

**FOUNDCARE, INC.
(FORMERLY, COMPREHENSIVE COMMUNITY CARE
NETWORK, INC.) AND
COMPREHENSIVE AIDS PROGRAM OF PALM BEACH
COUNTY, INC.**

**REPORT ON AUDITS OF CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009**

FOUNDCARE, INC.
(FORMERLY, COMPREHENSIVE COMMUNITY CARE NETWORK, INC.) AND
COMPREHENSIVE AIDS PROGRAM OF PALM BEACH COUNTY, INC.

Table of Contents

	<u>Page</u>
Independent auditor's report	1-2
Consolidated financial statements:	
Consolidated statements of financial position	3
Consolidated statements of activities	4
Consolidated statements of functional expenses	5-6
Consolidated statements of cash flows	7
Notes to consolidated financial statements	8-14
Supplementary information:	
Schedule of expenditures of federal awards	15-16
Notes to schedule of expenditures of federal awards	17
Independent auditor's report on consolidating information	18
Consolidating information:	
Consolidating statement of financial position information	19-20
Consolidating statement of activities information	21-22
Report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with <i>Government Auditing Standards</i>	23-24
Report on compliance with requirements applicable to each major program and on internal control over compliance in accordance with OMB Circular A-133	25-26
Schedule of findings and questioned costs	27-28



Independent Auditor's Report

To the Boards of Directors
Foundcare, Inc.
Comprehensive AIDS Program of Palm Beach County, Inc.

We have audited the accompanying consolidated statements of financial position of Foundcare, Inc. (formerly, Comprehensive Community Care Network, Inc.) and Comprehensive AIDS Program of Palm Beach County, Inc. (collectively, the Organization) as of December 31, 2010 and 2009, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Foundcare, Inc. and Comprehensive AIDS Program of Palm Beach County, Inc. as of December 31, 2010 and 2009, and the consolidated changes in their net assets and their 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 our report dated May 16, 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 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 audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and

other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Templeton & Company, LLP

West Palm Beach, Florida
May 16, 2011

FOUNDCARE, INC.
(FORMERLY, COMPREHENSIVE COMMUNITY CARE NETWORK, INC.) AND
COMPREHENSIVE AIDS PROGRAM OF PALM BEACH COUNTY, INC.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
December 31, 2010 and 2009

	2010	2009
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 807,671	\$ 839,001
Grants receivable, net of allowance	1,387,673	1,118,916
Other receivables	8,630	7,095
Prepaid expenses and other current assets	109,475	92,470
Total current assets	2,313,449	2,057,482
Cash restricted for debt service	799,782	362,772
Property and equipment, net (Note 2)	7,204,522	7,385,572
Other assets	24,125	24,125
Deferred loan costs, net	232,273	251,023
Total assets	\$ 10,574,151	\$ 10,080,974
LIABILITIES AND NET ASSETS		
Current liabilities:		
Line of credit (Note 3)	\$ -	\$ 200,000
Current portion of long-term debt	380,000	-
Accounts payable	25,985	23,325
Accrued expenses	157,845	183,926
Deferred revenue	75,000	1,500
Total current liabilities	638,830	408,751
Long-term debt (Note 4)	6,955,000	7,335,000
Total liabilities	7,593,830	7,743,751
Net assets:		
Unrestricted	2,529,877	1,806,828
Temporarily restricted (Note 8)	450,444	530,395
Total net assets	2,980,321	2,337,223
Total liabilities and net assets	\$ 10,574,151	\$ 10,080,974

See accompanying notes to consolidated financial statements.

FOUNDCARE, INC.
(FORMERLY, COMPREHENSIVE COMMUNITY CARE NETWORK, INC.) AND
COMPREHENSIVE AIDS PROGRAM OF PALM BEACH COUNTY, INC.

CONSOLIDATED STATEMENTS OF ACTIVITIES

For the Years Ended December 31, 2010 and 2009

	Year Ended December 31, 2010		Year Ended December 31, 2009	
	Unrestricted	Temporarily Restricted	Total	Total
Support and revenue:				
Contributions	\$ 204,987	\$ 3,300	\$ 208,287	\$ 222,246
Special events and other revenues, net	27,828	-	27,828	141,363
Federal, state and private grants	9,281,219	-	9,281,219	8,369,195
Health center program revenue	181,774	-	181,774	-
Medicaid waivers	59,800	-	59,800	58,200
Net investment return	1,915	-	1,915	3,838
Other income	44,407	-	44,407	-
Program income	5,562	-	5,562	32,311
Net assets released from restrictions	83,251	(83,251)	-	(225,837)
Total support and revenue	9,890,743	(79,951)	9,810,792	9,052,990
Expenses:				
Program services:				
Education and community awareness	1,284,039	-	1,284,039	1,267,760
Client services	5,392,290	-	5,392,290	5,591,565
Community health center	878,231	-	878,231	593,163
Total program services	7,554,560	-	7,554,560	7,452,488
Supporting services:				
Administration	1,523,158	-	1,523,158	1,621,023
Fund raising/development	89,976	-	89,976	167,637
Total expenses	9,167,694	-	9,167,694	9,241,148
Increase (decrease) in net assets	723,049	(79,951)	643,098	(197,702)
Net assets - beginning of year	1,806,828	530,395	2,337,223	1,994,986
Net assets - end of year	\$ 2,529,877	\$ 450,444	\$ 2,980,321	\$ 1,806,828
				\$ 530,395
				\$ 2,337,223

See accompanying notes to consolidated financial statements.

FOUNDCARE, INC.
(FORMERLY, COMPREHENSIVE COMMUNITY CARE NETWORK, INC.) AND
COMPREHENSIVE AIDS PROGRAM OF PALM BEACH COUNTY, INC.

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2010

	Program Services			Supporting Services		Total Expenses
	Education and Community Awareness	Client Services	Community Health Center	Administration	Fund Raising/Development	
Bank and credit card fees	\$ -	\$ -	\$ 868	\$ 3,744	\$ 749	\$ 5,361
Bad debts	-	-	93,073	-	-	93,073
Contract services/pass through	236,821	222,589	96,538	-	-	555,948
Dues, subscriptions and memberships	-	169	21,424	3,011	122	24,726
Employee recruiting	1,955	2,882	791	1,439	-	7,067
Financial assistance	-	2,522,918	-	1,050	1,616	2,525,584
Food program	-	188,499	-	-	3,530	192,029
Insurance	11,272	29,871	19,735	117,734	449	179,061
Interest expense	-	-	-	106,748	-	106,748
Licenses, permits, taxes and fees	707	700	416	7,384	10	9,217
Meetings and conferences	23,534	10,151	5,335	10,906	2,149	52,075
Mileage reimbursement	21,271	48,059	32	5,343	-	74,705
Medical supplies	-	-	14,652	-	-	14,652
Office supplies	16,526	21,314	2,519	13,881	1,485	55,725
Payroll taxes and employee benefits	127,967	460,241	79,051	124,475	-	791,734
Public relations/promotional items	466	966	511	4,339	1,222	7,504
Postage	1,316	4,432	390	8,452	2,582	17,172
Printing and copying	20,266	10,239	3,220	5,092	6,623	45,440
Professional fees	109,440	-	61,801	97,625	68,746	337,612
Program supplies	135,940	3,782	3,641	-	-	143,363
Rent	26,499	152,058	-	4,472	-	183,029
Repairs and maintenance	3,676	14,994	14,830	27,521	81	61,102
Salaries	523,456	1,606,478	366,988	726,019	-	3,222,941
Staff activities	808	700	-	3,357	-	4,865
Telephone	10,206	34,732	6,886	15,132	7	66,963
Temporary help	-	11,561	23,160	11,348	-	46,069
Utilities	2,303	24,278	15,056	15,959	-	57,596
Subtotal	1,274,429	5,371,613	830,917	1,315,031	89,371	8,881,361
Depreciation and amortization	9,610	20,677	47,314	208,127	605	286,333
Total expenses	\$ 1,284,039	\$ 5,392,290	\$ 878,231	\$ 1,523,158	\$ 89,976	\$ 9,167,694

See accompanying notes to consolidated financial statements.

FOUNDCARE, INC.
(FORMERLY, COMPREHENSIVE COMMUNITY CARE NETWORK, INC.) AND
COMPREHENSIVE AIDS PROGRAM OF PALM BEACH COUNTY, INC.

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2009

	Program Services			Supporting Services		Total Expenses
	Education and Community Awareness	Client Services	Community Health Center	Administration	Fund Raising/Development	
Bank and credit card fees	\$ -	\$ -	\$ 319	\$ 2,872	\$ 2,202	\$ 5,393
Contract services/pass through	204,247	269,034	60,469	-	-	533,750
Dues, subscriptions and memberships	89	-	15,750	3,915	8,628	28,382
Employee recruiting	1,870	3,470	1,092	432	-	6,864
Financial assistance	-	2,588,904	-	-	-	2,588,904
Food program	-	151,244	-	-	-	151,244
Insurance	13,787	62,572	21,266	109,307	3,924	210,856
Interest expense	-	-	-	156,026	-	156,026
Licenses, permits, taxes and fees	264	78	776	12,073	170	13,361
Meetings and conferences	27,049	2,677	19,580	990	-	50,296
Mileage reimbursement	22,469	51,944	874	7,230	-	82,517
Medical supplies	-	-	15,294	-	-	15,294
Office supplies	14,423	15,133	12,068	6,266	252	48,142
Payroll taxes and employee benefits	121,174	443,373	45,776	154,451	13,008	777,782
Public relations/promotional items	1,308	1,857	1,071	5,292	354	9,882
Postage	785	4,113	497	5,160	252	10,807
Printing and copying	17,480	20,043	491	3,516	923	42,453
Professional fees	60,679	12,006	51,996	92,113	49,606	266,400
Program supplies	199,707	13,506	3,198	-	-	216,411
Rent	43,064	205,132	-	-	-	248,196
Repairs and maintenance	6,194	33,282	9,153	23,845	760	73,234
Salaries	506,716	1,609,364	289,429	743,245	65,097	3,213,851
Special and community events	400	1,000	1,238	-	20,229	22,867
Staff activities	14	59	-	8,458	-	8,531
Telephone	11,000	41,720	5,642	18,303	2,093	78,758
Temporary help	-	-	-	847	-	847
Utilities	3,734	35,010	13,528	19,531	-	71,803
Subtotal	1,256,453	5,565,521	569,507	1,373,872	167,498	8,932,851
Depreciation and amortization	11,307	26,044	23,656	247,151	139	308,297
Total expenses	\$ 1,267,760	\$ 5,591,565	\$ 593,163	\$ 1,621,023	\$ 167,637	\$ 9,241,148

See accompanying notes to consolidated financial statements.

FOUNDCARE, INC.
(FORMERLY, COMPREHENSIVE COMMUNITY CARE NETWORK, INC.) AND
COMPREHENSIVE AIDS PROGRAM OF PALM BEACH COUNTY, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2010 and 2009

	2010	2009
Cash flows from operating activities:		
Increase (decrease) in net assets	\$ 643,098	\$ (385,860)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:		
Depreciation	262,186	259,303
Amortization	24,147	48,998
(Increase) decrease in operating assets:		
Grants receivable	(261,662)	317,113
Prepaid expenses and other current assets	(25,635)	9,940
Increase (decrease) in operating liabilities:		
Accounts payable	2,660	(158,394)
Accrued expenses	(26,081)	(59,869)
Deferred revenue	73,500	(283)
Net cash provided by operating activities	692,213	30,948
Cash flows from investing activities:		
Purchase of property and equipment	(81,136)	(274,802)
(Increase) decrease in restricted cash	(437,010)	95,569
Decrease in other assets	-	10,929
Increase in deferred loan costs	(5,397)	-
Net cash used in investing activities	(523,543)	(168,304)
Cash flows from financing activities:		
Repayments of line of credit, net	(200,000)	(250,000)
Net decrease in cash and cash equivalents	(31,330)	(387,356)
Cash and cash equivalents, beginning of year	839,001	1,226,357
Cash and cash equivalents, end of year	\$ 807,671	\$ 839,001
Supplemental disclosures of cash flow information		
Interest paid	\$ 40,861	\$ 93,256

See accompanying notes to consolidated financial statements.

FOUNDCARE, INC.
(FORMERLY, COMPREHENSIVE COMMUNITY CARE NETWORK, INC.) AND
COMPREHENSIVE AIDS PROGRAM OF PALM BEACH COUNTY, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1 – Nature of Activities and Summary of Significant Accounting Policies

Nature of activities

Foundcare, Inc. (formerly, Comprehensive Community Care Network, Inc.) is a not-for-profit corporation created to fulfill unmet healthcare and social service needs of individuals and families in Palm Beach County. On April 22, 2011, Comprehensive Community Care Network, Inc. changed its name to Foundcare, Inc. (Foundcare). Foundcare provides home health care, medical transportation, mental health counseling, on-going rental and utility assistance for qualified individuals, as well as food and other direct emergency assistance to over 2,000 clients annually. On January 29, 2009, Foundcare Health Center (FHC), located in Palm Springs, Florida, was opened.

FHC patients receive affordable access to quality healthcare and prevention services, regardless of their ability to pay. When fully operational, FHC will be a full-service health center. FHC offers primary care and preventive services including medical diagnosis and treatment. Dental services and pharmacy services will be added in the future. In addition, FHC staff includes referral specialists to help patients access the specialty medical and social services that they need.

According to 2010 census information for Palm Beach County, nearly 358,000 residents are living without health insurance. As that number has remained high due to the area's unemployment rate, FHC will serve as a crucial resource for families throughout the area.

Comprehensive AIDS Program of Palm Beach County, Inc. (CAP) is a not-for-profit corporation providing and promoting education, advocacy, and compassion to individuals and families infected and affected by HIV and AIDS through case management, prevention and other support services. CAP works throughout Palm Beach County to provide medical and non-medical case management, treatment education, health insurance, HIV prevention and linkage to substance abuse treatment. Since its inception in 1985, CAP has provided educational services to more than 250,000 people in a variety of settings, including prisons; county organizations; on the streets in high-risk neighborhoods; and in health settings, including substance abuse treatment centers, methadone clinics, and others. The local organization has grown into one of the most successful community-based HIV/AIDS service organizations in the nation.

Foundation for Comprehensive Community Care, Inc. (the Foundation) was a private, not-for-profit corporation created to generate community support and financial resources for Foundcare and its primary medical care centers. During 2010, the Board of the Foundation approved its voluntary dissolution and moved its operations into Foundcare and CAP.

A summary of the significant accounting policies used to prepare the accompanying consolidated financial statements follows:

Principles of consolidation

The accompanying consolidated financial statements include the accounts of Foundcare and CAP (collectively, the Organization) for which Foundcare has control. All significant intercompany accounts and transactions have been eliminated in consolidation.

FOUNDCARE, INC.
(FORMERLY, COMPREHENSIVE COMMUNITY CARE NETWORK, INC.) AND
COMPREHENSIVE AIDS PROGRAM OF PALM BEACH COUNTY, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED

Note 1 – Nature of Activities and Summary of Significant Accounting Policies, Continued

Basis of presentation

The consolidated financial statements are prepared on the accrual basis of accounting and in accordance with the provisions of FASB ASC 958-605 (Formerly, known SFAS No. 116, *Accounting for Contributions Received and Contributions Made*) and FASB ASC 958-205 (Formerly, known as SFAS No. 117, *Financial Statements of Not-for-Profit Organizations*).

FASB ASC 958-605 requires that unconditional promises to give (pledges) be recorded as contributions at fair value at the date the promises are received. It also requires the Organization to distinguish between promises received for each net asset category in accordance with donor restrictions, if any.

Under FASB ASC 958-205, net assets and revenue, expenses, gains and losses are classified as temporarily restricted, permanently restricted, or unrestricted based on the existence or absence, respectively, of donor-imposed or contractual restrictions. Accordingly, net assets of the Organization and changes therein are classified as follows:

Unrestricted net assets – Net assets available for the support of the Organization's operations. The unrestricted net assets may be used at the discretion of the Organization's management and the Boards of Directors.

Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Organization or the passage of time.

Permanently restricted net assets – Net assets subject to donor-imposed stipulations to be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the earnings on related investments for general or specific purposes. There were no permanently restricted net assets at December 31, 2010.

Revenue recognition

The Organization receives various grants from federal, state, local and private agencies for program and supporting service expenses. These grants are generally on a cost reimbursement basis, including recoverable overhead. Revenue from grants is deemed earned and recognized in the consolidated statements of activities when expenditures are made for the purposes specified. Grant funds that have been received but have not yet been expended for the purposes specified are reported as deferred revenue.

Special events revenue is recognized as revenue at the time of the event. Amounts received prior to the event are reported as deferred revenue.

Medicaid waiver revenue is deemed earned and recognized in the consolidated statements of activities when case management expenditures are made for Medicaid recipients. Such revenue is based on a fee for service.

Cash and cash equivalents

Cash and cash equivalents include demand deposit and money market accounts and other highly liquid investments with an original maturity of three months or less. Cash that is restricted for debt service is not considered cash for cash flow statement reporting.

FOUNDCARE, INC.
(FORMERLY, COMPREHENSIVE COMMUNITY CARE NETWORK, INC.) AND
COMPREHENSIVE AIDS PROGRAM OF PALM BEACH COUNTY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED

Note 1 – Nature of Activities and Summary of Significant Accounting Policies, Continued

Donated services

No amounts have been reflected in the consolidated financial statements for donated services since no objective basis is available to measure the value of such services; however, a substantial number of volunteers have donated significant amounts of their time in the Organization's program services.

Contributions and grants

Contributions and grants, including unconditional promises (pledges) to give, are recorded as revenue in the period the promise is received. Conditional promises are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met.

The Organization reports gifts of cash and other assets as 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 as unrestricted net assets and reported in the consolidated statements of activities as net assets released from restrictions. A promise to give with a donor-imposed condition is not reported until the condition has been substantially met.

The Organization received a total of \$1,010,537 and \$152,077 in private grants for the years ended December 31, 2010 and 2009, respectively.

Grants receivable

Grants receivable are stated at the amount of the uncollected balances less any allowance for doubtful accounts. Management provides an allowance based on past experience and adverse situations that may affect collectibility. As of December 31, 2010, an allowance of \$93,073 was established for FHC patient pay receivables. No allowance was established as of December 31, 2009.

Property and equipment

Property and equipment is stated at cost or, if donated, at approximate fair value at the date of donation. Depreciation is computed by the straight-line method over the estimated useful lives of the assets. Leasehold improvements are amortized over the lesser of estimated useful life or lease term. These estimated useful lives are summarized in the following table:

Building and building improvements	40 years
Furniture and equipment	3-5 years
Leasehold improvements	10 years

Deferred loan costs

Costs associated with the issuance of debt are capitalized and amortized using the effective interest method over the term of the debt. At December 31, 2010, the cost and accumulated amortization of debt issuance costs are \$294,679 and \$62,406, respectively. Related amortization expense was \$16,371 for each of the years ended December 31, 2010 and 2009.

FOUNDCARE, INC.
(FORMERLY, COMPREHENSIVE COMMUNITY CARE NETWORK, INC.) AND
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED

Note 1 – Nature of Activities and Summary of Significant Accounting Policies, Continued

Income taxes

Each of the entities comprising the Organization were granted tax-exempt status under Internal Revenue Code Section 501(c)(3). Accordingly, no provision for income taxes has been recorded in the accompanying consolidated financial statements. The entities are required to operate in conformity with the provisions of the IRC to maintain their exempt status.

Management analyzes tax positions in jurisdictions where it is required to file income tax returns. Interest and penalties attributable to income taxes, if any, are included in operating expenses. No such interest or penalties were recorded for the years 2010 or 2009. Based on its evaluation, management did not identify any tax positions for which it is reasonably possible that the total amounts of unrecognized tax benefits will significantly increase or decrease.

Functional expenses

The Organization allocates its expenses on a functional basis among its various programs and supporting services. Expenses that can be identified with a specific program and supporting service are allocated directly according to their natural expenditure classification. Other expenses that are common to several functions are allocated by various statistical bases as determined by management.

Special events

Special events represent various activities undertaken to raise funds for the Organization for both restricted and unrestricted purposes. Support from special events is reported net of the related expenses in the consolidated statements of activities.

Fund raising expenses

Fund raising expenses, totaling \$89,976 and \$167,637 for the years ended December 31, 2010 and 2009, respectively, are expensed as incurred and included in supporting services in the accompanying consolidated statements of activities.

Accounting estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

FOUNDCARE, INC.
(FORMERLY, COMPREHENSIVE COMMUNITY CARE NETWORK, INC.) AND
COMPREHENSIVE AIDS PROGRAM OF PALM BEACH COUNTY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED

Note 2 – Property and Equipment

Property and equipment as of December 31, 2010 and 2009 consists of the following:

	2010	2009
Land	\$ 516,222	\$ 516,222
Building and building improvements	6,989,404	6,987,989
Furniture and equipment	739,229	659,507
Leasehold improvements	<u>45,942</u>	<u>45,942</u>
	8,290,797	8,209,660
Less: accumulated depreciation	<u>(1,086,275)</u>	<u>(824,088)</u>
Property and equipment, net	<u>\$ 7,204,522</u>	<u>\$ 7,385,572</u>

Note 3 – Line of Credit

The Organization had a line of credit that expired during 2010 and was not renewed.

Note 4 – Long-Term Debt

The Organization is obligated under Series 2007 Nontaxable Variable Rate Demand Revenue Bonds (2007 Bonds) issued by Palm Beach County, Florida (the County) in the total amount of \$7,335,000 in its conduit capacity on behalf of Foundcare. The 2007 Bonds were issued to pay the costs of the acquisition, construction, renovation, equipping, and furnishing of certain health care facilities, to refinance indebtedness, to make initial interest payments on the 2007 Bonds, and to pay the costs of issuance.

Principal on the 2007 Bonds is due in annual installments, beginning February 1, 2011 through February 1, 2024, with interest payable monthly through maturity. Interest is calculated and payable based on the commercial paper rate (.57% at December 31, 2010) calculated weekly.

The 2007 Bonds are collateralized by a bank letter of credit (LOC). To secure the LOC, the Organization has pledged substantially all of its assets and its undesignated gross revenue as collateral for the loan. The LOC expires in May 2012, unless terminated or extended. The Bonds are guaranteed up to \$1,000,000 by a third party foundation through 2012. The 2007 Bonds and LOC require the Organization to maintain certain covenants, including certain liquidity and debt service ratios. All covenants have been met through December 31, 2010.

Principal payments required in each of the five years subsequent to December 31, 2010, and thereafter, are as follows:

Year Ending December 31,	Amount
2011	\$ 380,000
2012	395,000
2013	415,000
2014	435,000
2015	455,000
Thereafter	<u>5,255,000</u>
Total	<u>\$ 7,335,000</u>

FOUNDCARE, INC.
(FORMERLY, COMPREHENSIVE COMMUNITY CARE NETWORK, INC.) AND
COMPREHENSIVE AIDS PROGRAM OF PALM BEACH COUNTY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED

Note 5 – Lease Commitments

The Organization leases office space and office equipment under various operating leases with lease terms extending through June 2017. Rent expense on these leases is recognized on a straight-line basis over the terms of the leases. Total rent expense, including common area maintenance fees, was \$423,029 and \$503,321 for the years ended December 31, 2010 and 2009, respectively.

The following is a schedule of the estimated future minimum lease payments on operating leases in each of the five years subsequent to December 31, 2010, and thereafter:

<u>Year Ending December 31,</u>	<u>Amount</u>
2011	\$ 144,137
2012	147,674
2013	150,344
2014	143,485
2015	47,970
Thereafter	<u>73,626</u>
Total	<u>\$ 707,236</u>

Note 6 – Pension Plan

The Organization established a 403(b) Tax Sheltered Annuity Plan (the Plan) for the benefit of substantially all eligible employees. Employees are eligible if they are eighteen years old and have performed services for the employer for the past three months and may make contributions up to 15% of their compensation. For the year ended December 31, 2009 the Organization contributed \$10,211 to the Plan. There were no matching contributions to the Plan during 2010.

Note 7 – Concentrations

The Organization maintains its cash and cash equivalents with two financial institutions. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) and the Organization has not experienced any losses in such accounts.

The Organization receives a substantial amount of its revenue and support from federal program funding which is passed through various state and local governmental entities. A significant reduction in the level of this support, if this were to occur, would have a significant effect on the Organization's services and activities. Other grants represent amounts received from the local grant funding agencies.

Note 8 – Commitments

During 2010, the Organization received conditional grant awards from a private organization totaling \$125,000. Prior to December 31, 2010, the Organization received \$75,000 under such grant awards which is included in deferred revenue in the accompanying statement of financial position as of December 31, 2010.

FOUNDCARE, INC.
(FORMERLY, COMPREHENSIVE COMMUNITY CARE NETWORK, INC.) AND
COMPREHENSIVE AIDS PROGRAM OF PALM BEACH COUNTY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED

Note 9 – Temporarily Restricted Net Assets

Temporarily restricted net assets as of December 31, 2010 are available for debt service and capital improvements.

Note 10 – Net Assets Released from Restrictions

Net assets are released from donor restrictions by incurring expenses, satisfying the restricted purposes or, by the occurrence of events as specified by the donors. Net assets were released from donor restrictions by incurring expenditures satisfying the purpose or time restrictions specified by donors during the years ended December 31, 2010 and 2009, as follows:

	<u>2010</u>	<u>2009</u>
Building and Capital campaign	<u>\$ 83,251</u>	<u>\$ 225,837</u>

Note 11 – Subsequent Events

The Organization evaluated events occurring subsequent to December 31, 2010 through May 16, 2011 for matters that should be recorded in the 2010 consolidated financial statements or disclosed in the footnotes thereto, other than as set forth herein.

SUPPLEMENTARY INFORMATION

FOUNDCARE, INC.
(FORMERLY, COMPREHENSIVE COMMUNITY CARE NETWORK, INC.) AND
COMPREHENSIVE AIDS PROGRAM OF PALM BEACH COUNTY, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2010

Federal grantor/program title	Federal CFDA Number	Grantor's Number	Total Program Expenditures
U.S. Department of Housing and Urban Development:			
Passed-through:			
City of West Palm Beach			
Housing Opportunity for People with AIDS	14.241	PO#21008998567	\$ 2,302,442
Total U.S. Department of Housing and Urban Development			<u>2,302,442</u>
U.S. Department of Health and Human Services:			
Passed through:			
Palm Beach County, Board of County Commissioners:			
Ryan White HIV/AIDS Treatment Modernization Act - Part A	93.914	R2009-0828	390,474
Ryan White HIV/AIDS Treatment Modernization Act - Part A	93.914	R2009-1151	2,353
Ryan White HIV/AIDS Treatment Modernization Act - Part A	93.914	R2009-0829	186,826
Ryan White HIV/AIDS Treatment Modernization Act - Part A	93.914	R2009-1153	92,764
Ryan White HIV/AIDS Treatment Modernization Act - Part A-MAI	93.914	R2009-1632	466,203
Ryan White HIV/AIDS Treatment Modernization Act - Part A	93.914	R2010-0949	1,399,892
Ryan White HIV/AIDS Treatment Modernization Act - Part A	93.914	R2010-0986	146,668
Ryan White HIV/AIDS Treatment Modernization Act - Part A	93.914	R2010-0950	397,661
Ryan White HIV/AIDS Treatment Modernization Act - Part A	93.914	R2010-0987	117,147
Ryan White HIV/AIDS Treatment Modernization Act - Part A-MAI	93.914	R2010-0389	514,708
State of Florida Department of Health: Passed through			
Treasure Coast Health Council:			
Ryan White HIV/AIDS Treatment Modernization Act - Part B	93.917	CODP3-A	154,408
Ryan White HIV/AIDS Treatment Modernization Act - Part B	93.917	CODX7-A	302,578
State of Florida Department of Health: Passed through			
Health Council of South Florida:			
Ryan White HIV/AIDS Treatment Modernization Act - Part B			
AIDS Insurance Continuation Program	93.917	N/A	90,284
AIDS Insurance Continuation Program	93.917	N/A	129,190
State of Florida Department of Health:			
HIV Prevention Activities	93.940	COD08	221,000
Ryan White Care™ Act Part B / Minority AIDS Initiative/ARTAS	93.917	CODU6	130,497
Substance Abuse and Mental Health Services Administration:			
Outreach and Substance Abuse Capacity & Expansion Project	93.243	1H79T1019762-02	336,445
Outreach and Substance Abuse Capacity & Expansion Project	93.243	1H79T1019762-03	133,053
Substance Abuse and Mental Health Services Administration:			
Adolescent Prevention of Substance Abuse and HIV Program	93.243	1U79SP015016-01	143,915
Adolescent Prevention of Substance Abuse and HIV Program	93.243	1U79SP015016-02	29,492

FOUNDCARE, INC.
(FORMERLY, COMPREHENSIVE COMMUNITY CARE NETWORK, INC.) AND
COMPREHENSIVE AIDS PROGRAM OF PALM BEACH COUNTY, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, CONTINUED
For the Year Ended December 31, 2010

Federal grantor/program title	Federal CFDA Number	Grantor's Number	Total Program Expenditures
Center for Disease Control and Prevention:			
Direct:			
Community Based HIV Prevention Project	93.939	1U65PS002631-01	112,266
Community Based HIV Prevention Project	93.939	3U65PS423872-05W1	<u>209,792</u>
Total U.S. Department of Health and Human Services			<u>5,707,616</u>
Children's Health Insurance Program - CMS			
Sub-agreement with the University of South Florida	93.767	6414-1063-00G	<u>12,603</u>
Florida Healthy Kids Corporation / KidCare Administration	93.767	N/A	<u>7,500</u>
Total expenditures of federal awards			<u>\$ 8,030,161</u>

See accompanying notes to schedule of expenditures of federal awards.

FOUNDCARE, INC.
(FORMERLY, COMPREHENSIVE COMMUNITY CARE NETWORK, INC.) AND
COMPREHENSIVE AIDS PROGRAM OF PALM BEACH COUNTY, INC.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1 – Basis of presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Organization and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

Note 2 – Subrecipients

None of the federal expenditures presented in the accompanying schedule of expenditures of federal awards was provided to subrecipients.



Report of Independent Auditors on Consolidating Information

To the Boards of Directors
Foundcare, Inc.
Comprehensive AIDS Program of Palm Beach County, Inc.

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements of Foundcare, Inc. (formerly, Comprehensive Community Care Network, Inc.) and Comprehensive AIDS Program of Palm Beach County, Inc. taken as a whole. The accompanying consolidating information is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position and changes in net assets of the individual organizations. The consolidating information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and, in our opinion, is fairly stated in all material respects, in relation to the consolidated financial statements taken as a whole.

Templeton & Company, LLP

West Palm Beach, Florida
May 16, 2011

CONSOLIDATING INFORMATION

FOUNDCARE, INC.
(FORMERLY, COMPREHENSIVE COMMUNITY CARE NETWORK, INC.) AND
COMPREHENSIVE AIDS PROGRAM OF PALM BEACH COUNTY, INC.
CONSOLIDATING STATEMENT OF FINANCIAL POSITION INFORMATION
December 31, 2010

	<u>CAP</u>	<u>Foundcare</u>	<u>Eliminations</u>	<u>Total</u>
ASSETS				
Current assets:				
Cash	\$ 33,831	\$ 773,840	\$ -	\$ 807,671
Grants receivable, net of allowance	702,771	684,902	-	1,387,673
Other receivables	8,630	-	-	8,630
Prepaid expenses and other current assets	<u>43,921</u>	<u>65,554</u>	-	<u>109,475</u>
Total current assets	789,153	1,524,296	-	2,313,449
Cash restricted for debt service		799,782	-	799,782
Property and equipment, net	51,751	7,152,771	-	7,204,522
Due from related party	1,236,826	-	(1,236,826)	-
Other assets	16,325	7,800	-	24,125
Deferred loan costs, net	<u>-</u>	<u>232,273</u>	-	<u>232,273</u>
Total assets	<u>\$ 2,094,055</u>	<u>\$ 9,716,922</u>	<u>\$ (1,236,826)</u>	<u>\$ 10,574,151</u>
LIABILITIES AND NET ASSETS				
Current liabilities:				
Current portion of long-term debt	\$ -	\$ 380,000	\$ -	\$ 380,000
Accounts payable	25,985	-	-	25,985
Accrued expenses	154,774	3,071	-	157,845
Due to related party	-	1,236,826	(1,236,826)	-
Deferred revenue	<u>-</u>	<u>75,000</u>	-	<u>75,000</u>
Total current liabilities	180,759	1,694,897	(1,236,826)	638,830
Long-term debt	<u>-</u>	<u>6,955,000</u>	-	<u>6,955,000</u>
Total liabilities	180,759	8,649,897	(1,236,826)	7,593,830
Net assets	<u>1,913,296</u>	<u>1,067,025</u>	-	<u>2,980,321</u>
Total liabilities and net assets	<u>\$ 2,094,055</u>	<u>\$ 9,716,922</u>	<u>\$ (1,236,826)</u>	<u>\$ 10,574,151</u>

FOUNDCARE, INC.
(FORMERLY, COMPREHENSIVE COMMUNITY CARE NETWORK, INC.) AND
COMPREHENSIVE AIDS PROGRAM OF PALM BEACH COUNTY, INC.
CONSOLIDATING STATEMENT OF FINANCIAL POSITION INFORMATION
December 31, 2009

	<u>CAP</u>	<u>Foundcare</u>	<u>Foundation</u>	<u>Eliminations</u>	<u>Total</u>
ASSETS					
Current assets:					
Cash	\$ 89,489	\$ 454,144	\$ 295,368	\$ -	\$ 839,001
Grants receivable, net of allowance	487,224	631,692	-	-	1,118,916
Other receivables	7,095	-	-	-	7,095
Prepaid expenses and other current assets	<u>28,449</u>	<u>62,652</u>	<u>1,369</u>	-	<u>92,470</u>
Total current assets	612,257	1,148,488	296,737	-	2,057,482
Cash restricted for debt service	-	362,772	-	-	362,772
Property and equipment, net	89,571	7,296,001	-	-	7,385,572
Due from related party	1,015,641	733	430,710	(1,447,084)	-
Other assets	16,325	7,800	-	-	24,125
Deferred loan costs, net	-	<u>251,023</u>	-	-	<u>251,023</u>
Total assets	<u>\$ 1,733,794</u>	<u>\$ 9,066,817</u>	<u>\$ 727,447</u>	<u>\$ (1,447,084)</u>	<u>\$ 10,080,974</u>
LIABILITIES AND NET ASSETS					
Current liabilities:					
Line of credit	\$ 200,000	\$ -	\$ -	\$ -	\$ 200,000
Accounts payable	23,325	-	-	-	23,325
Accrued expenses	176,093	7,833	-	-	183,926
Due to related party	-	1,447,084	-	(1,447,084)	-
Deferred revenue	-	-	<u>1,500</u>	-	<u>1,500</u>
Total current liabilities	399,418	1,454,917	1,500	(1,447,084)	408,751
Long-term debt	-	<u>7,335,000</u>	-	-	<u>7,335,000</u>
Total liabilities	399,418	8,789,917	1,500	(1,447,084)	7,743,751
Net assets	<u>1,334,376</u>	<u>276,900</u>	<u>725,947</u>	-	<u>2,337,223</u>
Total liabilities and net assets	<u>\$ 1,733,794</u>	<u>\$ 9,066,817</u>	<u>\$ 727,447</u>	<u>\$ (1,447,084)</u>	<u>\$ 10,080,974</u>

FOUNDCARE, INC.
(FORMERLY, COMPREHENSIVE COMMUNITY CARE NETWORK, INC.) AND
COMPREHENSIVE AIDS PROGRAM OF PALM BEACH COUNTY, INC.

CONSOLIDATING STATEMENT OF ACTIVITIES INFORMATION
For the Year Ended December 31, 2010

	CAP	Foundcare	Eliminations	Total
Support and revenue:				
Contributions	\$ 81,753	\$ 126,534	\$ -	\$ 208,287
Special events and other revenues, net	23,861	3,967	-	27,828
Federal, state and private grants	5,368,160	3,913,059	-	9,281,219
Health center program revenue	-	181,774	-	181,774
Medicaid waivers	59,800	-	-	59,800
Net investment return	616	1,299	-	1,915
Other income	44,406	469,201	(469,200)	44,407
Program income	522	5,040	-	5,562
	<u>5,579,118</u>	<u>4,700,874</u>	<u>(469,200)</u>	<u>9,810,792</u>
Total support and revenue				
Expenses:				
Program services:				
Education and community awareness	1,284,039	-	-	1,284,039
Client services	2,743,576	2,648,714	-	5,392,290
Community health center	-	1,107,431	(229,200)	878,231
	<u>4,027,615</u>	<u>3,756,145</u>	<u>(229,200)</u>	<u>7,554,560</u>
Total program services				
Supporting services:				
Administration	922,527	840,631	(240,000)	1,523,158
Fund raising/development	50,057	39,919	-	89,976
	<u>5,000,199</u>	<u>4,636,695</u>	<u>(469,200)</u>	<u>9,167,694</u>
Total expenses				
Increase in net assets	578,919	64,179	-	643,098
Net assets - beginning of year	1,334,377	1,002,846	-	2,337,223
Net assets - end of year	<u>\$ 1,913,296</u>	<u>\$ 1,067,025</u>	<u>\$ -</u>	<u>\$ 2,980,321</u>

FOUNDCARE, INC.
(FORMERLY, COMPREHENSIVE COMMUNITY CARE NETWORK, INC.) AND
COMPREHENSIVE AIDS PROGRAM OF PALM BEACH COUNTY, INC.

CONSOLIDATING STATEMENT OF ACTIVITIES INFORMATION
For the Year Ended December 31, 2009

	CAP	Foundcare	Foundation	Eliminations	Total
Support and revenue:					
Contributions	\$ 149,777	\$ 2,300	\$ 98,304	\$ -	\$ 250,381
Special events and other revenues, net	2,885	590	137,888	-	141,363
Federal, state and private grants	5,263,956	3,105,239	-	-	8,369,195
Medicaid waivers	58,200	-	-	-	58,200
Net investment return	1,074	1,895	869	-	3,838
Other income	-	255,125	-	(255,125)	-
Program income	450	31,861	-	-	32,311
Total support and revenue	<u>5,476,342</u>	<u>3,397,010</u>	<u>237,061</u>	<u>(255,125)</u>	<u>8,855,288</u>
Expenses:					
Program services:					
Education and community awareness	1,267,760	-	-	-	1,267,760
Client services	2,919,942	2,687,228	-	(15,605)	5,591,565
Community health center	-	593,163	-	-	593,163
Total program services	4,187,702	3,280,391	-	(15,605)	7,452,488
Supporting services:					
Administration	1,298,156	544,387	-	(221,520)	1,621,023
Fund raising/development	15,575	-	170,062	(18,000)	167,637
Total expenses	<u>5,501,433</u>	<u>3,824,778</u>	<u>170,062</u>	<u>(255,125)</u>	<u>9,241,148</u>
Increase (decrease) in net assets	(25,091)	(427,768)	66,999	-	(385,860)
Net assets - beginning of year	<u>1,359,467</u>	<u>704,668</u>	<u>658,948</u>	<u>-</u>	<u>2,723,083</u>
Net assets - end of year	<u>\$ 1,334,376</u>	<u>\$ 276,900</u>	<u>\$ 725,947</u>	<u>\$ -</u>	<u>\$ 2,337,223</u>



**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 Boards of Directors
Foundcare, Inc.
Comprehensive AIDS Program of Palm Beach County, Inc.

We have audited the consolidated financial statements of Foundcare, Inc. (formerly, Comprehensive Community Care Network, Inc.) and Comprehensive AIDS Program of Palm Beach County, Inc. (collectively, the Organization) as of and for the year ended December 31, 2010, and have issued our report thereon dated May 16, 2011. 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 Organization's internal control over financial reporting 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 the Organization's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free of material misstatement, we performed tests of its compliance with certain provision 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 Boards of Directors, management of the Organization, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Templeton & Company, LLP

West Palm Beach, Florida
May 16, 2011

**FOUNDCARE, INC.
(FORMERLY, COMPREHENSIVE COMMUNITY CARE NETWORK, INC.) AND
COMPREHENSIVE AIDS PROGRAM OF PALM BEACH COUNTY, INC.**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2010**

Part I – Summary of Auditor's Results:

Financial statement section:
Type of auditor's report issued Unqualified

Internal control over financial reporting:
Material weakness(es) identified? No
Reportable condition(s) identified not considered to be material weaknesses? No
Noncompliance material to financial statements noted? No

Federal awards section:
Dollar threshold used to distinguish Type A and Type B Program \$300,000
Auditee qualified as low-risk auditee? Yes
Type of auditor's report on compliance for major programs Unqualified

Internal control over compliance for major programs:
Material weaknesses identified? No
Reportable condition(s) identified not considered to be material weaknesses? No
Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133 [Section 510(a)]? No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
14.241	Housing Opportunity for People with AIDS
93.914	Ryan White HIV/AIDS Treatment Modernization Act – Part A
93.917	Ryan White HIV/AIDS Treatment Modernization Act – Part B
93.243	Substance Abuse and Mental Health Services Administration
93.939	Community Based HIV Prevention Project

Part II – Financial Statement Findings and Questioned Costs

This section identifies reportable conditions, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with paragraphs 5.18 through 5.20 of *Government Auditing Standards*.

We noted no material weaknesses, or instances of noncompliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*.

FOUNDCARE, INC.
(FORMERLY, COMPREHENSIVE COMMUNITY CARE NETWORK, INC.) AND
COMPREHENSIVE AIDS PROGRAM OF PALM BEACH COUNTY, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
For the Year Ended December 31, 2010

Part III – Federal Award Findings and Questioned Costs

This section identifies reportable conditions, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major federal programs, as required to be reported by Circular A-133 Section 510(a) as well as the status of prior year findings and questioned costs.

Current Year's Findings and Questioned Costs

No reportable conditions, material weaknesses, or instances of noncompliance, including questioned costs, related to the audit of major federal programs, as required to be reported by Circular A-133 Section 510(a), were reported for the year ended December 31, 2010.

Prior Year Findings and Questioned Costs

No reportable conditions, material weaknesses, or instances of noncompliance, including questioned costs, related to the audit of major federal programs, as required to be reported by Circular A-133 Section 510(a), were reported for the year ended December 31, 2009.