

**Audited Consolidated Financial Statements  
And Supplementary Information**

**Alzheimer's Community Care, Inc.  
and Subsidiary**

**June 30, 2011 and 2010**

ALZHEIMER'S COMMUNITY CARE, INC. AND SUBSIDIARY

AUDITED CONSOLIDATED FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION

JUNE 30, 2011 AND 2010

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CALER, DONTEN, LEVINE,  
PORTER & VEIL, P.A.

WILLIAM K. CALER, JR., CPA  
LOUIS M. COHEN, CPA  
JOHN C. COURTNEY, CPA, JD  
DAVID S. DONTEN, CPA  
JAMES B. HUTCHISON, CPA  
JOEL H. LEVINE, CPA  
JAMES F. MULLEN, IV, CPA  
THOMAS A. PENCE, JR., CPA  
SCOTT L. PORTER, CPA  
MARK D. VEIL, CPA

CERTIFIED PUBLIC ACCOUNTANTS

505 SOUTH FLAGLER DRIVE, SUITE 900  
WEST PALM BEACH, FL 33401-5948

TELEPHONE (561) 832-9292  
FAX (561) 832-9455

[info@cdlcpa.com](mailto:info@cdlcpa.com)

MEMBERS  
AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

FLORIDA INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report

To the Board of Directors  
Alzheimer's Community Care, Inc. and Subsidiary  
West Palm Beach, Florida

We have audited the accompanying consolidated statements of financial position of Alzheimer's Community Care, Inc. and Subsidiary (the "Organization"), as of June 30, 2011 and 2010, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with U.S. generally accepted auditing standards 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 audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Alzheimer's Community Care, Inc. and Subsidiary as of June 30, 2011 and 2010, and the consolidated changes in their net assets and their cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2011 on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 conducted for the purpose of forming an opinion on the consolidated financial statements of the Organization taken as a whole. The accompanying consolidating information on pages 22 through 27 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements of the Organization for the years ended June 30, 2011 and 2010. The accompanying Schedule of Expenditures of State Financial Assistance for the year ended June 30, 2011, is presented for purposes of additional analysis as required by Chapter 10.650, *Rules of the Auditor General* and is also not a required part of the consolidated financial statements of the Organization. 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 U.S. generally accepted auditing standards. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements taken as a whole.

*Caler, Donten, Levine,  
Porter & Veil, P.A.*

October 31, 2011

ALZHEIMER'S COMMUNITY CARE, INC. AND SUBSIDIARY  
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

June 30, 2011 and 2010

	2011	2010
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 388,073	\$ 843,908
Investments	7,077,885	3,775,828
Accounts receivable, net of allowance for doubtful accounts of \$4,614 for 2011 and 2010	444,962	523,825
Prepaid expenses	62,064	37,296
<b>TOTAL CURRENT ASSETS</b>	<b>7,972,984</b>	<b>5,180,857</b>
<b>PROPERTY AND EQUIPMENT, net</b>	665,726	708,845
<b>OTHER ASSETS</b>		
Donated assets held for resale	6,590	6,590
Deposits and other assets	7,944	8,735
	<b>14,534</b>	<b>15,325</b>
	<b>\$ 8,653,244</b>	<b>\$ 5,905,027</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 93,043	\$ 80,169
Accrued expenses	279,649	275,201
Deferred revenue	16,325	500
Current portion of mortgage payable	7,720	7,401
<b>TOTAL CURRENT LIABILITIES</b>	<b>396,737</b>	<b>363,271</b>
<b>MORTGAGE PAYABLE, net of current portion</b>	72,948	80,617
<b>TOTAL LIABILITIES</b>	<b>469,685</b>	<b>443,888</b>
<b>NET ASSETS</b>		
Unrestricted	7,907,537	5,148,860
Temporarily restricted	215,379	251,636
Permanently restricted	60,643	60,643
<b>TOTAL NET ASSETS</b>	<b>8,183,559</b>	<b>5,461,139</b>
	<b>\$ 8,653,244</b>	<b>\$ 5,905,027</b>

See notes to consolidated financial statements.

## ALZHEIMER'S COMMUNITY CARE, INC. AND SUBSIDIARY

## CONSOLIDATED STATEMENTS OF ACTIVITIES

Years Ended June 30, 2011 and 2010

	2011			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
<b>REVENUE AND OTHER SUPPORT</b>				
Program services	\$ 2,854,619	\$ -	\$ -	\$ 2,854,619
Contributions	4,160,252	276,902	-	4,437,154
Government grants	464,478	-	-	464,478
United Way	308,638	-	-	308,638
Special events	393,503	-	-	393,503
Interest income	37,008	-	-	37,008
Dividend income	152,911	-	-	152,911
Realized and unrealized gains (losses)	598,088	-	-	598,088
Other support	2,654	-	-	2,654
Net assets released from restrictions	313,159	(313,159)	-	-
<b>Total revenue and other support</b>	<b>9,285,310</b>	<b>(36,257)</b>	<b>-</b>	<b>9,249,053</b>
<b>EXPENSES</b>				
Program services				
Special program				
Daycare	4,073,146	-	-	4,073,146
Patient and family services				
Family consultants	926,851	-	-	926,851
Case management	224,591	-	-	224,591
Crisis line	25,347	-	-	25,347
Other services				
Education and training	364,703	-	-	364,703
Volunteer services	2,789	-	-	2,789
<b>Total program services</b>	<b>5,617,427</b>	<b>-</b>	<b>-</b>	<b>5,617,427</b>
Supporting services				
Management and general	184,972	-	-	184,972
Fundraising	724,234	-	-	724,234
<b>Total supporting services</b>	<b>909,206</b>	<b>-</b>	<b>-</b>	<b>909,206</b>
<b>Total expenses</b>	<b>6,526,633</b>	<b>-</b>	<b>-</b>	<b>6,526,633</b>
<b>Increase (decrease) in net assets</b>	<b>2,758,677</b>	<b>(36,257)</b>	<b>-</b>	<b>2,722,420</b>
Net assets, beginning of year	5,148,860	251,636	60,643	5,461,139
<b>Net assets, end of year</b>	<b>\$ 7,907,537</b>	<b>\$ 215,379</b>	<b>\$ 60,643</b>	<b>\$ 8,183,559</b>

## 2010

<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
\$ 3,133,696	\$ -	\$ -	\$ 3,133,696
1,870,547	395,543	-	2,266,090
509,314	-	-	509,314
223,824	-	-	223,824
504,383	-	-	504,383
25,456	-	-	25,456
48,915	-	-	48,915
(96,218)	-	-	(96,218)
3,961	-	-	3,961
311,115	(311,115)	-	-
<u>6,534,993</u>	<u>84,428</u>	<u>-</u>	<u>6,619,421</u>
4,216,868	-	-	4,216,868
802,188	-	-	802,188
273,765	-	-	273,765
26,584	-	-	26,584
402,919	-	-	402,919
8,443	-	-	8,443
<u>5,730,767</u>	<u>-</u>	<u>-</u>	<u>5,730,767</u>
120,234	-	-	120,234
746,359	-	-	746,359
<u>866,593</u>	<u>-</u>	<u>-</u>	<u>866,593</u>
<u>6,597,360</u>	<u>-</u>	<u>-</u>	<u>6,597,360</u>
(62,367)	84,428	-	22,061
<u>5,211,227</u>	<u>167,208</u>	<u>60,643</u>	<u>5,439,078</u>
<u>\$ 5,148,860</u>	<u>\$ 251,636</u>	<u>\$ 60,643</u>	<u>\$ 5,461,139</u>

See notes to consolidated financial statements.

## ALZHEIMER'S COMMUNITY CARE, INC. AND SUBSIDIARY

## CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2011

	Program Services			
	<u>Special Program</u>	<u>Patient and Family Services</u>		
	<u>Daycare</u>	<u>Family Consultants</u>	<u>Case Management</u>	<u>Crisis Line</u>
Salaries	\$ 2,165,460	\$ 598,361	\$ 162,189	\$ 19,985
Contract labor	28,009	-	-	-
Employee benefits	290,752	74,091	11,418	502
Payroll taxes	182,845	40,552	13,735	1,611
Total personnel and related expenses	2,667,066	713,004	187,342	22,098
Interest expense	3,649	-	-	-
Professional fees	92,915	22,545	5,385	786
Office supplies and stationary	23,762	7,680	1,317	117
Telephone	48,827	26,052	2,747	210
Postage and shipping	7,689	3,248	321	47
Occupancy				
Rent	200,438	51,784	7,313	193
In-kind rent	282,865	20,568	4,770	696
Utilities and other	8,961	1,769	8	1
Equipment maintenance	152,561	32,549	1,730	252
Travel	16,602	15,519	5,341	50
Conferences and meetings	13,726	3,513	668	97
Publicity, advertising and educational outreach	21,446	6,570	1,739	195
Recruiting	8,535	2,013	1,791	11
Program food	229,776	-	-	-
Program supplies	159,599	652	46	-
Insurance	37,181	10,110	2,415	352
Miscellaneous	25,640	5,616	811	118
Hospitality services	1,157	304	73	11
Total expenses before depreciation and amortization	4,002,395	923,496	223,817	25,234
Depreciation and amortization	70,751	3,355	774	113
Total expenses	\$ 4,073,146	\$ 926,851	\$ 224,591	\$ 25,347

<u>Program Services</u>		<u>Supporting Services</u>				
<u>Other Services</u>		<u>Total Program Services</u>	<u>Management and General</u>		<u>Total Supporting Services</u>	<u>Total Expenses</u>
<u>Education and Training</u>	<u>Volunteer Services</u>			<u>Fundraising</u>		
\$ 93,746	\$ -	\$ 3,039,741	\$ 23,419	\$ 245,762	\$ 269,181	\$ 3,308,922
-	-	28,009	-	-	-	28,009
4,525	(30)	381,258	2,177	15,889	18,066	399,324
7,766	-	246,509	1,755	20,503	22,258	268,767
106,037	(30)	3,695,517	27,351	282,154	309,505	4,005,022
-	-	3,649	-	-	-	3,649
4,331	-	125,962	141,280	9,649	150,929	276,891
3,700	109	36,685	576	3,771	4,347	41,032
1,175	11	79,022	1,035	5,010	6,045	85,067
13,485	112	24,902	231	19,786	20,017	44,919
907	-	260,635	951	6,535	7,486	268,121
3,263	-	312,162	3,423	8,546	11,969	324,131
6	-	10,745	6	606	612	11,357
1,184	300	188,576	1,242	7,007	8,249	196,825
1,339	-	38,851	245	4,760	5,005	43,856
2,134	-	20,138	479	2,403	2,882	23,020
73,245	-	103,195	960	94,343	95,303	198,498
858	2,016	15,224	52	622	674	15,898
-	-	229,776	-	-	-	229,776
2,140	-	162,437	-	85	85	162,522
1,652	-	51,710	1,733	4,327	6,060	57,770
1,526	-	33,711	4,801	8,373	13,174	46,885
147,138	271	148,954	52	264,705	264,757	413,711
364,120	2,789	5,541,851	184,417	722,682	907,099	6,448,950
583	-	75,576	555	1,552	2,107	77,683
<u>\$ 364,703</u>	<u>\$ 2,789</u>	<u>\$ 5,617,427</u>	<u>\$ 184,972</u>	<u>\$ 724,234</u>	<u>\$ 909,206</u>	<u>\$ 6,526,633</u>

See notes to consolidated financial statements.

ALZHEIMER'S COMMUNITY CARE, INC. AND SUBSIDIARY  
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2010

	Program Services			
	Special Program	Patient and Family Services		
	Daycare	Family Consultants	Case Management	Crisis Line
Salaries	\$ 2,279,492	\$ 534,091	\$ 194,703	\$ 20,641
Contract labor	12,081	-	-	-
Employee benefits	300,697	52,622	21,497	893
Payroll taxes	175,137	39,195	14,836	1,604
Total personnel and related expenses	2,767,407	625,908	231,036	23,138
Interest expense	6,010	95	32	4
Bad debt expense	1,847	-	-	-
Professional fees	85,287	19,589	6,504	792
Office supplies and stationary	13,044	7,155	1,181	99
Telephone	46,373	20,073	3,107	174
Postage and shipping	8,122	2,819	382	47
Occupancy				
Rent	219,128	46,463	8,149	234
In-kind rent	310,755	16,841	5,591	681
Utilities and other	9,275	1,816	26	3
Equipment maintenance	173,565	19,890	4,625	482
Travel	23,212	12,096	4,960	139
Conferences and meetings	10,797	1,400	432	46
Publicity, advertising and educational outreach	18,401	4,215	1,377	168
Recruiting	11,248	2,246	622	9
Program food	186,097	-	-	-
Program supplies	179,807	1,756	5	1
Insurance	41,690	9,575	3,179	387
Miscellaneous	26,209	2,711	819	86
Hospitality services	117	27	9	1
Total expenses before depreciation and amortization	4,138,391	794,675	272,036	26,491
Depreciation and amortization	78,477	7,513	1,729	93
Total expenses	<u>\$ 4,216,868</u>	<u>\$ 802,188</u>	<u>\$ 273,765</u>	<u>\$ 26,584</u>

<u>Program Services</u>		<u>Supporting Services</u>				
<u>Other Services</u>		<u>Total Program Services</u>	<u>Management and General</u>		<u>Total Supporting Services</u>	<u>Total Expenses</u>
<u>Education and Training</u>	<u>Volunteer Services</u>		<u>Management and General</u>	<u>Fundraising</u>		
\$ 104,393	\$ 3,597	\$ 3,136,917	\$ 23,626	\$ 248,689	\$ 272,315	\$ 3,409,232
-	-	12,081	-	-	-	12,081
9,662	168	385,539	3,956	23,390	27,346	412,885
8,066	272	239,110	1,718	19,075	20,793	259,903
122,121	4,037	3,773,647	29,300	291,154	320,454	4,094,101
19	1	6,161	19	46	65	6,226
-	-	1,847	-	-	-	1,847
4,205	143	116,520	69,325	40,761	110,086	226,606
2,865	58	24,402	489	7,415	7,904	32,306
1,037	237	71,001	858	4,897	5,755	76,756
11,216	384	22,970	229	2,902	3,131	26,101
1,190	42	275,206	1,151	12,364	13,515	288,721
3,460	123	337,451	3,348	8,235	11,583	349,034
16	1	11,137	16	605	621	11,758
2,450	388	201,400	2,369	8,538	10,907	212,307
2,471	28	42,906	347	5,227	5,574	48,480
824	8	13,507	229	737	966	14,473
108,126	30	132,317	825	22,040	22,865	155,182
1,144	1,475	16,744	42	1,492	1,534	18,278
-	-	186,097	-	-	-	186,097
2,573	144	184,286	3	1,789	1,792	186,078
1,967	70	56,868	1,904	4,683	6,587	63,455
2,302	78	32,205	7,438	9,662	17,100	49,305
133,614	333	134,101	1,884	321,760	323,644	457,745
401,600	7,580	5,640,773	119,776	744,307	864,083	6,504,856
1,319	863	89,994	458	2,052	2,510	92,504
<u>\$ 402,919</u>	<u>\$ 8,443</u>	<u>\$ 5,730,767</u>	<u>\$ 120,234</u>	<u>\$ 746,359</u>	<u>\$ 866,593</u>	<u>\$ 6,597,360</u>

See notes to consolidated financial statements.

ALZHEIMER'S COMMUNITY CARE, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years Ended June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
<b>OPERATING ACTIVITIES</b>		
Increase in net assets	\$ 2,722,420	\$ 22,061
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Depreciation and amortization	77,683	92,504
Provision for doubtful accounts	-	752
Realized and unrealized (gains) losses	(598,088)	96,218
Contributed securities	(50,753)	-
Loss on disposal of assets	-	625
Changes in operating assets and liabilities		
Accounts receivable	78,863	38,373
Prepaid expenses	(24,768)	6,006
Deposits and other assets	791	-
Accounts payable	12,874	31,395
Accrued expenses	4,448	15,452
Deferred revenue	15,825	500
	<u>2,239,295</u>	<u>303,886</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	2,239,295	303,886
<b>INVESTING ACTIVITIES</b>		
Sale and maturities of investments	3,516,370	4,860,878
Purchases of investments	(6,169,586)	(5,020,507)
Purchases of property and equipment	(34,564)	(24,545)
	<u>(2,687,780)</u>	<u>(184,174)</u>
NET CASH USED IN INVESTING ACTIVITIES	(2,687,780)	(184,174)
<b>FINANCING ACTIVITY</b>		
Repayment of mortgage	(7,350)	(5,956)
	<u>(7,350)</u>	<u>(5,956)</u>
NET CASH USED IN FINANCING ACTIVITY	(7,350)	(5,956)
Increase (decrease) in cash and cash equivalents	(455,835)	113,756
Cash and cash equivalents, beginning of year	<u>843,908</u>	<u>730,152</u>
Cash and cash equivalents, end of year	<u>\$ 388,073</u>	<u>\$ 843,908</u>

See notes to consolidated financial statements.

ALZHEIMER'S COMMUNITY CARE, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2011 and 2010

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

**Organization:** Alzheimer's Community Care, Inc. ("ACC") is a community-based, 501(c)(3), not-for-profit organization registered with the Florida Secretary of State in Tallahassee, Florida. ACC was established free of religious, political, national or cultural affiliations and its mission is to promote and provide specialized, quality, compassionate care to Alzheimer's disease and related disorders patients and their caregivers within a community-based environment.

During the years ended June 30, 2011 and 2010, ACC provided various services to patients and families affected by Alzheimer's disease and related disorders. The following are the major services provided:

- Family Consultant Program in six centers in Palm Beach, Martin and St. Lucie Counties
- Specialized Alzheimer's Daycare in ten centers in three counties
- Education and Training
- Case Management
- Annual Educational Conference
- Therapeutic Support Groups
- Information and Referral
- Volunteer Services
- Alzheimer's Magazine
- Alzheimer's 24-Hour Crisis Line
- Electronic Monitoring Service

The Alzheimer's Community Care Foundation, Inc. (the "Foundation") was incorporated in the State of Florida as a not-for-profit corporation in July 2008. The Foundation was organized exclusively for the benefit of, and to be the custodian of financial gifts and to promote and advise philanthropic actions for the common good of ACC. The Foundation has no members and ACC appoints the Board of the Foundation. Accordingly, the Foundation is required by U.S. generally accepted accounting principles (GAAP) to be consolidated with ACC.

**Principles of Consolidation:** The accompanying financial statements are consolidated to include the accounts of ACC and the Foundation (collectively, the "Organization"). All intercompany transactions and balances have been eliminated in consolidation.

**Basis of Presentation:** The accompanying consolidated financial statements have been prepared on the accrual basis of accounting. Net assets and revenue, gains and losses of the Organization are classified and reported based on the existence or absence of donor-imposed restrictions as follows:

*Unrestricted net assets* are those currently available for use in the current operation of the Organization under the direction of the Board, and those resources invested in property and equipment.

*Temporarily restricted net assets* are those stipulated by donors for specific operational purposes or for the acquisition of property and equipment; or those not currently available for use until commitments regarding their use have been fulfilled.

ALZHEIMER'S COMMUNITY CARE, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2011 and 2010

NOTE A - SIGNIFICANT ACCOUNTING POLICIES (Continued)

*Permanently restricted net assets* are those that are permanently restricted due to donor-imposed stipulations while permitting the Organization to use part or all of the derived income (or other economic benefit).

Net assets of the restricted class are created only by donor-imposed restrictions on their use. All other net assets, including Board designated or appropriated amounts, are legally unrestricted, and are reported as part of the unrestricted class.

**Cash and Cash Equivalents:** Cash and cash equivalents include amounts on deposit in checking accounts and money market accounts. For purposes of the statements of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents. The Organization maintains its cash in high quality financial institutions which at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts and does not believe its cash accounts are exposed to any significant credit risk. At June 30, 2011 and 2010 the deposits with all financial institutions, including certificates of deposit, exceeded federal deposit insurance by approximately \$0 and \$294,000, respectively.

**Investments:** Investments are presented in the consolidated financial statements at fair value, using quoted market prices for publicly traded securities and other relevant information generated by market transactions. Certificates of deposit are reported at amortized cost, which approximates fair value. The Organization invests in equity securities, fixed income securities, mutual funds and certificates of deposit. The Organization contracts with an investment manager to perform ongoing investment functions. All securities are held by a trust company for the benefit of the Organization, but individual securities are not registered or otherwise held in the name of the Organization. Investments are not insured or collateralized. Securities transactions are recorded on a trade date basis. Interest income is recorded on the accrual basis and dividend income is recorded on the ex-dividend date.

**Accounts Receivable:** Accounts receivable consist primarily of monthly billings for the Organization's daycare clients residing in Palm Beach, Martin and St. Lucie Counties. Accounts receivable for daycare operations are uncollateralized. An allowance for doubtful accounts is provided for receivables when there is a question as to ultimate collectibility. Receivables are written off when management has determined that the amount will not be collected. Collections on accounts previously written off are included in other support when received.

**Property and Equipment:** Property and equipment over \$2,500 is capitalized and stated at cost, if purchased by the Organization, or at the fair value of the asset on the date of the gift, if received as a donation. Donated assets are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as temporarily restricted net assets. Absent donor stipulations regarding how long donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time. Depreciation is determined on a straight-line basis over the estimated useful life of the asset, generally 40 years for buildings and five to seven years for all other property and equipment. Amortization of leasehold improvements is included with depreciation expense.

ALZHEIMER'S COMMUNITY CARE, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2011 and 2010

NOTE A - SIGNIFICANT ACCOUNTING POLICIES (Continued)

**Contributions, Revenue and Expenses:** The Organization recognizes contributions received as income in the period received. Contributions are reported as unrestricted or as restricted depending on the existence of donor stipulations that limit the use of the support. The Organization reports gifts of cash and other assets as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Fees for patient services are recognized when the services are performed and other revenue is recognized when earned. Expenses are recorded when incurred in accordance with the accrual basis of accounting.

**In-Kind Contributions:** The Organization records various types of in-kind support including contributed securities, equipment, meals, goods and services, tangible personal property and facility rent. In-kind contributions are recognized at fair value when received by the Organization. Contributed meals and goods and services recorded for the years ended June 30, 2011 and 2010 totaled \$88,468 and \$163,390, respectively. Contributed assets in 2011 included securities with a fair value of \$50,753 at the date of donation. Contributed assets were not significant in 2010. Contributed facility rent recorded for the years ended June 30, 2011 and 2010 totaled \$324,131 and \$349,034, respectively.

The Organization also receives a significant amount of skilled, contributed time, which does not meet the recognition criteria described above. The contributed time not reflected in the accompanying consolidated financial statements was valued at approximately \$252,000 and \$209,000 for the years ended June 30, 2011 and 2010, respectively. Concerned members of the community who occasionally sponsor fundraising events on behalf of the Organization underwrite the costs of those events. Accordingly, since no objective basis is available to measure the value of such contributions, they are not reflected in the accompanying consolidated financial statements.

**Compensated Absences:** The Organization combines all compensated absence categories into one program called Paid Time Off (PTO). The Organization accrues unused PTO when earned by employees. Employees of the Organization may accumulate unused PTO leave after one year of service depending on their job classification and length of service. Accumulated PTO is payable to employees with two or more years of service, upon either termination or retirement with proper notice, at the pay rate on that date. If an employee separates during the first two years of employment the employee will not be paid any accumulated PTO.

**Government Grants:** Government grants are subject to annual renewal and periodic amendment and require the fulfillment of certain conditions as set forth in each grant agreement. Amounts received or receivable from grantor agencies may be subject to audit by those agencies and any disallowed expenses, including amounts already received, might constitute a liability of the Organization for return of those funds. Management believes that the Organization has met all requirements and objectives of the grantor agencies and considers it unlikely that any material amount of funds would be returned.

**Advertising Costs:** Advertising costs are charged to expense as incurred. Total expense for the years ended June 30, 2011 and 2010 was approximately \$142,000 and \$124,000, respectively.

ALZHEIMER'S COMMUNITY CARE, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2011 and 2010

NOTE A - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Functional Allocation of Expenses: The costs of providing the various services the Organization offers have been summarized on a functional basis in the consolidated statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Income Taxes: ACC and the Foundation are exempt from income taxes as public charities under the provisions of Internal Revenue Code Section 501(c)(3).

The Organization evaluates its uncertain tax positions in accordance with FASB ASC 740, *Income Taxes*, which states that management's determination of the taxable status of an entity, including its status as a tax-exempt entity, is a tax position subject to the standards required for accounting for uncertainty in income taxes. Management does not believe that the Organization has any significant uncertain tax positions that would be material to the consolidated financial statements.

The Organization's tax returns for tax years 2007-2010 are subject to examination by the Internal Revenue Service, generally for a period of three years after they were filed.

Use of Estimates and Assumptions: Management uses estimates and assumptions in preparing consolidated financial statements in accordance with U.S. generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

Reclassifications: Certain amounts in the 2010 consolidated financial statements have been reclassified to conform to the presentation in the 2011 consolidated financial statements.

Subsequent Events: ACC has evaluated subsequent events through October 31, 2011, which is the date the consolidated financial statements were available for issue.

NOTE B - INVESTMENTS

Investments at June 30, 2011 and 2010 are summarized as follows:

	<u>2011</u>	<u>2010</u>
Certificates of deposit	\$ 83,282	\$ 87,762
Equity securities	4,090,850	2,141,003
Fixed income securities	772,788	758,900
Fixed income mutual funds	<u>2,130,965</u>	<u>793,163</u>
Total	<u>\$ 7,077,885</u>	<u>\$ 3,775,828</u>

Investment income (loss) for 2011 and 2010 consists of the following:

ALZHEIMER'S COMMUNITY CARE, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2011 and 2010

NOTE B - INVESTMENTS (Continued)

	<u>2011</u>	<u>2010</u>
Interest and dividend income	\$ 189,919	\$ 74,371
Net realized and unrealized gains (losses)	<u>598,088</u>	<u>(96,218)</u>
Net investment income (loss)	<u>\$ 788,007</u>	<u>\$ (21,847)</u>

NOTE C - PROPERTY AND EQUIPMENT

Property and equipment at June 30, 2011 and 2010 are summarized as follows:

	<u>2011</u>	<u>2010</u>
Land	\$ 28,426	\$ 28,426
Buildings	644,664	644,664
Leasehold improvements	346,938	343,821
Furniture and equipment	149,621	174,086
Vehicle	<u>34,707</u>	<u>36,538</u>
	1,204,356	1,227,535
Less accumulated depreciation and amortization	<u>(538,630)</u>	<u>(518,690)</u>
Total	<u>\$ 665,726</u>	<u>\$ 708,845</u>

NOTE D - MORTGAGE PAYABLE

The Organization has a mortgage payable on the Pahokee daycare facility with an outstanding balance of \$80,668 and \$88,018 at June 30, 2011 and 2010, respectively. The mortgage note is payable in equal monthly installments of \$917, including principal and interest at 4.25%, with a maturity date of April 26, 2020. The mortgage note is secured by the facility land and building with a carrying value of approximately \$577,000 at June 30, 2011.

The future maturities of the mortgage debt at June 30, 2011 are as follows:

<u>Year Ending</u> <u>June 30,</u>	<u>Amount</u>
2012	\$ 7,720
2013	8,054
2014	8,403
2015	8,768
2016	9,148
Thereafter	<u>38,575</u>
	<u>\$ 80,668</u>

ALZHEIMER'S COMMUNITY CARE, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2011 and 2010

NOTE D - MORTGAGE PAYABLE (Continued)

The Organization incurred and paid total interest costs on all debt obligations of \$3,649 and \$6,226 for the years ended June 30, 2011 and 2010, respectively.

NOTE E - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at June 30, 2011 and 2010 were restricted for the acquisition of program services. For the years ended June 30, 2011 and 2010 net assets were released from donor restrictions by incurring expenses satisfying the restrictions for acquisition of program services.

NOTE F - PERMANENTLY RESTRICTED NET ASSETS AND ENDOWMENTS

The Organization's endowment consists of a number of donor restricted endowment funds reported as permanently restricted net assets and consisting of contributions that must be maintained in perpetuity. The earnings on these assets may be used to support the Organization's activities and are used as needed and approved by the Board. Permanently restricted net assets totaled \$60,643 at June 30, 2011 and 2010.

FASB ASC 958, *Not-for-Profit Entities* provides guidance on the net asset classification of donor-restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA) and disclosures about an organization's endowment funds (both donor-restricted endowment funds and board-designated endowment funds), whether or not the organization is subject to UPMIFA.

The State of Florida enacted a version of UPMIFA, known as the Florida Uniform Prudent Management of Institutional Funds Act (FUPMIFA) that governs the investment and management of donor-restricted endowment funds by Florida not-for-profit organizations. The legal restrictions of FUPMIFA will be effective for the Organization beginning July 1, 2012. The Organization is currently reviewing the provisions of the new law; however, management does not expect any significant changes to the Organization's investment and management policies for endowments as a result of adopting FUPMIFA.

For the year ended June 30, 2011 and prior, the Board of Directors generally followed the Florida Uniform Management of Institutional Funds Act (FUMIFA), that governed the investment and management of donor-restricted endowment funds by Florida educational institutions. While the legal restrictions of FUMIFA do not apply to the Organization, the Organization has generally followed the provisions of FUMIFA in administering the Organization's endowment funds. FUMIFA requires the preservation of the purchasing power (real value) of donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result, the Organization classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment; (b) the original value of subsequent gifts to the permanent endowment; (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument (if applicable) at the time the accumulation is added to the endowment; and, (d) the portion of investment earnings added to the permanent endowment to maintain its purchasing power.

ALZHEIMER'S COMMUNITY CARE, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2011 and 2010

NOTE F - PERMANENTLY RESTRICTED NET ASSETS AND ENDOWMENTS (Continued)

The Organization classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument (if applicable) at the time the accumulation is added to the endowment and (d) the portion of investment earnings added to the permanent endowment in accordance with the direction of the applicable donor gift instrument. The Organization's current endowment funds do not require any portion of the investment earnings to be added to the endowment and, accordingly, all investment earnings are recorded as unrestricted and used to support the ongoing operations of the Organization. The Organization considers the following factors in making a determination to expend donor-restricted endowment funds:

- (1) The purposes of the Organization
- (2) The intent of the donors of the endowment fund
- (3) The terms of the applicable instrument
- (4) The long-term and short-term needs of the Organization in carrying out its purpose
- (5) General economic conditions
- (6) The possible effect of inflation and deflation
- (7) The other resources of the Organization
- (8) Perpetuation of the endowment

There were no changes in endowment assets for the years ended June 30, 2011 and 2010.

Funds with Deficiencies: From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor requires the Organization to retain in perpetuity. These deficiencies generally result from unfavorable market declines in the Organization's endowment investments and are reported as part of the permanently restricted endowment net assets. Pursuant to Board policy, transfers of current income to unrestricted funds and expenditures from funds with deficiencies are suspended until the deficiency is eliminated. There were no endowment fund deficiencies at June 30, 2011 and 2010.

Investment Objective and Risk Parameters: The Organization has adopted investment policies for endowment assets that attempt to provide for moderate current income to fund programs supported by the endowment assets. Under the policy approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce market interest returns, while assuming a minimal level of investment risk. The Organization expects its endowment assets, over time, to provide an average rate of return of approximately 3% annually. Actual returns in any given year may vary from this amount.

Strategies for Achieving Investment Objectives: To satisfy its investment rate of return objectives, the Organization relies on a conservative strategy to produce investment returns from current earnings (interest and dividends) rather than market appreciation. The Organization targets an asset allocation that places the greatest emphasis on insured deposits to achieve its annual return objectives.

Spending Policy: The Organization does not have a policy for appropriating expenditures from endowment assets beyond current income. This is consistent with the Organization's objective to maintain the endowment assets in perpetuity and provide additional growth through new gifts.

ALZHEIMER'S COMMUNITY CARE, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2011 and 2010

NOTE G - RETIREMENT PLANS

The Organization administers a 401(k) retirement plan (the "Plan") that was adopted on January 1, 2007 and subsequently amended on July 1, 2009. Employees are eligible to participate in the Plan after completing one year of service and may contribute a maximum of 25% of their pre-tax annual compensation, as defined in the Plan, up to the maximum allowable limits established by the Internal Revenue Code. Participants who turn 50 during the plan year may make additional pre-tax contributions pursuant to the Catch-Up Elective Contributions feature specified in the Economic Growth and Tax Relief Reconciliation Act of 2001. The Organization may make matching or discretionary contributions to the Plan. Currently, employees receive safe harbor matching contributions of 100% of salary deferrals up to 3% of total compensation, plus 50% matching contributions on salary deferrals from 3% to 5% of total compensation. The matching contributions by the Organization to the Plan for the years ended June 30, 2011 and 2010 were \$53,700 and \$89,796, respectively. No discretionary contributions were made for 2011 or 2010.

NOTE H - FAIR VALUE OF FINANCIAL INSTRUMENTS

FASB ASC 820, *Fair Value Measurements and Disclosures*, establishes a framework for measuring fair value that provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives highest priority to unadjusted quoted prices in active markets for identical assets and liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets and liabilities in active markets that the entity has the ability to access at the measurement date. The types of financial instruments included in Level 1 are generally highly liquid investments with quoted prices on exchanges and over-the-counter markets with sufficient volume.

Level 2: Inputs to the valuation methodology include the following:

- Quoted prices for similar assets or liabilities in active markets.
- Quoted prices for identical or similar assets or liabilities in inactive markets.
- Inputs other than quoted prices that are observable for the assets or liabilities.
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified contractual term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement. These unobservable inputs reflect the entity's own estimates for assumptions that market participants would use in pricing the asset or liability. Valuation techniques would typically include discounted cash flow models and similar techniques, but may also include the use of market prices of assets or liabilities that are not directly comparable to the subject asset or liability.

ALZHEIMER'S COMMUNITY CARE, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2011 and 2010

NOTE H - FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

The fair value measurement of an asset or liability within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Items Measured at Fair Value on a Recurring Basis: The following methods and assumptions were used by the Organization in estimating the fair value of financial instruments that are measured at fair value on a recurring basis under FASB ASC 820:

*Certificates of deposit, equity securities and fixed income securities:* Valued at the closing price reported on the active market on which the individual securities are traded.

*Mutual funds:* Valued at the net asset value ("NAV") of the shares held by the Organization at year end.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methodologies are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value of certain financial instruments could result in a different fair value measurement at the reporting date. There were no changes in the methodologies during the years ended June 30, 2011 and 2010.

Fair Value of Assets and Liabilities: The following table sets forth by level within the fair value hierarchy, the fair value of the Organization's financial assets measured at fair value on a recurring basis at June 30, 2011:

	Fair Value at June 30, 2011			
	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Certificates of deposit	\$ 83,282	\$ -	\$ -	\$ 83,282
Equity securities				
Large-Cap	2,052,128	-	-	2,052,128
Small and Mid-Cap	846,479	-	-	846,479
International	1,192,243	-	-	1,192,243
Fixed income securities				
Domestic corporate bonds	357,055	-	-	357,055
U.S. Government/ Agency debt	398,824	-	-	398,824
Foreign corporate bonds	16,909	-	-	16,909
Fixed income mutual funds	2,130,965	-	-	2,130,965
<b>Total Fair Value</b>	<b>\$ 7,077,885</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 7,077,885</b>

ALZHEIMER'S COMMUNITY CARE, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2011 and 2010

NOTE H - FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

	Fair Value at June 30, 2010			Total
	Level 1	Level 2	Level 3	
<b>Assets</b>				
Certificates of deposit	\$ 82,762	\$ -	\$ -	\$ 82,762
Equity securities				
Large-Cap	1,284,703	-	-	1,284,703
Small and Mid-Cap	443,941	-	-	443,941
International	412,359	-	-	412,359
Fixed income securities				
Domestic corporate bonds	335,490	-	-	335,490
U.S. Government/ Agency debt	383,149	-	-	383,149
Foreign corporate bonds	40,261	-	-	40,261
Fixed income mutual funds	793,163	-	-	793,163
<b>Total Fair Value</b>	<b>\$ 3,775,828</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,775,828</b>

NOTE I - RELATED PARTY TRANSACTIONS

The Organization conducts general business transactions with various companies that have Board member affiliations. In addition, several board members made cash contributions to the Organization. The Board of Directors is made aware of these transactions and none of these transactions are material to the consolidated financial statements.

NOTE J - COMMITMENTS AND CONTINGENCIES

**Litigation:** The Organization is a defendant in lawsuits arising in the ordinary course of normal operations. Although the ultimate outcome of these lawsuits cannot be determined at the present time, it is the opinion of management, based upon consultation with legal counsel, that the outcome of these actions will not materially affect the financial position of the Organization.

**Lease Commitments:** The Organization conducts its operations from several facilities that are leased with various expiration dates through June 2017 with the option of renewing through 2037 if conditional requirements are met. Certain of the facilities leased by the Organization require annual rental payments of one dollar and reimbursement for common area maintenance expenses. The difference between the estimated fair value rental of these facilities and the one dollar rental paid by the Organization is recorded as contribution revenue and in-kind rent expense.

The required rental payments are recorded as rent expense. The Organization incurred \$268,121 and \$288,721 in rent expense and recorded \$324,131 and \$349,034 for in-kind rent expense for the years ended June 30, 2011 and 2010, respectively.

ALZHEIMER'S COMMUNITY CARE, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2011 and 2010

NOTE J - COMMITMENTS AND CONTINGENCIES (Continued)

The minimum future rental payments, including required common area maintenance expense, under noncancelable operating leases at June 30, 2011 are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2012	\$ 224,039
2013	117,401
2014	80,106
2015	78,001
2016	78,001
Thereafter	<u>78,001</u>
	<u>\$ 655,549</u>

**CONSOLIDATING INFORMATION**

ALZHEIMER'S COMMUNITY CARE, INC. AND SUBSIDIARY  
CONSOLIDATING STATEMENT OF FINANCIAL POSITION

June 30, 2011

	Alzheimer's Community Care, Inc.	Alzheimer's Community Care Foundation, Inc.	Consolidating & Eliminating Entries	Consolidated
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	\$ 207,257	\$ 180,816	\$ -	\$ 388,073
Investments	83,327	6,994,558	-	7,077,885
Accounts receivable, net	444,962	-	-	444,962
Prepaid expenses	62,064	-	-	62,064
TOTAL CURRENT ASSETS	797,610	7,175,374	-	7,972,984
PROPERTY AND EQUIPMENT, net	665,726	-	-	665,726
<b>OTHER ASSETS</b>				
Donated assets held for resale	6,590	-	-	6,590
Deposits and other assets	7,944	-	-	7,944
	14,534	-	-	14,534
	\$ 1,477,870	\$ 7,175,374	\$ -	\$ 8,653,244
<b>LIABILITIES AND NET ASSETS</b>				
<b>CURRENT LIABILITIES</b>				
Accounts payable	\$ 93,043	\$ -	\$ -	\$ 93,043
Accrued expenses	279,649	-	-	279,649
Deferred revenue	16,325	-	-	16,325
Current portion of mortgage payable	7,720	-	-	7,720
TOTAL CURRENT LIABILITIES	396,737	-	-	396,737
MORTGAGE PAYABLE, net of current portion	72,948	-	-	72,948
TOTAL LIABILITIES	469,685	-	-	469,685
<b>NET ASSETS</b>				
Unrestricted	732,163	7,175,374	-	7,907,537
Temporarily restricted	215,379	-	-	215,379
Permanently restricted	60,643	-	-	60,643
TOTAL NET ASSETS	1,008,185	7,175,374	-	8,183,559
	\$ 1,477,870	\$ 7,175,374	\$ -	\$ 8,653,244

## ALZHEIMER'S COMMUNITY CARE, INC. AND SUBSIDIARY

## CONSOLIDATING STATEMENT OF FINANCIAL POSITION

June 30, 2010

	Alzheimer's Community Care, Inc.	Alzheimer's Community Care Foundation, Inc.	Consolidating & Eliminating Entries	Consolidated
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	\$ 535,168	\$ 308,740	\$ -	\$ 843,908
Investments	82,761	3,693,067	-	3,775,828
Accounts receivable, net	523,825	-	-	523,825
Prepaid expenses	37,296	-	-	37,296
TOTAL CURRENT ASSETS	<u>1,179,050</u>	<u>4,001,807</u>	<u>-</u>	<u>5,180,857</u>
PROPERTY AND EQUIPMENT, net	708,845	-	-	708,845
<b>OTHER ASSETS</b>				
Donated assets held for resale	6,590	-	-	6,590
Deposits and other assets	8,735	-	-	8,735
	<u>15,325</u>	<u>-</u>	<u>-</u>	<u>15,325</u>
	<u>\$ 1,903,220</u>	<u>\$ 4,001,807</u>	<u>\$ -</u>	<u>\$ 5,905,027</u>
<b>LIABILITIES AND NET ASSETS</b>				
<b>CURRENT LIABILITIES</b>				
Accounts payable	\$ 80,169	\$ -	\$ -	\$ 80,169
Accrued expenses	275,201	-	-	275,201
Deferred revenue	500	-	-	500
Current portion of mortgage payable	7,401	-	-	7,401
TOTAL CURRENT LIABILITIES	<u>363,271</u>	<u>-</u>	<u>-</u>	<u>363,271</u>
MORTGAGE PAYABLE, net of current portion	80,617	-	-	80,617
TOTAL LIABILITIES	<u>443,888</u>	<u>-</u>	<u>-</u>	<u>443,888</u>
<b>NET ASSETS</b>				
Unrestricted	1,147,053	4,001,807	-	5,148,860
Temporarily restricted	251,636	-	-	251,636
Permanently restricted	60,643	-	-	60,643
TOTAL NET ASSETS	<u>1,459,332</u>	<u>4,001,807</u>	<u>-</u>	<u>5,461,139</u>
	<u>\$ 1,903,220</u>	<u>\$ 4,001,807</u>	<u>\$ -</u>	<u>\$ 5,905,027</u>

ALZHEIMER'S COMMUNITY CARE, INC. AND SUBSIDIARY

CONSOLIDATING STATEMENT OF ACTIVITIES

Year Ended June 30, 2011

	Alzheimer's Community Care, Inc.	Alzheimer's Community Care Foundation, Inc.	Consolidating & Eliminating Entries	Consolidated
<b>REVENUE AND OTHER SUPPORT</b>				
Program services	\$ 2,854,619	\$ -	\$ -	\$ 2,854,619
Contributions	4,612,154	25,000	(200,000)	4,437,154
Government grants	464,478	-	-	464,478
United Way	308,638	-	-	308,638
Special events	393,503	-	-	393,503
Interest income	6,068	30,940	-	37,008
Dividend income	968	151,943	-	152,911
Realized and unrealized gains	2,324	595,764	-	598,088
Other support	2,654	-	-	2,654
Transfer from Alzheimer's Community Care, Inc.	-	2,636,085	(2,636,085)	-
<b>Total revenue and other support</b>	<b>8,645,406</b>	<b>3,439,732</b>	<b>(2,836,085)</b>	<b>9,249,053</b>
<b>EXPENSES</b>				
Program services				
Special program				
Daycare	4,073,146	-	-	4,073,146
Patient and family services				
Family consultants	926,851	-	-	926,851
Case management	224,591	-	-	224,591
Crisis line	25,347	-	-	25,347
Other services				
Education and training	364,703	-	-	364,703
Volunteer services	2,789	-	-	2,789
<b>Total program services</b>	<b>5,617,427</b>	<b>-</b>	<b>-</b>	<b>5,617,427</b>
Supporting services				
Management and general	118,807	66,165	-	184,972
Fundraising	724,234	-	-	724,234
Contribution to Alzheimer's Community Care, Inc.	-	200,000	(200,000)	-
Transfer to Foundation	2,636,085	-	(2,636,085)	-
<b>Total supporting services</b>	<b>3,479,126</b>	<b>266,165</b>	<b>(2,836,085)</b>	<b>909,206</b>
<b>Total expenses</b>	<b>9,096,553</b>	<b>266,165</b>	<b>(2,836,085)</b>	<b>6,526,633</b>
<b>Increase (decrease) in net assets</b>	<b>(451,147)</b>	<b>3,173,567</b>	<b>-</b>	<b>2,722,420</b>
Net assets, beginning of year	1,459,332	4,001,807	-	5,461,139
<b>Net assets, end of year</b>	<b>\$ 1,008,185</b>	<b>\$ 7,175,374</b>	<b>\$ -</b>	<b>\$ 8,183,559</b>

ALZHEIMER'S COMMUNITY CARE, INC. AND SUBSIDIARY

CONSOLIDATING STATEMENT OF ACTIVITIES

Year Ended June 30, 2010

	Alzheimer's Community Care, Inc.	Alzheimer's Community Care Foundation, Inc.	Consolidating & Eliminating Entries	Consolidated
<b>REVENUE AND OTHER SUPPORT</b>				
Program services	\$ 3,133,696	\$ -	\$ -	\$ 3,133,696
Contributions	2,266,090	-	-	2,266,090
Government grants	509,314	-	-	509,314
United Way	223,824	-	-	223,824
Special events	504,383	-	-	504,383
Interest income	11,249	14,207	-	25,456
Dividend income	39	48,876	-	48,915
Realized and unrealized losses	(68)	(96,150)	-	(96,218)
Other support	3,961	-	-	3,961
Transfer from Alzheimer's Community Care, Inc.	-	450,000	(450,000)	-
Total revenue and other support	6,652,488	416,933	(450,000)	6,619,421
<b>EXPENSES</b>				
Program services				
Special program				
Daycare	4,216,868	-	-	4,216,868
Patient and family services				
Family consultants	802,188	-	-	802,188
Case management	273,765	-	-	273,765
Crisis line	26,584	-	-	26,584
Other services				
Education and training	402,919	-	-	402,919
Volunteer services	8,443	-	-	8,443
Total program services	5,730,767	-	-	5,730,767
Supporting services				
Management and general	84,803	35,431	-	120,234
Fundraising	746,359	-	-	746,359
Transfer to Foundation	450,000	-	(450,000)	-
Total supporting services	1,281,162	35,431	(450,000)	866,593
Total expenses	7,011,929	35,431	(450,000)	6,597,360
Increase (decrease) in net assets	(359,441)	381,502	-	22,061
Net assets, beginning of year	1,818,773	3,620,305	-	5,439,078
Net assets, end of year	\$ 1,459,332	\$ 4,001,807	\$ -	\$ 5,461,139

ALZHEIMER'S COMMUNITY CARE, INC. AND SUBSIDIARY

CONSOLIDATING STATEMENT OF CASH FLOWS

Year Ended June 30, 2011

	Alzheimer's Community Care, Inc.	Alzheimer's Community Care Foundation, Inc.	Consolidating & Eliminating Entries	Consolidated
<b>OPERATING ACTIVITIES</b>				
Increase (decrease) in net assets	\$ (451,147)	\$ 3,173,567	\$ -	\$ 2,722,420
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used in) operating activities				
Depreciation and amortization	77,683	-	-	77,683
Realized and unrealized gains	(2,324)	(595,764)	-	(598,088)
Contributed securities	(50,753)	-	-	(50,753)
Changes in operating assets and liabilities				
Accounts receivable	78,863	-	-	78,863
Prepaid expenses	(24,768)	-	-	(24,768)
Deposits and other assets	791	-	-	791
Accounts payable	12,874	-	-	12,874
Accrued expenses	4,448	-	-	4,448
Deferred revenue	15,825	-	-	15,825
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	(338,508)	2,577,803	-	2,239,295
<b>INVESTING ACTIVITIES</b>				
Sale and maturities of investments	54,843	3,461,527	-	3,516,370
Purchases of investments	(2,332)	(6,167,254)	-	(6,169,586)
Purchases of property and equipment	(34,564)	-	-	(34,564)
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	17,947	(2,705,727)	-	(2,687,780)
<b>FINANCING ACTIVITY</b>				
Repayment of mortgage	(7,350)	-	-	(7,350)
NET CASH USED IN FINANCING ACTIVITY	(7,350)	-	-	(7,350)
Decrease in cash and cash equivalents	(327,911)	(127,924)	-	(455,835)
Cash and cash equivalents, beginning of year	535,168	308,740	-	843,908
Cash and cash equivalents, end of year	<u>\$ 207,257</u>	<u>\$ 180,816</u>	<u>\$ -</u>	<u>\$ 388,073</u>

ALZHEIMER'S COMMUNITY CARE, INC. AND SUBSIDIARY

CONSOLIDATING STATEMENT OF CASH FLOWS

Year Ended June 30, 2010

	Alzheimer's Community Care, Inc.	Alzheimer's Community Care Foundation, Inc.	Consolidating & Eliminating Entries	Consolidated
<b>OPERATING ACTIVITIES</b>				
Increase (decrease) in net assets	\$ (359,441)	\$ 381,502	\$ -	\$ 22,061
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used in) operating activities				
Depreciation and amortization	92,504	-	-	92,504
Provision for doubtful accounts	752	-	-	752
Realized and unrealized losses	68	96,150	-	96,218
Loss on disposal of assets	625	-	-	625
Changes in operating assets and liabilities				
Accounts receivable	38,373	-	-	38,373
Due from related party	19,536	-	(19,536)	-
Prepaid expenses	6,006	-	-	6,006
Accounts payable	32,583	(1,188)	-	31,395
Accrued expenses	15,452	-	-	15,452
Due to related party	-	(19,536)	19,536	-
Deferred revenue	500	-	-	500
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	(153,042)	456,928	-	303,886
<b>INVESTING ACTIVITIES</b>				
Sale and maturities of investments	-	4,860,878	-	4,860,878
Purchases of investments	(1,440)	(5,019,067)	-	(5,020,507)
Purchases of property and equipment	(24,545)	-	-	(24,545)
NET CASH USED IN INVESTING ACTIVITIES	(25,985)	(158,189)	-	(184,174)
<b>FINANCING ACTIVITY</b>				
Repayment of mortgage	(5,956)	-	-	(5,956)
NET CASH USED IN FINANCING ACTIVITY	(5,956)	-	-	(5,956)
Increase (decrease) in cash and cash equivalents	(184,983)	298,739	-	113,756
Cash and cash equivalents, beginning of year	720,151	10,001	-	730,152
Cash and cash equivalents, end of year	<u>\$ 535,168</u>	<u>\$ 308,740</u>	<u>\$ -</u>	<u>\$ 843,908</u>

ALZHEIMER'S COMMUNITY CARE, INC. AND SUBSIDIARY  
 SCHEDULE OF FUNCTIONAL EXPENSES BY GRANT PROGRAM

Year Ended June 30, 2011

	<u>Daycare Program Services</u>		
	Florida Department of Elder Affairs (DOEA) Grant Program	Non-DOEA Grant Services	Total Program Services
Functional Expenses			
Salaries	\$ 326,903	\$ 1,838,557	\$ 2,165,460
Payroll taxes and benefits	70,582	431,024	501,606
Travel	2,474	14,128	16,602
Communications and postage	8,423	48,093	56,516
Utilities	1,336	7,625	8,961
Advertising	3,196	18,250	21,446
Insurance	5,541	31,640	37,181
Furniture and equipment	22,737	129,824	152,561
Printing and supplies	3,541	20,221	23,762
Building cost	72,029	411,274	483,303
Professional fees	13,848	79,067	92,915
Program supplies	23,786	135,813	159,599
Depreciation	10,544	60,207	70,751
Food and food supplies	34,245	195,531	229,776
Other	7,855	44,852	52,707
	<u>607,040</u>	<u>3,466,106</u>	<u>4,073,146</u>
Total functional expenses			
Allocation of management and general	-	-	-
	<u>\$ 607,040</u>	<u>\$ 3,466,106</u>	<u>\$ 4,073,146</u>
Total functional expenses after allocation			
Total units of service	<u>71,585</u>		

<u>Case Management Program Services</u>			<u>Total</u>
<u>Florida</u>			<u>Florida</u>
<u>Department of</u>	<u>Non-DOEA</u>	<u>Total</u>	<u>Department of</u>
<u>Elder Affairs</u>	<u>Grant</u>	<u>Program</u>	<u>Elder Affairs</u>
<u>(DOEA) Grant</u>	<u>Services</u>	<u>Services</u>	<u>Grant</u>
<u>Program</u>			<u>Program</u>
\$ 31,218	\$ 130,971	\$ 162,189	\$ 358,121
4,841	20,312	25,153	75,423
1,028	4,313	5,341	3,502
590	2,478	3,068	9,013
2	6	8	1,338
335	1,404	1,739	3,531
465	1,950	2,415	6,006
333	1,397	1,730	23,070
254	1,063	1,317	3,795
2,326	9,757	12,083	74,355
1,037	4,348	5,385	14,885
9	37	46	23,795
149	625	774	10,693
-	-	-	34,245
643	2,700	3,343	8,498
43,230	181,361	224,591	650,270
-	-	-	-
<u>\$ 43,230</u>	<u>\$ 181,361</u>	<u>\$ 224,591</u>	<u>\$ 650,270</u>
<u>978</u>			



CALER, DONTEN, LEVINE,  
PORTER & VEIL, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

505 SOUTH FLAGLER DRIVE, SUITE 900  
WEST PALM BEACH, FL 33401-5948

TELEPHONE (561) 832-9292  
FAX (561) 832-9455

info@cdlcpa.com

WILLIAM K CALER, JR., CPA  
LOUIS M COHEN, CPA  
JOHN C COURTNEY, CPA, JD  
DAVID S DONTEN, CPA  
JAMES B HUTCHISON, CPA  
JOEL H LEVINE, CPA  
JAMES F MULLEN, IV, CPA  
THOMAS A PENCE, JR., CPA  
SCOTT L PORTER, CPA  
MARK D VEIL, CPA

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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  
Alzheimer's Community Care, Inc. and Subsidiary  
West Palm Beach, Florida

We have audited the consolidated financial statements of Alzheimer's Community Care, Inc. and Subsidiary (the "Organization") as of and for the year ended June 30, 2011, and have issued our report thereon dated October 31, 2011. We conducted our audit in accordance with U.S. generally accepted auditing standards 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 internal control over financial reporting of the Organization as a basis for designing our auditing procedures for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of internal control over financial reporting of the Organization. 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 consolidated financial statements of the Organization 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 consolidated 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 that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the Organization in a separate management letter dated October 31, 2011.

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

*Calder, Dauter, Levine,  
Porter & Veil, P.A.*

October 31, 2011

ALZHEIMER'S COMMUNITY CARE, INC. AND SUBSIDIARY  
 SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE

Year Ended June 30, 2011

<u>Grantor/Pass-through Grantor/Program Title</u>	<u>State CSFA Number</u>	<u>Contract Number</u>	<u>2011 Project Expenditures</u>	<u>Transfers to Subrecipients</u>
<b>State Financial Assistance</b>				
<b>State of Florida Department of Elder Affairs</b>				
Pass-through from Area Agency on Aging Palm Beach/Treasure Coast, Inc. Alzheimer's Disease Initiative	65.004	IZ010-9504	\$ 650,270	\$ -
Pass-through from North Broward Medical Center - d/b/a Broward Health Alzheimer's Disease Respite & Projects	65.002	XQ085	17,043	-
Pass-through from North Broward Medical Center - d/b/a Broward Health Alzheimer's Disease Respite & Projects	65.002	XQ048	<u>16,155</u>	<u>-</u>
<b>Total Florida Department of Elder Affairs</b>			<u>\$ 683,468</u>	<u>\$ -</u>

See notes to schedule of expenditures of state financial assistance.

**REPORTS ON STATE FINANCIAL ASSISTANCE**

ALZHEIMER'S COMMUNITY CARE, INC. AND SUBSIDIARY

NOTES TO SCHEDULE OF EXPENDITURES  
OF STATE FINANCIAL ASSISTANCE

June 30, 2011

NOTE A - BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of State Financial Assistance includes the state grant activity of Alzheimer's Community Care, Inc. and Subsidiary (the "Organization") and is presented in accordance with the requirements of the Florida Single Audit Act and Chapter 10.650 of the *Rules of the Auditor General* for the State of Florida. Grant expenditures are presented on the accrual basis of accounting.

NOTE B - SCOPE OF AUDIT

The Organization did not receive federal awards in excess of \$500,000 and is not required to have an audit of federal funds in accordance with the provisions of OMB Circular A-133. State Financial Assistance Projects have been audited in accordance with the Florida Single Audit Act and Chapter 10.650 of the *Rules of the Auditor General*. The Organization had one state financial assistance project with expenditures meeting the definition of a Type A program under the provisions of the Florida Single Audit Act. The following Type A program was audited as a major State financial assistance project:

<u>State Project</u>	<u>State CSFA No.</u>
State of Florida Department of Elder Affairs Pass-through from Area Agency on Aging Palm Beach/Treasure Coast, Inc. Alzheimer's Disease Initiative	65.004

NOTE C - LOCAL MATCH EXPENDITURES

There were no local match expenditures required for the state financial assistance project.

NOTE D - CONTINGENCY

Amounts received or receivable from grantor agencies are subject to audit and adjustment by those agencies, principally the State of Florida. Any disallowed claims, including amounts already received, might constitute a liability of the Organization for the return of those funds. In the opinion of management, all grant expenditures were in compliance with the terms of the grant agreements and applicable State laws and regulations.



CALER, DONTEN, LEVINE,  
PORTER & VEIL, P.A.

WILLIAM K. CALER, JR., CPA  
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CERTIFIED PUBLIC ACCOUNTANTS

505 SOUTH FLAGLER DRIVE, SUITE 900  
WEST PALM BEACH, FL 33401-5948

TELEPHONE (561) 832-9292  
FAX (561) 832-9455

info@cdlcpa.com

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AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

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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

To the Board of Directors  
Alzheimer's Community Care, Inc. and Subsidiary  
West Palm Beach, Florida

**Compliance**

We have audited the compliance of Alzheimer's Community Care, Inc. and Subsidiary (the "Organization") with the types of compliance requirements described in the *Department of Financial Services' State Projects Compliance Supplement*, that are applicable to its major State project for the year ended June 30, 2011. The Organization's major State project is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major State project is the responsibility of the Organization's management. Our responsibility is to express an opinion on the Organization's compliance based on our audit.

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards; 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, 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 Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Organization's compliance with those requirements.

In our opinion, the Organization complied, in all material respects, with the requirements referred to above that are applicable to its major State project for the year ended June 30, 2011.

**Internal Control Over Compliance**

The management of the Organization 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 Organization's internal control over compliance with the 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 and to test and report on internal control over 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 Organization's internal control over compliance.

A *deficiency* in 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 State project on a timely basis. A *material weakness* in internal control 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. 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 the Board of Directors, management and others within the Organization, State awarding agencies and pass-through entities, and the State of Florida Office of the Auditor General and is not intended to be and should not be used by anyone other than these specified parties.

*Caler, Dಂತen, Levine,  
Porter & Veil, P.A.*

October 31, 2011

ALZHEIMER'S COMMUNITY CARE, INC. AND SUBSIDIARY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS -  
STATE FINANCIAL ASSISTANCE

Year Ended June 30, 2011

**SECTION I - SUMMARY OF AUDITOR'S RESULTS**

**Financial Statements**

Type of auditor's report issued: *Unqualified Opinion*  
Internal control over financial reporting:  
Material weakness(es) identified?  Yes  No  
Significant deficiency(ies) identified that are not  
considered to be material weaknesses?  Yes  No  
Noncompliance material to financial statements noted?  Yes  No

**State Financial Assistance Projects**

Internal control over major State Financial Assistance Projects:  
Material weakness(es) identified?  Yes  No  
Significant deficiency(ies) identified that are not  
considered to be material weaknesses?  Yes  No

Type of auditor's report issued on compliance for major State  
Financial Assistance Projects: *Unqualified Opinion*

Any audit findings disclosed that are required to be  
reported in accordance with Chapter 10.650,  
Rules of the Auditor General?  Yes  No

**Identification of major state financial assistance projects:**

**State Project**

Florida Department of Elder Affairs  
Pass-through from Area Agency on Aging  
Palm Beach/Treasure Coast, Inc.  
Alzheimer's Disease Initiative

**State CSFA No.**

65.004

Dollar threshold used to distinguish between Type A and  
Type B programs: \$ 205,040

**SECTION II - FINANCIAL STATEMENT FINDINGS**

None

**SECTION III - STATE FINANCIAL ASSISTANCE FINDINGS AND QUESTIONED COSTS**

None

ALZHEIMER'S COMMUNITY CARE, INC. AND SUBSIDIARY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS -  
STATE FINANCIAL ASSISTANCE (Continued)

Year Ended June 30, 2011

**SECTION IV - OTHER MATTERS**

- a) A Corrective Action Plan is not required because there were no findings required to be reported under the Florida Single Audit Act.
- b) A Summary Schedule of Prior Audit Findings is not required because there were no prior year findings reported in the Schedule of Findings and Questioned Costs.