

CHILDREN OF BELLEVUE, INC.

**FINANCIAL STATEMENTS
AND AUDITOR'S REPORTS**

DECEMBER 31, 2010

CHILDREN OF BELLEVUE, INC.

TABLE OF CONTENTS

Independent Auditor's Report on Financial Statements

Exhibit

- A - Statement of Financial Position**
- B - Statement of Activities**
- C - Statement of Functional Expenses**
- D - Statement of Cash Flows**

Notes to Financial Statements

**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**

Summary Schedule of Prior Audit Findings



LOEB & TROPER LLP

Independent Auditor's Report on Financial Statements

Board of Directors New York City Health and Hospitals Corporation

We have audited the accompanying statement of financial position of Children of Bellevue, Inc. as of December 31, 2010, and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of Children of Bellevue, 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 Children of Bellevue, Inc.'s December 31, 2009 financial statements, which were audited by other auditors, whose report dated May 7, 2010 expressed an unqualified opinion on those 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 and the *New York City Health and Hospitals Corporation's Operating Procedure No. 10-20, Auxiliaries, November 2010*. 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 Children of Bellevue, 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 Children of Bellevue, Inc. as of December 31, 2010, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

We also audited the adjustments described in Note 3 that were applied to restate the 2009 financial statements. In our opinion, such adjustments are appropriate and have been properly applied.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 21, 2011 on our consideration of Children of Bellevue, 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 internal control over financial reporting or on compliance. That report is an integral part of an audit conducted in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Loeb & Troper LLP

July 21, 2011

CHILDREN OF BELLEVUE, INC.

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2010
 (With Summarized Financial Information
 for December 31, 2009)

	<u>2010</u>	<u>2009</u> (Restated)
ASSETS		
Cash and cash equivalents	\$ 236,186	\$ 275,335
Investments (Note 2)	1,162,246	1,195,880
Contributions receivable - current	28,698	54,349
Grants receivable		271,003
Other receivables	5,871	5,308
Prepaid expenses	7,650	
Fixed assets (Note 6)	590	
	<u> </u>	<u> </u>
Total assets	<u>\$ 1,441,241</u>	<u>\$ 1,801,875</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses (Note 5)	\$ 407,407	\$ 726,850
Deferred revenue		25,000
	<u> </u>	<u> </u>
Total liabilities	<u>407,407</u>	<u>751,850</u>
Net assets (deficit) (Note 3) (Exhibit B)		
Unrestricted	(45,006)	(19,041)
Temporarily restricted (Note 4)	1,078,840	1,069,066
	<u> </u>	<u> </u>
Total net assets	<u>1,033,834</u>	<u>1,050,025</u>
	<u> </u>	<u> </u>
Total liabilities and net assets	<u>\$ 1,441,241</u>	<u>\$ 1,801,875</u>

See independent auditor's report.

The accompanying notes are an integral part of these statements.

CHILDREN OF BELLEVUE, INC.

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2010
 (With Summarized Financial Information
 for the Year Ended December 31, 2009)

	Unrestricted	Temporarily Restricted	Total	
			2010	2009
Revenues and other support				
Contributions	\$ 231,784	\$ 480,556	\$ 712,340	\$ 973,551
Commissions	28,927		28,927	28,305
Government grants	2,000	278,763	280,763	258,053
Fund raising events	254,136		254,136	163,485
Direct cost of special events	(90,671)		(90,671)	(58,284)
Interest and dividends	18,339		18,339	26,502
Realized and unrealized gain on investments	74,036		74,036	221,910
Net assets released from restrictions (Note 4)	749,545	(749,545)		
Total revenues and other support	1,268,096	9,774	1,277,870	1,613,522
Expenses (Exhibit C)				
Program services	1,107,305		1,107,305	1,240,602
General and administrative	94,055		94,055	87,385
Fund raising	102,415		102,415	88,610
Total expenses	1,303,775		1,303,775	1,416,597
Change in net assets before other changes	(35,679)	9,774	(25,905)	196,925
Recovery of insurance premium	9,714		9,714	
Change in net assets (Exhibit D)	(25,965)	9,774	(16,191)	196,925
Net assets (deficit) - beginning of year (Note 3)	(19,041)	1,069,066	1,050,025	853,100
Net assets (deficit) - end of year (Exhibit A)	\$ (45,006)	\$ 1,078,840	\$ 1,033,834	\$ 1,050,025

See independent auditor's report.

The accompanying notes are an integral part of these statements.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2010
(With Summarized Financial Information
for the Year Ended December 31, 2009)

	Program Services							Supporting Services				Total		
	Child Life	Child Protection	Video Interaction Program	Adult and Child Psychiatry	Reach Out and Read	Social Work	Other Programs	Total	General and Administrative	Fund Raising	Direct Costs of Fund-raising Events	Total	2010	2009
Salaries and wages	\$ 234,975	\$ 263,034	\$ 129,671		\$ 62,113			\$ 689,793	\$ 35,333	\$ 76,145		\$ 111,478	\$ 801,271	\$ 869,537
Payroll taxes and fringes	86,570	88,655	39,175		15,674			230,074	8,157	16,752		24,909	254,983	298,204
Children's activities and trips	2,748			\$ 3,163	148	\$ 7,418		13,477					13,477	23,162
Professional fees									19,091			19,091	19,091	43,206
Supplies	6,843	1,230	19,885	23,216				51,174	11,800	834		12,634	63,808	45,895
Printing and newsletter				13	600			613	972	7,297		8,269	8,882	12,358
Conferences	1,890							1,890	145			145	2,035	1,344
Dues and subscriptions		700		516				1,216	1,857			1,857	3,073	2,500
Payroll processing fees									2,395			2,395	2,395	1,829
Equipment purchased for the facility	626	700		101,554			\$ 12,934	115,814					115,814	111,254
Banking fees									4,094			4,094	4,094	1,903
Insurance	33	26			62			121	7,917			7,917	8,038	1,185
Travel and transportation	478	113	2,502	20				3,113	537			537	3,650	1,882
Messenger		20						20	1,287			1,287	1,307	1,064
Filing fees									400			400	400	
Recruitment									60			60	60	
Caterer, entertainment and facility rental											\$ 90,671	90,671	90,671	58,284
Other expenses										1,387		1,387	1,387	1,274
Depreciation									10			10	10	
Total expenses	334,163	354,478	191,233	128,482	78,597	7,418	12,934	1,107,305	94,055	102,415	90,671	287,141	1,394,446	1,474,881
Less expenses deducted directly from revenues on the statement of activities														
Direct cost of fund-raising events											\$ (90,671)	\$ (90,671)	\$ (90,671)	\$ (58,284)
Total expenses reported by function on the statement of activities (Exhibit B)	\$ 334,163	\$ 354,478	\$ 191,233	\$ 128,482	\$ 78,597	\$ 7,418	\$ 12,934	\$ 1,107,305	\$ 94,055	\$ 102,415	\$ -	\$ 196,470	\$ 1,303,775	\$ 1,416,597

See independent auditor's report.

The accompanying notes are an integral part of these statements.

CHILDREN OF BELLEVUE, INC.

STATEMENT OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
Cash flows from operating activities		
Change in net assets (Exhibit B)	\$ (16,191)	\$ 196,925
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
Depreciation	10	
Realized and unrealized gain on investments	(74,036)	(221,910)
Contributed investments		(5,706)
Decrease (increase) in assets		
Contributions receivable - current	25,651	(43,976)
Grants receivable	271,003	(171,003)
Other receivables	(563)	(3,522)
Prepaid expenses	(7,650)	4,888
Increase (decrease) in liabilities		
Accounts payable and accrued expenses	(319,443)	301,966
Deferred revenue	(25,000)	
Net cash provided (used) by operating activities	<u>(146,219)</u>	<u>57,662</u>
Cash flows from investing activities		
Purchase of fixed assets	(600)	
Purchase of investments	(411,780)	(916,073)
Proceeds from sale of investments	519,450	973,971
Net cash provided by investing activities	<u>107,070</u>	<u>57,898</u>
Net increase (decrease) in cash and cash equivalents	(39,149)	115,560
Cash and cash equivalents - beginning of year	<u>275,335</u>	<u>159,775</u>
Cash and cash equivalents - end of year	<u>\$ 236,186</u>	<u>\$ 275,335</u>

See independent auditor's report.

The accompanying notes are an integral part of these statements.

CHILDREN OF BELLEVUE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2010

NOTE 1 - NATURE OF ORGANIZATION

Children of Bellevue, Inc. (the "Auxiliary") was incorporated under the laws of New York State on February 10, 1949. The Auxiliary is a nonprofit organization providing services to enhance patient care at Bellevue Hospital Center, Inc. (the "Facility").

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and has been designated as an organization that is not a private foundation. As such, no provision for income taxes has been made in the financial statements, as the Organization is exempt from federal and state income taxes under Internal Revenue Code 501(c)(3) and the New York State Estate Powers and Trust Law. The Organization has not engaged in any transactions that would subject it to the unrelated business tax. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2).

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of the Organization is presented to assist in understanding the Organization's financial statements. These accounting policies have been consistently applied in the preparation of the financial statements.

Basis of accounting - These financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP). As such, the financial statements have been prepared on the accrual basis of accounting.

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 and cash equivalents - Cash and cash equivalents include investments in highly liquid instruments with maturities when acquired of three months or less.

-continued-

CHILDREN OF BELLEVUE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2010

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributions receivable - Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met.

Allowance for doubtful accounts - The Auxiliary determines whether an allowance for uncollectibles should be provided for contributions receivable. Such estimates are based on management's assessment of the aged basis of the receivable, current economic conditions, subsequent collections, and historical information. Receivables are written off against the allowance for doubtful accounts when all reasonable collection efforts have been exhausted. An allowance for doubtful accounts is charged if the receivable is determined to be uncollectible based on periodic review by management. Management has determined that no allowance is necessary as of December 31, 2010.

Fixed assets - Fixed assets are recorded at cost. Depreciation is recorded on the straight-line method over their estimated useful lives. Items with an estimated useful life of more than one year are capitalized. The cost of repairs and maintenance are expensed as incurred. When assets are retired or disposed of, the cost and accumulated depreciation thereon are removed and any resulting gain or loss is recognized in the statements of activities.

Unrestricted net assets - Unrestricted net assets are those assets which are not restricted by donors or for which the donor-imposed restrictions have expired.

Temporarily restricted net assets - Temporarily restricted net assets are those whose use has been restricted by donors to a specific time period or purpose.

Commissions - Commissions are revenues directed to the Auxiliary by the Facility from the Facility's gift shop and are recorded when earned based on concession sales.

Contributions - Unconditional contributions, including promises to give cash and other assets, are reported at fair value at the date the contribution is received. The Auxiliary reports gifts of cash and other assets as 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 as unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

-continued-

CHILDREN OF BELLEVUE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2010

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributed services - Contributions of donated non-cash assets are recorded at their fair value in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, which are provided by individuals possessing those skills that would typically need to be purchased if not provided by donation, are recorded at their fair value in the period the services are provided.

A substantial number of volunteers have donated significant amounts of time to the Auxiliary's program services; however, these donated services are not reflected in the financial statements, since they do not meet the recognition criteria for contributed services.

Government grants - Revenues from government agencies are recognized when earned. Expense-based grants are recognized as allowable expenses are incurred.

Functional allocation of expenses - Expenses are allocated among the program and supporting services based on the nature of the expense.

Summarized financial information for 2009 - The financial statements include certain prior-year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the organization's financial statements for the year ended December 31, 2009, from which the summarized information was derived. Commissions which were combined with contributions in prior years are now being shown on separate lines.

Fair Value Measurements

Fair Value Measurements and Disclosures establishes a framework for measuring fair value. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below. Level 1 inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Auxiliary has the ability to access. Level 2 inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;

-continued-

CHILDREN OF BELLEVUE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair Value Measurements (continued)

- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability. Level 3 inputs to the valuation methodology are unobservable and significant to the fair value measurement. The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodology used for assets measured at fair value. There has been no change in the methodology used at December 31, 2010.

Common stock and mutual funds - Valued at the closing price reported on the active market on which the individual securities are traded.

The method described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Auxiliary believes its valuation method is appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the assets at fair value as of December 31, 2010:

	Level 1
Common stock	
Domestic - strategic value	\$ 257,184
Domestic - strategic growth	255,561
Mutual funds	
Intermediate duration	466,095
International portfolio	183,406
	\$ 1,162,246

-continued-

CHILDREN OF BELLEVUE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2010

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Uncertainty in income taxes - The Organization records a liability for uncertain tax positions when it is probable that a loss has been incurred and the amount can be reasonably estimated. The Organization continually evaluates expiring statutes of limitations, audits, proposed settlements, changes in tax law and new authoritative rulings. The federal informational tax returns for the years ended December 31, 2007, 2008 and 2009 are subject to examination by the Internal Revenue Service and other regulators. Tax filings are generally open for examination for three years after the return is filed.

Subsequent events - Subsequent events have been evaluated through July 21, 2011, which is the date the financial statements were available to be issued.

NOTE 3 - NET ASSETS RESTATEMENT

In 2010, the Auxiliary performed a review of net asset classifications. The opening balances of net assets were corrected to reflect net asset classifications as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Net assets, beginning of year	\$ (37,206)	\$ 1,087,231	\$ 1,050,025
Restatement	<u>18,165</u>	<u>(18,165)</u>	<u>-</u>
Net assets, beginning of year, restated	\$ <u>(19,041)</u>	\$ <u>1,069,066</u>	\$ <u>1,050,025</u>

-continued-

CHILDREN OF BELLEVUE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2010

NOTE 4 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at December 31 are available for the following purposes:

Child Protection	\$ 368,587
Child Comprehensive Psychiatric Emergency Program	100,025
Renny Weldon Camp Fund	189,476
Video Interaction Program	158,148
Blauner Center	103,917
Adolescent and Child Psychiatry	83,236
Myra Friedman Fund	25,524
Therapeutic Nutrition Center	25,000
Neonatal Intensive Care Unit	10,740
Pediatric Dentistry	9,070
Child Life	<u>5,117</u>
	\$ <u>1,078,840</u>

Temporarily restricted net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes of:

Child Protection	\$ 340,110
Video Interaction Program	191,234
Child Comprehensive Psychiatric Emergency Program	100,000
Reach Out and Read	51,434
Child Life	43,265
Adolescent and Child Psychiatry	3,660
Renny Weldon Camp Fund	4,840
Social Work	2,069
Blauner Center	<u>12,933</u>
	\$ <u>749,545</u>

-continued-

CHILDREN OF BELLEVUE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2010

NOTE 5 - RELATED PARTY TRANSACTIONS

The Auxiliary made payments to Bellevue Hospital Center, New York University Medical Center, and New York University School of Medicine, entities related through a common affiliation with the New York City Health and Hospitals Corporation, for salaries and fringe benefits of various personnel (certain doctors, child life specialists, social workers, etc.) that provide care to children and their families.

As of December 31, 2010, amounts due to these entities approximate \$389,880, which is included in accounts payable. Total salaries and fringe benefits incurred for the year ending December 31, 2010 was \$834,059.

NOTE 6 - FIXED ASSETS

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net</u>	<u>Estimated Useful Lives</u>
Furniture and fixtures	\$ <u>12,885</u>	\$ <u>12,295</u>	\$ <u>590</u>	5 years

Depreciation expense for the year ended December 31, 2010 was \$10.

NOTE 7 - CONCENTRATIONS

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

NOTE 8 - CONTINGENCIES

Grants require the fulfillment of certain conditions as set forth in the instrument of the grant. Failure to fulfill the conditions could result in the return of the funds to grantors. Although that is a possibility, management deems the contingency remote.



**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
New York City Health and Hospitals Corporation**

We have audited the financial statements of Children of Bellevue, Inc. as of and for the year ended December 31, 2010, and have issued our report thereon dated July 21, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the *New York City Health and Hospitals Corporation's Operating Procedure No. 10-20, Auxiliaries, November 2010*.

Internal Control Over Financial Reporting

Management of Children of Bellevue, Inc. is responsible for establishing and maintaining effective internal control over reporting. In planning and performing our audit, we considered Children of Bellevue, 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 Children of Bellevue, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Children of Bellevue, 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Children of Bellevue, 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*.

This report is intended solely for the information and use of management, the Board of Directors and others within the entity, and is not intended to be and should not be used by anyone other than these specified parties.

Loeb + Troper LLP

July 21, 2011

CHILDREN OF BELLEVUE, INC.
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED DECEMBER 31, 2010

09-01 Deposits Not Made Timely

Criteria

Best practices call for deposits to be made within one to three business days of receipt.

Finding

During 2009, receipts were not deposited in a timely manner. There were fourteen (14) transactions totaling \$138,979 with deposit dates ranging from 4 to 8 business days from the date of receipt as follows:

<u>Received From</u>	<u>Deposit Amount</u>	<u>Receipt Date</u>	<u>Deposit Date</u>	<u>Number of Business Days</u>
NYS Department of Taxation and Finance	\$ 49,255	07/09/09	07/17/09	6
Auxiliary to Bellevue Hospital Center, Inc.	5,384	07/23/09	07/31/09	6
Morgan Stanley Foundation	10,000	07/23/09	07/31/09	6
Various	2,900	03/19/09	03/27/09	6
The Rhodecheck Charitable Trust	42,000	01/29/09	02/10/09	8
Kids of NYU Foundation, Inc.	5,000	03/19/09	03/26/09	5
The Berlind Foundation	5,000	09/10/09	09/21/09	7
The Eugene Zitwer Foundation	2,080	07/23/09	07/31/09	6
Various	2,150	03/19/09	03/27/09	6
Various	1,750	04/01/09	04/07/09	4
Various	1,350	04/16/09	04/23/09	5
Various	1,000	03/12/09	03/18/09	4
Various	1,110	04/16/09	04/23/09	5
Phoenix Partners Group LP	<u>10,000</u>	03/05/09	03/12/09	5
Total	<u>\$ 138,979</u>			

Impact

The risk of cash not being deposited timely can lead to potential errors.

CHILDREN OF BELLEVUE, INC.
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED DECEMBER 31, 2010

09-01 Deposits Not Made Timely (continued)

Recommendation

The Auxiliary should monitor its cash receipts more closely and ensure that cash collections are deposited in bank accounts within three business days.

Auxiliary's Response

The Auxiliary will make deposits in a timely manner.

Follow-up

This has been implemented.

09-02 Personnel Files of Employees Did Not Contain Information on Current Compensation

Criteria

Updated compensation of employees must be retained to support payroll computations.

Finding

Compensation agreements for three employees were not found in the personnel file.

Impact

The Auxiliary is exposed to the risk of making payments to employees that are outside of compensation arrangements.

Recommendation

The Auxiliary should maintain all relevant documents in an employee's personnel file.

Auxiliary's Response

The Auxiliary will comply.

Follow-up

This has been implemented.

CHILDREN OF BELLEVUE, INC.
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED DECEMBER 31, 2010

09-03 Supporting Documentation is Not Maintained for All Transactions

Criteria

New York City Health and Hospitals Corporation Operating Procedure No. 10-20, Auxiliaries, July 1987, Section 3g (4)d(1), requires the Auxiliary to maintain "supporting documentation for all disbursements, including invoices, bills and receipts from vendors, and any other document pertinent to Auxiliary operations."

Finding

During calendar year 2009, a credit card charge of \$781 for the purchase of office supplies from Office Depot lacked adequate supporting documentation.

Impact

The Auxiliary is exposed to the risk of making unauthorized disbursements.

Recommendation

The Auxiliary should implement more effective control to obtain and maintain documents that support and validate daily transactions.

Auxiliary's Response

The Auxiliary will comply.

Follow-up

This has been implemented.