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October 17, 2011

Board of Directors  
Orange County Rehabilitative  
and Developmental Services, Inc.  
P.O. Box 267, 986 W. Hospital Rd.  
Paoli, IN 47454-0267

We have reviewed the audit report prepared by Brad Parrott, CPA, Independent Public Accountant, for the period July 1, 2008 to June 30, 2009. In our opinion, the audit report was prepared in accordance with the guidelines established by the State Board of Accounts. Per the Independent Public Accountants' opinion, the financial statements included in the report present fairly the financial condition of the Orange County Rehabilitative and Developmental Services, Inc., as of June 30, 2009, and the results of its operations for the period then ended, on the basis of accounting described in the report.

The Independent Public Accountants' report is filed with this letter in our office as a matter of public record.

STATE BOARD OF ACCOUNTS

ORANGE COUNTY REHABILITATIVE AND  
DEVELOPMENTAL SERVICES, INC.

PAOLI, INDIANA

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2009 AND 2008

ORANGE COUNTY REHABILITATIVE AND DEVELOPMENTAL SERVICES, INC.

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BRAD PARROTT  
*Certified Public Accountant*

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INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Orange County Rehabilitative and Developmental Services, Inc.  
Paoli, Indiana

I have audited the accompanying statements of financial position of Orange County Rehabilitative and Developmental Services, Inc. (*a nonprofit organization*) as of June 30, 2009 and 2008, and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. My responsibility is to express an opinion on these financial statements based on my audits.

I conducted my audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audits 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. I believe that my audits provide a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Orange County Rehabilitative and Developmental Services, Inc. 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*, I have also issued my report dated October 20, 2009 on my consideration of Orange County Rehabilitative and Developmental Services, Inc.'s internal control over financial reporting and on my 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 my 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 my audit.

My audits were conducted for the purpose of forming an opinion on the basic financial statements of Orange County Rehabilitative and Developmental Services, Inc. taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

*Brad Parrott CPA*

Brad Parrott  
Certified Public Accountant

October 20, 2009

ORANGE COUNTY REHABILITATIVE AND DEVELOPMENTAL SERVICES, INC.  
 STATEMENTS OF FINANCIAL POSITION  
 JUNE 30, 2009 AND 2008

<u>ASSETS</u>	<u>2009</u>	<u>2008</u>
Cash	\$ 574,077	\$ 712,571
Investments	828,755	616,868
Accounts receivable	188,112	259,419
Prepaid insurance	19,693	14,653
Property and equipment (net of accumulated depreciation of \$ 1,091,380 and \$ 1,036,979 respectively)	<u>742,249</u>	<u>779,974</u>
 Total assets	 \$ <u>2,352,886</u>	 \$ <u>2,383,485</u>
 <u>LIABILITIES AND NET ASSETS</u>		
Accounts payable and accrued expenses	\$ 113,939	\$ 123,297
Net assets		
Unrestricted	<u>2,238,947</u>	<u>2,260,188</u>
 Total liabilities and net assets	 \$ <u>2,352,886</u>	 \$ <u>2,383,485</u>

See accompanying notes to financial statements.

ORANGE COUNTY REHABILITATIVE AND DEVELOPMENTAL SERVICES, INC.  
 STATEMENTS OF ACTIVITIES  
 FOR THE YEARS ENDED JUNE 30, 2009 AND 2008

UNRESTRICTED NET ASSETS

	<u>2009</u>	<u>2008</u>
Revenues and support:		
Government grants/contracts	\$ 970,329	\$ 1,022,030
Non-government grants/contracts	207,348	236,168
Sub-contract income	53,990	423,435
Food program	1,963,311	1,316,770
County support	29,500	58,250
Service crews	756,355	791,112
Donations	46,444	57,474
Interest	11,494	39,824
Unrealized (losses)	( 78,235)	( 45,416)
Loss on disposal of assets	( 32,519)	-
Miscellaneous	<u>24,468</u>	<u>46,044</u>
Total revenue and support	<u>3,952,485</u>	<u>3,945,691</u>
Expenses:		
Program services		
Sheltered workshop	2,692	3,701
Orange County Transit	470,941	492,382
Habilitation	386,927	333,216
Early intervention	58,301	73,412
Community employment	198,054	236,250
Service crew	679,752	725,774
First Chance Industries	216,226	534,114
Food program	<u>1,960,833</u>	<u>1,321,923</u>
Total expenses	<u>3,973,726</u>	<u>3,720,772</u>
Increase in unrestricted net assets	( 21,241)	224,919
Net assets, Beginning of year	<u>2,260,188</u>	<u>2,035,269</u>
Net assets, End of year	\$ <u>2,238,947</u>	\$ <u>2,260,188</u>

See accompanying notes to financial statements.

ORANGE COUNTY REHABILITATIVE AND DEVELOPMENTAL SERVICES, INC.  
 STATEMENT OF FUNCTIONAL EXPENSES  
 FISCAL YEAR ENDED JUNE 30, 2009

	PROGRAM SERVICES			
	Sheltered Workshop	Orange Co. Transit	Habilitation	Early Intervention
Salaries		\$ 266,024	\$ 214,229	\$ 36,518
Payroll taxes and fringe benefits		47,501	46,089	4,995
Total employee compensation		313,525	260,318	41,513
Provider reimbursement				
Rent				
Supplies	846	22,235	14,229	696
Telephone		3,073	1,025	204
Travel		179	104	46
Utilities		2,342	16,391	4,492
Accounting		3,750	6,250	1,250
Auditing		1,125	1,875	375
Van & truck expenses		100,242	28,612	1,983
Contracted services		319	464	74
Repairs & maintenance		2,651	3,803	2,327
Dues and subscriptions	1,846	1,484	4,564	941
Insurance		4,474	5,967	527
In service		64	303	111
Miscellaneous		1,383	7,443	1,529
Subtotal	2,692	456,846	351,348	56,068
Depreciation		14,095	35,579	2,233
Total Expense	\$ 2,692	\$ 470,941	\$ 386,927	\$ 58,301

See accompanying notes to financial statements.



Community Employment	Service Crews	First Chance Industries	Food Program	Totals
\$ 129,854	\$ 426,844	\$ 131,429	\$ 89,639	\$ 1,294,537
37,169	57,268	28,846	20,259	242,127
167,023	484,112	160,275	109,898	1,536,664
			1,807,407	1,807,407
			16,200	16,200
5,655	7,774	8,406	5,642	65,483
645	993	1,673	2,491	10,104
5,814	374	211	6,119	12,847
2,107	1,171	7,944	9	34,456
2,500	7,500	3,750	4,700	29,700
750	2,250	1,125	2,500	10,000
5,272	32,862	1,265		170,236
1,258	104,936	1,586	3,024	111,661
504	998	4,562		14,845
1,869	5,433	2,839	114	19,090
1,863	6,486	10,488	1,298	31,103
426	538		1,431	2,873
1,002	7,961	821		20,139
196,688	663,388	204,945	1,960,833	3,892,808
1,366	16,364	11,281		80,918
\$ 198,054	\$ 679,752	\$ 216,226	\$ 1,960,833	\$ 3,973,726

ORANGE COUNTY REHABILITATIVE AND DEVELOPMENTAL SERVICES, INC.  
 STATEMENT OF FUNCTIONAL EXPENSES  
 FISCAL YEAR ENDED JUNE 30, 2008

	PROGRAM SERVICES			
	Sheltered Workshop	Orange Co. Transit	Habilitation	Early Intervention
Salaries		\$ 268,745	\$ 174,360	\$ 44,140
Payroll taxes and fringe benefits	3,606	46,193	33,918	6,037
Total employee compensation	3,606	314,938	208,278	50,177
Provider reimbursement				
Rent				
Supplies	95	20,680	11,382	893
Telephone		1,993	918	182
Travel		327	300	75
Utilities		2,195	15,366	3,632
Accounting		3,716	6,193	1,239
Auditing		1,125	1,875	375
Van & truck expenses		111,560	29,322	1,877
Contracted services		318	322	58
Repairs & maintenance		2,411	18,502	2,448
Dues and subscriptions		2,022	2,917	583
Insurance		4,744	5,035	1,151
In service		14	672	14
Miscellaneous		2,641	9,126	8,305
Subtotal	3,701	468,684	310,208	71,009
Depreciation		23,698	23,008	2,403
Total Expense	\$ 3,701	\$ 492,382	\$ 333,216	\$ 73,412

See accompanying notes to financial statements.

Community Employment	Service Crews	First Chance Industries	Food Program	Totals
\$ 160,465	\$ 481,572	\$ 378,951	\$ 70,420	\$ 1,578,653
35,619	61,528	69,843	9,642	266,386
196,084	543,100	448,794	80,062	1,845,039
			1,208,976	1,208,976
			10,800	10,800
1,977	34,687	23,613	5,225	98,552
946	1,155	1,464	3,175	9,833
7,002	575	214	4,361	12,854
1,976	1,098	9,621	108	33,996
2,477	7,431	3,716	4,800	29,572
750	2,250	1,125		7,500
7,301	45,786	1,394	59	197,299
372	57,657	1,381	86	60,194
3,502	2,067	7,437	182	36,549
1,245	3,500	1,996	641	12,904
2,681	7,832	17,112	1,039	39,594
765	70			1,535
2,690	8,430	4,966	2,409	38,567
229,768	715,638	522,833	1,321,923	3,643,764
6,482	10,136	11,281		77,008
\$ 236,250	\$ 725,774	\$ 534,114	\$ 1,321,923	\$ 3,720,772

ORANGE COUNTY REHABILITATIVE AND DEVELOPMENTAL SERVICES, INC.  
 STATEMENTS OF CASH FLOWS  
 FOR THE YEARS ENDED JUNE 30, 2009 AND 2008

<u>OPERATING ACTIVITIES</u>	<u>2009</u>	<u>2008</u>
Cash Flows from Operating Activities:		
Change in net assets	\$( 21,241)	\$ 224,919
Adjustments to reconcile operating activity to net cash provided by net operating activities:		
Depreciation	80,920	77,009
Unrealized losses	78,235	45,416
Loss on disposal of assets	32,519	-
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable	71,307	( 18,631)
(Increase) decrease in prepaid insurance	( 5,040)	( 11,959)
Increase (decrease) in accounts payable and accrued expenses	( 9,358)	4,468
Net cash provided by operations	<u>227,342</u>	<u>321,222</u>
<u>INVESTING ACTIVITIES</u>		
Purchase of property and equipment	( 75,714)	( 141,465)
Increase in investment securities	( 290,122)	( 74,149)
	<u>( 365,836)</u>	<u>( 215,614)</u>
Net increase in cash	( 138,494)	105,608
Cash, Beginning of year	<u>712,571</u>	<u>606,963</u>
Cash, End of year	<u>\$ 574,077</u>	<u>\$ 712,571</u>
Supplemental cash flows disclosures		
Interest Paid	\$ <u>          </u>	\$ <u>          </u>
Income Taxes Paid	\$ <u>          </u>	\$ <u>          </u>

See accompanying notes to financial statements.

ORANGE COUNTY REHABILITATIVE AND DEVELOPMENTAL SERVICES, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2009 AND 2008

Note 1- Summary of Significant Accounting Policies

Nature of Activities

Orange County Rehabilitative and Developmental Services, Inc. (hereinafter referred to as "the Organization") provides assistance to individuals with developmental disabilities, physical handicaps, or emotional handicaps to improve their ability to function independently and to reach their full potential in all areas of development.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

Revenue Recognition

Support is recorded as revenue in the fiscal year designated by the donor.

Revenues from cost reimbursement grants are recognized in the period expenses are incurred and claimed for reimbursement.

Revenues from performance-based grants, whereby revenue is based on units of service delivered, are recorded in the period that the Organization renders the agreed-upon services.

Cash and cash equivalents

Cash and cash equivalents include all monies in banks and highly liquid investments with maturity dates of three months or less. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments.

Investments

Investments are composed of mutual funds and certificates of deposit and are carried at fair value.

Property and Equipment

Furniture, equipment, and leasehold improvements are capitalized at cost. It is the Organization's policy to capitalize expenditures for these items in excess of \$ 2,500. Maintenance and repairs that do not improve or extend the useful lives of the respective assets are currently expensed. The Organization provides for depreciation of property and equipment using the straight-line method at rates designed to depreciate the cost of such assets over their estimated useful lives.

Property and equipment acquired by Orange County Rehabilitative and Developmental Services, Inc. is considered owned by the Organization. However, funding sources may maintain equitable interests in properties purchased with grant monies as well as the right to determine the use of any proceeds from the sales of those assets.

ORANGE COUNTY REHABILITATIVE AND DEVELOPMENTAL SERVICES, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2009 AND 2008  
(continued)

Note 1 – Summary of Significant Accounting Policies (continued)

Federal and Indiana Income Taxes

No provision is shown for Federal or Indiana income taxes due to the Organization having been granted exemption from taxation as a not-for-profit organization under Section 501 (c)(3) of the Internal Revenue Code.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of management’s estimates.

Functional Allocation of Expenses

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

Note 2 – Cash

The total cash held by the Organization at June 30, 2009 and 2008, includes \$ 599,880 and \$ 567,080 respectively, in monies that are not covered by insurance provided by the federal government. It is the opinion of management that the solvency of the financial institutions is not of particular concern at this time.

Note 3 – Investments

Investments as of June 30, 2009 and 2008, are summarized as follows:

	<u>2009</u>		<u>2008</u>	
	<u>Cost</u>	<u>Carrying Value</u>	<u>Cost</u>	<u>Carrying Value</u>
Vanguard Fund	\$ 263,170	\$ 230,647	\$ 233,270	\$ 272,701
Hartford Funds	43,164	43,956	42,162	57,582
Certificates of Deposit	554,152	554,152	286,585	286,585
	<u>\$ 860,486</u>	<u>\$ 828,755</u>	<u>\$ 562,017</u>	<u>\$ 616,868</u>

ORANGE COUNTY REHABILITATIVE AND DEVELOPMENTAL SERVICES, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2009 AND 2008  
(continued)

Note 4 – Accounts Receivable

Accounts receivables are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for uncollectible accounts and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. The allowance for doubtful accounts at June 30, 2009 and June 30, 2008 was \$10,000.

Note 5 – Property and Equipment

Property and equipment, at June 30, 2009 and 2008, is comprised of the following:

	<u>2009</u>	<u>2008</u>
Land	\$ 23,180	\$ 23,180
Buildings	1,118,078	1,118,078
Office equipment	67,216	67,216
Other equipment	121,858	121,858
Vehicles	<u>503,297</u>	<u>486,621</u>
	1,833,629	1,816,953
Accumulated depreciation	<u>1,091,380</u>	<u>1,036,979</u>
Net property and equipment	<u>\$ 742,249</u>	<u>\$ 779,974</u>

The Organization receives grants from time to time for van purchases, which are used by the Organization. The grants are from the Indiana Department of Transportation, which maintains a lien against the vehicles for four years. After that time, the vans become the property of the Organization.

Note 6 – Contingency

The Organization is substantially funded by contracts awarded by agencies of the State of Indiana. The majority of the agreements contain provisions, which permit the funding to be terminated, or the funds to be reduced, if the State discontinues or reduces current funding levels. A significant reduction in the level of this support, if it were to occur, would have a serious effect on the Organization's programs and activities.

**Supplementary Information**



ORANGE COUNTY REHABILITATIVE AND DEVELOPMENTAL SERVICES, INC.  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND NOTE TO SCHEDULE  
 JUNE 30, 2009

Federal Grantor/ Pass-through Grantor Program	Federal CFDA Title	Pass-through Number	Total Expenditures
U. S. Department of Agriculture/ Indiana Department of Education Child and Adult Food Program	10.558	1590055	\$ 1,960,833
U. S. Department of Transportation/ Indiana Department of Transportation Section 5310 Program	20.513	1600238C	60,563

Note 1 – Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Orange County Rehabilitative and Developmental Services, Inc. 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.

BRAD PARROTT  
*Certified Public Accountant*

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REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON  
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Directors  
Orange County Rehabilitative and Developmental Services, Inc.  
Paoli, Indiana

I have audited the financial statements of Orange County Rehabilitative and Developmental Services, Inc. (a nonprofit organization) as of and for the year ended June 30, 2009, and have issued my report thereon dated October 20, 2009. I conducted my 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 my audit, I considered Orange County Rehabilitative and Developmental Services, Inc.'s internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Orange County Rehabilitative and Developmental Services, Inc.'s internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

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.

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.

My 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 or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Orange County Rehabilitative and Developmental Services, Inc.'s financial statements are free of material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my 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 management, others within the entity, the Board of Directors, 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.



Brad Parrott  
Certified Public Accountant  
October 20, 2009

BRAD PARROTT  
*Certified Public Accountant*

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REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL  
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Board of Directors  
Orange County Rehabilitative and Developmental Services, Inc.

Compliance

I have audited the compliance of Orange County Rehabilitative and Developmental Services, Inc. (a nonprofit organization) 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 each of its major federal programs for the year ended June 30, 2009. Orange County Rehabilitative and Developmental Services, 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 Orange County Rehabilitative and Developmental Services, Inc.'s management. My responsibility is to express an opinion on Orange County Rehabilitative and Developmental Services, Inc.'s compliance based on my audit.

I conducted my 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 Non-Profit Organizations*. Those standards and OMB Circular A-133 require that I 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 Orange County Rehabilitative and Developmental Services, Inc.'s compliance with those requirements and performing such other procedures as I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination of Orange County Rehabilitative and Developmental Services, Inc.'s compliance with those requirements.

In my opinion, Orange County Rehabilitative and Developmental Services, Inc. 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 June 30, 2009.

Internal Control Over Compliance

The management of Orange County Rehabilitative and Developmental Services, 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 my audit, I considered Orange County Rehabilitative and Developmental Services, Inc.'s internal control over compliance

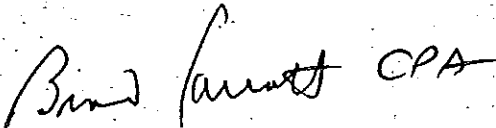
with the requirements that could have a direct and material effect on a major federal program in order to determine my auditing procedures for the purpose of expressing my opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of Orange County Rehabilitative and Developmental Services, Inc.'s internal control over compliance.

A *control deficiency* in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

My consideration of internal control over compliance 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 or material weaknesses. I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses, as defined above.

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



Brad Parrott  
Certified Public Accountant  
October 20, 2009