounting period and no allowance for doubtful accounts was considered necessary.

Promises to give:

Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases in liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

At June 30, 2012, the Organization had no unconditional or conditional promises to give.

BROWARD COUNTY COMMUNITY DEVELOPMENT CORPORATION, INC.
D/B/A/ BROWARD HOUSING SOLUTIONS, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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 carried at cost if purchased or, if donated, at fair value on the date of donation, less accumulated depreciation. The Organization follows the policy of providing for depreciation using the straight-line method over the estimated useful life of each type of asset which is as follows:

Buildings and improvements	10-30 years
Furniture and equipment	5 years
Vehicles	5 years

Donations of property and equipment are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Without donor stipulations regarding how long these donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated assets are placed in service, reclassifying temporarily restricted net assets to unrestricted net assets at that time. The Organization received no donated property and equipment for the year ended June 30, 2012.

Maintenance and repairs to property and equipment are charged to expense when incurred. Additions and major renewals are capitalized.

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, 2012, cash balances are under the Federally insured limit.

Donated materials and services:

The Organization receives donated goods and services, paying for most services requiring specific expertise. A number of volunteers have donated their time in certain of the Organization's program service and administration areas, and fundraising activities. When the value of donated services requires specific expertise, they are reflected in the financial statements as revenue and expenses. For the year ended June 30, 2012, the Organization recorded \$ 4,840 in donated services which related to website design. Donated goods are recorded at their fair value. For the year ended June 30, 2012, donated goods totaled \$ 32,966 and have been distributed as program expenses to the Organization's housing programs.

BROWARD COUNTY COMMUNITY DEVELOPMENT CORPORATION, INC.
D/B/A/ BROWARD HOUSING SOLUTIONS, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Governmental grant and contract revenue:

Governmental grant and contract revenue is recognized when the allowable costs as defined by the individual grant or contract are incurred and/or the unit of service has been provided.

Rent revenue:

Rents due from tenants are recognized as revenue when due, which is generally on the first day of the month.

Deferred revenue:

Grant and contract revenue that is not recognized because the allowable costs as defined by the individual grant or contract have not been incurred is considered deferred revenue. 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, 2012.

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, 2012, the accrued compensated absences totaled \$ 17,301 and are included in accrued expenses.

Functional allocation of expenses:

Expenses of the housing program, management and general activities and fundraising 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.

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.

BROWARD COUNTY COMMUNITY DEVELOPMENT CORPORATION, INC.
D/B/A/ BROWARD HOUSING SOLUTIONS, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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, 2012.

Reclassification:

Certain accounts in the prior year financial statements have been reclassified to conform to presentation in the current year financial statements. The statement of activities reports an adjustment to the 2011 permanently and temporarily restricted net assets of \$ 3,595,083 and a corresponding increase to the unrestricted net assets in the same amount. The effect of this reclassification had no impact in the current year change in net assets.

Date of management review:

Subsequent events were evaluated by management through September 27, 2012, which is the date the financial statements were available for issuance.

NOTE 3 - PROPERTY AND EQUIPMENT

At June 30, 2012, property and equipment consist of:

		<u>Total</u>
Buildings and improvements	\$	8,427,164
Furniture and equipment		207,086
Vehicles		57,115
		<u>8,691,365</u>
Less: accumulated depreciation		<u>2,537,079</u>
		6,154,286
Land		<u>1,206,074</u>
Total	\$	<u><u>7,360,360</u></u>

Certain properties are pledged or subject to liens (Note 5). Depreciation expense for the year ended June 30, 2012 totaled \$ 281,967.

NOTE 4 - INSURANCE PREMIUM FINANCING

The Organization has an insurance premium financing agreement with an independent company to purchase insurance policies (Note 5).

BROWARD COUNTY COMMUNITY DEVELOPMENT CORPORATION, INC.
D/B/A/ BROWARD HOUSING SOLUTIONS, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

NOTE 5 – MORTGAGES AND NOTES PAYABLE

At June 30, 2012, mortgages and notes payable consist of:

<p>Mortgage note payable to Broward County, payment of principal and interest deferred for a period of 15 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 \$ 203,383 (Cluster 4).</p>	<p>\$ 8,000</p>
<p>Mortgage note payable to Broward County, payment of principal and interest deferred for a period of 15 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 \$ 203,383 (Cluster 4).</p>	<p>10,122</p>
<p>Mortgage note payable to Broward County, payment of principal and interest deferred for a period of 30 years from June 2012 to June 2042. The loan of \$ 600,000 was approved and amount drawn to date totaled \$ 523,640. The loan is to be forgiven by the lender ratably over 30 years provided the Organization satisfies the usage requirements contained in the note. The note is collateralized by residential property with a book value of \$ 526,401 (Fourplex).</p>	<p>523,640</p>
<p>Mortgage note payable to Broward County, payment of principal and interest deferred for a period of 15 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 \$ 52,612.</p>	<p>23,333</p>
<p>Mortgage note payable to Broward County, payment of principal and interest deferred for 15 years from July 2002 to July 2017. The original loan (\$ 75,000) 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 \$ 150,865 (Cluster 1).</p>	<p>27,083</p>
<p>Mortgage note payable to Broward County, payment of principal and interest deferred for a period of 10 years from August 2004 to July 2014. The original loan (\$ 100,000) is being forgiven by the lender ratably over 20 years provided the Organization satisfies the usage requirements contained in the note. The note is collateralized by residential property with a book value of \$ 995,005 (Cluster 6).</p>	<p>20,834</p>

BROWARD COUNTY COMMUNITY DEVELOPMENT CORPORATION, INC.
D/B/A/ BROWARD HOUSING SOLUTIONS, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

NOTE 5 – MORTGAGES AND NOTES PAYABLE (continued)

<p>Mortgage note payable to Broward County, payment of principal and interest deferred for 20 years from August 2002 to August 2022. The original loan (\$ 501,020) is being forgiven by the lender ratably over 20 years provided the Organization satisfies the usage requirements contained in the note. The note is collateralized by residential property with a book value of \$ 995,005 (Cluster 6).</p>	253,642
<p>Mortgage note payable to Broward County, payment of principal and interest deferred for 15 years from February 2004 to February 2019. The original loan (\$ 143,196) 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 \$ 223,926 (Cluster 8).</p>	63,643
<p>Mortgage note payable to Broward County, payment of principal and interest deferred for 15 years from January 2005 to January 2020. The original loan (\$ 216,642) 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 \$ 641,505 (Cluster 9).</p>	108,249
<p>Mortgage note payable to Broward County, payment of principal and interest deferred for 15 years from January 2005 to January 2020. The original loan (\$ 215,838) 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 \$ 618,395 (Cluster 10).</p>	107,919
<p>Mortgage note payable to Broward County, payment of principal and interest deferred for 30 years from January 2007 to January 2037. The original loan (\$ 323,361) is being forgiven by the lender ratably over 30 years provided the Organization satisfies the usage requirements contained in the note. The note is collateralized by residential property with a book value of \$ 439,986 (Woodside).</p>	264,078
<p>Mortgage note payable to Broward County, payment of principal and interest deferred for 15 years from October 2005 to October 2020. The original loan (\$ 349,600) 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 \$ 747,364 (Wilson).</p>	193,780

BROWARD COUNTY COMMUNITY DEVELOPMENT CORPORATION, INC.
D/B/A/ BROWARD HOUSING SOLUTIONS, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

NOTE 5 – MORTGAGES AND NOTES PAYABLE (continued)

<p>Mortgage note payable to Broward County, payment of principal and interest deferred for 5 years from December 2008 to December 2013. The original loan (\$ 36,969) is being forgiven by the lender ratably over 5 years provided the Organization satisfies the usage requirements contained in the note. The note is collateralized by residential property with a book value of \$ 513,978 (Riverside).</p>	10,281
<p>Mortgage note payable to Broward County, payment of principal and interest deferred for 30 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 with a book value of \$ 480,647 (Avondale).</p>	178,337
<p>Mortgage note payable to Federal Home Loan 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 15 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 \$ 513,978.</p>	200,000
<p>Mortgage note payable to Housing Finance Authority, payment of principal and interest deferred for 15 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. The note is collateralized by residential property with a book value of \$ 995,005 (Cluster 6).</p>	200,000
<p>3.49% insurance financing note with ten monthly payments of \$ 7,243, with the final payment due in April 2012. (Note 4).</p>	71,284
<p>Mortgage note payable to Community Reinvestment Group, with monthly payment of principal of \$ 300 with remaining balance due on January 20, 2013. The note is collateralized by residential property located in Pompano Beach with a book value of \$ 87,732 (Palm Aire).</p>	84,500
<p>6.125% mortgage note payable to Florida Community Loan Fund to be used for improvements to residential property, original amount - \$ 468,428, monthly payments of principal and interest of \$ 3,586 with a final payment due May 31, 2022. The note is collateralized by residential properties with a combined book value of \$ 1,581,000 (Clusters 2, 6, and 8).</p>	464,916

BROWARD COUNTY COMMUNITY DEVELOPMENT CORPORATION, INC.
D/B/A/ BROWARD HOUSING SOLUTIONS, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

NOTE 5 – MORTGAGES AND NOTES PAYABLE (continued)

6.36% mortgage note payable to JP Morgan Chase Bank requiring monthly payments of principal and interest of \$ 2,541 to maturity (June 26, 2033) collateralized by residential property with a book value of \$ 641,505 (Cluster 9).	352,950
6.36% mortgage note payable to JP Morgan Chase Bank requiring monthly payments of principal and interest of \$ 2,541 to maturity (June 26, 2033); collateralized by residential property with a book value of \$ 618,395 (Cluster 10).	352,950
5.65% mortgage note payable to Valley Bank, monthly payments of principal and interest of \$ 1,449, with remaining principal of \$ 243,556 due on May 23, 2014. The mortgage is collateralized by the administration property with a book value of \$ 276,297.	249,732
5.875% mortgage note payable to EverBank, 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 with a book value of \$ 513,978 (Riverside).	273,802
5.25% revolving line of credit payable to Florida Community Loan Fund, original available amount of \$ 250,000, monthly payments of interest only with the remaining principal due and payable on May 15, 2014.	-
	<u>\$ 4,043,075</u>

The principal on the above mortgages and notes payable are amortizable as follows:

<u>Fiscal Year Ended June 30,</u>	<u>Notes Payable</u>	<u>Forgivable Loans</u>	<u>Total</u>
2013	\$ 194,605	\$ 149,375	\$ 343,980
2014	284,293	144,499	428,792
2015	40,257	129,152	169,409
2016	42,767	124,596	167,363
2017	45,579	124,596	170,175
Thereafter	<u>1,295,970</u>	<u>1,467,386</u>	<u>2,763,356</u>
	<u>\$ 1,903,471</u>	<u>\$ 2,139,604</u>	<u>\$ 4,043,075</u>

Interest expense on all notes payable was \$ 109,079 for the year ended June 30, 2012.

BROWARD COUNTY COMMUNITY DEVELOPMENT CORPORATION, INC.
D/B/A/ BROWARD HOUSING SOLUTIONS, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

NOTE 6 – SUPPORT FROM FEDERAL, 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. Support from Federal, state, county and municipal agencies for the year ended June 30, 2012 comprised the following:

	Contract Number	Amount
State of Florida Department of Children and Families	JH334	\$ 552,841
Broward County - Broward II Permanent Supportive Housing Program	10-CP-HIP-8278-HUD-2	820,888
Broward County - BHS Samaritan 2009 Permanent Housing Project	10-CP-HIP-8278-HUD-1	132,826
Broward County - Match	-	73,203
City of Fort Lauderdale - CDBG	-	11,159
		\$ 1,590,917

NOTE 7 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at June 30, 2012 were \$ 43,699. This amount is part of cash and cash equivalents at year end and is waiting to be spent on the following:

Rental housing program	\$	40,699
Home for the Brave program		3,000
	\$	43,699

NOTE 8 – CONTINGENCIES

The Organization receives a significant portion of its funding from public grants, a significant reduction in the level of this funding, if this were to occur, could have a material effect on the Organization's ability to carry out its programs and activities.

A portion of the Organization's real property was originally acquired and/or improved with funds provided under contracts with Broward County, Florida, and other funders. Certain "special provisions" of these contracts require that the real property be used for specified purposes during a period of time. If these properties are no longer necessary for regular operations, the Organization must obtain approval from Broward County, Florida to use these properties for other purposes. Broward County's claim to these properties is evidenced by recorded mortgages.

SUPPLEMENTAL INFORMATION

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, 2012

Federal/State Agency Pass-Through Grantor/ Federal Program/State Project	CFDA/ CSFA Number	Contract/ Grant Number	Expenditures
FEDERAL AGENCY NAME:			
U.S. Department of Housing and Urban Development - Passed through Broward County, Florida - Supportive Housing Program	*	14.235	\$ 820,888
Supportive Housing Program	*	14.235	132,826
Total supportive housing programs			953,714
Home Investment Partnership Program	*	14.239	523,640
Passed through City of Fort Lauderdale, Florida - Community Development Block Grant		14.218	11,159
Total expenditures of federal awards			1,488,513
STATE FINANCIAL ASSISTANCE:			
State of Florida Department of Children and Families - Recovery and Resiliency Mental Health	*	60.053	552,841
Total expenditures of state financial assistance			552,841
Total expenditures of federal awards and state financial assistance			\$ 2,041,354

* Denotes a major program/project.

BROWARD COUNTY COMMUNITY DEVELOPMENT CORPORATION, INC.
D/B/A/ BROWARD HOUSING SOLUTIONS, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
June 30, 2012

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 the Organization 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 Government 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 basic financial statements.

INTERNAL CONTROLS AND COMPLIANCE



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. (a not-for-profit organization) (the "Organization") as of and for the year ended June 30, 2012, and have issued our report thereon dated September 27, 2012. 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

Management of the Organization is responsible for establishing and maintaining effective 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 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 Organization'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 the 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 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*.

Broward Housing Solutions, Inc..

This report is intended solely for the information and use of management, the Board of Directors, Federal and state awarding agencies and certain other grantor agencies, and is not intended to be and should not be used by anyone other than these specified parties.

Keefe, McCullough & Co., LLP

KEEFE, McCULLOUGH & CO., LLP

Fort Lauderdale, Florida
September 27, 2012



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON 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

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.'s (a not-for-profit organization) (the "Organization") compliance 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 Department of Financial Services' State Projects Compliance Supplement that could have a direct and material effect on its major Federal programs and state project for the year ended June 30, 2012. The Organization's major Federal programs and state project are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major Federal programs and state project 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 of the Auditor General 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 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 on 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 the major Federal programs and state project for the year ended June 30, 2012.

Internal Control over Compliance

The management of the Organization is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to a Federal program or state project. 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 a major Federal program or state project 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 and Chapter 10.650, Rules of the Auditor General, 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 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.

This report is intended solely for the information and use of management, the Board of Directors, Federal and state awarding agencies and certain other grantor agencies, and is not intended to be and should not be used by anyone other than these specified parties.

Keefe, McCullough & Co., LLP

KEEFE, McCULLOUGH & CO., LLP

Fort Lauderdale, Florida
September 27, 2012

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, 2012

A. SUMMARY OF AUDITORS' RESULTS

1. The auditors' report expresses an unqualified opinion on the financial statements of Broward County Community Development Corporation, Inc. d/b/a Broward Housing Solutions, Inc.
2. No material weaknesses relating to the audit of the financial statements are 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 *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of Broward County Community Development Corporation, Inc. d/b/a Broward Housing Solutions, Inc. were disclosed during the audit.
4. No material weaknesses relating to the audit of the major Federal programs or state project are reported in the Independent Auditors' Report on Compliance with Requirements That Could Have a Direct and Material Effect on 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.
5. The auditors' report on compliance with requirements applicable to the major Federal programs and state project for Broward County Community Development Corporation, Inc. d/b/a Broward Housing Solutions, Inc. expresses an unqualified opinion.
6. There are no findings relative to the major Federal programs or state project for Broward County Community Development Corporation, Inc. d/b/a Broward Housing Solutions, Inc. reported in Part C of this schedule.
7. The programs/project tested as major programs/project are as follows:

<u>Federal Program</u>	<u>Federal CFDA Number</u>
U.S. Department of Housing and Urban Development - Supportive Housing Program	14.235
Home Investment Partnership Program	14.239
<u>State Project</u>	<u>State CSFA Number</u>
State of Florida Department of Children and Families - Recovery and Resiliency Mental Health	60.053

8. The threshold for distinguishing Type A and Type B projects was \$ 300,000 for major Federal programs and state projects.
9. Broward County Community Development Corporation, Inc. d/b/a Broward Housing Solutions, Inc. was determined to be a low risk auditee pursuant to OMB Circular A-133.

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, 2012

B. FINDINGS - FINANCIAL STATEMENT AUDIT

NONE

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL PROGRAMS AND STATE FINANCIAL ASSISTANCE PROJECTS

NONE

D. OTHER ISSUES

1. A separate management letter was not issued.
2. No summary schedule of prior audit findings is required because there were no prior audit findings related to Federal programs or state financial assistance projects.
3. No corrective action plan is required because there were no findings required to be reported under the Federal or Florida Single Audit Act.