

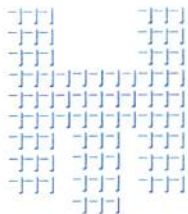
**THE CENTER FOR FAMILY SERVICES OF
PALM BEACH COUNTY, INC.**

**REPORT ON AUDIT OF
CONSOLIDATED FINANCIAL STATEMENTS**

**For The Year Ended June 30, 2011
(with comparable totals for 2010)**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
The Center for Family Services
of Palm Beach County, Inc.
West Palm Beach, Florida

We have audited the accompanying consolidated statement of financial position of The Center for Family Services of Palm Beach County, Inc. (a nonprofit organization) as of June 30, 2011, and the related consolidated statements of activities, cash flows and functional expenses for the year then ended. These consolidated financial statements are the responsibility of The Center for Family Services of Palm Beach County, Inc.'s management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. The prior year summarized comparative information has been derived from The Center for Family Services of Palm Beach County, Inc.'s 2010 consolidated financial statements, and in our report dated December 10, 2010, we expressed an unqualified opinion on those consolidated financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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 Center for Family Services of Palm Beach County, Inc.'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 financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of The Center for Family Services of Palm Beach County, Inc. as of June 30, 2011, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2011, on our consideration of The Center for Family Services of Palm Beach County, Inc.'s internal controls over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements.

Our audit was performed for the purpose of forming an opinion on the basic consolidated financial statements of The Center for Family Services of Palm Beach County, Inc. as a whole. The schedules of financial assistance, program expenses, and consolidating statements of financial position and activities on pages 19-23, are presented for purposes of additional analysis, and are not a required part of the basic consolidated financial statements. The schedules and consolidating statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Holyfield + Thomas, LLC

West Palm Beach, Florida
December 19, 2011

THE CENTER FOR FAMILY SERVICES
OF PALM BEACH COUNTY, INC.

CONSOLIDATED STATEMENT
OF FINANCIAL POSITION

As of June 30, 2011

(with comparable totals for 2010)

ASSETS	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>2011 Totals</u>	<u>2010 Totals</u>
Cash and cash equivalents	\$ 66,182	\$ -	\$ 66,182	\$ 108,995
Accounts receivable, net	361,081	-	361,081	308,516
United Way allocation receivable	-	189,613	189,613	305,175
Other current assets	<u>35,067</u>	<u>-</u>	<u>35,067</u>	<u>35,738</u>
Total current assets	462,330	189,613	651,943	758,424
Deposits	28,735	-	28,735	31,403
Intangible assets, net	13,322	-	13,322	11,054
Property and equipment, net	<u>3,249,528</u>	<u>-</u>	<u>3,249,528</u>	<u>3,354,490</u>
Total assets	<u>\$ 3,753,915</u>	<u>\$ 189,613</u>	<u>\$ 3,943,528</u>	<u>\$ 4,155,371</u>
LIABILITIES AND NET ASSETS				
Accounts payable	\$ 195,212	\$ -	\$ 195,212	\$ 155,058
Accrued expenses and other liabilities	238,707	-	238,707	305,106
Current portion of notes payable	363,648	-	363,648	378,668
Current portion of obligation under capital lease	<u>12,548</u>	<u>-</u>	<u>12,548</u>	<u>29,166</u>
Total current liabilities	810,115	-	810,115	867,998
Obligation under capital lease	18,680	-	18,680	3,209
Notes payable	<u>1,617,524</u>	<u>-</u>	<u>1,617,524</u>	<u>1,568,493</u>
Total liabilities	<u>2,446,319</u>	<u>-</u>	<u>2,446,319</u>	<u>2,439,700</u>
Net assets:				
Unrestricted	1,307,596	-	1,307,596	1,410,496
Temporarily restricted	<u>-</u>	<u>189,613</u>	<u>189,613</u>	<u>305,175</u>
Total net assets	<u>1,307,596</u>	<u>189,613</u>	<u>1,497,209</u>	<u>1,715,671</u>
Total liabilities and net assets	<u>\$ 3,753,915</u>	<u>\$ 189,613</u>	<u>\$ 3,943,528</u>	<u>\$ 4,155,371</u>

See accompanying notes to financial statements.

**THE CENTER FOR FAMILY SERVICES
OF PALM BEACH COUNTY, INC.**

**CONSOLIDATED STATEMENT
OF ACTIVITIES**

For the Year Ended June 30, 2011

(with comparable totals for 2010)

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>2011 Totals</u>	<u>2010 Totals</u>
Support and Revenues:				
Contributions and bequests	\$ 285,204	\$ -	\$ 285,204	\$ 226,626
United Way allocation	28,004	189,613	217,617	330,975
Governmental grants	3,146,324	-	3,146,324	3,017,346
Service fees	243,293	-	243,293	273,091
Fundraising	495,791	-	495,791	407,799
Miscellaneous and interest income	43,367	-	43,367	10,669
Total support and revenues	<u>4,241,983</u>	<u>189,613</u>	<u>4,431,596</u>	<u>4,266,506</u>
Net assets released from restriction	<u>305,175</u>	<u>(305,175)</u>	<u>-</u>	<u>-</u>
Expenses:				
Program	3,904,173	-	3,904,173	3,753,403
Management and general	374,273	-	374,273	317,398
Fundraising	371,612	-	371,612	295,902
Total expenses	<u>4,650,058</u>	<u>-</u>	<u>4,650,058</u>	<u>4,366,703</u>
Change in net assets	<u>(102,900)</u>	<u>(115,562)</u>	<u>(218,462)</u>	<u>(100,197)</u>
Net assets, beginning of year	<u>1,410,496</u>	<u>305,175</u>	<u>1,715,671</u>	<u>1,815,868</u>
Net assets, end of year	<u>\$ 1,307,596</u>	<u>\$ 189,613</u>	<u>\$ 1,497,209</u>	<u>\$ 1,715,671</u>

See accompanying notes to financial statements.

**THE CENTER FOR FAMILY SERVICES
OF PALM BEACH COUNTY, INC.**

**CONSOLIDATED STATEMENT
OF CASH FLOWS**

For the Year Ended June 30, 2011

(with comparable totals for 2010)

	<u>2011 Totals</u>	<u>2010 Totals</u>
Cash flows from operating activities:		
Cash received from contributors and grantors	\$ 3,764,707	\$ 3,547,119
Cash received from clients	190,728	309,951
Cash received from fundraising events	495,791	407,799
Interest income and other cash received	43,367	10,669
Cash paid to employees	(3,043,678)	(2,865,983)
Cash paid for goods and services	(1,378,314)	(1,224,016)
Interest expense paid	<u>(73,048)</u>	<u>(79,036)</u>
Net cash provided by (used in) operating activities	<u>(447)</u>	<u>106,503</u>
Cash flows from investing activities:		
Purchase of property and equipment	(33,890)	(22,497)
Payment of closing cost	<u>(13,322)</u>	<u>-</u>
Net cash used in investing activities	<u>(47,212)</u>	<u>(22,497)</u>
Cash flows from financing activities:		
Advances on notes payable	150,000	150,220
Advances from related parties	50,000	-
Repayment to related parties	(50,000)	-
Repayment of notes payable	(115,989)	(228,764)
Payments of obligation under capital lease	<u>(29,165)</u>	<u>(40,997)</u>
Net cash provided by (used in) financing activities	<u>4,846</u>	<u>(119,541)</u>
Change in cash and cash equivalents	(42,813)	(35,535)
Cash and cash equivalents, beginning of year	<u>108,995</u>	<u>144,530</u>
Cash and cash equivalents, end of year	<u><u>\$ 66,182</u></u>	<u><u>\$ 108,995</u></u>

See accompanying notes to financial statements.

**THE CENTER FOR FAMILY SERVICES
OF PALM BEACH COUNTY, INC.**

**CONSOLIDATED STATEMENT
OF CASH FLOWS**

For the Year Ended June 30, 2011

(with comparable totals for 2010)

	<u>2011 Totals</u>	<u>2010 Totals</u>
Reconciliation of change in net assets to net cash provided by (used in) operating activities:		
Change in net assets	\$ (218,462)	\$ (100,197)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	177,924	168,000
Decrease (increase) in:		
Accounts receivable	(52,565)	36,860
United Way allocation receivable	115,562	(27,828)
Other current assets	671	3,870
Deposits	2,668	6,961
Increase (decrease) in:		
Accounts payable	40,154	(3,830)
Accrued expenses and other liabilities	<u>(66,399)</u>	<u>22,667</u>
Net cash provided by (used in) operating activities	<u>\$ (447)</u>	<u>\$ 106,503</u>

See accompanying notes to financial statements.

**THE CENTER FOR FAMILY SERVICES
OF PALM BEACH COUNTY, INC.**

**CONSOLIDATED STATEMENT
OF FUNCTIONAL EXPENSES**

For the Year Ended June 30, 2011

(with comparable totals for 2010)

	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>2011 Totals</u>	<u>2010 Totals</u>
Personnel and related costs	\$ 2,752,816	\$ 159,478	\$ 131,384	\$ 3,043,678	\$ 2,865,983
Occupancy	284,091	17,513	8,714	310,318	304,427
Professional fees	38,711	8,375	14,054	61,140	40,080
Telephone	59,476	4,046	2,515	66,037	77,350
Printing and postage	4,599	5,401	13,903	23,903	19,393
Insurance	71,582	10,803	-	82,385	81,889
Conferences, travel and meetings	122,067	4,565	1,175	127,807	137,274
Advertising and promotion	60	1,750	8,454	10,264	1,848
Sponsored events	-	-	174,179	174,179	111,325
Utilities	77,399	2,492	1,161	81,052	88,451
Interest and bank charges	3,659	87,577	1,302	92,538	99,787
Repairs and maintenance	88,471	4,961	656	94,088	81,749
Supplies, books and subscriptions	67,729	125	38	67,892	92,110
Training and recruiting	28,022	346	179	28,547	24,531
Outside services	43,781	635	13,056	57,472	32,236
Office expense and miscellaneous	57,817	16,609	7,544	81,970	64,719
Licenses, dues and fees	6,182	4,013	2,012	12,207	8,776
Depreciation	114,827	52,043	-	166,870	167,072
Amortization	-	11,054	-	11,054	928
Specific assistance to individuals	221,304	-	-	221,304	231,422
Consolidation adjustments	(138,420)	(17,513)	(8,714)	(164,647)	(164,647)
Total expenses	\$ 3,904,173	\$ 374,273	\$ 371,612	\$ 4,650,058	\$ 4,366,703

See accompanying notes to financial statements.

For the Year Ended June 30, 2011

1. Significant Accounting Policies

Presentation

The accompanying financial statements reflect the consolidated financial statements of The Center for Family Services of Palm Beach County, Inc. (the "Center") and Foundation for the Center for Family Services, Inc. (the "Foundation") (collectively the "Organization"). All significant inter-organization accounts and transactions have been eliminated.

Organization and Nature of Activities

The Center was organized as a not-for-profit corporation under the laws of the State of Florida in 1962. The Center was formed to provide health and educational services to individuals and families in Palm Beach County, Florida. In carrying out this basic purpose, the Center has operations established at several locations throughout Palm Beach County. The Foundation is a supporting non-profit organization whose main goal is to support the Center in promoting the emotional well-being of families and children regardless of their ability to pay. Some of the programs offered by the Center include:

The Center provides professional, outpatient *Counseling* on a variety of issues including marital problems, depression, stress, and anxiety.

The *Employee Assistance Program (EAP)* program provides solution-focused therapy to employees and managers of local companies toward an increase in workforce productivity.

The *Family Empowerment Coalition (FEC)* program focuses on improving a couple's ability to have successful relationships with each other, their children and their families.

Home Instruction for Parents of Preschool Youngsters (HIPPI) is an instructional home-based program designed to help parents learn how to teach their 3-5 year old children at home.

Pat Reeves Village (Program Reach/PRO) provides a short term, family-stabilizing housing arrangement for homeless families with children in West Palm Beach.

Parenting Smart Babies (PSB) pairs families with a trained Home Visitor who shows them a myriad of fun and fascinating ways to stimulate the child's cognitive abilities.

The *Recovery* program provides counseling and education to Palm Beach County residents wanting to break the life threatening cycle of substance abuse and dependency.

SAFE Kids provides treatment to child victims of sexual abuse, physical abuse and neglect and domestic violence.

Partners for Change (aka Substance Abuse and Mental Health - SMH) is a pilot program for the treatment of adults with dual diagnoses. It is a collaboration of 2 agencies (the Center and Housing Partnership, Inc.) funded by the Department of Children and Families.

For the Year Ended June 30, 2011

1. Significant Accounting Policies, continued

Method of Accounting

The consolidated financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Revenues are recognized when they are earned, and expenses are recognized when they are incurred.

Estimates

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

Consolidated Financial Statement Presentation

In accordance with FASB Accounting Standards Codification (FASB ASC) 958-605, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Under the standard, contributions that are initially restricted as to time or use are required to be reported as temporarily restricted support and are later reclassified to unrestricted net assets upon expiration of the time or use restriction. If the restriction placed upon a contribution is met within the same accounting period as the receipt of the contribution, the standard permits both the contribution and the expense to be reported as unrestricted.

Under FASB ASC 958-205, the Organization reports information regarding its financial position and activities according to three classes of net assets, described as follows:

Unrestricted Net Assets: this classification includes those net assets whose use is not restricted by donors, even though their use may be limited in other respects, such as by contract or by Board designation. Changes in net assets arising from exchange transaction (except income and gains on assets that are restricted by donors or by law) are included in the unrestricted by class.

Temporarily Restricted Net Assets: this classification includes those net assets whose use by the Organization has been limited by donors to either a later period of time, or after specified dates, or for a specified purpose.

Permanently Restricted Net Assets: this classification includes those net assets that must be maintained by the Organization in perpetuity. Permanently restricted net assets increase when the Organization receives contributions for which donor-imposed restrictions limiting its use of an asset or its economic benefits neither expire with the passage of time nor can be removed by the Organization meeting certain requirements. As of June 30, 2011, the Organization has no permanently restricted net assets.

Cash and Cash Equivalents

The Organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

For the Year Ended June 30, 2011

1. Significant Accounting Policies, continued

Property and Equipment

Expenditures for property and equipment are stated at cost. Expenditures for major additions and improvements are capitalized and minor replacements, maintenance, and repairs are charged to expense as incurred. Donated assets are recorded at their estimated fair market values, when available, at the date of donation. Depreciation is provided using the straight-line method over the estimated useful lives of the respective assets. Depreciation expense includes amortization of assets held under capital lease.

Fair Value of Financial Instruments

The Organization follows FASB ASC 820-10, which provides a common definition of fair value, establishes a framework to measure fair value within accounting principles generally accepted in the United States of America, and expands the disclosures about fair value measurements. The standard does not create any new fair value measurements. Instead, it applies under existing accounting pronouncements that require or permit fair value measurements.

For assets and liabilities measured at fair value on a recurring basis, entities should disclose information that allows financial statement users to assess (1) the inputs used to develop such measurements, such as Level 1 (i.e., quoted price in an active market for an identical asset or liability), Level 2 (i.e., quoted price for similar assets or liabilities in active markets), or Level 3 (i.e., unobservable inputs); and (2) the effect on changes in net assets of recurring measurements that use significant unobservable (Level 3) inputs. The Organization does not have financial instruments measured at fair value in the accompanying financial statements.

Functional Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Advertising Costs

The Organization expenses all advertising costs as incurred. Advertising expense for the year ended June 30, 2011, amounted to approximately \$10,260.

Tax Exemption

The Center is a not-for-profit Organization and is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The Foundation is a supporting Organization and is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been included in the Organization's consolidated financial statements.

For the Year Ended June 30, 2011

1. Significant Accounting Policies, continued

Tax Exemption, continued

The Organization adopted FASB ASC 740-10, *Accounting for Uncertainty in Income Taxes*. This pronouncement seeks to reduce the diversity in practice associated with certain aspects of measurement and recognition in accounting for income taxes. It prescribes a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position that an entity takes or expects to take in a tax return. An entity may only recognize or continue to recognize tax positions that meet a "more likely than not" threshold. The Organization assesses its income tax positions based on management's evaluation of the facts, circumstances and information available at the reporting date. The Organization uses the prescribed more likely than not threshold when making its assessment. At adoption, the Organization did not record any cumulative effect adjustment, and the Organization did not accrue any interest expense or penalties related to tax positions. There are currently no open Federal or State tax years under audit.

Prior Year Comparable Information

The consolidated financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2010, from which the summarized information was derived.

2. Service Fees and Accounts Receivable

Due to the inherent risk associated with service fees from individual patients/clients, the associated income is recorded when received in cash. The recorded balance of accounts receivable consist of shared costs, which are to be reimbursed, contract billings to corporate clients for services under the Employee Assistance Program (EAP), and third-party (insurance) service fees. The Organization evaluates the credit history, delinquency status, and probability of collection in determining the amount of any allowance for uncollectible accounts.

A summary of the major accounts receivable and the associated allowance as of June 30, 2011 is as follows:

Palm Beach County	\$ 37,803
Children's Services Council	153,589
Department of Children and Families	50,373
State of Florida	36,856
University of Florida	35,509
FEMA	24,222
EAP, third party and other	<u>27,881</u>
	366,233
Less allowance	<u>(5,152)</u>
Total accounts receivable	<u>\$ 361,081</u>

For the Year Ended June 30, 2011

3. United Way Allocation Receivable

As of June 30, 2011, the Organization recognized the following United Way program allocation receivables, which are included with the Organization's temporarily restricted net assets:

Counseling	\$ 59,586
Program Reach	50,919
SAFE Kids	68,108
Recovery	<u>11,000</u>
Temporarily restricted	<u>\$ 189,613</u>

Although donor designations to the United Way may vary, differences between the amounts allocated and collected from the United Way have historically been insignificant. Accordingly, no provision is made for uncollectible amounts. All amounts are expected to be collected in less than one year.

4. Property and Equipment

Property and equipment as of June 30, 2011, consisted of the following:

	<u>Center/ Pat Reeves Village</u>	<u>Foundation/ Office</u>	<u>Total</u>
Land	\$ 48,077	\$ 200,020	\$ 248,097
Buildings	1,564,919	1,889,834	3,454,753
Furniture and equipment	554,701	25,102	579,803
Furniture and equipment under capital lease	<u>39,570</u>	<u>-</u>	<u>39,570</u>
	2,207,267	2,114,956	4,322,223
Accumulated depreciation	<u>(795,926)</u>	<u>(276,769)</u>	<u>(1,072,695)</u>
Total property and equipment	<u>\$ 1,411,341</u>	<u>\$ 1,838,187</u>	<u>\$ 3,249,528</u>

Property and equipment costs relate to the office facility (held by the Foundation) and the Pat Reeves Village, a facility used to provide short-term, family-stabilizing housing for homeless families under the Reach program.

5. Leases

Operating Leases

The Organization leases its operating facilities located throughout Palm Beach County, including West Palm Beach, Lake Worth, Wellington, and Belle Glade under various non-cancellable leases. The leases are classified as operating leases and are subject to customary escalation clauses. The leases generally require monthly payments over the respective lease terms and expire on various dates through October 31, 2015.

For the Year Ended June 30, 2011

5. Leases, continued

Operating Leases, continued

The approximate future minimum lease payments under all operating leases are as follows:

<u>Year ended June 30,</u>	
2012	\$ 93,028
2013	86,162
2014	89,610
2015	<u>125,426</u>
Total	<u>\$ 394,226</u>

Operating lease expense amounted to approximately \$198,000 for the year ended June 30, 2011, and is contained within occupancy and repairs and maintenance categories in the Statement of Functional Expenses.

Capital Leases

The Organization leases items of office furniture and equipment that are accounted for as capital leases. The economic substance of these leases is that the Organization is financing the acquisition of the assets through leases over their estimated economic life, and accordingly, they are reflected in the Organization's assets and liabilities. For the year ended June 30, 2011, lease payments under these arrangements amounted to approximately \$29,875.

The approximate future minimum lease payments under all capital leases are as follows:

<u>Year ended June 30,</u>	
2012	\$ 13,139
2013	9,340
2014	<u>9,340</u>
	31,819
Less amount representing interest	<u>591</u>
Present value of minimum lease payments	31,228
Less current portion	<u>12,548</u>
Long-term portion	<u>\$ 18,680</u>

For the Year Ended June 30, 2011

6. Notes Payable

Notes payable as of June 30, 2011, consisted of the following:

Mortgage note bearing fixed interest rate of 5.50%, payable in monthly installments of principal and interest in the amount of \$10,265 based on a twenty-one year amortization schedule with final payment due at the maturity date of July 1, 2018. The mortgage is secured by office building.	\$ 1,521,467
Revolving Line of Credit agreement in the amount of \$250,000 secured by all of its non-real property business assets. The note has a variable interest rate based on the Wall Street Journal's published prime rate plus 1.5% (4.75% as of June 30, 2011). Interest on the note is payable monthly. The note is due on demand. There was \$343 available to borrow as of June 30, 2011.	249,657
Note payable to a financial institution in monthly installments of \$2,198, including interest at 6.0%, secured by all of its non-real property business assets. The note matures on June 24, 2018.	150,000
Note payable to a financial institution in monthly installments of \$6,146, including interest at 6.5%, secured by all of its non-real property business assets. The note matures on February 15, 2012.	47,950
Note due to insurance premium finance company in monthly payments of principal and interest. Unsecured with an effective interest rate of 8.89%. The note matures on January 1, 2012.	<u>12,098</u>
Total notes payable	1,981,172
Less current portion	<u>363,648</u>
Total long-term debt	<u>\$ 1,617,524</u>

Approximate maturities of the notes payable during the next five years are as follows:

<u>Year ended</u> <u>June 30,</u>	
2012	\$ 363,648
2013	61,505
2014	65,075
2015	68,851
2016	72,848
Thereafter	<u>1,349,245</u>
	<u>\$ 1,981,172</u>

For the Year Ended June 30, 2011

7. Temporarily Restricted Net Assets

Temporarily restricted net assets available for periods after June 30, 2011 are restricted for the following purposes:

Counseling	\$ 59,586
Program Reach	50,919
SAFE Kids	68,108
Recovery	<u>11,000</u>
Temporarily restricted	<u>\$ 189,613</u>

The Organization recognizes unconditional allocations receivable in the period they are received, instead of when they are collected or when the associated expenses are incurred. Accordingly, the prior year allocation is released from restriction in the current year, as the time restriction expires, and the new allocation is recognized as restricted. As the amount of these allocations increase or decrease from year to year, these changes will result in positive or negative changes in net assets. These changes in temporarily restricted net assets do not necessarily represent the result of the programs for which the allocations were received.

Net assets were released from restriction by incurring expenses satisfying the purpose or time restrictions specified by donors as follows:

Counseling	\$ 74,370
Program Reach	80,931
Family Empowerment Coalition	28,243
SAFE Kids	112,031
Recovery	<u>9,600</u>
	<u>\$ 305,175</u>

8. Retirement Benefits

The Organization offers a 401(k) defined contribution retirement plan covering substantially all of its full-time, leased employees. Organization contributions to the plan are discretionary. The Organization has elected to match employee contributions 50% of up to 6% of each covered employee's contribution to the plan for the year ended June 30, 2011. The Organization's matching contribution and administrative expenses for the plan totaled approximately \$11,600 for the year ended June 30, 2011 and is contained within the personnel and related costs category in the statement of functional expenses.

For the Year Ended June 30, 2011

9. Business and Credit Concentrations

The Organization received various governmental grants throughout the year with various Federal, State and local agencies as illustrated in the accompanying supplementary Schedule of Financial Assistance. Children's Services Council and Palm Beach County provided approximately 64% and 17%, respectively, of the Organization's fiscal 2011 governmental grant support.

The Organization maintains its cash in bank deposit accounts, which, at times, may exceed federally insured limits. Accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. As of June 30, 2011, the Organization has no funds in excess of FDIC insured limits.

10. Commitments and Contingencies

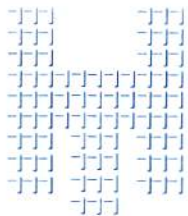
Financial awards from federal, state and local governmental entities, in the form of grants, are subject to special audit. Such audits could result in claims against the Organization for disallowed costs or noncompliance with grantor restrictions. Management is not aware of any material instances of noncompliance and does not believe that the Organization owes any funds with respect to disallowed costs or noncompliance with grantor restrictions. Accordingly, no provision has been made for any liabilities that may arise from such audits since the amounts, if any, cannot be determined at this time.

11. Related Party Transactions

During the current year the Organization received advances from two of its Board members in the amount of \$50,000. These advances represented non interest unsecured short term loans that were used to support working capital requirements during the year. The Center did not accrue any interest expense on these loans. Each loan was repaid in full within 25 days of origination, and there was no outstanding amount due as of June 30, 2011.

12. Subsequent Events

The Organization's management has evaluated subsequent events through December 19, 2010, the date on which the financial statements were available to be issued, and determined there were no events to disclose in these financial statements.



Holyfield & Thomas, LLC

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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 of
The Center for Family Services of
Palm Beach County, Inc.
West Palm Beach, Florida

We have audited the consolidated financial statements of The Center for Family Services of Palm Beach County, Inc. (the Organization) as of and for the year ended June 30, 2011, and have issued our report thereon dated December 19, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial statement 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 Center for Family Services of Palm Beach County, Inc.'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 entity's consolidated 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 Center for Family Services of Palm Beach County, Inc.'s consolidated financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of 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 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 audit committee, management, board of directors, state 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.

Holyfield & Thomas, LLC

West Palm Beach, Florida
December 19, 2011

**SUPPLEMENTARY
INFORMATION**

**THE CENTER FOR FAMILY SERVICES
OF PALM BEACH COUNTY, INC.**

SCHEDULE OF FINANCIAL ASSISTANCE

For the Year Ended June 30, 2011

	<u>Federal</u>	<u>State</u>	<u>County</u>	<u>Total</u>
<u>Supporting Agency and Program Title</u>				
Palm Beach County, Florida:				
Individual, Group and Family Counseling	\$ -	\$ -	\$ 76,814	\$ 76,814
Home Instruction Program for Pre-School Youngsters (HIPPY)	-	-	30,311	30,311
Program Reach - Homeless Shelter	-	-	127,483	127,483
Recovery Program	-	-	12,449	12,449
S.A.F.E. Kids Program	-	-	9,401	9,401
Pat Reeves Village (Traveler's Aid)	-	-	57,698	57,698
Palm Beach County Housing and Emergency Shelter (ESGP)	-	-	28,366	28,366
Law Enforcement Expenditures	-	-	180,800	180,800
Total Palm Beach County	-	-	523,322	523,322
Children's Service Council of Palm Beach County:				
Home Instruction Program for Pre-School Youngsters (HIPPY)	-	-	1,557,038	1,557,038
Parenting Smart Babies	-	-	464,891	464,891
Total Children's Service Council	-	-	2,021,929	2,021,929
Child and Family Connection:				
S.A.F.E. Kids Program	7,172	3,533	-	10,705
University of South Florida:				
Home Instruction Program for Pre-School Youngsters (HIPPY)	108,000	-	-	108,000
U.S. Department of Health:				
S.A.F.E. Kids Program	-	6,000	-	6,000
Federal Emergency Management Agency:				
Program Reach - Homeless Shelter	51,670	-	-	51,670
Department of Children and Families:				
Substance Abuse and Mental Health	-	295,000	-	295,000
Florida State Parental and Information Resource Center				
Pre-School Youngsters (HIPPY)	41,028	-	-	41,028
State of Florida:				
Victims of Crime Act Agreement S.A.F.E. Kids Program	88,670	-	-	88,670
Total financial assistance	\$ 296,540	\$ 304,533	\$ 2,545,251	\$ 3,146,324

See independent auditor's report.

**THE CENTER FOR FAMILY SERVICES
OF PALM BEACH COUNTY, INC.**

For the Year Ended June 30, 2011

	<u>Counseling</u>	<u>EAP</u>	<u>FEC</u>	<u>HIPPY</u>
Program expenses:				
Personnel and related costs	\$ 160,684	\$ 113,547	\$ 11,656	\$ 1,412,945
Occupancy	17,227	14,627	2,220	117,871
Professional fees	2,221	1,409	285	16,552
Telephone	4,332	3,398	864	22,985
Printing and postage	9	387	(12)	1,497
Insurance	4,554	2,983	578	27,987
Conferences, travel and meetings	181	150	47	88,993
Advertising and promotion	-	-	-	-
Utilities	2,390	1,637	353	11,742
Interest and bank charges	1,712	11	2	102
Repairs and maintenance	4,855	3,573	705	29,325
Supplies, books and subscriptions	73	35	10	54,470
Training and recruiting	1,032	866	36	10,304
Outside services	7,078	12,321	43	1,762
Office expense and miscellaneous	2,801	1,440	201	16,895
Licenses, dues and fees	174	128	20	1,075
Depreciation	2,890	1,772	367	22,323
Specific assistance individuals	-	-	-	-
Consolidation adjustments	<u>(12,004)</u>	<u>(9,404)</u>	<u>(2,220)</u>	<u>(50,264)</u>
	<u>\$ 200,209</u>	<u>\$ 148,880</u>	<u>\$ 15,155</u>	<u>\$ 1,786,564</u>

See independent auditor's report.

SCHEDULE OF PROGRAM EXPENSES

<u>PRO</u>	<u>PSB</u>	<u>Recovery</u>	<u>SAFE</u>	<u>SMH</u>	<u>Total</u>
\$ 282,588	\$ 290,436	\$ 94,545	\$ 149,231	\$ 237,184	\$ 2,752,816
3,611	62,158	17,488	24,130	24,759	284,091
4,884	6,254	1,266	2,614	3,226	38,711
9,358	5,062	3,777	5,128	4,572	59,476
53	1,095	17	994	600	4,599
13,081	8,096	2,192	5,330	6,781	71,582
5,255	26,649	87	555	150	122,067
60	-	-	-	-	60
46,692	5,879	2,147	3,015	3,541	77,399
54	29	1,701	22	26	3,659
23,216	10,475	3,573	5,900	6,844	88,471
1,701	10,925	32	63	420	67,729
906	1,477	947	1,184	11,270	28,022
808	318	7,006	7,172	7,273	43,781
22,888	6,969	1,577	2,138	2,908	57,817
3,196	252	511	197	621	6,182
72,399	6,336	1,161	3,278	4,301	114,827
221,304	-	-	-	-	221,304
(3,611)	(4,986)	(12,265)	(18,907)	(24,759)	(138,420)
<u>\$ 708,443</u>	<u>\$ 437,424</u>	<u>\$ 125,762</u>	<u>\$ 192,044</u>	<u>\$ 289,717</u>	<u>\$ 3,904,173</u>

See independent auditor's report.

THE CENTER FOR FAMILY SERVICES
OF PALM BEACH COUNTY, INC.

CONSOLIDATING STATEMENT
OF FINANCIAL POSITION

As of June 30, 2011

	<u>Center</u>	<u>Foundation</u>	<u>Eliminations</u>	<u>Consolidated</u>
ASSETS				
Cash and cash equivalents	\$ 51,228	\$ 14,954	\$ -	\$ 66,182
Accounts receivable, net	361,081	-	-	361,081
United Way allocation receivable	189,613	-	-	189,613
Other current assets	35,067	-	-	35,067
Total current assets	636,989	14,954	-	651,943
Due from related party	106,442	-	(106,442)	-
Deposits	28,735	-	-	28,735
Intangible assets, net	-	13,322	-	13,322
Property and equipment, net	1,411,341	1,838,187	-	3,249,528
Total assets	\$ 2,183,507	\$ 1,866,463	\$ (106,442)	\$ 3,943,528
LIABILITIES AND NET ASSETS				
Accounts payable	\$ 158,731	\$ 36,481	\$ -	\$ 195,212
Due to related party	-	106,442	(106,442)	-
Accrued expenses and other liabilities	238,707	-	-	238,707
Current portion of notes payable	327,565	36,083	-	363,648
Current portion of obligation under capital lease	12,548	-	-	12,548
Total current liabilities	737,551	179,006	(106,442)	810,115
Obligation under capital lease	18,680	-	-	18,680
Notes payable	132,140	1,485,384	-	1,617,524
Total liabilities	888,371	1,664,390	(106,442)	2,446,319
Net assets:				
Unrestricted	1,105,523	202,073	-	1,307,596
Temporarily restricted	189,613	-	-	189,613
Total net assets	1,295,136	202,073	-	1,497,209
Total liabilities and net assets	\$ 2,183,507	\$ 1,866,463	\$ (106,442)	\$ 3,943,528

See independent auditor's report.

**THE CENTER FOR FAMILY SERVICES
OF PALM BEACH COUNTY, INC.**

**CONSOLIDATING STATEMENT
OF ACTIVITIES**

For the Year Ended June 30, 2011

	<u>Center</u>	<u>Foundation</u>	<u>Eliminations</u>	<u>Consolidated</u>
Support and Revenues:				
Contributions and bequests	\$ 253,228	\$ 31,976	\$ -	\$ 285,204
United Way allocation	217,617	-	-	217,617
Governmental grants	3,146,324	-	-	3,146,324
Service fees	243,293	-	-	243,293
Fundraising	495,791	-	-	495,791
Rental income	-	164,647	(164,647)	-
Miscellaneous and interest income	43,361	6	-	43,367
Total support and revenues	<u>4,399,614</u>	<u>196,629</u>	<u>(164,647)</u>	<u>4,431,596</u>
Net assets released from restriction	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenses:				
Program	4,042,593	-	(138,420)	3,904,173
Management and general	232,019	159,767	(17,513)	374,273
Fundraising	380,326	-	(8,714)	371,612
Total expenses	<u>4,654,938</u>	<u>159,767</u>	<u>(164,647)</u>	<u>4,650,058</u>
Change in net assets	<u>(255,324)</u>	<u>36,862</u>	<u>-</u>	<u>(218,462)</u>
Net assets, beginning of year	<u>1,550,460</u>	<u>165,211</u>	<u>-</u>	<u>1,715,671</u>
Net assets, end of year	<u><u>\$ 1,295,136</u></u>	<u><u>\$ 202,073</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,497,209</u></u>

See independent auditor's report.