

**SOUTHEAST BRONX
NEIGHBORHOOD CENTERS, INC.**

**FINANCIAL STATEMENTS
AND AUDITOR'S REPORTS**

JUNE 30, 2010

SOUTHEAST BRONX NEIGHBORHOOD CENTERS, INC.

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SOUTHEAST BRONX NEIGHBORHOOD CENTERS, INC.

BALANCE SHEET

JUNE 30, 2010

(With Summarized Financial Information for June 30, 2009)

	<u>2010</u>	<u>2009</u>
ASSETS		
Cash	\$ 1,744,000	\$ 1,858,192
Grants and service fees receivable (net of allowance of \$134,591)	2,367,522	1,686,878
Other receivables	66,815	63,813
Prepaid expenses and deposits	844	1,426
Fixed assets (net of accumulated depreciation and amortization of \$1,534,244 in 2010) (Note 3)	<u>3,778,951</u>	<u>3,984,448</u>
Total assets	<u>\$ 7,958,132</u>	<u>\$ 7,594,757</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 312,703	\$ 294,578
Accrued salaries and vacations payable	716,284	551,752
Advance deposits and deferred revenue		4,385
Due to government agencies	323,206	293,206
Mortgages payable (Note 4)	<u>1,968,170</u>	<u>2,167,400</u>
Total liabilities	<u>3,320,363</u>	<u>3,311,321</u>
Net assets (Exhibit B)		
Unrestricted	4,181,877	3,799,074
Temporarily restricted (Note 6)	<u>455,892</u>	<u>484,362</u>
Total net assets	<u>4,637,769</u>	<u>4,283,436</u>
Total liabilities and net assets	<u>\$ 7,958,132</u>	<u>\$ 7,594,757</u>

See independent auditor's report.

The accompanying notes are an integral part of these statements.

SOUTHEAST BRONX NEIGHBORHOOD CENTERS, INC.

EXHIBIT B

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2010
(With Summarized Financial Information
for the Year Ended June 30, 2009)

	2010		
	Unrestricted	Temporarily Restricted	Total
Revenues and other support			
Grants from government and other agencies			
Service fees	\$ 5,205,278	\$ 5,035,750	\$ 10,241,028
Program fees	383,383		383,383
In-kind contributions (Note 5)	827,306		827,306
Donations and contributions	47,479		47,479
Rental revenue	52,035		52,035
Other revenues	15,980		15,980
Net assets released from restrictions	5,064,220	(5,064,220)	
Total revenues and other support	11,595,681	(28,470)	11,567,211
Expenses (Exhibit C)			
Program services			
Day care services	4,782,047		4,782,047
Mental health and retardation	4,919,176		4,919,176
Youth services	577,372		577,372
Total program services	10,278,595		10,278,595
Supporting services			
Management and general	934,283		934,283
Total expenses	11,212,878		11,212,878
Change in net assets (Exhibit D)	382,803	(28,470)	354,333
Net assets - beginning of year	3,799,074	484,362	4,283,436
Net assets - end of year (Exhibit A)	\$ 4,181,877	\$ 455,892	\$ 4,637,769

See independent auditor's report.

The accompanying notes are an integral part of these statements.



**Independent Auditor's Report on Financial Statements
and Schedules**

**Board of Directors
Southeast Bronx Neighborhood Centers, Inc.**

We have audited the accompanying balance sheet of Southeast Bronx Neighborhood Centers, Inc. as of June 30, 2010, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of Southeast Bronx Neighborhood Centers Inc.'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 organization's 2009 financial statements and, in our report dated November 15, 2009, 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 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 Southeast Bronx Neighborhood Centers, 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 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 financial statements referred to above present fairly, in all material respects, the financial position of Southeast Bronx Neighborhood Centers, Inc. as of June 30, 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 January 19, 2011 on our consideration of Southeast Bronx Neighborhood Centers, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing 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 of Southeast Bronx Neighborhood Centers, Inc. taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133, and Supplementary Schedules A-1 through A-5 are 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.

Loeb & Troper LLP

January 19, 2011

SOUTHEAST BRONX NEIGHBORHOOD CENTERS, INC.

EXHIBIT C

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2010
(With Summarized Financial Information
for the Year Ended June 30, 2009)

	2010					
	Program Services			Supporting Services		2009
	Day Care Services	Mental Health and Retardation	Youth Services	Total	Management and General	
Salaries	\$ 1,607,998	\$ 2,279,927	\$ 396,138	\$ 4,284,063	\$ 536,756	\$ 4,820,819
Payroll taxes and employee benefits	597,238	789,679	65,451	1,452,368	200,334	1,652,702
Professional fees	46,875	81,177	14,769	142,821	22,082	164,903
Supplies	130,001	67,614	37,374	234,989	6,868	241,857
Telephone	11,630	19,420	400	31,450	13,448	44,898
Occupancy	410,351	73,003		483,354	57,913	541,267
Repairs and maintenance	31,925	71,175	7,263	110,363	13,590	123,953
Interest	321	150,816	59	151,196	16,796	167,992
Stipends	1,370,015	14,716	11,348	1,396,079		1,396,079
Travel	11,377	918,968	17,563	947,908	544	948,452
Food	543,564	126,217	15,450	685,231	176	685,407
Insurance		34,823	2,200	37,023	31,473	68,496
Minor equipment	6,545	22,371	3,701	32,617	7,552	40,169
Training and conferences	3,486	3,040	1,025	7,551	300	7,851
Printing and publications	2,217	5,403	349	7,969	5,900	13,869
Depreciation	4,949	214,145	38	219,132	7,287	226,419
Property taxes		14,912		14,912		14,912
Miscellaneous	3,555	31,770	4,244	39,569	13,264	52,833
Total expenses	\$ 4,782,047	\$ 4,919,176	\$ 577,372	\$ 10,278,595	\$ 934,283	\$ 11,212,878
(Exhibit B)						\$ 10,585,374

See independent auditor's report.

The accompanying notes are an integral part of these statements.

SOUTHEAST BRONX NEIGHBORHOOD CENTERS, INC.

STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2010

Cash flows from operating activities	
Change in net assets (Exhibit B)	\$ 354,333
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Depreciation	226,419
Decrease (increase) in assets	
Grants and service fees receivable	(680,644)
Other receivables	(3,002)
Prepaid expenses and deposits	582
Increase (decrease) in liabilities	
Accounts payable and accrued expenses	18,125
Accrued salaries and vacations payable	164,532
Advance deposits and deferred revenue	(4,385)
Due to government agencies	30,000
	<hr/>
Net cash provided by operating activities	105,960
Cash flows from investing activities	
Capital expenditures	(20,922)
Cash flows from financing activities	
Principal payments on mortgage	<hr/> (199,230)
Net change in cash	(114,192)
Cash - beginning of year	<hr/> 1,858,192
Cash - end of year	\$ <hr/> <hr/> 1,744,000
Supplemental disclosure for cash flow information	
Cash paid for interest	\$ <hr/> <hr/> 167,992

See independent auditor's report.

The accompanying notes are an integral part of these statements.

SOUTHEAST BRONX NEIGHBORHOOD CENTERS, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

NOTE 1 - NATURE OF ORGANIZATION

Southeast Bronx Neighborhood Centers, Inc. (the "Center") was incorporated in March 1971 under the laws of the State of New York as a not-for-profit organization. The Center has received tax-exempt status under Section 501(c)(3) of the Internal Revenue Code. The purpose of the Center is to coordinate, initiate, evaluate and to generally supervise programs designed to eliminate or reduce poverty in targeted areas of the Southeast Bronx.

The primary sources of revenue are grants from government and other agencies and service and program fees.

The Center's major programs funded by various federal, New York State and City agencies are as follows:

Day Care Programs:

Blondell Joyner Day Care
Five Star Day Care
Gwendolyn B. Bland Day Care
Universal Pre-kindergarten
Youth Village Family Day Care

Mental Health and Retardation Programs:

Best of Me Day Habilitation
Leisure Time Therapy - Evening Recreation and After-School Programs
United Day Habilitation

Youth Services Programs:

Adolescent Vocational Exploration Program
After School
Challenge Grant Program
Community Technology Center
Educational Support and Dropout Prevention
Jobs for Youth
OST Afterschool Program
OST High School Program
Supplementary Education to At-Risk Youth
Youth Employment Program

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SOUTHEAST BRONX NEIGHBORHOOD CENTERS, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting - The financial statements are prepared on the accrual basis of accounting.

FASB Accounting Standards Codification - In July 2009, the FASB released FASB Accounting Standards Codification (ASC) as the single source of authoritative nongovernmental U.S. Generally Accepted Accounting Principles (GAAP). The Codification is effective for interim and annual periods ending after September 15, 2009. All existing accounting standards documents are superseded as described in FASB Statement No. 168, *The FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles*. All other accounting literature not included in the Codification is considered nonauthoritative.

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.

Cash - Cash is maintained in separate bank accounts as required by various agreements with funding sources. Disbursements from these accounts are restricted to expenditures for the particular funded program.

Grants, service fees and other receivables - Grants, service fees and other receivables are recorded when services are rendered. Interest is not recorded on outstanding receivables.

Allowance for doubtful accounts - The Center determines whether an allowance for uncollectibles should be provided for grants and service fees receivable. Such estimates are based on management's assessment of the aged basis, current economic conditions, subsequent receipts and historical information. Grants and service fees receivable are written off against the allowance for doubtful accounts when all reasonable collection efforts have been exhausted.

Fixed assets - Fixed assets with a cost of \$5,000 whose useful life is more than one year are capitalized and depreciated over their estimated useful lives on the straight-line method.

Due to government agencies - Due to government agencies includes overpayments and advances from funders, which are contractually owed back.

In-kind contributions - In-kind contributions are recorded at their estimated fair value.

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SOUTHEAST BRONX NEIGHBORHOOD CENTERS, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Unrestricted net assets - Unrestricted net assets include funds having no restriction as to use or purpose imposed by donors.

Temporarily restricted net assets - Temporarily restricted net assets consist of funds restricted as to use or purpose.

Summarized financial information - The financial statements include certain prior-year summarized comparative information in total. 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 Center's financial statements for the year ended June 30, 2009, from which the summarized information was derived. Certain 2009 amounts have been reclassified from prepaid expenses to fixed assets as well as between revenue categories to conform to the 2010 presentation.

Grants from government and other agencies - The Center receives funding for many of its programs through contracts principally entered into with New York State and New York City.

Service and program fees - Revenues from fee-for-service and reimbursement contracts with New York State and New York City are recorded at rates established by the governmental payors. Revenues are recorded based on estimated allowable costs and are subject to audit and adjustment by governmental payors. The effects of such adjustments are recorded when reasonably determinable.

Foundation grants, donations and contributions - Unconditional contributions, including promises to give cash and other assets, are reported at fair value at the date the contribution is received. The gifts are reported as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Rental income and expense - All leases are cancelable operating leases and are reflected on the straight-line basis. Rental income and expense are recognized on the first day of each month for the current month's rent.

Functional allocation of expenses - The costs of providing services have been summarized on a functional basis. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

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SOUTHEAST BRONX NEIGHBORHOOD CENTERS, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Uncertainty in income taxes - Effective July 1, 2009, the Center adopted the provision pertaining to uncertain tax positions (ASC Topic 740) and has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements. Tax returns for the years June 30, 2007 and subsequent remain subject to examination by applicable taxing authorities.

Subsequent events - Subsequent events have been evaluated through January 19, 2011, which is the date the financial statements were available to be issued.

NOTE 3 - FIXED ASSETS

		<u>Estimated Useful Lives</u>
Land	\$ 98,004	
Buildings and improvements	4,571,403	25 years
Furniture and equipment	<u>643,788</u>	5 - 10 years
	5,313,195	
Less accumulated depreciation	<u>(1,534,244)</u>	
	<u>\$ 3,778,951</u>	

NOTE 4 - MORTGAGES PAYABLE

- (a) The Center has a mortgage loan for the purpose of Phase II renovation to the building located at 3289 Third Avenue, Bronx, New York. The maturity date of the mortgage is January 24, 2022. The mortgage carries interest at a fixed rate of 7.82% per annum. Fixed principal of \$7,572 is due monthly. The principal balance outstanding as of June 30, 2010 was \$1,082,775. The mortgage is collateralized by the underlying real estate. Interest expense for 2010 was \$88,790.

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SOUTHEAST BRONX NEIGHBORHOOD CENTERS, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

NOTE 4 - MORTGAGES PAYABLE (continued)

The minimum principal payments for the next five years are:

2011	\$	90,864
2012		90,864
2013		90,864
2014		90,864
2015		90,864
Thereafter		<u>628,455</u>
Total	\$	<u>1,082,775</u>

(b) The Center also has two mortgage loans with JP Morgan Chase for 3320 Third Avenue, Bronx, New York. Both mortgages are collateralized by the underlying real estate. Details of the loans are as follows:

i.	Original loan amount	\$	270,711
	Interest rate		5.77%
	Term		5 years
	Maturity		February 25, 2013
ii.	Original loan amount	\$	813,355
	Interest rate		6.77%
	Term		15 years
	Maturity		February 25, 2023

The balances on the loans as of June 30, 2010 were \$171,448 and \$713,947, respectively. In 2010, interest expense was \$11,530 and \$50,496 for the loans, respectively.

Minimum principal payments are:

	<u>i.</u>	<u>ii.</u>	<u>Total</u>
2011	\$ 54,144	\$ 54,224	\$ 108,368
2012	54,144	54,224	108,368
2013	54,144	54,224	108,368
2014	9,016	54,224	63,240
2015		54,224	54,224
Thereafter		<u>442,827</u>	<u>442,827</u>
Total	<u>\$ 171,448</u>	<u>\$ 713,947</u>	<u>\$ 885,395</u>

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SOUTHEAST BRONX NEIGHBORHOOD CENTERS, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

NOTE 5 - IN-KIND CONTRIBUTIONS

The space at 955 Tinton Avenue, Bronx, New York was donated by the New York City Housing Authority - Forest Houses - for the Center's use. The rental value of the space was estimated to be \$56,853 per year. This donated space is reflected as a contribution and an expense in the accompanying statements at the estimated value of the space.

The Center received food donations of \$13,914 for the year ended June 30, 2010. The donations were valued at the donor's cost and recorded as a contribution and expense in these financial statements.

During the year ended June 30, 2010, health and other insurance costs approximating \$383,934 and occupancy costs of \$372,605 were incurred by the City of New York on behalf of the day care programs. This has been recorded as a contribution and an expense in these financial statements.

NOTE 6 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are restricted for the following purpose:

Day care services	\$ <u>455,892</u>
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Temporarily restricted net assets were released from restriction by incurring expenses for the following purposes:

Day care services	\$ 4,014,986
Mental health and retardation	426,744
Youth services	516,425
Supporting services	<u>106,065</u>
	\$ <u>5,064,220</u>

NOTE 7 - PENSION PLAN

The Center has a Profit Sharing Pension Plan for its employees. Employees who have completed one year of service are eligible for the pension plan. Contribution to the pension plan is discretionary and, during the year, the Center contributed 6.75% and 3% of gross salary for union and nonunion employees, respectively.

During the year ended June 30, 2010, pension expense was \$92,725.

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SOUTHEAST BRONX NEIGHBORHOOD CENTERS, INC.**NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2010****NOTE 8 - CONCENTRATIONS**

Financial instruments which potentially subject the Center to a concentration of credit risk are cash accounts with financial institutions in excess of FDIC insurance limits.

A significant portion of the Center's revenues and receivables is with the New York State Office for People with Developmental Disabilities and the New York City Administration for Children's Services.

NOTE 9 - CONTINGENCIES

The Center is responsible to report to various third parties, amongst which are the Centers for Medicare and Medicaid Services (CMS), the New York State Department of Health's Independent Office of Medicaid Inspector General, the New York State Office of the Attorney General's Medicaid Fraud Unit, the Internal Revenue Service, the New York State Office of the Attorney General's Charities Bureau, and the New York State Office for People with Developmental Disabilities.

The third-party-payor programs described above are based upon complex laws and regulations. Noncompliance with such laws and regulations could result in fines, penalties, and exclusion from such programs. The Center is not aware of any allegations of noncompliance that could have a material adverse effect on the Center's change in net assets or financial position and believes that it is substantially in compliance with all applicable laws and regulations.

SOUTHEAST BRONX NEIGHBORHOOD CENTERS, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

JUNE 30, 2010

<u>Federal Grantor/Pass-through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Federal Expenditures</u>
U.S. Department of Health and Human Services			
Administration for Children and Families			
CCDF Cluster			
Child Care and Development Block Grant	93.575		
Passed through the New York State			
Department of Health and Human Services		08-315	\$ 1,628,237
ARRA - Child Care and Development Block Grant	93.713		
Passed through the New York State			
Department of Health and Human Services		08-315	<u>203,455</u>
Total CCDF cluster			1,831,692
ARRA - Community Services Block Grant	93.710		
Passed through the New York City Department			
of Youth and Community Development		10-315	<u>12,000</u>
Total U.S. Department of Health and			<u>1,843,692</u>
Human Services			
U.S. Department of Labor			
WIA Youth Activities			
Passed through the New York City Department			
of Youth and Community Development	17.259	10-315	<u>134,995</u>
Total U.S. Department of Labor			<u>134,995</u>
U.S. Department of Agriculture			
Child and Adult Care Food Program	10.558		
Passed through the New York City			
Department of Health		3338	<u>711,330</u>
Total U.S. Department of Agriculture			<u>711,330</u>
Total expenditures of federal awards			<u>\$ 2,690,017</u>

See independent auditor's report.

The accompanying notes are an integral part of this schedule.

SOUTHEAST BRONX NEIGHBORHOOD CENTERS, INC.

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2010

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal and other awards (the "Schedule") includes the federal and New York State grant activity of Southeast Bronx Neighborhood Centers, Inc. under programs of the federal and state government for the year ended December 31, 2010. 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*. Because this schedule presents only a selected portion of the operations of Southeast Bronx Neighborhood Centers, Inc., it is not intended to and does not present the financial position, changes in net assets or cash flows of Southeast Bronx Neighborhood Centers, Inc.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-122, *Cost Principles for Non-Profit Organizations*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

NOTE 3 - SUBRECIPIENTS

There were no payments made to subrecipients for federal or other awards received during the year ended June 30, 2010.

BUDGET ID. #10-915 CONTRACT ID. 2008000629
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETED AND ACTUAL
YEAR ENDED JUNE 30, 2010

	Actual	Actual	ARRA	Universal Pre-K	Subtotal ACS-related Actual	Private	Child and Adult Care Program	Total	ACS Variance Favorable (Unfavorable)	ACS Questioned Costs
Revenue										
HR/AA/CS	\$ 3,095,069	\$ 2,738,593			\$ 2,738,593			\$ 2,738,593	\$ 356,476	
U.S.D.A.		257,376			257,376	41,389	647,201	647,201	(257,376)	
Fees	1,810	1,863			1,863		70	1,933	(53)	
Disability deduction	115,342				100,266			100,266	15,076	
LTPK Supplement	203,643		203,455		203,455			203,455	188	
ARRA										
Total revenue	\$ 3,415,864	\$ 2,997,832	\$ 203,455	\$ 100,266	\$ 3,301,535	\$ 41,389	\$ 647,371	\$ 3,990,313	\$ 114,311	
Expenditures										
Personnel	\$ 1,482,534	\$ 1,289,517	\$ 175,280		\$ 1,464,797		\$ 101,319	\$ 1,566,116	\$ 37,757	
Regular salaries	113,416	97,126	13,460		110,528		6,756	117,282	2,890	
Employer's FICA	23,441	4,404			14,422		255	14,677	(4,669)	
MTA Commuter tax	69,194	12,892	1,530		67,710			67,710	9,019	
Unemployment insurance	74,933	60,386	6,624		53,881			53,881	2,184	
Welfare plans		53,881							21,072	
Sub. salaries, FICA and unemployment insurance			196,834		1,659,040		108,330	1,803,370	68,318	
Total personnel	1,763,538	1,498,206	196,834		1,692,040		108,330	1,803,370	68,318	
Facilities' costs										
Rent	37,746	37,746			37,746	7,438		45,184	186	
Maintenance and repairs	10,231	10,065			10,065			10,065	186	
Total facilities' costs	47,977	47,811			47,811	7,438		55,249	186	
Stipends										
FCC Initiative Code 37	313,603	313,603			313,603			313,603	34,695	
Provider parent stipends	1,091,107	1,056,412			1,056,412			1,056,412	34,695	
Total stipends	1,404,710	1,370,015			1,370,015			1,370,015	34,695	
Other non-itemized OTFS										
Category costs	30,364	21,894	2,521		24,415	5,173		29,588	5,949	
Classroom supplies/equipment	14,328	15,036	2,120		17,156	4,835		21,991	(2,828)	
Household supplies/office supplies	28,102	32,301	1,680		33,981	5,432		39,413	(5,789)	
Services	115,342	12,569			100,266			100,266	15,076	
LTPK Supplement	11,372		300		12,869	16,011		28,880	(1,496)	
Other	199,599	81,800	6,621		188,687	31,471		220,158	10,912	
Total other non-itemized OTFS										
Total U.S.D.A. costs										
Food							534,024	534,024		
Non-food related costs							33,587	33,587		
Total expenditures	\$ 3,415,864	\$ 2,997,832	\$ 203,455	\$ 100,266	\$ 3,301,535	\$ 38,909	\$ 675,941	\$ 4,016,403	\$ 114,311	
Excess or (deficiency) of revenue over expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,480	\$ (28,570)	\$ (26,090)	\$ -	

See independent auditor's report.

SOUTHEAST BRONX NEIGHBORHOOD CENTERS, INC.
 DAY CARE PROGRAM
 BUDGET I.D. #10-915 CONTRACT ID-20080000629

SCHEDULE A-2

BALANCE SHEET

JUNE 30, 2010

	ACS	CACFP	Private	UPK	Interfund Elimination	Total
Assets						
Cash	\$ 331,231	\$ 5,639	\$ 80,848		\$	\$ 417,718
Grants receivable	379,762	80,207		49,623		509,592
Parent fees receivable			9,269			9,269
Other receivable	46,407					46,407
Due from other programs		384,224	68,688		\$ (452,912)	
Fixed assets - net	311,045		5,380			316,425
Total assets	\$ 1,068,445	\$ 470,070	\$ 164,185	\$ 49,623	\$ (452,912)	\$ 1,299,411
Liabilities						
Accounts payable	\$ 63,491	\$ 39,605	\$ 771	2,374		\$ 106,241
Accrued salaries and vacations payable	408,166	3,333		217		411,716
Due to other programs	517,396			26,343	\$ (452,912)	90,827
Total liabilities	989,053	42,938	771	28,934	(452,912)	608,784
Net assets						
Temporarily restricted		548,988				548,988
Unrestricted	79,392	(121,856)	163,414	20,689		141,639
Total net assets	79,392	427,132	163,414	20,689		690,627
Total liabilities and net assets	\$ 1,068,445	\$ 470,070	\$ 164,185	\$ 49,623	\$ (452,912)	\$ 1,299,411

See independent auditor's report.

SCHEDULE A-3

**SOUTHEAST BRONX NEIGHBORHOOD CENTERS, INC.
ADMINISTRATION FOR CHILDREN'S SERVICES
DAY CARE PROGRAM
BUDGET I.D. #10-915 CONTRACT ID-200800000629**

SCHEDULE OF QUESTIONED COSTS

YEAR ENDED JUNE 30, 2010

None.

See independent auditor's report.

**SOUTHEAST BRONX NEIGHBORHOOD CENTERS, INC.
DAY CARE PROGRAM
BUDGET ID #08-915 CONTRACT ID - 20080000629**

SCHEDULE OF FIXED ASSETS INVENTORY

JUNE 30, 2010

<u>Date</u>	<u>Description</u>	<u>Amount</u>	<u>Center</u>
<u>CURRENT YEAR ADDITIONS</u>			
07/15/09	Folding table	\$ 160	Youth Village
07/15/09	Ice chest cooler	33	
07/23/09	Table	288	
07/23/09	Table	841	
10/31/09	Chairs	350	
03/18/10	Credenza	<u>822</u>	
		\$ <u>2,494</u>	
<u>2008/2009 ADDITIONS</u>			
06/28/09	Air Conditioner	\$ <u>1,538</u>	Blondell Joyner
06/25/09	Desk	\$ 530	
06/25/09	Desk	470	
06/24/09	Desk	420	
06/24/09	Chair	360	
06/26/09	Folding Table	340	
06/26/09	Printer	404	
06/23/09	Credenza	340	
06/23/09	Credenza	<u>300</u>	
		\$ <u>3,164</u>	Youth Village
<u>2007/2008 ADDITIONS</u>			
06/9/08	Air Conditioner	\$ <u>1,050</u>	Youth Village
<u>2006/2007 ADDITIONS</u>			
11/28/06	Utility cart	\$ <u>171</u>	Five Star
02/16/07	Washing machine	\$ <u>527</u>	Blondell Joyner

-continued-

SOUTHEAST BRONX NEIGHBORHOOD CENTERS, INC.
DAY CARE PROGRAM
BUDGET ID #08-915 CONTRACT ID - 20080000629

SCHEDULE OF FIXED ASSETS INVENTORY

JUNE 30, 2010

<u>Date</u>	<u>Description</u>	<u>Amount</u>	<u>Center</u>
<u>2006/2007 ADDITIONS (continued)</u>			
11/13/06	Camcorder	\$ 319	
11/13/06	Television	350	
10/6/06	Chair	450	
10/23/06	Chairs	<u>280</u>	
		<u>\$ 1,399</u>	Youth Village
<u>2005/2006 ADDITIONS</u>			
07/31/05	1 Easel	\$ 109	
07/31/05	1 Red chair	202	
07/31/05	1 Blue couch	159	
07/31/05	1 Tabletop writing center	50	
07/31/05	1 Beanbag seat	40	
08/2/05	1 Double-sided mobile storage	430	
08/2/05	1 25-tray cubby	360	
08/2/05	1 Kitchen w/eating counter	470	
08/2/05	1 Language center	360	
08/2/05	1 Large tray store & stack	420	
08/2/05	1 Deluxe vanity set	300	
08/2/05	1 Mobile audio visual center	249	
08/2/05	1 CD cassette player	90	
02/14/06	1 Desktop stapler	27	
02/14/06	1 Office clock	<u>64</u>	
		<u>\$ 3,330</u>	Five Star
03/4/06	2 Indoor carts	\$ 198	
03/4/06	2 Equip. carts	298	
03/4/06	2 Table and chair sets	358	
03/4/06	2 Block chairs	119	
03/4/06	1 Desktop	150	
03/4/06	6 Rolling carts	<u>120</u>	
		<u>\$ 1,243</u>	Gwendolyn Bland

-continued-

SOUTHEAST BRONX NEIGHBORHOOD CENTERS, INC.
DAY CARE PROGRAM
BUDGET ID #08-915 CONTRACT ID - 20080000629

SCHEDULE OF FIXED ASSETS INVENTORY

JUNE 30, 2010

<u>Date</u>	<u>Description</u>	<u>Amount</u>	<u>Center</u>
<u>2005/2006 ADDITIONS (continued)</u>			
06/28/06	1 Air conditioner (100m)	\$ <u>371</u>	Blondell Joyner
09/29/05	1 Computer w/Microsoft Windows	\$ 893	
09/30/05	1 Computer	893	
11/22/05	1 4-drawer file cabinet	345	
11/16/05	1 Printer	140	
11/16/05	2 Printers, photocopier	600	
06/12/06	14-drawer file w/lk	405	
06/27/06	1 Sony computer	2,154	
06/28/06	2 BK leather chairs	200	
06/28/05	2 Lateral files	340	
06/28/06	4 Executive desks	700	
06/29/06	2 Piedmont files	340	
06/29/06	4 Executive desks	700	
06/30/06	1 File tab	169	
06/30/06	3 Desk organizers	150	
06/30/06	1 File tub with shelf	<u>152</u>	
		\$ <u>8,181</u>	Youth Village
<u>2004/2005 ADDITIONS</u>			
09/25/04	1 Phonograph	\$ 190	
12/18/04	1 Four-unit kitchen set	550	
12/18/04	2 Mobile book trolleys	460	
12/18/04	1 Double-sided writing center	350	
12/18/04	1 Birch Dutch cabinet	170	
12/18/04	1 Birch refrigerator	140	
12/18/04	1 8-tray mobile cubby w/trays	190	
12/18/04	2 Economy 2-shelf units	340	
12/18/04	1 Office desk	430	
12/18/04	1 Office chair	<u>120</u>	
		\$ <u>2,940</u>	Five Star

-continued-

SOUTHEAST BRONX NEIGHBORHOOD CENTERS, INC.
DAY CARE PROGRAM
BUDGET ID #08-915 CONTRACT ID - 20080000629

SCHEDULE OF FIXED ASSETS INVENTORY

JUNE 30, 2010

<u>Date</u>	<u>Description</u>	<u>Amount</u>	<u>Center</u>
<u>2004/2005 ADDITIONS (continued)</u>			
05/24/05	1 Computer lab table	\$ 326	
06/30/05	4 Chair/rug/computer station	731	
06/30/05	2 Play house climber	790	
06/30/05	1 Easel	<u>349</u>	
		<u>\$ 2,196</u>	Gwendolyn Bland
12/11/04	1 Kitchen cabinet	\$ 63	
08/30/05	1 Scanner	<u>81</u>	
		<u>\$ 144</u>	Blondell Joyner
03/29/04	1 20" Television	\$ 233	
03/29/04	1 DVD/VCR player	148	
05/19/05	1 Digital camera	426	
05/19/05	1 512MB memory stick	65	
05/19/05	1 File cabinet	460	
05/19/05	1 Typewriter stand	50	
06/22/05	1 Mystic corner desk	80	
06/07/05	1 Stak chair	237	
06/07/05	1 Leather chair	250	
06/07/05	1 Tower fan	91	
06/07/05	1 Folding cart	119	
06/07/05	1 Table	133	
06/07/05	1 Wood organizer	44	
06/07/05	1 Electric sharpener	25	
06/07/05	1 Calculator	170	
06/08/06	1 Heavy duty shredder	350	
06/08/05	1 Four-drawer file	880	
06/09/05	1 Calculator	174	
06/10/05	1 Phone stand	100	
06/10/05	1 Wall clock	58	
06/10/05	1 Tower remote fan	107	
06/10/05	1 Four-file cabinet	320	

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SOUTHEAST BRONX NEIGHBORHOOD CENTERS, INC.
DAY CARE PROGRAM
BUDGET ID #08-915 CONTRACT ID - 20080000629

SCHEDULE OF FIXED ASSETS INVENTORY

JUNE 30, 2010

<u>Date</u>	<u>Description</u>	<u>Amount</u>	<u>Center</u>
<u>2004/2005 ADDITIONS (continued)</u>			
06/14/05	1 Leather chair	\$ 299	
06/14/05	2 Leather executive chairs	640	
06/14/05	1 Four-drawer file cabinet	320	
06/17/05	1 Swivel chair	107	
06/20/05	1 Four-drawer file cabinet	360	
06/22/05	1 Brother electric typewriter	525	
06/24/05	1 Brother laser copier	350	
06/24/05	1 Desk computer	40	
06/24/05	1 Mobile file	35	
06/30/05	1 LCD monitor	215	
06/30/05	1 75 Speaker	26	
06/30/05	1 Computer	920	
06/30/05	2 Speakers	50	
06/30/05	1 NWM LCD monitor	215	
06/30/05	1 Computer	920	
		<u>\$ 9,542</u>	Youth Village
05/12/04	15 Class cots	\$ 556	
05/21/04	45 Class cots	1,668	
06/7/04	4 File cabinets	880	
06/26/04	1 RCA CD player	230	
		<u>\$ 3,334</u>	Five Star
11/4/03	ATT Merlin 5 button telephone	\$ 233	Blondell Joyner
<u>2002/2003 ADDITIONS</u>			
04/11/03	5 Drawers	\$ 814	
06/30/03	1 Executive chair	140	
06/30/03	2 Desks	1,071	
		<u>\$ 2,025</u>	Youth Village

-continued-

**SOUTHEAST BRONX NEIGHBORHOOD CENTERS, INC.
DAY CARE PROGRAM
BUDGET ID #08-915 CONTRACT ID - 20080000629**

SCHEDULE OF FIXED ASSETS INVENTORY

JUNE 30, 2010

<u>Date</u>	<u>Description</u>	<u>Amount</u>	<u>Center</u>
<u>2002/2003 ADDITIONS (continued)</u>			
10/24/02	14 Maple chairs	\$ <u>672</u>	Blondell Joyner
07/24/02	1 Time clock	\$ 270	
06/30/03	35 Metal cots	<u>1,209</u>	
		\$ <u>1,479</u>	Five Star
06/25/03	22 Oak chairs	\$ <u>2,200</u>	Gwendolyn Bland
<u>1999/2000 ADDITIONS</u>			
06/30/00	1 HP Laserjet	\$ 410	
06/30/00	1 HP Fax 920	290	
06/30/00	1 Executive chair	160	
06/28/00	1 903D copier	4,850	
06/30/00	2 Tower workstations	538	
06/30/00	1 Desk	278	
06/30/00	1 Desk	251	
06/30/00	1 Desk bridge	174	
06/30/00	1 Printer	320	
06/30/00	1 Printer	507	
06/30/00	1 Leather chair	240	
06/30/00	1 Mobile file pedestal	250	
06/27/00	1 Table and 4 chairs	1,230	
06/30/00	1 Pentium III 500 syst.	<u>929</u>	
		\$ <u>10,427</u>	Youth Village
06/20/00	Air conditioners	\$ <u>10,000</u>	Gwendolyn Bland
06/21/00	1 Duramex play structure	\$ 10,000	
11/29/99	1 Xerox copier	900	
07/13/99	12 48" round table	1,332	

-continued-

SOUTHEAST BRONX NEIGHBORHOOD CENTERS, INC.
DAY CARE PROGRAM
BUDGET ID #08-915 CONTRACT ID - 20080000629

SCHEDULE OF FIXED ASSETS INVENTORY

JUNE 30, 2010

<u>Date</u>	<u>Description</u>	<u>Amount</u>	<u>Center</u>
<u>1999/2000 ADDITIONS (continued)</u>			
07/13/99	16 Rectangular tables	\$ 1,440	
07/13/99	60 12" Stacking chairs	1,299	
07/13/99	48 14" Stacking chairs	<u>1,075</u>	
		<u>\$ 16,046</u>	Five Star
06/27/00	11 Silver Rider Trikes	\$ 1,846	
05/10/00	1 Cupboard with hutch top	166	
05/10/00	1 Side by side refrigerator/freezer	152	
05/10/00	3 Computer tables	936	
05/10/00	3 16" Wood chairs	270	
05/10/00	1 30" Round table	115	
05/10/00	1 Sand and water table	<u>262</u>	
		<u>\$ 3,747</u>	Blondell Joyner
<u>1993/1994 ADDITIONS</u>			
02/28/94	1 Stove	\$ 2,698	
04/29/94	1 Gym set	<u>695</u>	
		<u>\$ 3,393</u>	Gwendolyn
08/26/94	1 Brother fax machine	<u>\$ 335</u>	Blondell Joyner
<u>1992/1993 ADDITIONS</u>			
06/23/93	3 Record players	\$ 687	
	1 Audio center	184	
	8 Chairs wood 14"	560	
	2 Water stands	236	
	1 Micro tot oven	211	
	1 Play store or theatre	165	

-continued-

SOUTHEAST BRONX NEIGHBORHOOD CENTERS, INC.
 DAY CARE PROGRAM
 BUDGET ID #08-915 CONTRACT ID - 20080000629

SCHEDULE OF FIXED ASSETS INVENTORY

JUNE 30, 2010

<u>Date</u>	<u>Description</u>	<u>Amount</u>	<u>Center</u>
<u>1992/1993 ADDITIONS (continued)</u>			
06/23/93	1 Television	\$ 79	
	6 Chairs wood 12"	356	
	6 Chairs wood 13"	378	
	1 Three-way mirror	210	
	2 Balance beams	130	
	4 Tables (red)	<u>740</u>	
		<u>\$ 3,936</u>	Blondell Joyner
06/14/93	1 Xerox copier	<u>\$ 800</u>	Gwendolyn

See independent auditor's report.

ADMINISTRATION FOR CHILDREN'S SERVICES

DAY CARE PROGRAM

BUDGET I.D. #10-915 CONTRACT ID-20080000629

SCHEDULE OF SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2010

Consultants

NONE

Accounts Receivable

	<u>Current Year's Program</u>	<u>Prior Year's Program</u>	<u>Total</u>
Beginning balance - 7/1/2009		\$ 152,883	\$ 152,883
Add: Current year expenses	\$ 3,301,555		3,301,555
Less: Program fees and other revenue	(257,376)		(257,376)
Less: Cash receipts (received) from (by) agency	<u>(2,714,599)</u>	<u>(102,701)</u>	<u>(2,817,300)</u>
Ending balance - 6/30/2010	<u>\$ 329,580</u>	<u>\$ 50,182</u>	<u>\$ 379,762</u>

Quantitative Program Results

1. Average Daily Attendance

A. The average daily attendance at this center for the twelve months under audit (July - June) was 184 children.

B. This center is contracted to service at least 240 children a day.

2. Average Number of Meals Served

A. The average number of meals served daily at this center for the twelve months under audit (July - June) was 623 children.

B. This center is contracted to serve an average of 720 meals per day.

3. Average "Raw Food" Cost Per Meal

A. The average raw food cost per meal for the twelve months under audit was \$1.28.

B. This center's contract specifies that raw food cost per meal should not exceed \$ Not available.

See independent auditor's report.



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

**Board of Directors
Southeast Bronx Neighborhood Center, Inc.**

We have audited the financial statements of Southeast Bronx Neighborhood Centers, Inc. as of and for the year ended June 30, 2010, and have issued our report thereon dated January 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 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 Southeast Bronx Neighborhood Centers, Inc.'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Southeast Bronx Neighborhood Centers, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Southeast Bronx Neighborhood Centers, Inc.'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 entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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



**Independent Auditor's Report on Compliance with Requirements
That Could Have a Direct and Material Effect on Each Major
Program and on Internal Control Over Compliance in
Accordance with OMB Circular A-133**

**Board of Directors
Southeast Bronx Neighborhood Centers, Inc.**

Compliance

We have audited Southeast Bronx Neighborhood Centers, Inc.'s compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Southeast Bronx Neighborhood Centers, Inc.'s major federal programs for the year ended June 30, 2010. Southeast Bronx Neighborhood Centers, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Southeast Bronx Neighborhood Centers, Inc.'s management. Our responsibility is to express an opinion on Southeast Bronx Neighborhood Centers, Inc.'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. 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 Southeast Bronx Neighborhood Centers, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Southeast Bronx Neighborhood Centers, Inc.'s compliance with those requirements.

In our opinion, Southeast Bronx Neighborhood Centers, Inc. complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010.

Internal Control Over Compliance

Management of Southeast Bronx Neighborhood Centers, Inc. 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 Southeast Bronx Neighborhood Centers, Inc.'s internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine the 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Southeast Bronx Neighborhood Centers, Inc.'s internal control over compliance.

A *deficiency in internal control over compliance* 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 management, the Board of Directors, others within the entity, 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.

Loeb + Troper LLP

January 19, 2011

SOUTHEAST BRONX NEIGHBORHOOD CENTERS, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2010

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	<u>Unqualified</u>		
Internal control over financial reporting:			
Material weaknesses identified?	<u> </u> yes	<u> X </u>	no
Significant deficiency(ies) identified?	<u> </u> yes	<u> X </u>	none reported
Noncompliance material to financial statements noted?	<u> </u> yes	<u> X </u>	no

Federal Awards

Internal control over major programs:			
Material weaknesses identified?	<u> </u> yes	<u> X </u>	no
Significant deficiency(ies) identified?	<u> </u> yes	<u> X </u>	none reported
Type of auditor's report issued on compliance for major programs:	<u>Unqualified</u>		
Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?	<u> </u> yes	<u> X </u>	no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
93.575/93.713	CCDF Cluster
10.558	Child and Adult Care Food Program

Dollar threshold used to distinguish between Type A and Type B program:	<u>\$300,000</u>
Auditee qualified as low-risk auditee?	<u> X </u> yes <u> </u> no

Compliance and Other Matters

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

We noted certain matters that we reported to management of Southeast Bronx Neighborhood Centers, Inc. in a separate letter dated January 19, 2011.

This report is intended solely for the information and use of management, the Board of Directors, others within the entity, 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.

Loeb + Troper LLP

January 19, 2011

SOUTHEAST BRONX NEIGHBORHOOD CENTERS, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2010

Section II - Financial Statement Findings

No matters were reported.

Section III - Federal Award Findings and Questioned Costs

No matters were reported.