

The Tallahassee Pediatric Foundation, Inc.

Financial Statements & Supplementary Information

For the Years Ended June 30, 2012 and 2011

GLOVER & COMPANY, INC.

Certified Public Accountants

Post Office Box 12612

Tallahassee, Florida 32317

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Report of Independent Auditors

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

We have audited the accompanying statements of financial position of The Tallahassee Pediatric Foundation, Inc. (a nonprofit organization) as of June 30, 2012 and 2011, and the related statements of activities, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of The Tallahassee Pediatric Foundation Inc.'s management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Tallahassee Pediatric Foundation, Inc. as of June 30, 2012 and 2011, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated October 24, 2012, on our consideration of The Tallahassee Pediatric Foundation, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the

scope of our testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits.

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


Glover & Company, Inc.
October 24, 2012

The Tallahassee Pediatric Foundation, Inc.
 Statements of Financial Position
 June 30, 2012 and 2011

	Assets	<u>2012</u>	<u>2011</u>
Cash and Cash Equivalents		\$ 1,164,791	\$ 1,016,640
Investments		211,483	216,266
Medicaid and Other Receivables		37,077	40,256
Grants Receivable		86,463	86,463
Prepaid Expenses		14,329	14,604
Property and Equipment, net		183,561	175,001
Investment in TPF Building Partnership		14,936	12,148
Security Deposit		<u>16,924</u>	<u>16,924</u>
Total Assets		<u>\$ 1,729,564</u>	<u>\$ 1,578,302</u>
Liabilities and Net Assets			
Liabilities			
Accrued Expenses		\$ 1,310	\$ 1,530
Wages and Payroll Taxes Payable		101,462	131,783
Physician and Professional Services Payable		<u>59,612</u>	<u>102,649</u>
Total Liabilities		162,384	235,962
Net Assets			
Unrestricted		<u>1,567,180</u>	<u>1,342,340</u>
Total Liabilities and Net Assets		<u>\$ 1,729,564</u>	<u>\$ 1,578,302</u>

The Tallahassee Pediatric Foundation, Inc.
 Statements of Activities
 For the Years Ended June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Unrestricted Support and Revenue		
Medicaid Reimbursements	\$ 730,378	\$ 967,040
Florida Department of Health Grant	1,037,512	1,037,512
Case Management and Care Coordination	265,451	240,305
Medicaid and Medipass Payments	117,342	148,312
Investment Income	467	2,586
Insurance Reimbursements	286	530
Title XXI Income	29,848	27,578
Other Revenue	2,772	4,938
Realized Gain (Loss) on Investments	14,450	0
Unrealized Gain (Loss) on Investments	<u>(18,317)</u>	<u>14,822</u>
 Total Unrestricted Support and Revenue	 2,180,189	 2,443,623
 Expenses		
Program Services - Case Management	1,679,822	2,007,455
Support Services - Management and General	<u>275,527</u>	<u>312,378</u>
 Total Expenses	 1,955,349	 2,319,833
 Change in Unrestricted Net Assets	 224,840	 123,790
 Unrestricted Net Assets, Beginning of Year	 <u>1,342,340</u>	 <u>1,218,550</u>
 Unrestricted Net Assets, End of Year	 <u>\$ 1,567,180</u>	 <u>\$ 1,342,340</u>

The Tallahassee Pediatric Foundation, Inc.
 Statements of Functional Expenses
 For the Years Ended June 30, 2012 and 2011

	Program Services <i>Case Management</i>		Support Services <i>Management & General</i>		Totals	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Wages & Benefits	\$ 695,334	\$ 724,443	\$ 253,061	\$ 290,633	\$ 948,395	\$ 1,015,076
Physician Services	726,456	1,004,353	0	0	726,456	1,004,353
Medicaid & Medipass	128,504	150,658	0	0	128,504	150,658
Rent	41,358	41,358	7,299	7,299	48,657	48,657
Accounting & Auditing	7,857	7,670	1,387	1,354	9,244	9,024
Depreciation	9,315	10,268	1,644	1,812	10,959	12,080
Office Expenses	8,813	4,826	1,555	851	10,368	5,677
Insurance	7,990	7,404	1,410	1,306	9,400	8,710
Title XXI Capitation	14,460	19,270	0	0	14,460	19,270
Postage	5,618	4,724	991	834	6,609	5,558
Janitorial	8,820	8,166	1,557	1,441	10,377	9,607
Utilities	4,899	5,290	865	934	5,764	6,224
Computer Maintenance	7,585	5,523	1,339	975	8,924	6,498
Repairs & Maintenance	5,854	7,349	1,033	1,297	6,887	8,646
Printing & Advertising	3,954	1,787	698	315	4,652	2,102
Management Fee	867	650	153	115	1,020	765
Member Benefits	0	0	2,158	2,555	2,158	2,555
Travel	335	1,488	59	263	394	1,751
Telephone	1,709	1,596	302	282	2,011	1,878
Ancillary Services	94	632	16	112	110	744
Total Expenses	<u>\$ 1,679,822</u>	<u>\$ 2,007,455</u>	<u>\$ 275,527</u>	<u>\$ 312,378</u>	<u>\$ 1,955,349</u>	<u>\$ 2,319,833</u>

The Tallahassee Pediatric Foundation, Inc.
 Statements of Cash Flows
 For the Years Ended June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Cash Flows from Operating Activities		
Change in Net Assets	\$224,840	\$123,789
Adjustments to reconcile change:		
Depreciation	10,959	12,080
(Increase) Decrease in:		
Medicaid and Other Receivables	3,179	26,066
Prepaid Expenses	275	(8,639)
Grants Receivable	0	0
Investment in TPF Building Partnership	(2,788)	(5,201)
Increase (Decrease) in:		
Accrued Expenses	(220)	0
Wages and Payroll Taxes Payable	(30,321)	38,188
Physician and Professional Services Payable	(43,037)	6,749
	162,887	193,032
Net Cash Used in Operating Activities		
Cash Flows from Investing Activities		
Purchase of Fixed Assets	(19,519)	(2,925)
Change in Investments	4,783	(16,266)
	(14,736)	(19,191)
Net Increase (Decrease) in Cash and Cash Equivalents	148,151	173,841
Cash and Cash Equivalents, Beginning of Year	1,016,640	842,799
Cash and Cash Equivalents, End of Year	\$ 1,164,791	\$ 1,016,640

The Tallahassee Pediatric Foundation, Inc.
Notes to Financial Statements
June 30, 2012

Note A - Summary of Significant Accounting Policies

Nature of the Organization

The Tallahassee Pediatric Foundation, Inc. (the Foundation) is a private non-profit agency that was organized to promote and provide optimal health care to medically indigent children. The Foundation operates at 1126 Lee Avenue in Tallahassee, Florida. In 1984, the Foundation designed and implemented a primary medical care program for indigent children, utilizing private sector physicians to provide a medical home for each child, a strong nursing case management system, and safety and parenting education. The success of the program in the Tallahassee area led to replication throughout the State. During the year, the Foundation served 6,957 children. Thirty-four physicians, including pediatricians and family practitioners, are members of the Foundation.

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

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

Basis of Accounting

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

The Tallahassee Pediatric Foundation, Inc.
Notes to Financial Statements (Continued)
June 30, 2012

Basis of Presentation

In accordance with accounting principles generally accepted in the United States of America, the Foundation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. There were no temporarily restricted or permanently restricted net assets as of June 30, 2012 and 2011.

Cash Equivalents

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

Accounts Receivable

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

Property and Equipment

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

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

The Tallahassee Pediatric Foundation, Inc.
Notes to Financial Statements (Continued)
June 30, 2012

Support and Revenue

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

Income Taxes

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

Expense Allocation

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

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results may differ from those estimates.

The Tallahassee Pediatric Foundation, Inc.
Notes to Financial Statements (Continued)
June 30, 2012

Note B - Related Party Transactions

The Treasurer of the Board of Directors serves as the Foundation's Executive Director and received payments of \$15,000 for the year ended June 30, 2012 and \$15,000 for the year ended June 30, 2011.

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

	<u>2012</u>	<u>2011</u>
Secretary/Treasurer	\$ 0	\$ 0
Vice-President	\$ 1,546	\$ 1,333
President	\$ 39,591	\$ 52,786
Board of Directors	\$142,004	\$174,726

Note C - Building Partnership

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

Note D - Commitments

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

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

The Tallahassee Pediatric Foundation, Inc.
Notes to Financial Statements (Continued)
June 30, 2012

Note E - Defined Contribution Retirement Plan

The Foundation adopted a simplified employee pension retirement plan in 1985. The Foundation contributed an amount equal to twelve percent (12%) of eligible employees' compensation, amounting to \$85,318 and \$74,091 during the years ended June 30, 2012 and 2011, respectively.

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

Note F - Concentrations of Credit Risk

During the years ended June 30, 2012 and 2011, the Foundation received approximately 97% and 97%, respectively of its revenue from a Department of Health contract and Medicaid payments. The Foundation is dependent on this revenue to continue its programs.

The Foundation maintains cash balances at a Florida financial institution. Accounts at the institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. As of June 30, 2011, the Foundation's uninsured cash balances totaled \$146,680 and as of June 30, 2012 the uninsured cash balances totaled \$147,129 for the Foundation. As of the report date, management continues to diversify the funds so as to decrease the uninsured cash balances.

Note G - Property and Equipment

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

	<u>2012</u>	<u>2011</u>
Land, Building, & Improvements	\$378,073	\$378,073
Furniture & Equipment	<u>206,414</u>	<u>186,895</u>
Subtotal	584,487	564,968
Less: Accumulated Depreciation	<u>(400,926)</u>	<u>(389,967)</u>
Net Property & Equipment	<u>\$183,561</u>	<u>\$175,001</u>

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

The Tallahassee Pediatric Foundation, Inc.
Notes to Financial Statements (Continued)
June 30, 2012

Note H - Contingencies

Financial payments from federal and state entities for the program operations are subject to special audits. Such audits could result in claims against the Foundation for disallowed costs for noncompliance. No provision has been made for liabilities that may arise from such audits since the amounts, if any, cannot currently be determined. No such audits were in process as of June 30, 2012.

Note I - Investments

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

Note J - Revenue Analysis

The Florida Legislature enacted provisions to eliminate the Foundation's ability to bill Medicaid for Targeted Case Management effective October 1, 2010. Children's Medical Services provided funding in the amount of \$265,451 for Care Coordination for the year ended June 30, 2012. Care Coordination funding ended June 30, 2012.

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

The Tallahassee Pediatric Foundation, Inc.
 Schedule of Expenditures of State Financial Assistance
 For the Year Ended June 30, 2012

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

Basis of Presentation

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

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Independent Auditor's Report on Internal Control Over Financial Reporting and On Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

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

We have audited the financial statements of The Tallahassee Pediatric Foundation, Inc. (a non-profit organization) as of and for the years ended June 30, 2012 and June 30, 2011 and have issued our report thereon dated October 3, 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 Tallahassee Pediatric Foundation, Inc.'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of The Tallahassee Pediatric Foundation, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of The Tallahassee Pediatric Foundation, Inc.'s internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies or material weaknesses. We did not identify any

deficiencies in internal control over financial reporting that we considered a significant deficiency.

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

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

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

Compliance and Other Matters

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

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

Glover & Company, Inc.

Glover & Company, Inc.

October 24, 2012

GLOVER & COMPANY, INC.

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

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

Compliance

We have audited the compliance of The Tallahassee Pediatric Foundation, Inc. (a non-profit organization) with the types of compliance requirements described in the State Projects Compliance Statement that are applicable to each of its major state projects for the year ended June 30, 2012 and June 30, 2011. The Tallahassee Pediatric Foundation, Inc.'s major state projects are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with requirements of laws, regulations, contracts, and grants applicable to each of its major state projects is the responsibility of The Tallahassee Pediatric Foundation, Inc.'s management. Our responsibility is to express an opinion on The Tallahassee Pediatric Foundation, Inc.'s compliance based on our audit.

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

about The Tallahassee Pediatric Foundation, Inc.'s compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on The Tallahassee Pediatric Foundation, Inc.'s compliance with those requirements.

In our opinion, The Tallahassee Pediatric Foundation, Inc. complied, in all material respects, with the requirements referred to above that are applicable to each of its major state projects for the year ended June 30, 2012.

Internal Control Over Compliance

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

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

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

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

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

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


Glover & Company, Inc.
October 24, 2012

The Tallahassee Pediatric Foundation, Inc.
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2012

A. Summary of Auditor's Results

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

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

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

B. Findings - State of Florida Financial Audit

None

C. Findings and Questioned Costs - Major State Project

None

D. Other Issues

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

The Tallahassee Pediatric Foundation, Inc.
Summary Schedule of Prior Audit Findings
For The Year Ended June 30, 2012

2011 - 1 Financial Reporting

Observation:

None

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MANAGEMENT LETTER

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

We have audited the financial statements of The Tallahassee Pediatric Foundation, Inc. (a non-profit organization) (the Foundation) in Tallahassee, Florida, as of and for the fiscal year ended June 30, 2012 and June 30, 2011, and have issued our report thereon dated October 24, 2012.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. We have issued our Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards, Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Project and on Internal Control Over Compliance in Accordance with Chapter 10.650, Rules of the Auditor General of the State of Florida, and Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule, which are dated October 24, 2012, should be considered in conjunction with this management letter. Additionally, our audit was conducted in accordance with Chapter 10.650, Rules of the Auditor General.

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