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

**FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITORS' REPORTS**

*JUNE 30, 2012*

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**THE STARTING PLACE, INC.**  
**FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

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## INDEPENDENT AUDITORS' REPORT

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

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Starting Place, Inc. as of June 30, 2012, and the changes in its net assets and its cash flows and functional expenses for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated September 25, 2012, on our consideration of The Starting Place, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. The report is an integral part of an audit performed in accordance with Government Auditing Standards and important for assessing the results of our audit.

(Continued)

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of The Starting Place, Inc. taken as a whole. The accompanying schedule of expenditures of federal, state and local awards on page 13 is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and the Florida Single Act, and is not a required part of the basic financial statements. The information on this schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The accompanying Schedule of State Earnings, Schedule of Substance Abuse and Mental Health Services Cost Center Funding Sources and Revenue and Schedule of Substances Abuse and Mental Health Services Cost Center Operating and Capital Expenditures on pages 19-21 are also presented for purposes of additional analysis as required by the State of Florida Department of Children and Families and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.



RIBOTSKY, LEVINE & COMPANY  
Certified Public Accountants

North Miami, Florida  
September 25, 2012

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

**JUNE 30, 2012**

<b>ASSETS</b>	
<b>CURRENT ASSETS:</b>	
Cash and cash equivalents	\$ 513,788
Receivables:	
Grants	295,675
Medicaid	78,978
United Way	4,583
Henderson	25,396
Clients	3,187
Other	2,605
Prepaid expenses	56,284
TOTAL CURRENT ASSETS	<u>980,496</u>
PROPERTY AND EQUIPMENT, NET	<u>54,572</u>
<b>OTHER ASSETS:</b>	
Investments-permanently restricted, net of fair market value adjustment of \$5,854	98,288
Deposits	34,771
TOTAL OTHER ASSETS	<u>133,059</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 1,168,127</u></b>
<b>LIABILITIES AND NET ASSETS</b>	
<b>CURRENT LIABILITIES:</b>	
Accounts payable and accrued expenses	\$ 140,308
Insurance payable	43,703
Note payable, current portion	83,377
TOTAL CURRENT LIABILITIES	<u>267,388</u>
LONG-TERM DEBT, NET OF CURRENT PORTION	<u>18,655</u>
<b>NET ASSETS:</b>	
Unrestricted net assets	777,942
Permanently restricted net assets	104,142
TOTAL NET ASSETS	<u>882,084</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 1,168,127</u></b>

See accompanying notes to the financial statements.

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

**FOR THE YEAR ENDED JUNE 30, 2012**

**OPERATING SUPPORT AND REVENUE:**

Governmental grants	\$ 2,361,344
United Way	54,996
Henderson	43,896
Medicaid	711,974
Client fees	131,146
Contributions (including \$51,476 in-kind)	160,433
Special event	18,640
Interest	2,712
Other	4,364
Unrealized (loss) on investment	<u>(1,432)</u>
TOTAL OPERATING SUPPORT AND REVENUE	<u><b>3,488,073</b></u>

**OPERATING EXPENSES:**

Program services	3,239,581
Supporting services - management and general	<u>487,948</u>
TOTAL OPERATING EXPENSES	<u><b>3,727,529</b></u>

**CHANGE IN NET ASSETS**

**(239,456)**

**NET ASSETS - JULY 1, 2011**

**1,121,540**

**NET ASSETS - JUNE 30, 2012**

**\$ 882,084**

See accompanying notes to the financial statements.

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

**FOR THE YEAR ENDED JUNE 30, 2012**

**CASH FLOWS FROM OPERATING ACTIVITIES:**

<b>Change in Net Assets</b>	<b>\$</b>	<b>(239,456)</b>
<i>Adjustments to reconcile change in net assets to net cash (used in) operating activities:</i>		
Depreciation		14,503
Bad debts		81,911
Unrealized loss on investment		1,432
Changes in certain assets and liabilities:		
Decrease in grants receivable		24,141
Decrease in medicaid receivable		15,824
(Increase) in clients receivable		(82,085)
(Increase) in other receivables		(29,134)
(Increase) in prepaid expenses		(12,506)
Decrease in investments		6,494
(Increase) in deposits		(10,000)
Increase in accounts payable and accrued expenses		12,833
Increase in insurance payable		8,262
<b>Net Cash (used in) Operating Activities</b>		<b><u>(207,781)</u></b>

**CASH FLOWS FROM INVESTING ACTIVITIES:**

Purchases of property and equipment		<u>(21,765)</u>
<b>Net Cash (used in) Investing Activities</b>		<b><u>(21,765)</u></b>

**CASH FLOWS FROM FINANCING ACTIVITIES:**

Repayments of notes payable		(437,499)
Proceeds from notes payable		530,600
Decrease in restricted cash for line of credit collateral		<u>200,000</u>
<b>Net Cash provided by Financing Activities</b>		<b><u>293,101</u></b>

<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>63,555</b>
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<b>CASH AND CASH EQUIVALENTS - JULY 1, 2011</b>		<u>450,233</u>
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<b>CASH AND CASH EQUIVALENTS - JUNE 30, 2012</b>	<b>\$</b>	<b><u>513,788</u></b>
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**SUPPLEMENTAL DISCLOSURES:**

In-kind contributions	<b>\$</b>	<u>51,476</u>
Interest paid	<b>\$</b>	<u>3,552</u>

See accompanying notes to the financial statements.

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

**FOR THE YEAR ENDED JUNE 30, 2012**

	Program Services									Total program services	Management and general	Total	
	Outpatient	CCST	After-school Day Treatment	Intervention	Youth Opportunities	Redirection	Medical Services	Outreach	Aftercare				Other program services
<b>Personnel Costs:</b>													
Salaries	\$ 1,085,737	\$ 456,598	\$ 36,902	\$ 219,737	\$ 27,420	\$ 201,559	\$ -	\$ 30,630	\$ 20,064	\$ 54,767	\$ 2,133,414	\$ 300,881	\$ 2,434,295
Payroll taxes and employee benefits	195,823	88,044	7,559	37,062	5,738	35,229	-	4,967	3,988	9,932	388,342	48,003	436,345
<b>Total Personnel Costs</b>	<b>1,281,560</b>	<b>544,642</b>	<b>44,461</b>	<b>256,799</b>	<b>33,158</b>	<b>236,788</b>	<b>-</b>	<b>35,597</b>	<b>24,052</b>	<b>64,699</b>	<b>2,521,756</b>	<b>348,884</b>	<b>2,870,640</b>
<b>Other Expenses:</b>													
Occupancy	56,344	22,393	1,954	10,572	1,466	9,322	296	1,582	1,044	3,160	108,133	9,968	118,101
Professional fees	31,095	23,695	2,798	5,026	-	11,489	48,068	1,436	718	-	124,325	4,700	129,025
Transportation	63,790	30,237	2,197	9,973	588	6,929	-	34	1,690	2,840	118,278	-	118,278
Training and program activities	3,369	-	373	-	-	20,017	-	-	-	-	23,759	2,781	26,540
Laboratory tests	40,743	7,828	-	-	333	-	-	-	1,593	1,898	52,395	195	52,590
Insurance	11,005	4,374	4,400	2,065	286	1,821	58	309	204	617	25,139	1,945	27,084
Interest	-	-	-	-	-	-	-	-	-	-	-	3,639	3,639
Other supplies and expenses	78,468	31,177	7,232	14,718	4,579	12,979	387	2,203	1,454	4,399	157,596	90,650	248,246
Bad debts	75,102	-	-	-	-	-	6,808	-	-	-	81,910	-	81,910
In-kind services	19,717	-	-	-	-	-	-	-	-	6,573	26,290	25,186	51,476
<b>Total Other Expenses</b>	<b>379,633</b>	<b>119,704</b>	<b>18,954</b>	<b>42,354</b>	<b>7,252</b>	<b>62,557</b>	<b>55,617</b>	<b>5,564</b>	<b>6,703</b>	<b>19,487</b>	<b>717,825</b>	<b>139,064</b>	<b>856,889</b>
	<b>\$ 1,661,193</b>	<b>\$ 664,346</b>	<b>\$ 63,415</b>	<b>\$ 299,153</b>	<b>\$ 40,410</b>	<b>\$ 299,345</b>	<b>\$ 55,617</b>	<b>\$ 41,161</b>	<b>\$ 30,755</b>	<b>\$ 84,186</b>	<b>\$ 3,239,581</b>	<b>\$ 487,948</b>	<b>\$ 3,727,529</b>

See accompanying notes to the financial statements.



**THE STARTING PLACE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

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**Note 1 - Organization and Activities**

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

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

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**Basis of Presentation**

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

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

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

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

**Contributions**

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

(Continued)

**THE STARTING PLACE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

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

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**Donated Materials and Services**

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

**Cash and Cash Equivalents**

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

**Fair Value of Financial Instruments**

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

**Receivables**

Grants and other receivables consist of amounts due from governmental agencies, donors and clients for services. The allowance method is used for providing for bad debts. The Organization considers all of the receivables to be collectible at June 30, 2012.

**Concentration of Credit Risk**

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

(Continued)

**THE STARTING PLACE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

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

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**Property and Equipment**

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

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

Furniture and fixtures	5 Years
Vehicles	3 Years
Equipment	5 Years

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

**Income Taxes**

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

The Organization files annual returns in the U.S. federal jurisdiction. With few exceptions, the Organization is no longer subject to U.S. federal examinations by tax authorities for years before 2008.

**Use of Estimates**

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

**THE STARTING PLACE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

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**Note 3 - Grants Receivable**

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Grants receivable at June 30, 2012 comprise the following:

Broward County-TOPS	\$ 84,373
Broward County-STARS	28,854
Broward County-Mental Health	22,327
Evidence-Based Associates	29,187
Children's Services Council	16,643
DCF	104,110
Byrne-STARS	<u>10,181</u>
	<u>\$ 295,675</u>

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**Note 4 - Property and Equipment**

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Property and equipment consist of the following as of June 30, 2012:

Equipment	\$ 71,442
Furniture and fixtures	1,543
Auto	<u>13,537</u>
	86,522
Less: Accumulated depreciation	<u>31,950</u>
	<u>\$ 54,572</u>

Depreciation expense for the year ended June 30, 2012 totaled \$14,503.

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**Note 5 – Notes Payable**

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

\$ 4,398

Revolving Line of Credit, maximum amount - \$300,000, payable on demand, interest at 2% over the index, secured by substantially all assets of the Organization.

70,800

Loan with original amount of \$33,800, principal and interest In the amount of \$803.19 are payable monthly until July 12, 2015, interest at 6.5%, secured by substantially all assets of the Organization.

26,834

\$ 102,032

(Continued)

**THE STARTING PLACE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

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**Note 5 – Notes Payable (Continued)**

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Future principal payments are as follows:

Year ending June 30:	
2013	\$ 83,377
2014	8,682
2015	9,262
2016	<u>711</u>
	<u>\$ 102,032</u>

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**Note 6 – Donated Materials and Services**

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The In-kind contributions for the year ended June 30, 2012 comprised the following:

Volunteer services	\$ 51,076
Professional fees	<u>400</u>
	<u>\$ 51,476</u>

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**Note 7 – Commitments**

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**Operating Leases**

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

Estimated future minimum operating lease payments as of June 30, 2012 are as follows:

Year ending June 30:	
2013	\$ 126,647
2014	122,066
2015	118,123
2016	<u>117,670</u>
Total minimum payments	<u>\$ 484,506</u>

Rent expenses under the operating leases amounted to \$150,870 for the year ended June 30, 2012.

**THE STARTING PLACE, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2012**

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**Note 8 - Permanently Restricted Net Assets**

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

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**Note 9 – Subsequent Events**

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The Organization has evaluated subsequent events through September 25, 2012, the date the financial statements were available to be issued.

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

**FOR THE YEAR ENDED JUNE 30, 2012**

Federal/State Agency Pass-through Entity Federal Program/State Project/Local Program	Federal CFDA/ State CSFA Number	Contract Number	Contract Term	Amount Awarded	Reimbursable/ Disbursements/ Expenses	Cash Receipts	Grants Receivable June 30, 2012
<b>Federal</b>							
U.S. Department of Health and Human Services Passed through the Florida Department of Children and Families Temporary Assistance for Needy Families	93.558	JD261	7/1/11-6/30/12	14,957	14,957	9,831	5,126
U.S. Department of Justice Passed through the Florida Department of Law Enforcement Byrne/JAG Countywide Grant	16.738	2011-JAGC-BROW-4-B2-239	10/1/10-9/30/11	52,410	11,219	11,219	-
Byrne/JAG Countywide Grant	16.738	2012-JAGC-BROW-3-C4-229	10/1/11-9/30/12	<u>62,000</u>	<u>47,312</u>	<u>37,131</u>	<u>10,181</u>
<b>Total Federal Awards</b>				<b><u>129,367</u></b>	<b><u>73,488</u></b>	<b><u>58,181</u></b>	<b><u>15,307</u></b>
<b>State Financial Assistance</b>							
State of Florida Department of Children and Families Children's Mental Health Community Support Services	60.048	JD261	7/1/11-6/30/12	159,084	159,084	144,968	14,116
Substance Abuse Treatment and Aftercare Services for Children	60.030	JD261	7/1/11-6/30/12	517,912	503,371	467,808	35,563
Children's Substance Abuse-Special Projects-Treatment & Aftercare	60.102	JD261	7/1/11-6/30/12	405,000	405,000	371,250	33,750
Substance Abuse Treatment and Aftercare Services for Adults	60.033	JD261	7/1/11-6/30/12	144,024	144,024	128,469	15,555
State of Florida Department of Juvenile Justice Redirection Project	80.018, 80.019	N/A	11/1/10-10/31/11	311,215	103,683	103,683	-
Redirection Project	80.018, 80.019	N/A	11/1/11-10/31/12	<u>213,481</u>	<u>147,324</u>	<u>118,137</u>	<u>29,187</u>
<b>Total State Financial Assistance</b>				<b><u>1,750,716</u></b>	<b><u>1,462,486</u></b>	<b><u>1,334,315</u></b>	<b><u>128,171</u></b>
<b>Local Government Awards</b>							
Children's Services Council/Family Strengthening Program	N/A	11-2797	10/1/11-9/30/12	262,000	95,934	79,291	16,643
Broward County/Mental Health Program	N/A	12-CP-CSA-8268-01	10/1/11-9/30/12	254,736	25,472	3,145	22,327
Broward County/STARS Program	N/A	08-CSAD-8268-01	10/1/10-9/30/11	113,620	45,162	45,162	-
Broward County/STARS Program	N/A	08-CSAD-8268-01	10/1/11-9/30/12	108,620	79,740	50,886	28,854
Broward County/TOPS Program	N/A	10-CP-CSA-8268-01	10/1/10-9/30/11	618,760	198,327	198,327	-
Broward County/TOPS Program	N/A	10-CP-CSA-8268-01	10/1/11-9/30/12	<u>556,260</u>	<u>380,735</u>	<u>296,362</u>	<u>84,373</u>
<b>Total Local Awards</b>				<b><u>1,913,996</u></b>	<b><u>825,370</u></b>	<b><u>673,173</u></b>	<b><u>152,197</u></b>
<b>Total Awards</b>				<b><u>\$ 3,794,079</u></b>	<b><u>\$ 2,361,344</u></b>	<b><u>\$ 2,065,669</u></b>	<b><u>\$ 295,675</u></b>

See accompanying independent auditors' report.

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

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

We have audited the financial statements of The Starting Place, Inc. (a non-profit organization) as of and for the year ended June 30, 2012, and have issued our report thereon dated September 25, 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**

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

**Compliance And Other Matters**

As part of obtaining reasonable assurance about whether The Starting Place, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under "Government Auditing Standards".

(Continued)



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

However we noted certain matters that we reported to the management of The Starting Place, Inc. in a separate letter dated September 25, 2012.

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



RIBOTSKY, LEVINE & COMPANY  
Certified Public Accountants

North Miami, Florida  
September 25, 2012

Norman Levine, CPA

Elliott W. Starman, CPA

Marvin H. Ribotsky, CPA  
(1934 - 2008)



Established 1980

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

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

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

**Compliance**

We have audited the compliance of The Starting Place, Inc. (a non-profit organization) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement and the requirements described in the Executive Office of the Governor's State Projects Compliance Supplement that could have a direct and material effect on each of The Starting Place, Inc.'s major federal programs and state projects for the year ended June 30, 2012. The Starting Place, Inc.'s major federal programs and state projects are identified in the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs and state projects is the responsibility of The Starting Place, Inc.'s management. Our responsibility is to express an opinion on The Starting Place, Inc.'s compliance based on our audit.

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

In our opinion, The Starting Place, Inc. complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and state projects for the year ended June 30, 2012.

(Continued)

### **Internal Control Over Compliance**

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program or state project on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program or state project will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

However we have noted other matters that we reported to the management of The Starting Place, Inc. in a separate letter dated September 25, 2012.

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



RIBOTSKY, LEVINE & COMPANY  
Certified Public Accountants

North Miami, Florida  
September 25, 2012

**THE STARTING PLACE, INC.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2012**

**SUMMARY OF AUDITORS' RESULTS**

- 1 The auditors' report expresses an unqualified opinion on the general purpose financial statements of The Starting Place, Inc.
- 2 There were no significant deficiencies disclosed during the audit of the general purpose financial statements of The Starting Place, Inc. and reported in the Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and other matters Based on an Audit of Financial Statements Performed in Accordance with Governmental Auditing Standards.
- 3 No instances of noncompliance material to the general purpose financial statements of The Starting Place, Inc. were disclosed during the audit.
- 4 There were no significant deficiencies disclosed during the audit of internal control over major federal programs and/or major state projects.
- 5 The auditors' report on compliance for major federal programs and state projects of The Starting Place, Inc. expresses an unqualified opinion.
- 6 There were no items disclosed during the audit of the financial statements of The Starting Place, Inc. that constituted "findings" relative to the major federal programs and major state projects for The Starting Place, Inc.
- 7 The state projects tested as major are:
  - State of Florida Department of Children and Families – Substance Abuse Treatment and Aftercare for Children – CSFA #60.030
  - State of Florida Department of Children and Families – Children's Substance Abuse-Special projects-Treatment & Aftercare – CSFA #60.102
- 8 The threshold used for distinguishing between Type A and B projects was \$300,000.
- 9 There were no prior year (fiscal year ended June 30, 2011) audit findings.

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

**FOR THE YEAR ENDED JUNE 30, 2012**

Total operating expenses		\$ 3,727,529
Less other State and Federal funds	309,538	
Less Medicaid	711,974	
Less in-kind services	<u>51,476</u>	<u>1,072,988</u>
Net allowable expenses		2,654,541
Amount of State funds received or receivable	1,226,436	
Required match	<u>77,684</u>	<u>1,304,120</u>
Excess expenses		<u><u>\$ 1,350,421</u></u>

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

See accompanying independent auditors' report.

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

**FOR THE YEAR ENDED JUNE 30, 2012**

	Outpatient Individual	Outpatient Group	Assessment	CCST	Aftercare	Intervention	Medical Services	Outreach	DCF SAMH-Funded Cost Centers	Non-DCF SAMH-Funded Cost Centers	Total SAMH-Funded Cost Centers	Non-SAMH Cost Center	Total Funding
<b>Section I</b>													
Total State Funding													
1. Adult Substance Abuse Substance Abuse Services	\$ 96,950	\$ 3,042	\$ 22,032	\$ -	\$ -	\$ -	\$ -	\$ 22,000	\$ 144,024	\$ -	\$ 144,024	\$ -	\$ 144,024
2. Children Substance Abuse Substance Abuse Services	106,718	914	116,009	544,115	34,370	28,239	41,821	51,142	923,328	-	923,328	-	923,328
3. Children Mental Health Mental Health Services	-	-	-	159,084	-	-	-	-	159,084	-	159,084	-	159,084
<b>Total State SAMH Funding</b>	<b>203,668</b>	<b>3,956</b>	<b>138,041</b>	<b>703,199</b>	<b>34,370</b>	<b>28,239</b>	<b>41,821</b>	<b>73,142</b>	<b>1,226,436</b>	<b>-</b>	<b>1,226,436</b>	<b>-</b>	<b>1,226,436</b>
<b>Section II</b>													
Other Government Funding													
1. Other State Funding	-	-	-	-	-	-	-	-	-	251,007	251,007	-	251,007
2. Medicaid	364,188	-	53,141	-	-	245,846	-	-	663,175	48,800	711,975	-	711,975
3. Local Government	701,065	2,898	-	-	-	-	-	-	703,963	121,406	825,369	-	825,369
4. Federal Grants and Contracts	58,531	-	-	-	-	-	-	-	58,531	-	58,531	-	58,531
<b>Total Other Government Funding</b>	<b>1,123,784</b>	<b>2,898</b>	<b>53,141</b>	<b>-</b>	<b>-</b>	<b>245,846</b>	<b>-</b>	<b>-</b>	<b>1,425,669</b>	<b>421,213</b>	<b>1,846,882</b>	<b>-</b>	<b>1,846,882</b>
<b>Section III</b>													
All Other Funding													
1. 1st and 2nd Party Payments	70,178	-	48,810	-	-	-	6,808	-	125,796	5,350	131,146	-	131,146
2. 3rd Party Payments	43,896	-	-	-	-	-	-	-	43,896	2,605	46,501	-	46,501
3. Contributions and Donations	54,996	-	-	-	-	-	-	-	54,996	108,957	163,953	-	163,953
4. Other	-	-	-	-	-	-	-	-	-	21,679	21,679	-	21,679
5. In-Kind	17,154	161	2,402	-	-	-	-	-	19,717	31,759	51,476	-	51,476
<b>Total All Other Funding</b>	<b>186,224</b>	<b>161</b>	<b>51,212</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,808</b>	<b>-</b>	<b>244,405</b>	<b>170,350</b>	<b>414,755</b>	<b>-</b>	<b>414,755</b>
<b>Total Funding</b>	<b>\$ 1,513,676</b>	<b>\$ 7,015</b>	<b>\$ 242,394</b>	<b>\$ 703,199</b>	<b>\$ 34,370</b>	<b>\$ 274,085</b>	<b>\$ 48,629</b>	<b>\$ 73,142</b>	<b>\$ 2,896,510</b>	<b>\$ 591,563</b>	<b>\$ 3,488,073</b>	<b>\$ -</b>	<b>\$ 3,488,073</b>

See accompanying independent auditors' report.

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

FOR THE YEAR ENDED JUNE 30, 2012

	Outpatient Individual	Outpatient Group	Assessment	CCST	Aftercare	Intervention	Medical Services	Outreach	DCF SAMH-Funded Cost Centers	Non-DCF SAMH-Funded Cost Centers	Total SAMH-Funded Cost Centers	Non-SAMH Cost Centers	Management and General	Total
<b>Personnel Costs</b>														
1. Salaries	\$ 944,592	\$ 8,867	\$ 132,278	\$ 456,598	\$ 20,064	\$ 219,737	\$ -	\$ 30,630	\$ 1,812,766	\$ 320,648	\$ 2,133,414	\$ -	\$ 300,881	\$ 2,434,295
2. Payroll taxes and employee benefits	170,366	1,599	23,858	88,044	3,988	37,062	-	4,967	329,884	58,458	388,342	-	48,003	436,345
<b>Total Personnel Costs</b>	<b>1,114,958</b>	<b>10,466</b>	<b>156,136</b>	<b>544,642</b>	<b>24,052</b>	<b>256,799</b>	<b>-</b>	<b>35,597</b>	<b>2,142,650</b>	<b>379,106</b>	<b>2,521,756</b>	<b>-</b>	<b>348,884</b>	<b>2,870,640</b>
<b>Other Expenses</b>														
1. Occupancy	49,019	460	6,865	22,393	1,044	10,572	296	1,582	92,231	15,902	108,133	-	9,968	118,101
2. Professional fees	27,053	-	4,042	23,695	718	5,026	48,068	1,436	110,038	14,287	124,325	-	4,700	129,025
3. Transportation	55,497	-	8,293	30,237	1,690	9,973	-	34	105,724	12,554	118,278	-	-	118,278
4. Training and program activities	2,931	28	410	-	-	-	-	-	3,369	20,390	23,759	-	2,781	26,540
5. Medical and pharmacy	35,446	333	4,964	7,828	1,593	-	-	-	50,164	2,231	52,395	-	195	52,590
6. Insurance	9,574	90	1,341	4,374	204	2,065	58	309	18,015	7,124	25,139	-	1,945	27,084
7. Interest	-	-	-	-	-	-	-	-	-	-	-	-	3,639	3,639
8. Operating supplies and expenses	68,267	641	9,560	31,177	1,454	14,718	387	2,203	128,407	29,189	157,596	-	90,650	248,246
9. Bad debts	65,339	613	9,150	-	-	-	6,808	-	81,910	-	81,910	-	-	81,910
10. Donated services	17,154	161	2,402	-	-	-	-	-	19,717	6,573	26,290	-	25,186	51,476
<b>Total Other Expenses</b>	<b>330,280</b>	<b>2,326</b>	<b>47,027</b>	<b>119,704</b>	<b>6,703</b>	<b>42,354</b>	<b>55,617</b>	<b>5,564</b>	<b>609,575</b>	<b>108,250</b>	<b>717,825</b>	<b>-</b>	<b>139,064</b>	<b>856,889</b>
<b>Total Personnel Costs and Other Expenses</b>	<b>1,445,238</b>	<b>12,792</b>	<b>203,163</b>	<b>664,346</b>	<b>30,755</b>	<b>299,153</b>	<b>55,617</b>	<b>41,161</b>	<b>2,752,225</b>	<b>487,356</b>	<b>3,239,581</b>	<b>-</b>	<b>487,948</b>	<b>3,727,529</b>
<b>Distributed Indirect Costs</b>														
1. Other support costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Administration	150,629	1,414	21,094	107,550	600	18,108	1,154	2,100	302,649	25,518	328,167	-	(328,167)	-
<b>Total Distributed Indirect Costs</b>	<b>150,629</b>	<b>1,414</b>	<b>21,094</b>	<b>107,550</b>	<b>600</b>	<b>18,108</b>	<b>1,154</b>	<b>2,100</b>	<b>302,649</b>	<b>25,518</b>	<b>328,167</b>	<b>-</b>	<b>(328,167)</b>	<b>-</b>
<b>Total Expenses</b>	<b>1,595,867</b>	<b>14,206</b>	<b>224,257</b>	<b>771,896</b>	<b>31,355</b>	<b>317,261</b>	<b>56,771</b>	<b>43,261</b>	<b>3,054,874</b>	<b>512,874</b>	<b>3,567,748</b>	<b>-</b>	<b>159,781</b>	<b>3,727,529</b>
<b>Unallowable costs</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Allowable Costs</b>	<b>\$ 1,595,867</b>	<b>\$ 14,206</b>	<b>\$ 224,257</b>	<b>\$ 771,896</b>	<b>\$ 31,355</b>	<b>\$ 317,261</b>	<b>\$ 56,771</b>	<b>\$ 43,261</b>	<b>\$ 3,054,874</b>	<b>\$ 512,874</b>	<b>\$ 3,567,748</b>	<b>\$ -</b>	<b>\$ 159,781</b>	<b>\$ 3,727,529</b>
<b>Capital Expenditures</b>	<b>\$ 7,808</b>	<b>\$ 73</b>	<b>\$ 1,093</b>	<b>\$ 3,567</b>	<b>\$ 166</b>	<b>\$ 1,684</b>	<b>\$ 47</b>	<b>\$ 252</b>	<b>\$ 14,690</b>	<b>\$ 2,533</b>	<b>\$ 17,223</b>	<b>\$ -</b>	<b>\$ 4,542</b>	<b>\$ 21,765</b>

See accompanying independent auditors' report.