

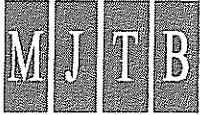
Morgan • Jacoby • Thurn • Boyle
& Associates, P.A.
Certified Public Accountants

TREASURE COAST HOMELESS SERVICES COUNCIL, INC.

Financial Statements and Single Audit Reports

December 31, 2010

(With Independent Auditors' Report Thereon)



TREASURE COAST HOMELESS SERVICES COUNCIL, INC.

Financial Statements and Single Audit Reports

December 31, 2010

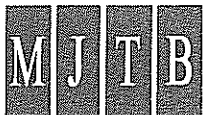
(With Independent Auditors' Report Thereon)

TREASURE COAST HOMELESS SERVICES COUNCIL, INC.

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December 31, 2010

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Independent Auditors' Report

The Board of Directors
Treasure Coast Homeless Services Council, Inc.:

We have audited the accompanying statement of financial position of the Treasure Coast Homeless Services Council, Inc., as of December 31, 2010, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of Council's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Council's December 31, 2009 financial statements and, in our report dated August 24, 2010, we expressed an unqualified opinion on those 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 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 audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Treasure Coast Homeless Services Council, Inc. as of December 31, 2010, 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 September 21, 2011 on our consideration of the Council'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 audit.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of expenditures of federal awards and state projects 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 NonProfit Organizations* and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

MORGAN, JACOBY, THURN, BOYCE & ASSOCIATES, P.A.

September 21, 2011

TREASURE COAST HOMELESS SERVICES COUNCIL, INC.

Statement of Financial Position

December 31, 2010

(with summarized information as of December 31, 2009)

<u>Assets</u>	<u>2010</u>			<u>2009</u>
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Totals</u>	<u>Totals</u>
Current assets:				
Cash and cash equivalents	\$ 750,609	346,342	1,096,951	511,944
Accounts receivable (note 3)	153,162	82,500	235,662	169,608
Prepaid expenses and other	3,312	-	3,312	1,952
Leasehold interest (note 5)	<u>-</u>	<u>12,002</u>	<u>12,002</u>	<u>11,082</u>
Total current assets	907,083	440,844	1,347,927	694,586
Property and equipment, net (note 4)	58,482	1,717,236	1,775,718	70,361
Leasehold interest (note 5)	-	546,408	546,408	558,410
Deposit	<u>5,780</u>	<u>-</u>	<u>5,780</u>	<u>1,300</u>
Total assets	\$ <u>971,345</u>	<u>2,704,488</u>	<u>3,675,833</u>	<u>1,324,657</u>
<u>Liabilities and Net Assets</u>				
Current liabilities:				
Accounts payable	13,839	-	13,839	3,198
Due to grant beneficiary (notes 8 and 10)	45	293,498	293,543	21,600
Unearned revenue	119,689	913	120,602	130,894
Current installment of capital lease obligations (note 6)	<u>2,598</u>	<u>-</u>	<u>2,598</u>	<u>2,306</u>
Total current liabilities	136,171	294,411	430,582	157,998
Capital lease obligations, excluding current installments (note 6)	<u>9,616</u>	<u>-</u>	<u>9,616</u>	<u>12,214</u>
Total liabilities	145,787	294,411	440,198	170,212
Net assets:				
Unrestricted:				
Designated (note 7)	100,000	-	100,000	100,000
Undesignated	<u>725,558</u>	<u>-</u>	<u>725,558</u>	<u>327,989</u>
Total unrestricted	825,558	-	825,558	427,989
Temporarily restricted (note 10)	<u>-</u>	<u>2,410,077</u>	<u>2,410,077</u>	<u>726,456</u>
	825,558	2,410,077	3,235,635	1,154,445
Commitment (notes 5 and 6)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and net assets	\$ <u>971,345</u>	<u>2,704,488</u>	<u>3,675,833</u>	<u>1,324,657</u>

See accompanying notes to financial statements.

TREASURE COAST HOMELESS SERVICES COUNCIL, INC.

Statement of Activities

Year ended December 31, 2010

(with summarized information for the year ended December 31, 2009)

	2010			2009
	Unrestricted	Temporarily Restricted	Totals	Totals
Revenues and other support:				
Contributions (notes 8 and 10)	\$ 152,753	81,290	234,043	167,828
Grants (notes 8, 9, and 10)	1,956,015	1,838,388	3,794,403	1,026,438
Other	42,656	-	42,656	33,811
Rental income	-	3,933	3,933	-
Interest income	271	-	271	629
	2,151,695	1,923,611	4,075,306	1,228,706
Net assets released from restrictions (note 10)	239,990	(239,990)	-	-
Total revenues and other support	2,391,685	1,683,621	4,075,306	1,228,706
Expenses and losses:				
Program services:				
Homeless assistance	1,682,081	-	1,682,081	974,084
Neighborhood stabilization program	112,431	-	112,431	-
Grant writing, monitoring, and matching	128,546	-	128,546	132,872
Indian River Cares (note 9)	898	-	898	8,051
Total program services	1,923,956	-	1,923,956	1,115,007
Supporting services:				
Management and general	65,474	-	65,474	64,301
Fund raising	4,686	-	4,686	4,103
Total supporting services	70,160	-	70,160	68,404
Losses:				
Loss on disposal of property and equipment	-	-	-	2,482
Total expenses	1,994,116	-	1,994,116	1,185,893
Change in net assets	397,569	1,683,621	2,081,190	42,813
Net assets at beginning of year	427,989	726,456	1,154,445	1,111,632
Net assets at end of year	\$ 825,558	2,410,077	3,235,635	1,154,445

See accompanying notes to financial statements.

TREASURE COAST HOMELESS SERVICES COUNCIL, INC.

Statement of Functional Expenses

Year ended December 31, 2010

(with summarized information for the year ended December 31, 2009)

	Program Services				Total
	Homeless Assistance	Neighborhood Stabilization Program	Grant Writing, Monitoring and Matching	Indian River Cares	
Direct assistance	\$ 1,369,336	50,124	-	318	1,419,778
Salaries and related expenses	222,133	30,485	97,378	-	349,996
Coordinator	-	-	-	-	-
Contract services	6,545	-	-	-	6,545
Conferences and travel	-	-	5,147	550	5,697
Occupancy rent (note 5)	23,810	3,268	10,438	-	37,516
Occupancy operating	11,902	1,633	5,218	-	18,753
Telephone	4,771	655	2,092	-	7,518
Supplies and postage	5,503	755	2,412	-	8,670
Professional fees	-	-	-	-	-
Insurance	3,704	508	1,624	-	5,836
Repairs and maintenance	939	129	411	-	1,479
Depreciation	6,661	24,591	2,920	-	34,172
Dues, subscriptions, and licensing fees	1,155	158	507	30	1,850
Computer expense	24,713	-	-	-	24,713
Training	-	-	-	-	-
Interest expense	909	125	399	-	1,433
Total expenses	\$ <u>1,682,081</u>	<u>112,431</u>	<u>128,546</u>	<u>898</u>	<u>1,923,956</u>

See accompanying notes to financial statements.

	<u>Supporting Services</u>		<u>Totals</u>	
	<u>Management and General</u>	<u>Fund Raising</u>	<u>2010</u>	<u>2009</u>
\$	—	—	1,419,778	752,950
	41,607	3,698	395,301	295,767
	—	—	—	3,787
	—	—	6,545	2,780
	—	—	5,697	4,360
	4,460	396	42,372	42,372
	2,229	198	21,180	19,155
	893	79	8,490	9,697
	1,031	92	9,793	8,640
	12,750	—	12,750	6,000
	694	62	6,592	2,524
	176	16	1,671	2,152
	1,248	111	35,531	7,269
	216	19	2,085	605
	—	—	24,713	24,227
	—	—	—	979
	<u>170</u>	<u>15</u>	<u>1,618</u>	<u>147</u>
\$	<u>65,474</u>	<u>4,686</u>	<u>1,994,116</u>	<u>1,183,411</u>

TREASURE COAST HOMELESS SERVICES COUNCIL, INC.

Statement of Cash Flows

Year ended December 31, 2010

(with summarized information for the year ended December 31, 2009)

	<u>2010</u>	<u>2009</u>
Cash flows from operating activities:		
Change in net assets	\$ 2,081,190	42,813
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Contributions restricted for long-term investment	(31,290)	(32,140)
Grants restricted for long-term investment	(1,740,888)	-
Leasehold interest rental expense	42,372	42,372
Depreciation expense	35,531	7,269
Loss on sale of fixed assets	-	2,482
(Increase) decrease in:		
Accounts receivable	(66,054)	47,691
Prepaid expenses and other	(5,840)	(911)
Increase (decrease) in:		
Accounts payable	10,641	1,707
Accrued expenses	-	(2,504)
Due to grant beneficiary	271,943	(18,400)
Unearned revenue	<u>(10,292)</u>	<u>130,894</u>
Net cash provided by operating activities	<u>587,313</u>	<u>221,273</u>
Cash flows from investing activities:		
Purchased of property and equipment	<u>-</u>	<u>(62,516)</u>
Net cash used by investing activities	<u>-</u>	<u>(62,516)</u>
Cash flows from financing activities:		
Repayment of obligation under capital lease	<u>(2,306)</u>	<u>(180)</u>
Net cash used by financing activities	<u>(2,306)</u>	<u>(180)</u>
Net increase in cash and cash equivalents	585,007	158,577
Cash and cash equivalents at beginning of year	<u>511,944</u>	<u>353,367</u>
Cash and cash equivalents at end of year	\$ <u>1,096,951</u>	<u>511,944</u>
Supplemental cash flow information – interest paid	<u>1,618</u>	<u>147</u>

Supplemental schedule of non-cash investing and financing activities:

During 2010, the Council acquired land and buildings totaling \$1,740,888 as assigned by Indian River County through the Neighborhood Stabilization Grant program.

During 2009, the Council acquired equipment of \$14,700 with a capital lease.

See accompanying notes to financial statements.

TREASURE COAST HOMELESS SERVICES COUNCIL, INC.

Notes to Financial Statements

December 31, 2010

(1) Organization

The Treasure Coast Homeless Services Council, Inc. (the Council) was incorporated on July 10, 2000 and is a tax-exempt organization under Internal Revenue Code Section 501(c)(3). The Council was formed for the purpose of implementing a continuum of care plan for the homeless of Indian River County, St. Lucie County, and Martin County.

(2) Summary of Significant Accounting Policies**(a) Basis of Presentation**

The Council classifies resources for reporting purposes into three net asset categories. Those categories include temporarily restricted, permanently restricted and unrestricted net assets as follows:

Unrestricted – Represents the portion of expendable funds that are available for support of operations. Funds designated by the Board for specific purposes are also reported as unrestricted net assets since the Board has the ability to release any restrictions on these funds.

Temporarily Restricted – Represents the portion of expendable funds that are restricted by the grantor or donor as to the way they may be utilized.

Permanently Restricted – Represents funds that must be maintained by the Council in perpetuity. During 2010 and 2009, the Council had no funds required to be accounted for under this classification.

The Council allocates certain joint costs for programs, general and administrative activities, and fund raising activities. During the years ended December 31, 2010 and 2009, the Council allocated a total of \$537,354 and \$394,106, respectively, in expenses to such activities, as included in the accompanying statement of functional expenses.

(b) Revenue Recognition

All contributions/donations are considered available for unrestricted use unless specifically restricted by the donor. Contributions/donations are considered temporarily restricted if a donor imposes a restriction that may be satisfied by the passage of time or the actions of the Council. A permanently restricted contribution/donation stipulates that the contribution/donation be maintained permanently but may allow the organization to use all or part of the income derived from the underlying asset for unrestricted purposes. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

(Continued)

TREASURE COAST HOMELESS SERVICES COUNCIL, INC.

Notes to Financial Statements

The Council recognizes cash or other financial assets the Council receives from a donor and agrees to hold and subsequently transfers to another organization, at fair value as liabilities instead of contribution revenue.

(c) Cash Equivalents

For purposes of the statements of cash flows, the Council considers all highly liquid debt instruments purchased with original maturities of three months or less to be cash equivalents. Cash equivalents consisted of a money market account amounting to \$117,700 and \$117,493 as of December 31, 2010 and 2009, respectively.

(d) Property and Equipment

Property and equipment are recorded at cost for purchased items and fair value for contributed items. Maintenance, repairs and minor renewals are charged to expense as incurred. Depreciation is provided for property and equipment using the straight-line method over the estimated lives of 5 to 7 years.

(e) Income Taxes

The Council is generally exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code. In accordance with the Internal Revenue Code, the Center is not considered a private foundation.

The Council's income tax filings are subject to audit by various taxing authorities. The Council's open audit periods are 2007-2010.

(f) Use of 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 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.

(g) Concentrations of Credit Risk

Financial instruments that potentially subject the Council to concentrations of credit risk consist principally of cash investments and accounts receivable. Cash balances maintained in financial institutions may at times be in excess of the FDIC limit. The Council has not experienced any losses on such amounts and does not believe it is exposed to any significant risk with respect to such balances. As of December 31, 2010, uninsured cash and cash equivalents totaled \$861,968.

The Council had no significant concentrations of credit risk with respect to pledges receivable and collateral is not required to support pledges receivable.

(Continued)

TREASURE COAST HOMELESS SERVICES COUNCIL, INC.

Notes to Financial Statements

(h) Prior Period Information

The 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 generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Council's financial statements for the year ended December 31, 2009, from which the summarized information was derived.

(3) Receivables

As of December 31, 2010, the Council's accounts receivable totaling \$235,662, consisted of \$13,576 in reimbursements available under unrestricted grants from Indian River County and Martin County, \$132,686 in Developer fees and reimbursements from the Indian River County under the NSP program (notes 4 and 8), \$3,462 in grants from HUD, \$3,112 in grants from DCF, and \$82,826 in other pledges for operations.

As of December 31, 2009, the Council's accounts receivable totaling \$169,608, consisted of \$10,715 in reimbursements available under unrestricted grants from Indian River County and Martin County, \$108,000 in grants from the State of Florida, \$6,693 in grants from HUD, \$4,952 in grants from DCF, and \$39,248 in other pledges for operations.

(4) Property and Equipment

As of December 31, 2010 and 2009, the Council's property and equipment consisted of the following:

	<u>2010</u>	<u>2009</u>
Land	\$ 218,997	-
Building and improvements	1,521,891	-
Leasehold improvements	55,410	55,410
Machinery and equipment	19,535	19,535
Computer equipment	<u>4,732</u>	<u>4,732</u>
	1,820,565	79,677
Less accumulated depreciation	<u>44,847</u>	<u>9,316</u>
	\$ <u>1,775,718</u>	<u>70,361</u>

On March 19, 2010, the Council entered into a contract with Indian River County to serve as Developer under a Neighbor Stabilization Program Community Development Block Grant (NSP) awarded to Indian River County by the Department of Community Affairs. In accordance with the NSP program, and with funding as described in note 8, the Council acquired and assisted in the rehabilitation of 14 houses in Indian River County for a total cost of \$1,740,888, net of accumulated depreciation of \$23,652 as of December 31, 2010. The homes are deed-restricted for a period of 15 years to the rental to very low or moderate income qualified household tenants. As of December 31, 2010, 4 homes were under lease.

(Continued)

TREASURE COAST HOMELESS SERVICES COUNCIL, INC.

Notes to Financial Statements

(5) Leasehold Interest

The Council has leased an administrative building from the County of Indian River, Florida through 2030. The rent under the lease is \$1 per year.

The value of the lease was considered a contribution of leasehold rights. The present value of the fair market rent over the lease term, which amounted to \$629,588, was determined using an 8% discount rate, and has been recognized as temporarily restricted support.

The leasehold interests as of December 31, 2010 are classified as follows:

Future leasehold rights		\$ 546,408
Less current portion		<u>12,002</u>
Leasehold interest – noncurrent		\$ <u>558,410</u>

The Council leases on an annual rent-free basis a portion of the building to other agencies involved in the Continuum of Care Plan for the homeless.

(6) Lease Commitments

The Council leased an administrative building from the County of Indian River, Florida through the year 2030. The rent under the lease is \$1 per year. See note 5.

The Council leased certain office equipment under an operating lease that was to expire in 2011. However, in 2009, the lease was replaced by a capital lease at the end of the year. The present value of future minimum capital lease payments as of December 31, 2010 is as follows: 2011, \$2,598; 2012, \$2,927; 2013 \$ 3,299; and 2014, \$3,390. Rent expense under the operating lease totaled \$0 and \$1,211 for years ended December 31, 2010 and 2009, respectively.

As of December 31, 2010, machinery and equipment included one capital lease with a cost of \$14,700, accumulated depreciation of \$7,644, and a net book value of \$7,056.

(7) Designated Funds

The Council has designated unrestricted funds for the purpose of maintaining sufficient matching funds for various grant requirements, as may be determined by the Council's board of directors.

(8) Grant Activities

Council Revenues

The Council has received grants from the Board of County Commissioners of Indian River County, Florida that provided funding for certain operational expenses of up to \$16,073 during the fiscal year ending September 30, 2011 and \$17,859 each during the fiscal years ending September 30, 2010 and 2009. Actual amounts expended and available for reimbursement amounted to \$17,413 and \$17,859 during the years ending December 31, 2010 and 2009, respectively.

(Continued)

TREASURE COAST HOMELESS SERVICES COUNCIL, INC.

Notes to Financial Statements

The Council has received grants from the Board of County Commissioners of Martin County, Florida that provided funding for certain operational expenses of up to \$25,000 each during the fiscal years ending September 30, 2011, 2010, and 2009. Actual amounts expended and available for reimbursement amounted to \$25,000 each during the years ending December 31, 2010 and 2009, respectively.

The Council has received grants from the Board of County Commissioners of St. Lucie County, Florida that provided funding for certain operational expenses of up to \$22,500 each during the fiscal years ending September 30, 2011, 2010, and 2009. Actual amounts expended and available for reimbursement amounted to \$22,500 each during the years ending December 31, 2010 and 2009.

During 2001, the Council and Indian River County were awarded a grant under HUD's Tenant Based Rental Assistance Program for the purpose of providing rental assistance for a period of up to five years for at least 16 disabled individuals. During the year ended December 31, 2010 and 2009, the Council received \$26,276 and \$41,926, respectively, in revenues for administrative services provided under this grant.

The Council has been awarded a \$53,847 grant, a \$56,625 grant, and a \$64,395 grant from DCF for the years ended June 30, 2009, 2008, and 2007, respectively, for the purpose of staffing assistance programs for the homeless and for developing and maintaining a coalition for the homeless in District 15. As of December 31, 2009 and 2008, amounts expended and available for reimbursement under these grants totaled \$24,032 and \$53,182, respectively. During 2009, funding for the grant year ending June 30, 2009 was reduced from \$53,847 to \$50,191. The services under this grant were completed in 2009 and all amounts were disbursed.

In April 2007, the Council was awarded a \$100,000 Emergency Shelter Prevention Grant for the Council's direct financial assistance program to prevent homelessness. During the years ending December 31, 2009 and 2008, the Council generated \$32,686 and \$68,741, respectively, in services provided under these grants. The services under this grant were completed in 2009 and all amounts were disbursed.

In October, 2008, the Council was awarded a \$144,000 Homeless Challenge Grant from the State Office on Homelessness for the purpose of funding three separate programs: \$60,000 for the Council's Homeless Resource Center to provide housing assistance for 50 homeless individuals and families; \$40,000 for a longer term housing pilot program to two sub-grantee agencies; and, \$40,000 to fund the Coalition for Attainable Homes to secure home ownership for ten families. During 2008, the Council reflected \$104,000 as revenues under this grant and \$40,000 as a liability for grant proceeds held as agent for the Coalition for Attainable Homes. The services under this grant were completed in 2009 and all amounts were disbursed.

(Continued)

TREASURE COAST HOMELESS SERVICES COUNCIL, INC.

Notes to Financial Statements

In October, 2009, the Council was awarded a \$144,000 Homeless Challenge Grant from the State Office on Homelessness for the purpose of funding three separate programs: \$48,000 for the Council's Homeless Resource Center to provide housing assistance for 50 homeless individuals and families; \$38,400 for a longer term housing pilot program to two sub-grantee agencies; and, \$57,600 to fund the Homeless Family Center to secure home ownership for ten families. During 2009, the Council reflected \$86,400 as revenues under this grant and \$57,600 as a liability for grant proceeds held as agent for the Homeless Family Center, of which \$36,000 was disbursed prior to December 31, 2009. The services under this grant were completed in 2010 and all amounts were disbursed.

In July 2009, the Council was awarded a \$2,105,537 Homeless Prevention and Rapid Re-Housing Program Grant to provide rental and utility, financial assistance, housing relocation and stabilization services, and data collection and evaluation for the HMIS system. In November 2010, the Council was awarded an additional \$482,440 for a total of \$2,587,977. The grant covers services to be provided during the period of August 10, 2009 through October 31, 2011, as amended, for Indian River, St. Lucie, and Martin counties. During the years ended December 31, 2010 and 2009, the Council generated \$1,546,404 and \$658,682, respectively, in services provided. As of December 31, 2010 and 2009, the Council had received unearned revenues under the grant of \$119,689 and \$130,894, respectively.

In March 2010, Indian River County was awarded a \$2,101,265 Neighborhood Stabilization Program Community Development Block Grant (NSP) by the Department of Community Affairs to acquire, rehabilitate, and accept title to and manage the rental of a minimum of ten housing units. The grant requires \$1,082,282 of the activity to benefit household incomes not exceeding 50 percent of the Area Median Income and \$1,018,983 to benefit households with household incomes not exceeding 120 percent of the Area Median Income. In accordance with the NSP grant, the Council entered into a contract with Indian River County to serve as Developer. As a result, during the year ended December 31, 2010, the Council acquired and rehabilitated, in cooperation with Indian River County, 14 houses. During the year ended December 31, 2010, the Council generated grant revenues of \$1,795,391 associated with the acquisition, rehabilitation, and maintenance of the houses, \$208,112 of Developer fees, and rental revenues of \$3,933.

During the years ended December 31, 2010 and 2009, the Council received unrestricted contributions and grants from various foundations and individuals totaling \$208,460 and \$184,001, respectively, for the purpose of funding operating costs.

Grant-Writing Activities

The Council participates in the preparation of grant requests to various funding agencies, including the U.S. Department of Housing and Urban Development (HUD), the Florida Department of Children and Families (DCF), and the Florida State Office on Homelessness, for the purpose of obtaining funding for local projects to assist the homeless. The following summarizes such activity during 2010 and 2009.

(Continued)

TREASURE COAST HOMELESS SERVICES COUNCIL, INC.

Notes to Financial Statements

During 2003, the Council and Martin County were awarded a grant under HUD's Tenant Based Rental Assistance Program for the purpose of providing rental assistance for a period of up to five years for at least 12 disabled veterans. Proceeds from the grant, which will be forwarded directly to local landlords in Martin County, totaled \$395,280. The grant requires no matching. The Council is serving as an agent and anticipates receiving no revenues under this grant, which was completed in June 2009. The Council was awarded a one year extension of the grant totaling \$96,576 for the period between January 1, 2010 to December 31, 2010.

During 2003, the Council and Indian River County were awarded a grant under HUD's Tenant Based Rental Assistance Program for the purpose of providing rental assistance for a period of up to five years for at least 14 chronically homeless mentally ill individuals. Proceeds from the grant, which will be forwarded directly to local landlords in Indian River County, totaled \$400,140. The grant requires no matching. The Council is serving as an agent and anticipates receiving no revenues under this grant, which began in August 2004 and was completed in June 2009.

During 2005, the Council and St. Lucie County were awarded a grant under HUD's Tenant Based Rental Assistance Program for the purpose of providing rental assistance for a period of up to five years for 12 to 14 veteran individuals. Proceeds from the grant, which will be forwarded directly to local landlords in St. Lucie County, totaled \$454,440. The grant requires in-kind service matching, which will be provided by certain organizations operating in St. Lucie County. The Council is serving as an agent and anticipates receiving no revenues under this grant. The grant was completed in July 2010. The Council was awarded a one year extension of the grant totaling \$147,468 for the period between July 2010 and July 2011.

In January 2005, the Council and Martin County were awarded a \$389,520 grant under HUD's Tenant Based Rental Assistance Program for the purpose of providing rental assistance to homeless mentally ill single adults in Martin County for a period of up to five years. The Council is serving as an agent and anticipates receiving no revenues under this grant. The grant was completed in May 2010. The Council was awarded a one year extension of the grant totaling \$110,772 for the period May 2010 to May 2011.

In February 2006, the Council and Indian River County were awarded a \$470,880 grant from HUD for the purpose of funding \$364,640 in tenant rental assistance to disabled homeless for a period of up to five years, \$70,063 in staffing under the Family Options Transitional Housing program, which closed in May 2007, and \$36,177 in renewed support for the HMIS client management system. The Council is serving as agent for the first two programs and anticipates receiving no revenues under this portion of the grant. During the year ended December 31, 2007, the Council generated \$27,850 in revenues for the final services provided for the HMIS program under the grant.

(Continued)

TREASURE COAST HOMELESS SERVICES COUNCIL, INC.

Notes to Financial Statements

On October 18, 2006, the Council was awarded a \$381,967 Homeless Housing Assistance Grant from the Florida State Office on Homelessness. The grant provides funding to assist in the re-construction of a facility for the homeless in Indian River County, Florida, which is operated by The Source. During 2006, the Council received \$190,983 under the grant, which was disbursed for construction activities in February 2007. The Council served as agent in disbursing grant funding and overseeing the contract, for which the Council received \$18,188 for administrative costs incurred in that function. The Council has now completed its responsibilities for the project. During 2010, The Source returned \$293,498 to the Council due to legal issues in completing the project. The Council has partnered with Breath of Heaven Ministries to complete construction of a facility for the homeless.

In 2007, the Council and Indian River County were awarded a \$591,741 grant from HUD for the purpose of funding \$423,468 in tenant rental assistance to disabled homeless for a period of up to five years, \$70,063 in staffing under the Family Options Transitional Housing program, and \$98,210 in renewed support for the HMIS client management system. The Council is serving as agent for the first two programs and anticipates receiving no revenues under this portion of the grant. During the year ended December 31, 2009, the Council expended \$29,184, for services provided for the HMIS program and realized corresponding revenues under the grant. The services for this grant were completed in August 2009.

In 2008, the Council and Indian River County were awarded a \$652,271 grant from HUD for the purpose of funding \$530,496 in tenant rental assistance to disabled homeless for a period of up to five years, \$70,063 in staffing under the Family Options Transitional Housing program, and \$51,712 in renewed support for the HMIS client management system. The Council is serving as agent for the first two programs and anticipates receiving no revenues under this portion of the grant. During the years ended December 31, 2010 and 2009, the Council expended \$19,414 and \$25,762, respectively, for services provided for the HMIS program and realized corresponding revenues under the grant.

In 2008, the Council and Indian River County were awarded a grant from HUD for the purpose of funding \$76,140 in tenant rental assistance to disabled homeless for a period of one year. The Council is serving as agent for the program and anticipates receiving no revenues under this grant. The grant was completed in March 2009.

In 2009, the Council and Martin County were awarded a grant from HUD for the purpose of funding \$186,600 in tenant rental assistance to disabled homeless for a period of two years. The Council is serving as agent for the program and anticipates receiving no revenues under this grant.

During 2009, the Council and Indian River County were awarded a grant under HUD's Tenant Based Rental Assistance Program for the purpose of providing rental assistance for a period of up to five years for at least 14 chronically homeless mentally ill individuals. Proceeds from the grant, which will be forwarded directly to local landlords in Indian River County, totaled \$105,300. The grant requires no matching. The Council is serving as an agent and anticipates receiving no revenues under this grant, which began in June 2009 and was completed June 2010.

(Continued)

TREASURE COAST HOMELESS SERVICES COUNCIL, INC.

Notes to Financial Statements

In 2009, the Council and Indian River County were awarded \$693,904 grant from HUD for the purpose of funding \$587,664 in tenant rental assistance to disabled homeless for a period of up to five years, \$70,063 in staffing under the Family Options Transitional Housing Program, and \$36,177 in renewed support for the HMIS Client Management System. The Council is serving as agent for the first two programs and anticipates receiving no revenues under this portion of the grant. During the years ended December 31, 2010 and 2009, the Council expended \$31,132 and \$5,045, respectively for services provided for the HMIS program and realized corresponding revenues under the grant.

In 2009, the Council and Indian River County were awarded a grant from HUD for the purpose of funding \$90,024 in tenant rental assistance to disabled homeless for a period of one year. The Council is serving as agent for the program and anticipates receiving no revenues under the grant. The grant was completed in March 2010.

In 2010, the Council and Indian River County were awarded a \$382,380 grant from HUD for the purpose of funding \$276,140 in tenant rental assistance to disabled homeless for a period of up to five years, \$70,063 in staffing under the Family Options Transitional Housing Program, and \$36,177 in renewed support for the HMIS Client Management System. The Council is serving as agent for the first two programs and anticipates receiving no revenues under this portion of the grant. During the year ended December 31, 2010, the Council expended \$3,914 for services provided for the HMIS program and realized corresponding revenues under the grant.

During 2010, the Council and Indian River County were awarded a grant under HUD's Tenant Based Rental Assistance Program for the purpose of providing rental assistance for a period of up to five years for at least 14 chronically homeless mentally ill individuals. Proceeds from the grant, which will be forwarded directly to local landlords in Indian River County, totaled \$118,092. The grant requires no matching. The Council is serving as agent and anticipates receiving no revenues under this grant, which began June 2010.

In 2010, the Council and Indian River County were awarded a grant from HUD for the purpose of funding \$100,980 in tenant rental assistance to disabled homeless for a period of one year. The Council is serving as agent for the program and anticipates receiving no revenues under this grant.

(9) *Indian River Cares*

In response to the 2004 hurricanes, a long-term recovery program known as Indian River Cares was established in 2005 for the purpose of assisting individuals and organizations located in Indian River County to recover from the long-term damages suffered from the storms. The program was established under the umbrella of the Council.

During the years ended December 31, 2010 and 2009, Indian River Cares received various contributions and grants totaling \$500 and \$1,145, respectively, of which \$898 and \$8,051, respectively, were expended on recovery efforts. As of December 31, 2010 and 2009, Indian River Cares has \$1,857 and \$2,255, respectively, available for future expenditures.

(Continued)

TREASURE COAST HOMELESS SERVICES COUNCIL, INC.

Notes to Financial Statements

(10) Temporarily Restricted Net Assets

Temporarily restricted net assets as of December 31, 2010 and 2009 are available for the following specific purposes.

	<u>2010</u>	<u>2009</u>
Neighborhood Stabilization Program (notes 4 and 8) \$	1,738,238	—
Challenge Grants (note 8)	—	86,400
Future operating expenses	110,977	67,794
Leasehold interest (note 5)	558,410	569,492
Indian River Cares (note 9)	792	1,110
Hurricane relief	<u>1,660</u>	<u>1,660</u>
Total	\$ <u>2,410,077</u>	<u>726,456</u>

Temporarily restricted net assets at December 31, 2010 consist of cash and cash equivalents totaling \$346,342, receivables totaling \$82,500, fixed assets totaling \$1,717,236, and leasehold interest totaling \$558,410, net of amounts held for grant beneficiaries of \$293,498 and rental deposits of \$913. Temporarily restricted net assets at December 31, 2009 consist of cash and cash equivalents totaling \$43,064, receivables totaling \$135,500, and leasehold interest totaling \$569,492, net of amounts held for grant beneficiaries of \$21,600.

As of December 31, 2010, the Council has recorded \$293,498 in amounts due to grant beneficiary for the Breath of Heaven Ministries under the Homeless Housing Assistance Grant. As of December 31, 2009, the Council has recorded \$57,600 in amounts due to grant beneficiary for the Homeless Family Center, Inc. under the Challenge Grant, which consisted of \$21,600 in accounts receivable. See note 8.

Temporarily restricted grant revenue during the years ended December 31, 2010 and 2009 follows:

	<u>2010</u>	<u>2009</u>
Neighborhood Stabilization Program	\$ 1,764,821	—
Challenge Grants	—	86,400
Future operating expenses	127,500	66,285
Leasehold interest	31,290	32,139
Roof repairs	<u>—</u>	<u>45,000</u>
Total	\$ <u>1,923,611</u>	<u>229,824</u>

(Continued)

TREASURE COAST HOMELESS SERVICES COUNCIL, INC.

Notes to Financial Statements

Temporarily restricted net assets released from donor restrictions by incurring expenses or by otherwise satisfying restrictions during the years ended December 31, 2010 and 2009 were as follows:

		<u>2010</u>	<u>2009</u>
Neighborhood Stabilization Program	\$	26,583	—
Challenge Grants		86,400	89,898
Operating expenses		84,317	106,309
Leasehold interest		42,372	42,372
Indian River Cares		318	8,051
Roof repairs and other capital expenditures		<u>—</u>	<u>60,245</u>
Total	\$	<u>239,990</u>	<u>306,875</u>

(11) Subsequent Events

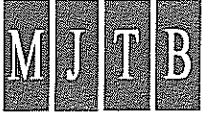
In preparing these financial statements, the Council has evaluated events and transactions for potential recognition or disclosure through September 21, 2011, the date the financial statements were available to be issued. Management has determined that there are no material events that would require recognition or disclosure in the financial statements other than follows.

Subsequent to December 31, 2010, the Council has received approximately \$230,000 in foundation and charitable grants for the purpose of operating the Council's homeless resource center and for the Council's facilities, \$60,000 of which is to be received in each of January 2012 and 2013.

Subsequent to December 31, 2010, the Council and Indian River County were awarded \$596,040 in HUD grant renewals for the purpose of funding housing assistance to disabled homeless, staffing under the Family Options Transitional Housing program, and support for the HMIS client management system.

Subsequent to December 31, 2010, the Council and Martin County were awarded \$316,344 in HUD grant renewals for the purpose of funding housing assistance to disabled homeless, staffing under the Family Options Transitional Housing program, and support for the HMIS client management system.

Subsequent to December 31, 2010, the Council and Indian River County were awarded 145,752 in HUD grant renewals for the purpose of funding housing assistance to disabled homeless, staffing under the Family Options Transitional Housing program, and support for the HMIS client management system.



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

The Board of Directors
Treasure Coast Homeless Services Council, Inc.

We have audited the financial statements of the Treasure Coast Homeless Services Council, Inc. (the Council) as of and for the year ended December 31, 2010, and have issued our report thereon dated September 21, 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

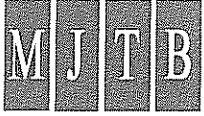
In planning and performing our audit, we considered the Council's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of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

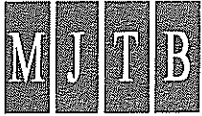
As part of obtaining reasonable assurance about whether the Council's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect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



This report is intended solely for the information and use of the board of directors, management, 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.

MORGAN, JACOBY, THURN, BOYLE & ASSOCIATES, P.A.

September 21, 2011



**Independent Auditors' Report on Compliance with Requirements
Applicable to each Major Federal Program
and on Internal Control over Compliance in Accordance with OMB Circular A-133**

The Board of Directors
Treasure Coast Homeless Services Council, Inc.

Compliance

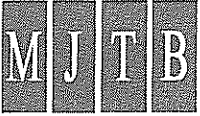
We have audited the compliance of the Treasure Coast Homeless Services Council, Inc. (the Council) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to its major federal programs for the year ended December 31, 2010. The Council's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Council's management. Our responsibility is to express an opinion on the Council's compliance based on our audit.

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

In our opinion, the Council complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2010.

Internal Control over Compliance

The management of the Council is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Council's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Council's internal control over compliance.



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

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

This report is intended solely for the information and use of the board of directors, management, and 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.

MORGAN, JACOBY, THURN, BOYLE & ASSOCIATES, P.A.

September 21, 2011

TREASURE COAST HOMELESS SERVICES COUNCIL, INC.

Schedule of Expenditures of Federal Awards and State Projects

Year ended December 31, 2010

<u>Federal/State Agency Federal Award/State Project</u>	<u>CFDA/ CSFA No.</u>	<u>Grant No.</u>	<u>Total Expenditures</u>
U.S. Department of Housing and Urban Development:			
HMIS Supportive Housing Program	14.235	FL29B709003	\$ 19,414
HMIS Supportive Housing Program	14.235	FL0116B4H090802	3,914
HMIS Supportive Housing Program	14.235	FL0116B4H090801	31,132
HMIS Supportive Housing Program	14.235	FL0308B4H090901	6,471
Pass-through from Florida Department of Children and Family Services:			
Emergency Shelter Grant	14.231	ZFZK1	6,638
ARRA – Homelessness Prevention and Rapid Re-Housing Program*	14.257	ZFZ28	<u>1,546,404</u>
Total U.S. Department of Housing and Urban Development			<u>1,613,973</u>
Total expenditures of Federal awards			<u>1,613,973</u>
Florida Department of Children and Families:			
Challenge Grant	60.014	ZFZK2	108,000
Coalition Staffing Grant	60.021	ZFL59	6,174
Homeless Grant-In-Aid	60.021	ZFK59	<u>5,925</u>
Total Florida Department of Children and Family Services			<u>120,099</u>
Total expenditures of state projects			<u>120,099</u>
Total expenditures of Federal awards and state projects			\$ <u>1,734,072</u>

* - denotes major program

See accompanying notes to schedule of expenditures of Federal Awards and State Projects.

TREASURE COAST HOMELESS SERVICES COUNCIL, INC.

Notes to Schedule of Expenditures of Federal Awards and State Projects

Year ended December 31, 2010

(1) *Basis of Presentation*

The accompanying schedule of expenditures of Federal Awards and State Projects includes the federal and state grant activity of Treasure Coast Homeless Services Council, Inc. (the "Council") 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*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

(2) *Neighborhood Stabilization Program Community Development Block Grant*

During 2010, the Council entered into a Developer's Agreement with Indian River County in relation to the Neighborhood Stabilization Program Community Development Block Grant ("NSP Grant") awarded to Indian River County by the Department of Community Affairs. In accordance with this grant, Indian River County expended \$1,740,888 to acquire and rehabilitate 14 houses, for which the Council took title in accordance with the Developer's Agreement. As Developer, the Council's participation with the NSP Grant program is not subject to the single audit provisions of OMB Circular A-133 under HUD guidelines, and therefore, Indian River County's expenditure of NSP Grant funding is not included on the accompanying Schedule of Expenditures of Federal Awards and State Projects.

TREASURE COAST HOMELESS SERVICES COUNCIL, INC.

Schedule of Findings and Questioned Costs

Year ended December 31, 2010

Section I – Summary of Auditors’ Results

Financial Statements:

Type of auditors’ report issued	Unqualified
Internal control over financial reporting:	
Material weaknesses identified?	No
Significant deficiencies identified that are not considered to be material weaknesses?	No
Noncompliance material to financial statements noted?	No

Federal Awards:

Identification of major federal awards – U.S. Department of Housing and Urban Development;
ARRA - Homelessness Prevention and Rapid Re-housing Program – CFDA No. 14.257

Internal control over major programs:

Material weaknesses identified?	No
Significant deficiencies identified that are not considered to be material weaknesses?	No

Type of auditors’ report issued on compliance for major federal awards?	Unqualified
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Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?	No
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Dollar threshold used to distinguish between Type A and Type B Awards	\$ <u>300,000</u>
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Auditee qualified as low-risk auditee?	No
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Section II – Financial Statement Findings

There were no findings related to the financial statements which are required to be reported in accordance with *Government Auditing Standards*.

Section III – Federal Awards Findings and Questioned Costs

There were no findings related to the federal awards which are required to be reported in accordance with *Government Auditing Standards*.

