

**THE HENRY AND RILLA WHITE YOUTH
FOUNDATION, INC.**

CONSOLIDATED FINANCIAL STATEMENTS

**JUNE 30, 2012 WITH SUMMARIZED INFORMATION
AS OF AND FOR THE YEAR ENDED JUNE 30, 2011**

THE HENRY AND RILLA WHITE YOUTH FOUNDATION, INC.
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JAMES MOORE & CO., P.L.
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
The Henry and Rilla White Youth Foundation, Inc.:

We have audited the accompanying consolidated statements of financial position of The Henry and Rilla White Youth Foundation, Inc. as of June 30, 2012, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended. These consolidated financial statements are the responsibility of The Henry and Rilla White Youth Foundation, Inc.'s management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. The prior year summarized comparative information has been derived from The Henry and Rilla White Youth Foundation, Inc.'s June 30, 2011 consolidated financial statements and, in our report dated December 2, 2011, we expressed an unqualified opinion on those financial statements.

We conducted our audits 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 consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audit provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of The Henry and Rilla White Youth Foundation, Inc. as of 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 October 11, 2012, on our consideration of The Henry and Rilla White Youth 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 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.

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying Schedule of Expenses of State Financial Assistance is presented for purposes of additional analysis as required by Chapter 10.650, Rules of the State of Florida, Office of the Auditor General and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenses of State Financial Assistance is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

James Moore & Co., P.L.C.

Tallahassee, Florida
October 11, 2012

THE HENRY AND RILLA WHITE YOUTH FOUNDATION, INC.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
JUNE 30, 2012 WITH SUMMARIZED INFORMATION
AS OF JUNE 30, 2011

| <u>ASSETS</u> | <u>2012</u> | <u>2011</u> |
|---|--------------|--------------|
| Current assets | | |
| Cash and cash equivalents | \$ 982,961 | \$ 1,524,615 |
| Certificate of deposit | - | 71,823 |
| Contracts receivable | 1,631,334 | 1,233,078 |
| Accounts receivable | 105,633 | 101,744 |
| Prepaid and other assets | 192,657 | 204,745 |
| Total current assets | 2,912,585 | 3,136,005 |
| | | |
| Property and equipment , net of accumulated depreciation | 40,526 | 56,234 |
| | | |
| Other assets | | |
| Cash value of officer life insurance | 164,185 | 138,013 |
| | | |
| Total Assets | \$ 3,117,296 | \$ 3,330,252 |
| <u>LIABILITIES AND NET ASSETS</u> | | |
| Current liabilities | | |
| Accounts payable | \$ 187,007 | \$ 171,027 |
| Accrued salaries and benefits | 443,863 | 370,155 |
| Total current liabilities | 630,870 | 541,182 |
| | | |
| Long-term liabilities | | |
| Other long-term liabilities | - | 174,598 |
| | | |
| Net assets , unrestricted | 2,486,426 | 2,614,472 |
| | | |
| Total Liabilities and Net Assets | \$ 3,117,296 | \$ 3,330,252 |

The accompanying notes to consolidated financial statements
are an integral part of this statement.

**THE HENRY AND RILLA WHITE YOUTH FOUNDATION, INC.
CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2012 WITH SUMMARIZED
INFORMATION FOR THE YEAR ENDED JUNE 30, 2011**

| | 2012 | 2011 |
|---------------------------------------|---------------|---------------|
| Unrestricted | | |
| Support and Revenue | | |
| State contracts | \$ 12,094,455 | \$ 12,077,203 |
| Medicaid revenues | 954,667 | 1,577,538 |
| Interest and other revenue | 10,102 | 2,682 |
| Total support and revenue | 13,059,224 | 13,657,423 |
| Expenses | | |
| Program services: | | |
| Youth and family services | 10,980,118 | 11,374,088 |
| Support services: | | |
| General and administrative | 2,207,152 | 2,302,471 |
| Total expenses | 13,187,270 | 13,676,559 |
| Decrease in net assets | (128,046) | (19,136) |
| Net assets , beginning of year | 2,614,472 | 2,633,608 |
| Net assets , end of year | \$ 2,486,426 | \$ 2,614,472 |

The accompanying notes to consolidated financial statements
are an integral part of this statement.

THE HENRY AND RILLA WHITE YOUTH FOUNDATION, INC.
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2012 WITH SUMMARIZED
INFORMATION FOR THE YEAR ENDED JUNE 30, 2011

| | 2012 | 2011 |
|---|---------------|---------------|
| Cash flows from operating activities | | |
| Cash received from grantors, contractors and contributors | \$ 12,655,454 | \$ 14,234,266 |
| Cash paid to employees and vendors | (13,259,497) | (13,575,477) |
| Interest received | 1,625 | 2,377 |
| Interest paid | (773) | (549) |
| Net cash provided by (used in) operating activities | (603,191) | 660,617 |
| Cash flows from investing activities | | |
| Purchase of property and equipment | (10,286) | (12,749) |
| Proceeds from sale of investments | - | 3,387 |
| Proceeds from sale of certificate of deposits | 71,943 | - |
| Purchase of certificate of deposit | (120) | (802) |
| Net cash provided by (used in) investing activities | 61,537 | (10,164) |
| Cash flows from financing activities | | |
| Payments on capital lease | - | (5,678) |
| Net increase (decrease) in cash and cash equivalents | (541,654) | 644,775 |
| Cash and cash equivalents, beginning of year | 1,524,615 | 879,840 |
| Cash and cash equivalents, end of year | \$ 982,961 | \$ 1,524,615 |
| Reconciliation of decrease in net assets to net cash provided by (used in) operating activities | | |
| Decrease in net assets | \$ (128,046) | \$ (19,136) |
| Adjustments to reconcile decrease in net assets to net cash provided by (used in) operating activities: | | |
| Depreciation | 29,430 | 47,678 |
| (Increase) decrease in grants and contracts receivable | (398,256) | 307,590 |
| (Increase) decrease in accounts receivable | (3,889) | 271,581 |
| (Increase) decrease in prepaid expenses | 8,652 | (62,491) |
| Increase (decrease) in accounts payable | 15,980 | (26,059) |
| Increase in accrued salaries and benefits | 73,708 | 109,246 |
| Increase in cash value of life insurance | (26,172) | (24,942) |
| Increase (decrease) in other long-term liabilities | (174,598) | 57,101 |
| Realized loss on investment | - | 49 |
| Total adjustments | (475,145) | 679,753 |
| Net cash provided by (used in) operating activities | \$ (603,191) | \$ 660,617 |

The accompanying notes to consolidated financial statements
are an integral part of this statement.

THE HENRY AND RILLA WHITE YOUTH FOUNDATION, INC.
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2012
WITH SUMMARIZED FINANCIAL INFORMATION
FOR THE YEAR ENDED JUNE 30, 2011

| | Youth and Family Services | General and Administrative Services | 2012 Total | 2011 Total |
|-----------------------|--|--|-----------------------|-----------------------|
| Salaries and benefits | \$ 8,212,109 | \$ 1,411,052 | \$ 9,623,161 | \$ 9,753,434 |
| Professional fees | 468,309 | 186,009 | 654,318 | 838,519 |
| Maintenance | 201,500 | 27,453 | 228,953 | 249,142 |
| Utilities | 255,311 | 6,731 | 262,042 | 323,928 |
| Insurance | 191,063 | 40,818 | 231,881 | 227,809 |
| Leases and rentals | 389,861 | 142,771 | 532,632 | 528,555 |
| Program supplies | 422,293 | 3,628 | 425,921 | 551,613 |
| Office | 174,797 | 37,661 | 212,458 | 285,284 |
| Contributions | - | 232,700 | 232,700 | 110,000 |
| Travel | 446,402 | 43,022 | 489,424 | 453,601 |
| Interest | 139 | 634 | 773 | 549 |
| Postage | 29,349 | 8,295 | 37,644 | 30,409 |
| Training | 29,577 | 14,390 | 43,967 | 11,826 |
| Communications | 146,537 | 35,429 | 181,966 | 178,103 |
| Bad debt | - | - | - | 86,109 |
| Depreciation | 12,871 | 16,559 | 29,430 | 47,678 |
| Total expenses | <u>\$ 10,980,118</u> | <u>\$ 2,207,152</u> | <u>\$ 13,187,270</u> | <u>\$ 13,676,559</u> |

The accompanying notes to consolidated financial statements
are an integral part of this statement.

THE HENRY AND RILLA WHITE YOUTH FOUNDATION, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011

(1) **Summary of Significant Accounting Policies:**

The following is a summary of the more significant accounting policies and practices of The Henry and Rilla White Youth Foundation, Inc. and affiliates (the "Foundation") which affect significant elements of the accompanying consolidated financial statements:

(a) **General**—The Foundation is engaged in providing a comprehensive array of alcohol, drug and mental health rehabilitative services to residents of Florida. During the fiscal year 2004, the Foundation organized a wholly owned subsidiary, Corrections Services of Florida, LLC. The organizations share a common Board of Directors and management. The consolidated financial statements include the accounts of The Henry and Rilla White Youth Foundation, Inc. and its subsidiary. All significant inter-company transactions and accounts are eliminated.

(b) **Property and Equipment**—Property and equipment acquired by the Foundation are considered to be owned by the Foundation. However, funding sources may retain an equitable interest in the property purchased with grant monies as well as the right to determine the use of any proceeds from the sale of these assets. The State of Florida has a reversionary interest in those assets purchased with its funds which have a cost of \$1,000 or more and an estimated useful life of at least one year. The Federal Government has a reversionary interest in those assets purchased with its funds which have cost of \$5,000 or more and an estimated useful life of at least one year.

Property and equipment with a value greater than \$1,000 (unless otherwise stipulated by a donor or grantor) and an estimated useful life of at least one year are recorded at cost when purchased or at estimated fair market value when contributed. Depreciation is computed using the straight-line method over the estimated useful life of the assets, ranging from five to ten years. Repairs and maintenance expenses, which are not considered improvements and do not extend the useful life of the property and equipment, are expensed as incurred.

(c) **Income Taxes**—The Foundation is generally exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Therefore, no provision for Federal income taxes has been made in the accompanying consolidated financial statements. Corrections Services of Florida, LLC is a single member LLC and is a disregarded entity for Federal income taxes.

The Foundation files income tax returns in the U.S. Federal jurisdiction. The Foundation's income tax returns for the past three years are subject to examination by tax authorities and may change upon examination.

The Foundation has reviewed and evaluated the relevant technical merits of each of their tax positions in accordance with accounting principles generally accepted in the United States of America for accounting for uncertainty in income taxes, and determined that there are no uncertain tax positions that would have a material impact on the financial statements of the Foundation.

(d) **Cash and Cash Equivalents**—For the purpose of reporting cash flows, cash and cash equivalents include cash on hand, demand deposits held with banks, and short-term investments with original maturities of 90 days or less.

THE HENRY AND RILLA WHITE YOUTH FOUNDATION, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011

(1) **Summary of Significant Accounting Policies:** (Continued)

(e) **Use of Estimates**—The preparation of consolidated 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. Accordingly, actual results could differ from those estimates.

(f) **Basis of Accounting**—The consolidated financial statements have been prepared on the accrual basis of accounting, and accordingly, reflect all significant receivables, payables and other liabilities.

(g) **Basis of Presentation**—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.

(h) **Functional Allocation of Expenses**—The costs of providing the various program services and other activities have been summarized on a functional basis in the Consolidated Statement of Activities. Accordingly, certain costs have been allocated among the program and supporting services benefited.

(i) **Contributions**—All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases these net asset classes. However, if a restriction is fulfilled in the same time period in which the contribution is received, the Foundation reports the support as unrestricted.

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met.

Contributed property and equipment is recorded at fair value at the date of donation. In the absence of donor-imposed stipulations regarding how long the contributed assets must be used, the Foundation has adopted a policy of not implying a time restriction on contributions of such assets that expires over the assets' useful lives; consequently, all contributions of property and equipment, and of the assets contributed to acquire property and equipment, are recorded as unrestricted support or contributions.

(j) **Accrued Leave**—The Foundation compensates its eligible employees for unused vacation leave upon termination of employment. Vacation leave is accrued as earned by eligible employees and recorded as an expense in the period earned.

(k) **Contracts and Accounts Receivable**—Contracts and accounts receivable are stated at the amount management expects to collect from balances outstanding at year-end. Based on management's assessment of the credit history with customers, grantors, and contractors having outstanding balances and current relationships with them, it has concluded that realization losses on balances outstanding at year-end will be immaterial.

THE HENRY AND RILLA WHITE YOUTH FOUNDATION, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011

(1) **Summary of Significant Accounting Policies:** (Continued)

(l) **Advertising**—Advertising costs are charged to operations as incurred.

(m) **Revenue Recognition**—The Foundation receives all of its contract revenue from Federal, state and local agencies. The Foundation recognizes contract revenue (up to the contract ceiling) from its contracts over a period which represents the service period for certain contracts, or to the extent of expenses. Revenue recognition depends on the contract.

Any of the funding sources may, at their discretion, request reimbursement for expenses or return of funds, or both, as a result of non-compliance with the terms of the contracts.

(2) **Significant Funding Source:**

The Foundation receives a substantial amount of its funding from the State of Florida, Department of Juvenile Justice. A significant reduction in the level of this funding, if it were to occur, could have an adverse effect on the Foundation's programs and activities.

(3) **Concentrations of Credit Risk:**

The more significant concentrations of credit risk are as follows:

(a) **Demand and Time Deposits**—The Foundation maintains cash deposits with several financial institutions. The Foundation has no policy requiring collateral or other security to support its deposits, although all demand deposits with these institutions are Federally insured up to FDIC limits.

(b) **Accounts and Contracts Receivable**—The Foundation's receivables are primarily for amounts due under contracts with local, state, and Federal government agencies. The Foundation has no policy requiring collateral or other security to support its receivables.

(4) **Property and Equipment:**

The following is a summary of property and equipment at June 30:

| | <u>2012</u> | <u>2011</u> |
|--------------------------------|------------------|------------------|
| Vehicles | \$ 30,050 | \$ 30,050 |
| Machinery and equipment | 689,344 | 677,935 |
| Building improvements | 59,869 | 59,869 |
| Furniture and fixtures | 50,665 | 50,665 |
| | <u>829,928</u> | <u>818,519</u> |
| Less: Accumulated depreciation | 789,402 | 762,285 |
| Total | <u>\$ 40,526</u> | <u>\$ 56,234</u> |

THE HENRY AND RILLA WHITE YOUTH FOUNDATION, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011

(5) **Operating Leases:**

The Foundation leases land, building and equipment under operating leases expiring at various times through 2014. Rent expense for land, building and equipment for the years ended June 30, 2012 and 2011 amounted to \$168,550 and \$167,033, respectively. Minimum future rental payments under the noncancellable operating leases having remaining terms in excess of one year as of June 30, 2012, for each of the next five years and in the aggregate are:

| <u>Year Ending June 30,</u> | <u>Amount</u> |
|---------------------------------|-------------------|
| 2013 | \$ 123,463 |
| 2014 | 73,788 |
| 2015 | 232 |
| 2016 | - |
| 2017 | - |
| | <u>\$ 197,483</u> |

(6) **Related Party Transactions:**

The Foundation leased its corporate offices from The Henry and Rilla White Foundation, Inc., a related foundation governed by the same board members. Rental expense to The Henry and Rilla White Foundation, Inc. was approximately \$66,000 for the year ended June 30, 2011. The Foundation also leases office space from a Board Member and/or the Executive Director. Rental expenses paid under these leases were approximately \$283,000 and \$222,000 for the years ended June 30, 2012 and 2011, respectively. In addition, the Foundation also contributed approximately \$233,000 and \$110,000 for the years ended June 30, 2012 and 2011, respectively, to The Henry and Rilla White Foundation, Inc. and is included in contributions in the Statement of Functional Expenses.

(7) **Life Insurance:**

The Foundation is the owner of life insurance policies on the lives of key employees. The beneficiaries of the policies are the key employees' families. No loans are outstanding on these policies at June 30, 2012.

(8) **2011 Presentation:**

The amounts shown for the year ended June 30, 2011 in the accompanying financial statements are included to provide a basis for comparison with 2012 and present summarized totals only. Accordingly, the 2011 totals are not intended to present all information necessary for a fair presentation in conformity with accounting principles generally accepted in the United States of America. Such information should be read in conjunction with the Foundation's financial statements for the year ended June 30, 2011, from which the summarized information was derived.

THE HENRY AND RILLA WHITE YOUTH FOUNDATION, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011

(9) **Subsequent Events:**

The Foundation has evaluated events and transactions for potential recognition or disclosure in the consolidated financial statements through October 11, 2012, the date which the consolidated financial statements were available to be issued. No subsequent events have been recognized or disclosed.

(10) **Contingencies:**

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the Federal government and the State of Florida. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the Foundation expects such amounts, if any, to be immaterial.

(11) **Litigation:**

The Foundation is a defendant in a lawsuit. The Foundation believes the lawsuit is without merit and intends to vigorously contest such claim. No amount has been accrued in the consolidated financial statements.

**THE HENRY AND RILLA WHITE YOUTH FOUNDATION, INC.
SCHEDULE OF EXPENSES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2012**

| State Grantor / Program Title | State CSFA Number | Contract Number | Current Year Expenses |
|---|----------------------------------|----------------------------|--------------------------------------|
| State of Florida, Department of Juvenile Justice | | | |
| Mental Health Services | 80.011 | -- | \$ 334,138 |
| Mental Health Services | 80.011 | -- | 114,695 |
| Mental Health Services | 80.011 | -- | 340,418 |
| | | | <u>789,251</u> |
| Delinquency Non-Secure Residential Services | 80.016 | R2002 | 531,665 |
| Delinquency Non-Secure Residential Services | 80.016 | R2026 | 825,612 |
| | | | <u>1,357,277</u> |
| Conditional Release Services | 80.018 | N8I01 | 157,560 |
| Conditional Release Services | 80.018 | P2027 | 675,980 |
| Conditional Release Services | 80.018 | P2028 | 312,929 |
| | | | <u>1,146,469</u> |
| Total State Awards | | | <u><u>\$ 3,292,997</u></u> |

The accompanying note to schedule of expenses of
State Financial Assistance is an integral part of this statement.

THE HENRY AND RILLA WHITE YOUTH FOUNDATION, INC.
NOTE TO THE SCHEDULE OF EXPENSES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2012

Basis of Presentation:

The accompanying Schedule of Expenses of State Financial Assistance includes the State projects activity of The Henry and Rilla White Youth 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 State of Florida, Office of the Auditor General. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the consolidated financial statements.

JAMES MOORE & CO., P.L.
CERTIFIED PUBLIC ACCOUNTANTS

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

To the Board of Directors of
The Henry and Rilla White Youth Foundation, Inc.:

We have audited the consolidated financial statements of The Henry and Rilla White Youth Foundation, Inc. as of and for the year ended June 30, 2012, and have issued our report thereon dated October 11, 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 Henry and Rilla White Youth Foundation, Inc. is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered The Henry and Rilla White Youth 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 Henry and Rilla White Youth Foundation, 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 consolidated financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of the 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 Henry and Rilla White Youth Foundation, Inc.'s consolidated 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 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 management, the Board of Directors, others within the entity, and State awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

James Moore & Co., P.L.C.

Tallahassee, Florida
October 11, 2012

JAMES MOORE & CO., P.L.
CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR STATE
PROJECT AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE
WITH CHAPTER 10.650, RULES OF THE STATE OF FLORIDA, OFFICE OF THE
AUDITOR GENERAL**

To the Board of Directors of
The Henry and Rilla White Youth Foundation, Inc.:

Compliance

We have audited The Henry and Rilla White Youth Foundation, Inc.'s compliance with the types of compliance requirements described in the Department of Financial Services' State Projects Compliance Supplement that could have a direct and material effect on each of The Henry and Rilla White Youth Foundation, Inc.'s major State projects for the year ended June 30, 2012. The Henry and Rilla White Youth Foundation, Inc.'s major State projects 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 each of its major State projects is the responsibility of The Henry and Rilla White Youth Foundation, Inc.'s management. Our responsibility is to express an opinion on The Henry and Rilla White Youth Foundation, 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 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 State of Florida, Office of the Auditor General. Those standards and Chapter 10.650, Rules of the State of Florida, Office 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 State project occurred. An audit includes examining, on a test basis, evidence about The Henry and Rilla White Youth 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 of The Henry and Rilla White Youth Foundation, Inc.'s compliance with those requirements.

In our opinion, The Henry and Rilla White Youth Foundation, 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 State projects for the year ended June 30, 2012.

Internal Control Over Compliance

Management of The Henry and Rilla White Youth Foundation, Inc. is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to State projects. In planning and performing our audit, we considered The Henry and Rilla White Youth Foundation, Inc.'s internal control over compliance with the requirements that could have a direct and material effect on a major 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 Chapter 10.650, Rules of the State of Florida, Office 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 Henry and Rilla White Youth Foundation, 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 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 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 in internal control. 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, others within the entity, and State awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

James Moore & Co., P.L.C.

Tallahassee, Florida
October 11, 2012

THE HENRY AND RILLA WHITE YOUTH FOUNDATION, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS – STATE PROJECTS
JUNE 30, 2012

I. Summary of Auditors' Results:

Financial Statements

A. Type of audit report issued on the consolidated financial statements: *Unqualified*

Internal control over financial reporting:

- Material weakness(es) identified? _____ yes X no
- Significant deficiencies identified that are not considered to be material weaknesses? _____ yes X none reported
- Noncompliance material to financial statements noted? _____ yes X no

State Financial Assistance

Internal control over major State projects:

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

Types of auditor's report issued on compliance for major State projects: *Unqualified*

Dollar threshold used to distinguish between type A and type B State Projects: \$300,000

B. Major project identification:

| State Project | State CSFA Number |
|---|-------------------|
| Mental Health Services | 80.011 |
| Delinquency Non-Secure Residential Services | 80.016 |

II. Financial Statement Findings: None.

III. Findings and questioned costs – major state projects audit: None.

IV. Independent Auditors' Management Letter Required by Chapter 10.650, Rules of the State of Florida, Office of the Auditor General: Nothing to report.

**THE HENRY AND RILLA WHITE YOUTH FOUNDATION, INC.
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
JUNE 30, 2012**

Major State Projects

No prior year audit findings.