

Form **990-EZ**

Short Form
Return of Organization Exempt From Income Tax
Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code
(except black lung benefit trust or private foundation)

OMB No 1545-1150

2008

Open to Public Inspection

Department of the Treasury
Internal Revenue Service

▶ Sponsoring organizations of donor advised funds and controlling organizations as defined in section 512(b)(13) must file Form 990. All other organizations with gross receipts less than \$1,000,000 and total assets less than \$2,500,000 at the end of the year may use this form.
▶ The organization may have to use a copy of this return to satisfy state reporting requirements.

A For the 2008 calendar year, or tax year beginning Jul 01, 2008, **and ending** Jun 30, 2008

B Check if applicable: <input type="checkbox"/> Address change <input type="checkbox"/> Name change <input type="checkbox"/> Initial return <input type="checkbox"/> Termination <input type="checkbox"/> Amended return <input type="checkbox"/> Application pending	Please use IRS label or print or type. See Specific Instructions.	C Name of organization, number and street, city, town, state, and ZIP code VILLAGE CARE FAMILY SERVICES INC 4950 PARKSIDE AVENUE FLOOR 5 Philadelphia PA 19131-	D Employer identification number 23-3009161
		E Telephone number 215-879-4023	F Group Exemption Number ▶ 501

• **Section 501(c)(3) organizations and 4947(a)(1) nonexempt charitable trusts must attach a completed Schedule A (Form 990 or 990-EZ).** **G Accounting method** Cash Accrual Other (specify) ▶

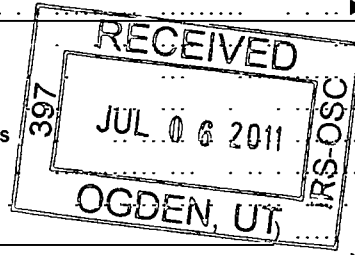
I Website: ▶ **H Check** if the organization is not required to attach Sch B (Form 990, 990-EZ, or 990-PF)

J Organization type (check only one) - 501(c)(3) (insert no) 4947(a)(1) or 527
K Check if the organization is not a section 509(a)(3) supporting organization and its gross receipts are normally not more than \$25,000. A return is not required, but if the organization chooses to file a return, be sure to file a complete return.

L Add lines 5b, 6b, and 7b, to line 9 to determine gross receipts, if \$1,000,000 or more, file Form 990 instead of Form 990-EZ ▶ \$ 837,946.

Part I Revenue, Expenses, and Changes in Net Assets or Fund Balances (See the instructions)

Revenue	1 Contributions, gifts, grants, and similar amounts received	1	
	2 Program service revenue including government fees and contracts	2	829,297.
	3 Membership dues and assessments	3	
	4 Investment income	4	1,149.
	5a Gross amount from sale of assets other than inventory	5a	
	b Less cost or other basis and sales expenses	5b	
	c Gain or (loss) from sale of assets other than inventory (Subtract line 5b from line 5a) (attach schedule)	5c	
	6 Special events and activities (complete applicable parts of Schedule G) If any amount is from gaming, check here <input type="checkbox"/>		
	a Gross revenue (not including \$ of contributions reported on line 1)	6a	
b Less direct expenses other than fundraising expenses	6b		
c Net income or (loss) from special events and activities (Subtract line 6b from line 6a)	6c		
7a Gross sales of inventory, less returns and allowances	7a		
b Less cost of goods sold	7b		
c Gross profit or (loss) from sales of inventory (Subtract line 7b from line 7a)	7c		
8 Other revenue (describe ▶ RENTAL INCOME)	8	7,500.	
9 Total revenue Add lines 1, 2, 3, 4, 5c, 6c, 7c, and 8	9	837,946.	
Expenses	10 Grants and similar amounts paid (attach schedule)	10	
	11 Benefits paid to or for members	11	
	12 Salaries, other compensation, and employee benefits	12	196,416.
	13 Professional fees and other payments to independent contractors	13	643,448.
	14 Occupancy, rent, utilities, and maintenance	14	
	15 Printing, publications, postage, and shipping	15	
	16 Other expenses (describe ▶)	16	
	17 Total expenses Add lines 10 through 16	17	839,864.
18 Excess or (deficit) for the year (Subtract line 17 from line 9)	18	(1,918.)	
Net Assets	19 Net assets or fund balances at beginning of year (from line 27, column (A)) (must agree with end-of-year figure reported on prior year's return)	19	54,969.
	20 Other changes in net assets or fund balances (attach explanation)	20	
	21 Net assets or fund balances at end of year Combine lines 18 through 20	21	53,051.



Part II Balance Sheets. If Total assets on line 25, column (B) are \$2,500,000 or more, file Form 990 instead of Form 990-EZ (See the instructions)

	(A) Beginning of year	(B) End of year
22 Cash, savings, and investments	246,146.	22 1,169.
23 Land and buildings		23
24 Other assets (describe ▶ SEE STMT)	110,069.	24 138,925.
25 Total assets	356,215.	25 140,094.
26 Total liabilities (describe ▶ SEE STMT)	301,246.	26 87,043.
27 Net assets or fund balances (line 27 of column (B) must agree with line 21)	54,969.	27 53,051.

For Privacy Act and Paperwork Reduction Act Notice, see the Instruction for Form 990. Form **990-EZ** (2008)

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ENVELOPE POSTMARK DATE JUN 30 2011

SCANNED JUL 25 2011

Part V Other Information (Note the statement requirements in the instructions for Part VI)

		Yes	No	
33	Did the organization engage in any activity not previously reported to the IRS? If "Yes," attach a detailed description of each activity		X	
34	Were any changes made to the organizing or governing documents but not reported to the IRS? If "Yes," attach a conformed copy of the changes		X	
35	If the organization had income from business activities, such as those reported on lines 2, 6a, and 7a (among others), but not reported on Form 990-T, attach a statement explaining your reason for not reporting the income on Form 990-T			
a	Did the organization have unrelated business gross income of \$1,000 or more or section 6033(e) notice, reporting, and proxy tax requirements?		X	
b	If "Yes," has it filed a tax return or Form 990-T for this year?			
36	Was there a liquidation, dissolution, termination, or substantial contraction during the year? If "Yes," complete applicable parts of Schedule N		X	
37a	Enter amount of political expenditures, direct or indirect, as described in the instructions	37a	0	
b	Did the organization file Form 1120-POL for this year?	37b		
38a	Did the organization borrow from, or make any loans to, any officer, director, trustee, or key employee were any such loans made in a prior year and still unpaid at the start of the period covered by this return?	38a	X	
b	If "Yes," complete Schedule L, Part II and enter the total amount involved.	38b		
39	Section 501(c)(7) organizations Enter			
a	Initiation fees and capital contributions included on line 9	39a		
b	Gross receipts, included on line 9, for public use of club facilities	39b		
40a	Section 501(c)(3) organizations Enter amount of tax imposed on the organization during the year under section 4911, section 4912, section 4955			
b	Section 501(c)(3) and (4) organizations Did the organization engage in any section 4958 excess benefit transaction during the year or did it become aware of an excess benefit transaction from a prior year? If "Yes," complete Schedule L, Part I	40b	X	
c	Enter amount of tax imposed on organization managers or disqualified persons during the year under sections 4912, 4955, and 4958			
d	Enter amount of tax on line 40c reimbursed by the organization			
e	All organizations At any time during the tax year, was the organization a party to a prohibited tax shelter transaction? If "Yes," complete Form 8886-T	40e	X	
41	List the states with which a copy of this return is filed	PA		
42a	The books are in care of	JOETTA MORAN GLOVER	Telephone no	215-879-4023
	Located at	4950 PARKSIDE AVENUE FL 5 PA Philadelphia	ZIP + 4	19131-
b	At any time during the calendar year, did the organization have an interest in or a signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account)? If "Yes," enter the name of the foreign country	42b	X	
	See the instructions for exceptions and filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts.			
c	At any time during the calendar year, did the organization maintain an office outside of the U S? If "Yes," enter the name of the foreign country	42c	X	
43	Section 4947(a)(1) nonexempt charitable trusts filing Form 990-EZ in lieu of Form 1041 - Check here and enter the amount of tax-exempt interest received or accrued during the tax year	43		
		Yes	No	
44	Did the organization maintain any donor advised funds? If "Yes," Form 990 must be completed instead of Form 990-EZ	44	X	
45	Is any related organization a controlled entity within the meaning of section 512(b)(13)? If "Yes," Form 990 must be completed instead of Form 990-EZ	45	X	

Part VI Section 501(c)(3) organizations only. All section 501(c)(3) organizations must answer questions 46 - 49

and complete the tables for lines 50 and 51

46	Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? If "Yes," complete Schedule C, Part I	46	Yes	No
47	Did the organization engage in lobbying activities? If "Yes," complete Schedule C, Part II	47		X
48	Is the organization operating a school as described in section 170(b)(1)(A)(ii)? If "Yes," complete Schedule E.	48		X
49a	Did the organization make any transfers to an exempt non-charitable related organization?	49a		X
49b	If "Yes," was the related organization(s) a section 527 organization?	49b		

50 Complete this table for the five highest compensated employees (other than officers, directors, trustees and key employees) who each received more than \$100,000 of compensation from the organization. If there is none, enter "None"

(a) Name and address of each employee paid more than \$100,000	(b) Title and average hours per week devoted to position	(c) Compensation	(d) Contributions to employee benefit plans & deferred compensation	(e) Expense account and other allowances
NONE				
Total number of other employees paid over \$100,000				

51 Complete this table for the five highest compensated independent contractors who each received more than \$100,000 of compensation from the organization. If there is none, enter "None"

(a) Name and address of each independent contractor paid more than \$100,000	(b) Type of service	(c) Compensation
NONE		
Total number of other independent contractors each receiving over \$100,000		

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here

Signature of officer: *Joetta Moran* Date: 06/27/2011
 JOETTA MORAN (GLOVER) Kersey PRESIDENT

Paid Preparer's Use Only

Preparer's signature: *Travis M. Travis* Date: 06/27/2011 Check if self-employed:
 Firm's name (or yours if self-employed): J Travis & Associates EIN: 23-2869293
 address, and ZIP + 4: Post Office Box 20743 Philadelphia PA 19138-0743 Phone no: 215-477-2121

May the IRS discuss this return with the preparer shown above? See instructions. Yes No

Part II Support Schedule for Organizations Described in Sections 170(b)(1)(A)(iv) and 170(b)(1)(A)(vi)

(Complete only if you checked the box on line 5, 7, or 8 of Part I.)

Section A. Public Support

Calendar year (or fiscal year beginning in) ▶	(a) 2004	(b) 2005	(c) 2006	(d) 2007	(e) 2008	(f) Total
1 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants")						
2 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
3 The value of services or facilities furnished by a governmental unit to the organization without charge						
4 Total. Add lines 1-3						
5 The portion of total contributions by each person (other than a governmental unit or publicly supported organization) included on line 1 that exceeds 2% of the amount shown on line 11, column (f)						
6 Public support. Subtract line 5 from line 4						

Section B. Total Support

Calendar year (or fiscal year beginning in) ▶	(a) 2004	(b) 2005	(c) 2006	(d) 2007	(e) 2008	(f) Total
7 Amounts from line 4						
8 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
9 Net income from unrelated business activities, whether or not the business is regularly carried on						
10 Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV)						
11 Total support. Add lines 7 through 10						
12 Gross receipts from related activities, etc (see instructions)					12	
13 First five years. If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and stop here						<input type="checkbox"/>

Section C. Computation of Public Support Percentage

14 Public support percentage for 2008 (line 6, column (f) divided by line 11, column (f))	14	0.00 %
15 Public support percentage from 2007 Schedule A, Part IV-A, line 26f	15	100.00 %
16a 33 1/3% support test - 2008. If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and stop here The organization qualifies as a publicly supported organization		<input type="checkbox"/>
b 33 1/3% support test - 2007. If the organization did not check a box on line 13 or 16a, and line 15 is 33 1/3% or more, check this box and stop here. The organization qualifies as a publicly supported organization		<input checked="" type="checkbox"/>
17a 10% facts-and-circumstances test - 2008. If the organization did not check a box on line 13, 16a or 16b, and line 14 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and stop here Explain in Part IV how the organization meets the "facts-and-circumstances" test The organization qualifies as a publicly supported organization		<input type="checkbox"/>
b 10% facts-and-circumstances test - 2007. If the organization did not check a box on line 13, 16a, 16b, or 17a, and line 15 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and stop here Explain in Part IV how the organization meets the "facts-and-circumstances" test The organization qualifies as a publicly supported organization		<input type="checkbox"/>
18 Private foundation. If the organization did not check a box in line 13, 16a, 16b, 17a or 17b, check this box and see instructions		<input type="checkbox"/>

US 990**Other Assets****2008**

Description	Beginning of year book value	End of year book value	FMV
ACCOUNTS RECEIVABLES	16,574.	82,577.	
PREPAID EXPENSES	5,000.	6,586.	
PROPERTY AND EQUIPMENT NET	21,276.	15,773.	
OTHER RECEIVABLES	49,879.		
ADVANCE TO OFFICER	15,240.	31,889.	
SECURITY DEPOSIT	2,100.	2,100.	
	110,069.	138,925.	

US 990**General Explanation****2008**

PLEASE NOTE THAT THIS ORGANIZATION IS AND WAS INITIALLY CONFIGURED AS A NON-PROFIT ORGANIZATION UNDER THE STATE JURSDICTION AND WAS NOT RECOGNIZED BY THE INTERNAL REVENUE UNTIL LATE IN 2008 AT WHICH TIME THE INTERNAL REVENUE SERVICE GRANTED A RETRO DETERMINATION BACK TO THE YEAR 2003

THE FIRM IS CURRENTLY IN THE PROCESS OF FILING AMENDED RETURNS FOR YEARS 2003 THRU 2007 OF WHICH THEY ORIGINALLY FILED AND PAID THE APPROPRIATE INCOME OF A CORPORATION UNDER THE TAX FORM OF 1120

US 990**Other Liabilities****2008**

Description	Beginning of year book amount	End of year book amount
CURRENT MATURITY ON LONG TERM DEBT	15,865.	15,865.
ACCOUNTS PAYABLES AND ACCRUED EXPEN	53,986.	56,609.
ACCRUED INTEREST	13,300.	14,569.
DEFERRED REVENUE	218,095.	
	301,246.	87,043.

VILLAGE CARE FAMILY SERVICES

**FINANCIAL STATEMENTS
AND
SUPPLEMENTARY INFORMATION**

JUNE 30, 2009 AND 2008

Village Care Family Services Contents

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Siegaldrossner, PC
CERTIFIED PUBLIC ACCOUNTANTS
AND BUSINESS ADVISORS

Independent Auditors' Report

Board of Directors
Village Care Family Services
Philadelphia, Pennsylvania

We have audited the accompanying statements of financial position of Village Care Family Services (a nonprofit organization) as of June 30, 2009 and 2008, and the related statements activities and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on the financial statements based on our audits.

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 the 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 Village Care Family Services as of June 30, 2009 and 2008, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 29, 2010 on our consideration of Village Care Family Services' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits.

Siegaldrossner, P.C.

Certified Public Accountants
Elkins Park, Pennsylvania

September 29, 2010

**Village Care Family Services
Statements of Financial Position**

JUNE 30,	2009	2008
ASSETS		
Current assets		
Cash and cash equivalents	\$ 1,169	\$ 246,146
Accounts receivable	82,577	16,574
Prepaid expenses	6,586	5,000
Total current assets	90,332	267,720
Property and equipment, net	15,773	21,276
Other receivable	-	49,879
Advance to officer	31,889	15,240
Security deposit	2,100	2,100
	\$ 140,094	\$ 356,215
LIABILITIES		
Current liabilities		
Current maturity of long-term debt	\$ 15,865	\$ 15,865
Accounts payable and accrued expenses	56,609	53,986
Accrued interest	14,569	13,300
Deferred revenue	-	218,095
Total current liabilities	87,043	301,246
NET ASSETS		
Unrestricted	53,051	54,969
	\$ 140,094	\$ 356,215

See accompanying notes to financial statements.

**Village Care Family Services
Statements of Activities**

YEARS ENDED JUNE 30,	2009	2008
REVENUES		
Program service fees	\$ 829,297	\$ 756,458
Rental income	7,500	-
Interest income	1,149	-
	837,946	756,458
EXPENSES		
Program services:		
Salaries, benefits, and consulting fees	643,448	516,191
Support services:		
General and administrative	196,416	226,689
	839,864	742,880
CHANGE IN NET ASSETS	(1,918)	13,578
Net assets, beginning of year	54,969	41,391
NET ASSETS, END OF YEAR	\$ 53,051	\$ 54,969

See accompanying notes to financial statements.

Village Care Family Services
Statements of Cash Flows

YEARS ENDED JUNE 30,	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (1,918)	\$ 13,578
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	5,503	6,846
Changes in operating assets and liabilities:		
Accounts receivable	(66,003)	39,224
Prepaid expenses	(1,586)	(5,000)
Other receivable	49,879	(49,879)
Accounts payable and accrued expenses	2,623	(6,967)
Accrued interest	1,269	-
Deferred revenue	(218,095)	180,053
Net cash provided by (used in) operating activities	(228,328)	177,855
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	-	(3,100)
Advances to officer	(16,649)	(15,240)
Net cash used in investing activities	(16,649)	(18,340)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of loans from officer	-	(5,625)
Principal payments of long-term debt	-	(44,003)
Payment of accrued interest	-	(2,686)
Net cash used in financing activities	-	(52,314)
Net increase (decrease) in cash and cash equivalents	(244,977)	107,201
Cash and cash equivalents, beginning of year	246,146	138,945
Cash and cash equivalents, end of year	\$ 1,169	\$ 246,146
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid for interest	\$ -	\$ 5,845

See accompanying notes to financial statements.

Village Care Family Services Notes to Financial Statements

1. NATURE OF ACTIVITIES

Village Care Family Services (the Organization) began operating as a non-profit organization for the City of Philadelphia, Department of Public Health, Office of Mental Health/Mental Retardation in July 2003. The Organization's main focus is the provision of home/community based early intervention services which include occupational therapy, physical therapy, special instruction and speech therapy.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accounts of the Organization are maintained, and the financial statements are prepared, on the accrual basis of accounting. Accordingly, revenues are recognized when earned, and expenses are recognized when incurred.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, Financial Statement of Not-for-Profit Organizations. Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. All of the organization's net assets are unrestricted at June 30, 2009 and 2008.

Use of Estimates

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

Income Taxes

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Service Code.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents. Cash equivalents whose use is limited are not considered cash and cash equivalents, for purposes of the statement of cash flows.

Village Care Family Services
Notes to Financial Statements

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Support and Revenue

The Organization receives its contract support primarily from the City of Philadelphia. Support received from the contract is recognized on a "fee-for-service" basis. Accordingly, fee income is recognized when services are performed.

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. The Organization provides an allowance for bad debts if collectibility appears uncertain. At June 30, 2009 and 2008, an allowance was not warranted.

Property and Equipment

Property and equipment are stated at cost. Expenditures for property and those which substantially increase useful lives are capitalized. Maintenance, repairs and minor renewals are expensed as incurred. When assets are retired or otherwise disposed of, their cost and related accumulated depreciation are removed from the accounts and resulting gains or losses are included in income. Depreciation is provided by the straight-line method over the estimated useful lives of the assets; equipment (5 years) and leasehold improvements (15 years).

3. PROPERTY AND EQUIPMENT

Property and equipment consists of the following at June 30.

	2009	2008
Vehicles	\$ 14,828	\$ 14,828
Office equipment	17,818	17,818
Leasehold improvements	3,100	3,100
Accumulated depreciation	(19,973)	(14,470)
	\$ 15,773	\$ 21,276

Depreciation expense was \$5,503 and \$6,846 for the years ended June 30, 2009 and 2008 respectively.

5. LONG-TERM DEBT

The Organization has a note outstanding of \$15,865 as of June 30, 2009 and 2008, plus accrued interest of \$14,569 and \$13,300, as of June 30, 2009 and 2008, respectively. The note is payable in 36 installments of \$2,646 including interest at 10% per annum beginning January 2006.

The annual maturities of long-term debt are \$15,865 as of June 30, 2009.

Village Care Family Services Notes to Financial Statements

6. LOANS FROM OFFICER/ADVANCE TO OFFICER

The Organization advanced the officer \$16,649 and \$15,240 during the years ended June 30, 2009 and 2008, respectively. The advances carry no stated interest rate or repayment terms.

7. OPERATING LEASE

The Organization leases its office facilities under an operating lease expiring July 31, 2010. In addition to the basic minimum rent, the Organization is responsible for its proportionate share of taxes, insurance, and occupancy costs. Future minimum lease payments under the lease are \$52,270 and \$4,370 for the years ending June 30, 2010 and 2011, respectively.

Rent expense was \$53,300 and \$18,000 for the years ended June 30, 2009 and 2008, respectively.

8. CONCENTRATION

The Organization received 83% and 93%, respectively, of its support from a contract with the City of Philadelphia for the years ended June 30, 2009 and 2008, respectively.

9. PRIOR PERIOD ADJUSTMENT

Retained earnings at July 1, 2007 have been adjusted for an overstatement of revenue reported for the year ended June 30, 2007. The correction has no effect on the results of the activities for the years ended June 30, 2009 and 2008. However, the cumulative effect decreases beginning retained earnings for July 1, 2007 by \$38,042.

10. RESTATEMENT

The Company has discovered that the financial statements for the year ended June 30, 2008 overstated revenue and correspondingly understated deferred revenue. Accordingly, the Company restated its results for the year ended June 30, 2008. The effect of the restatement was to decrease net income by \$80,472. Retained earnings at July 1, 2008 was also decreased by \$80,472.



**Independent Auditors' Opinion on
Supplementary Financial Schedules
Required by Sections 1000 to 6000**

Board of Directors
Village Care Family Services
Philadelphia, Pennsylvania

We have audited the financial statements of Village Care Family Services for the years ended June 30, 2009 and 2008, and have issued our report thereon dated September 29, 2010. These financial statements are the responsibility of Village Care Family Services' management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards; *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *City of Philadelphia Subrecipient Audit Guide*. Those standards and the *City of Philadelphia Subrecipient Audit Guide* require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provides a reasonable basis for our opinion.

Our audits were made for the purpose of forming an opinion on the basic financial statements of Village Care Family Services taken as a whole. The Early Intervention Cost Settlement Report, Program Activity Invoice Summary, and Schedule of Adjustments on Program Activity Invoice Summary as required by Sections 1000 to 6000 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The information in those schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

Siegal & Drossner, P.C.

Certified Public Accountants
Elkins Park, Pennsylvania

September 29, 2010

EARLY INTERVENTION COST SETTLEMENT REPORT

City Of Philadelphia
DEPT. OF BEHAVIORAL HEALTH & MENTAL RETARDATION SERVICES

AGENCY:
VILLAGE CARE FAMILY SERVICES, INC

PERIOD COVERED:
04/01/2009 - 06/30/2009

PROGRAM ACTIVITY:
HOME/COMMUNITY BASED SVCS.

CODE:
2020942

DATE SUBMITTED:
08/12/2009

CLASSIFICATION	SOCIAL WORK	AUDIO SERV.	HEARING SENS.	HEALTH SERV.	NURS SERV.	NUTRN SERV.	OCCUP THER.	PHYS THER.	PSYCH SERV.	SPEECH PATH.	SERVIGE COORD.	SPEC INSTR.	TOTAL
1 PERSONNEL							88,172	126,409		119,336		309,530	643,448
2 OPERATING							4,755	15,000		24,755		58,403	102,913
3 ADMINISTRATION							16,250	13,251		23,250		35,250	88,000
4 TOTAL ELIGIBLE	0	0	0	0	0	0	109,177	154,660	0	167,340	0	403,183	834,361
5 OTHER REVENUE													
6 NET COST	0	0	0	0	0	0	109,177	154,660	0	167,340	0	403,183	834,361

ACTUAL COST

FEE REVENUE													
7 DIRECT SERV UNITS							3,344	4,623		4,805		15,388	28,160
8 AUTHORIZED RATE							31,45	31,45		31,45		27,71	
9 TOTAL FEES	0	0	0	0	0	0	105,181	145,393	0	151,111	0	426,390	828,076
10 MAPI FEES							27,236	54,671		47,742			129,648
11 COUNTY FEES	0	0	0	0	0	0	77,945	90,723	0	103,369	0	426,390	698,428

FEES vs. COST COMPARISON

12 TOTAL FEES (line 11)	0	0	0	0	0	0	105,181	145,393	0	151,111	0	426,390	828,076
13 NET COST (line 6)	0	0	0	0	0	0	109,177	154,660	0	167,340	0	403,183	834,361
14 SURPLUS/(DEFICIT)	0	0	0	0	0	0	-3,996	-9,267	0	-16,229	0	23,207	-6,285

DIRECT RATE COMPARISON

15 NET COST (line 6)	0	0	0	0	0	0	109,177	154,660	0	167,340	0	403,183	834,361
16 DIRECT UNIT (line 7)	0	0	0	0	0	0	3,344	4,623	0	4,805	0	15,388	28,160
17 ACTUAL RATE	0.00	0.00	0.00	0.00	0.00	0.00	32.64	33.45	0.00	34.83	0.00	26.20	
18 BUDGETED RATE	0.00	0.00	0.00	0.00	0.00	0.00	31.45	31.45	0.00	31.45	0.00	27.71	
19 DIFFERENCE	0.00	0.00	0.00	0.00	0.00	0.00	1.19	2.00	0.00	3.38	0.00	-1.51	

Village Care Family Services
Schedule of Adjustments on Program Activity Invoice Summary
Year Ended June 30, 2009

<u>Program Activity</u>	<u>Total Per Invoice</u>	<u>Total Per Audit</u>	<u>Adjustment/ Difference</u>
Personnel	\$ 630,490	\$ 643,448	\$ 12,958 (A)
Operating	139,020	102,913	(36,107) (A)
Administration	93,000	88,000	(5,000) (A)
Total	862,510	834,361	(28,149)
Revenue	-	-	-
Net to be funded	\$ 862,510	\$ 834,361	\$ (28,149) (B)

Explanation of Adjustment/Difference:

(A) Reconciliation of actual costs incurred to costs per cost settlement report submitted.

(B) Resultant effect due to previous adjustments.

See accompanying notes to financial statements.



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

Board of Directors
Village Care Family Services, Inc.
Philadelphia, Pennsylvania

We have audited the financial statements of Village Care Family Services, Inc. (the Organization) as of and for the year ended June 30, 2009, and have issued our report thereon, dated September 29, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Organization's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Organization's financial statements that is more than inconsequential will not be prevented or detected by the Organization's internal control. We consider the deficiency described in the accompanying schedule of findings and recommendations (09-01) to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Organization's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, the significant deficiency described above, we consider to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 that are required to be reported under *Government Auditing Standards*.

The Organization's response to the finding identified in our audit is described in the accompanying schedule of findings and recommendations. We did not audit the Organization's response and, accordingly, we express no opinion on it.

This report is intended for the information and use of the audit committee, 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.

Siegel & Grossner, P.C.

Certified Public Accountants
Elkins Park, Pennsylvania

September 29, 2010

Village Care Family Services, Inc.
Schedule of Findings and Recommendations
Year Ended June 30, 2009

Finding 08-01

Criteria: Management is responsible for the accuracy and completeness of all financial records and related information. Their responsibilities include adjusting the financial statements to correct material misstatements. Management is responsible for controls over the period-end financial reporting process, including controls over procedures used to enter transaction totals into the general ledger; initiate, authorize, record and process journal entries into the general ledger; and record recurring and nonrecurring adjustments to the financial statements.

Condition: During the performance of our audit engagement procedures, we noted management had not adjusted all account balances to reflect their appropriate year-end balance. This is a necessary step in ensuring that financial statements are fairly stated. The unrecorded differences were, in our judgment, material to the financial statements. Since the Organization's control policies and procedures did not prevent and detect a material misstatement of the financial statements, we concluded there is a material weakness in the in the Organization's control policies and procedures required to be reported under professional standards.

Recommendation: We recommend that the Organization work to adjust all account balances to reflect appropriate year-end balances. This process would ideally occur before the year-end external audit.

Management Response: Management will evaluate the material audit adjustments for 2009 and will attempt to eliminate as many as possible going forward.