

Boley Centers, Inc. And Affiliates

**Audited Consolidated Financial Statements
And Supplementary Information**

June 30, 2010 And 2009

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Independent Auditor's Report

Board of Directors
Boley Centers, Inc. and Affiliates
St. Petersburg, Florida

We have audited the accompanying consolidated statement of financial position of Boley Centers, Inc. and affiliates as of June 30, 2010, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended. These consolidated financial statements are the responsibility of Boley Centers, Inc. and affiliates' management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. The prior year's summarized comparative information has been derived from Boley Centers, Inc. and affiliates' 2009 consolidated financial statements and, in our report dated December 10, 2009, we expressed an unqualified opinion on those consolidated financial statements.

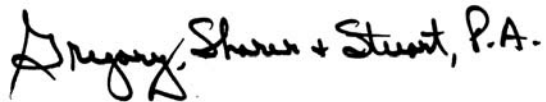
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated 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 Boley Centers, Inc. and affiliates' 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Boley Centers, Inc. and affiliates as of June 30, 2010, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2010 on our consideration of Boley Centers, Inc. and affiliates' 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 performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our 2010 audit.

Our 2010 audit was performed for the purpose of forming and opinion on the consolidated financial statements taken as a whole. The accompanying schedule of expenditures of federal awards and state financial assistance 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*; Section 215.97, Florida Statutes; and Chapter 10.650, Rules of the Auditor General, and is also not a required part of the consolidated financial statements. The additional supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information has been subjected to the auditing procedures applied in the audit of the 2010 consolidated financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the 2010 consolidated financial statements taken as a whole.

Gregory, Sharer & Stuart, P.A.

A handwritten signature in black ink that reads "Gregory, Sharer & Stuart, P.A." The signature is written in a cursive, flowing style.

St. Petersburg, Florida
December 14, 2010

Boley Centers, Inc. And Affiliates
Consolidated Statements Of Financial Position

	June 30,	
	<u>2010</u>	<u>2009</u>
Assets		
Cash	\$ 1,509,598	\$ 2,740,789
Cash - restricted	478,086	435,304
Accounts receivable		
Grants and funding sources	2,679,336	1,895,903
Clients and other, net of allowance for uncollectible accounts of \$18,000 and \$36,000, at June 30, 2010 and 2009, respectively	1,300,078	583,707
Facility lease receivable	71,724	78,666
Prepaid expenses and other	380,573	390,124
Investments	1,450,391	1,325,488
Investment in joint venture	160,729	-
Construction in progress	1,569,005	2,244,740
Property and equipment, net of accumulated depreciation	<u>22,565,177</u>	<u>21,041,294</u>
Total Assets	<u>\$ 32,164,697</u>	<u>\$ 30,736,015</u>
 Liabilities And Net Assets		
Liabilities		
Accounts payable	\$ 428,144	\$ 636,309
Accrued expenses		
Salaries	537,160	287,464
Vacation pay	362,652	447,263
Retirement plan contributions	345,683	391,372
Other	303,296	361,601
Unearned revenue	84,038	33,524
Mortgages payable		
With forgiveness provisions	7,104,954	5,606,909
Other	<u>2,657,523</u>	<u>2,660,000</u>
Total Liabilities	<u>11,823,450</u>	<u>10,424,442</u>
Net Assets		
Unrestricted		
Board designated	61,098	123,069
Undesignated	<u>19,466,001</u>	<u>19,286,684</u>
	<u>19,527,099</u>	<u>19,409,753</u>
Temporarily restricted	<u>814,148</u>	<u>901,820</u>
Total Net Assets	<u>20,341,247</u>	<u>20,311,573</u>
Total Liabilities And Net Assets	<u>\$ 32,164,697</u>	<u>\$ 30,736,015</u>

Boley Centers, Inc. And Affiliates
Consolidated Statement Of Activities For The Year Ended June 30, 2010
With Summarized Financial Information For The Year Ended June 30, 2009

	Year Ended June 30, 2010			Summarized Comparative Totals Year Ended June 30, 2009
	Unrestricted	Temporarily Restricted	Total	
Revenue, Gains/Losses, And Other Support				
State of Florida Department of Children and Families				
Alcohol, Drug Abuse and Mental Health Services Block Grant	\$ 5,317,984	\$ -	\$ 5,317,984	\$ 6,087,813
Other governmental funding				
Federal	7,271,455	-	7,271,455	8,756,279
State	58,461	-	58,461	61,942
Local	1,331,846	-	1,331,846	786,567
Other funding and revenues				
Medicaid	2,254,162	-	2,254,162	2,022,282
Client fees and rents	1,147,505	-	1,147,505	1,196,330
Thrift store	592,581	-	592,581	610,025
Unrealized and realized gain/(loss) on investments	124,699	-	124,699	(277,444)
(Loss)/gain on impairment/disposal of property	(737,369)	-	(737,369)	3,700
Allocated loss on investment in joint venture	(33,061)	-	(33,061)	-
Other	960,441	-	960,441	638,069
Net assets released from restriction	87,672	(87,672)	-	-
Total Revenue, Gains/Losses, And Other Support	<u>18,376,376</u>	<u>(87,672)</u>	<u>18,288,704</u>	<u>19,885,563</u>
Expenses				
Program services	15,635,251	-	15,635,251	15,721,293
Fundraising - thrift store	586,912	-	586,912	670,111
Administration	2,036,867	-	2,036,867	2,091,289
Total Expenses	<u>18,259,030</u>	<u>-</u>	<u>18,259,030</u>	<u>18,482,693</u>
Change In Net Assets	117,346	(87,672)	29,674	1,402,870
Net Assets At Beginning Of Year	<u>19,409,753</u>	<u>901,820</u>	<u>20,311,573</u>	<u>18,908,703</u>
Net Assets At End Of Year	<u>\$ 19,527,099</u>	<u>\$ 814,148</u>	<u>\$ 20,341,247</u>	<u>\$ 20,311,573</u>

Boley Centers, Inc. And Affiliates

Consolidated Statement Of Functional Expenses For The Year Ended June 30, 2010
With Summarized Financial Information For The Year Ended June 30, 2009

Year Ended June 30, 2010													Summarized Comparative Total Year Ended June 30, 2009
Program Services											Total Year Ended June 30, 2010		
CCST - Comprehensive Community Service Teams	Vocational	Residential	Clinical	Youth	Assertive Community Treatment	Housing	Contract Services	Total Program Services	Fundraising Thrift Store	Administration			
Salaries	\$ 595,911	\$1,017,875	\$2,477,225	\$ 624,323	\$368,370	\$ 471,634	\$ 245,179	\$169,174	\$ 5,969,691	\$ 264,651	\$ 1,229,115	\$ 7,463,457	\$ 7,661,962
Employee health and retirement	87,947	131,011	342,269	91,493	20,864	66,587	33,738	27,708	801,617	39,744	135,991	977,352	1,073,108
Payroll taxes and workers' compensation	55,547	91,731	235,470	59,177	44,481	43,044	22,833	19,349	571,632	25,626	102,266	699,524	664,745
Total Salaries And Related Expenses	739,405	1,240,617	3,054,964	774,993	433,715	581,265	301,750	216,231	7,342,940	330,021	1,467,372	9,140,333	9,399,815
Rent	6,521	113,670	13,284	18,054	48,433	4,207	10,872	521	215,562	133,094	13,037	361,693	387,213
Telephone	9,608	23,762	52,695	7,872	5,861	12,950	3,028	4,476	120,252	3,418	20,816	144,486	151,357
Office supplies	1,921	16,118	11,580	6,056	7,099	1,306	15,348	1,302	60,730	32,226	42,577	135,533	154,771
Insurance	5,553	3,766	86,366	6,457	3,550	3,845	141,452	530	251,519	4,723	20,595	276,837	258,240
Professional fees	-	11,879	19,030	142,344	-	153,740	7,408	-	334,401	254	168,707	503,362	503,357
Travel	7,063	59,724	14,238	894	3,041	17,018	5,032	3,508	110,518	-	22,117	132,635	159,011
Utilities	10,851	16,589	308,423	39,253	8,740	13,840	165,953	5,141	568,790	48,295	16,571	633,656	584,576
Repairs and maintenance	13,853	23,838	335,513	67,972	8,322	11,044	300,824	1,673	763,039	16,832	68,156	848,027	795,419
Client services and supplies	42,097	8,496	121,394	46,190	-	259,299	-	69	477,545	(10,626)	-	466,919	635,952
Interest expense	-	-	34,967	-	-	-	172,278	-	207,245	-	-	207,245	193,331
Food service costs	603	2,463	285,053	99,454	521	69	172	850	389,185	1,169	5,500	395,854	414,621
Medical supplies	62,485	471	95,047	49,511	-	83	-	-	207,597	-	2,757	210,354	213,304
Furniture and equipment	1,076	10,559	74,654	1,037	-	1,579	272	285	89,462	-	6,411	95,873	123,822
Quality assurance	30,886	-	162,636	-	-	-	-	-	193,522	-	-	193,522	195,010
Personnel costs	18,205	22,652	80,757	8,288	19,871	4,101	3,387	255	157,516	4,850	62,942	225,308	201,026
Transportation	84,963	317	227,653	73,269	2,420	50,149	-	11,545	450,316	-	-	450,316	479,792
Depreciation and amortization	12,309	3,352	306,585	34,720	-	13,851	372,065	1,766	744,648	-	39,218	783,866	734,553
Housing vouchers and rent	-	-	-	-	-	-	2,728,710	-	2,728,710	-	-	2,728,710	2,503,542
Other expense	80,599	955	51,533	7,582	2,579	598	64,259	13,649	221,754	22,656	80,091	324,501	393,981
Total Expenses	\$ 1,127,998	\$ 1,559,228	\$ 5,336,372	\$ 1,383,946	\$ 544,152	\$ 1,128,944	\$ 4,292,810	\$ 261,801	\$ 15,635,251	\$ 586,912	\$ 2,036,867	\$ 18,259,030	\$ 18,482,693

Boley Centers, Inc. And Affiliates
Consolidated Statements Of Cash Flows

	Year Ended June 30,	
	2010	2009
Cash Flows From Operating Activities		
Change in net assets	\$ 29,674	\$ 1,402,870
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	783,866	734,553
HUD capital advance received	(305,178)	(1,105,449)
Grant received for capital project	-	(562,500)
Loss/(gain) on impairment/disposal of property	737,369	(3,700)
Allocated loss on investment in joint venture	33,061	-
Unrealized and realized (gain)/loss on investments	(124,699)	277,444
Accretion of loan discounts	80,731	30,931
Forgiveness of loans	(9,897)	(9,897)
(Increase) decrease in operating assets		
Accounts receivable - grants and funding sources	(783,433)	310,140
Accounts receivable - clients and other	133,629	(295,095)
Facility lease receivable	6,942	6,942
Prepaid expenses and other	9,551	52,748
Restricted cash	(42,782)	72,563
(Decrease) increase in operating liabilities		
Accounts payable	(208,165)	360,735
Accrued expenses	61,091	277,516
Unearned revenue	50,514	(22,042)
Net Cash Provided By Operating Activities	452,274	1,527,759
Cash Flows From Investing Activities		
Purchase of property and equipment	(707,852)	(1,083,765)
Construction in progress	(1,049,875)	(1,495,121)
Proceeds from sale of property and equipment	4,173	3,700
Purchases of investments	(2,948,970)	(2,098,847)
Proceeds from sale of investments	2,948,766	3,215,538
Investment in joint venture	(193,790)	-
Net Cash Used By Investing Activities	(1,947,548)	(1,458,495)
Cash Flows From Financing Activities		
HUD capital advance received	305,178	1,105,449
Grant received for capital project	-	562,500
Payments on mortgages payable	(41,095)	(797,786)
Net Cash Provided By Financing Activities	264,083	870,163
Net Change In Cash	(1,231,191)	939,427
Cash At Beginning Of Year	2,740,789	1,801,362
Cash At End Of Year	\$ 1,509,598	\$ 2,740,789
Supplemental Disclosure		
Cash paid for interest	\$ 126,514	\$ 162,400
Non-Cash Investing And Financing Activities		
Acquisition of property by assuming debt	\$ 1,465,829	\$ 1,550,377
Transfers from construction in progress to property and equipment	\$ 1,266,234	\$ 588,342

Note A - Organization And Summary Of Significant Accounting Policies

Organization And Purpose

Boley Centers, Inc. and affiliates (the Organization) is comprised of Boley Centers, Inc. (Boley); Bessie Boley Foundation; Boley Foundation, Inc.; 128 Place, Inc. (128 PL); Arlington Avenue Apartments, Inc. (AA); Clam Bayou Apartments, Inc. (CB); Community Housing of Pinellas County, Inc. (CHP); Dome District Apartments, Inc. (DD); Forest Lane Apartments, Inc. (FLA); Forest Meadows Apartments, Inc. (FMA); Lake Winds Apartments, Inc. (LW); Palmetto Breeze Apartments, Inc. (PB); Pinellas Affordable Living, Inc. (PAL); Pinellas County Housing, Inc. (PCH); Shady Pines Apartments, Inc. (SP); and Twin Brooks Apartments, Inc. (TB). All of the affiliated entities in these consolidated financial statements are not-for-profit corporations. The entities comprising the Organization are related through an economic interest and Boley's direct and indirect ability to determine the direction of management.

Boley is a Florida not-for-profit corporation which primarily provides room and board services, as well as case management, educational and skills training, and vocational services for individuals with chronic mental illness residing in Pinellas County, Florida. Boley is also the managing agent for 128 PL, AA, CB, CHP, DD, FLA, FMA, LW, PB, PAL, PCH, SP, and TB.

Bessie Boley Foundation manages certain investments and distributes the income to Boley.

Boley Foundation, Inc. is organized as the fundraising arm of Boley.

128 PL, CB, CHP, DD, FLA, FMA, LW, SP, PB, PCH, and TB operate residential facilities for individuals with chronic mental illness, regulated by the Department of Housing and Urban Development (HUD) as to rent charges and operating methods. AA is a residential facility for individuals with chronic mental illness that began construction after year end. This project will also be regulated by HUD as to rent charges and operating methods.

PAL is a Community Housing Development Organization that develops integrated affordable housing for individuals with mental illness and/or low income within the guidelines of various funding programs. PAL operates several different housing projects in St. Petersburg, Florida, as follows: Bayou Pass, Clam Bayou, Oak Park, and Parkside. During 2010, PAL closed PAL Village, began operating Williams House, and began construction of a new housing project, Twin Brooks. Through October 2009, PAL also operated the Youthbuild program for Boley to provide vocational skills and leadership development for young adults aged 16-24.

Principles Of Consolidation

The accompanying consolidated financial statements include the activities of Boley; Bessie Boley Foundation; Boley Foundation, Inc.; 128 PL; AA; CB; CHP; DD; FLA; FMA; LW; PB; PAL; PCH; SP; and TB. All significant inter-organization accounts and transactions are eliminated in the consolidation.

Basis Of Presentation

The accompanying consolidated financial statements have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted net assets - include net assets that are not subject to donor imposed stipulations.

Temporarily restricted net assets - contributions for which donor imposed restrictions have not been met.

Restricted Cash

Restricted cash includes escrow accounts, security deposits held, and reserve accounts required by HUD and under certain loan agreements.

Allowance For Doubtful Accounts

An allowance for doubtful accounts is provided for accounts receivable - clients and other. An allowance for other classifications of accounts receivable is considered unnecessary by management.

Accounts Receivable

Concentrations of credit risk with respect to accounts receivable are considered minimal as the majority of the amounts relate to grants from federal and state government agencies.

Investments

Investments are recorded at fair value, which is determined based on observable prices in active markets for identical or similar assets (see Notes B and H). Cash designated for long-term purposes is classified as an investment.

Investment In Joint Venture

Boley is an equal owner with another non-profit organization in a joint venture that was started during 2010. Boley's investment in the venture is carried on the equity method. Boley's initial investment in the venture was recorded as an asset and was adjusted by Boley's share of the joint venture's earnings (see Note D).

Investment In Limited Partnership

PAL is the general partner in Salt Creek Apartments, Ltd. (Salt Creek) (a limited partnership). Salt Creek is a housing project for individuals with low to moderate income. As general partner, PAL's investment in Salt Creek is carried on the equity method, which was zero at June 30, 2010 and 2009. PAL's initial investment in the partnership was recorded as an asset and was adjusted by the partnership's earnings.

Fair Value Measurements

The Organization adopted Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 820, *Fair Value Measurements and Disclosures*, for fair value measurements of financial assets and liabilities that are recognized and disclosed at fair value in the financial statements on a recurring basis. ASC 820 establishes 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 measurements involving significant unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy are as follows:

- Level 1 - Unadjusted quoted market prices for identical assets or liabilities in active markets which are accessible by the Organization.
- Level 2 - Observable prices in active markets for similar assets or liabilities. Prices for identical or similar assets or liabilities in markets that are not active. Market inputs that are not directly observable but are derived from or corroborated by observable market data.
- Level 3 - Unobservable inputs based on the Organization's own judgment as to assumptions a market participant would use, including inputs derived from extrapolation and interpolation that are not corroborated by observable market data.

Property And Equipment

Expenditures for renewals and improvements that significantly add to the productive capacity or extend the useful life of the asset are capitalized. Expenditures for normal repairs and maintenance are expensed as incurred.

Property and equipment are carried at cost if purchased or at estimated fair market value at date of receipt if acquired by gift. Depreciation is calculated using the straight-line method over the estimated useful lives of the respective assets ranging from three to 40 years. Expenditures in excess of \$1,000 with estimated useful lives greater than one year are capitalized.

Property acquired with governmental funds is considered to be owned by the Organization while used in the program for which it was purchased or in future authorized programs; however, its disposition and the ownership of any proceeds are subject to applicable regulations.

Income Taxes

Boley Centers, Inc. and its affiliates are exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and have been determined not to be private foundations.

Boley Centers, Inc. And Affiliates
Notes To Consolidated Financial Statements
June 30, 2010 And 2009

Management has evaluated its tax positions taken for all open tax years and has not identified any uncertain tax positions. The 2006, 2007, and 2008 tax years are open and subject to examination by the Internal Revenue Service (IRS). The Organization is not currently under audit nor has the Organization been contacted by the IRS.

Salt Creek is a limited partnership. In lieu of corporate income taxes, the owners of a limited partnership are taxed on the partnership's income. PAL is responsible for paying taxes on any Salt Creek income. PAL files Form 990T related to Salt Creek income and losses. No income has been earned to date; therefore, no provision or liability for income taxes has been included in the accompanying consolidated financial statements.

Consolidated Statement Of Functional Expenses

The costs of providing the various programs and other activities have been detailed in the accompanying 2010 consolidated statement of functional expenses. Salaries and other expenses that are associated with a specific program are charged directly to that program. Salaries and other expenses that benefit more than one program are allocated to the various programs based on the relative benefit provided.

Maintenance, training, quality assurance, food, and transportation department costs are allocated to natural expense classifications (i.e., repairs and maintenance, personnel costs, quality assurance, food expense, etc.), based on usage, to program and supporting services.

Note B - Cash And Investments

Cash held by financial institutions consists of the following as of June 30:

	<u>2010</u>	<u>2009</u>
Cash in banks	\$ 1,195,828	\$ 2,066,941
Money market accounts in banks	313,770	673,848
	<u>\$ 1,509,598</u>	<u>\$ 2,740,789</u>

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Reclassifications

Certain amounts in the 2009 financial statements have been reclassified to conform to the 2010 presentation. These reclassifications had no effect on the previously reported change in net assets.

Summarized Financial Information For 2009

The accompanying consolidated financial statements include certain prior year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the consolidated financial statements for the year ended June 30, 2009, from which the summarized information was derived.

Boley Centers, Inc. And Affiliates
Notes To Consolidated Financial Statements
June 30, 2010 And 2009

Investments consist of the following at June 30:

	Boley	Bessie Boley Foundation	Total
<i>2010</i>			
Cash and money market accounts	\$ -	\$ 176,245	\$ 176,245
Fixed income securities	-	473,768	473,768
Equities	-	552,503	552,503
Mutual funds	44,418	188,457	232,875
Other	15,000	-	15,000
	<u>\$ 59,418</u>	<u>\$ 1,390,973</u>	<u>\$ 1,450,391</u>
<i>2009</i>			
Cash and money market accounts	\$ -	\$ 75,922	\$ 75,922
Fixed income securities	-	280,308	280,308
Equities	-	83,853	83,853
Mutual funds	37,917	826,831	864,748
Other	20,657	-	20,657
	<u>\$ 58,574</u>	<u>\$ 1,266,914</u>	<u>\$ 1,325,488</u>

Total investment income was \$20,413 and \$25,242, net of \$13,363 and \$20,901 in administrative fees, for the years ended June 30, 2010 and 2009, respectively.

Note C - Facility Lease Receivable

In October 2000, PAL entered into an agreement to lease real property (Parkside) for \$1 annually. The property may be used only for the purpose of improving and operating an eight-unit apartment complex. The agreement expires 20 years after the date of issuance of the certificate of occupancy. At the landlord's sole discretion, the lease can be extended for an additional 20-year term or the landlord can purchase the property improvements at fair value. A land lease receivable was recorded equal to the fair value of the real property, which will be recognized as land lease expense over the term of the lease.

The facility lease receivable is expected to be realized as follows:

In one year or less	\$ 6,941
Between one and five years	34,706
Greater than five years	30,077
	<u>\$ 71,724</u>

Note D - Investment In Joint Venture

During 2010, Boley and another non-profit organization formed an equally owned Florida corporation named Solutions for Administrative Services, Inc. (SAS). SAS has since filed for tax-exempt status with the IRS.

The primary purpose of SAS is to serve as an administrative services organization that efficiently provides management, support, and administrative services to qualifying tax-exempt organizations that operate in the geographic area served by SAS, including the current members, Boley and Operation PAR, Inc.

The members and other area tax-exempt organizations desiring to utilize SAS' services will have the benefit of collaborating and sharing a variety of management and related administrative services, thereby gaining efficiencies and economies of scale and enabling participants to focus on their respective missions, goals, and programs for which they are organized.

Specific services that will be provided by SAS include four core service areas: human resources, finance/accounting and electronic health record development/management, information technology, and support services.

During 2010, Boley invested \$193,790 in the joint venture to fund start-up organization costs and new computer software applications.

Boley's share of the operating losses of SAS for the year ended June 30, 2010 was \$33,061 and was accounted for under the equity method of accounting.

Boley's investment at June 30, 2010 was \$160,729.

Boley Centers, Inc. And Affiliates
Notes To Consolidated Financial Statements
June 30, 2010 And 2009

Note E - Construction In Progress And Property And Equipment

Construction commitments were approximately \$8.4 million and \$1.4 million at June 30, 2010 and 2009, respectively.

Construction in progress consists of the following at June 30:

	2010	2009
Boley Centers, Inc.		
Broadwater Place	\$ 597,326	\$ -
Burlington Gardens	403,094	-
Fountain View	47,634	-
Covert Apartments	12,128	-
	<u>1,060,182</u>	-
Arlington Avenue Apartments, Inc.	105,282	61,470
Pinellas Affordable Living, Inc.	403,541	917,036
Twin Brooks Apartments, Inc.	-	1,266,234
	<u>\$ 1,569,005</u>	<u>\$ 2,244,740</u>

Property and equipment consists of the following at June 30:

	2010	2009
Land	\$ 6,767,833	\$ 5,862,833
Buildings and improvements	22,824,508	21,363,482
Furniture and equipment	1,368,242	1,334,672
Vehicles	951,519	983,512
Leasehold improvements	277,991	276,876
	<u>32,190,093</u>	<u>29,821,375</u>
Less accumulated depreciation	<u>(9,624,916)</u>	<u>(8,780,081)</u>
	<u>\$ 22,565,177</u>	<u>\$ 21,041,294</u>

Note F - Line Of Credit

Boley has an unsecured line of credit of \$1 million with Synovus Bank, none of which was outstanding at June 30, 2010 or 2009. Borrowings under the credit line carry a variable interest rate (3.378% at June 30, 2010), subject to change based on the Three Month LIBOR as published weekly in the Wall Street Journal. This credit line is payable on demand.

Note G - Mortgages Payable

Mortgages payable, net of discounts where applicable consist of the following at June 30:

	2010	2009
<i>128 Place, Inc.</i>		
Mortgage payable to Synovus Bank, no principal payments required, interest free, collateralized by real property and assignment of rents, forgiven if the property continues to be used for its intended purpose through April 2017. The original note was \$161,500 and is presented net of a discount of \$45,436 and \$52,167 as of June 30, 2010 and 2009, respectively.	\$ 116,064	\$ 109,333
Mortgage payable to the City of St. Petersburg, no principal payments required, interest free, collateralized by real property and assignment of rents, forgiven if the property continues to be used for its intended purpose through September 2023. The original note was \$62,000 and is presented net of a discount of \$28,534 and \$30,572 as of June 30, 2010 and 2009, respectively.	33,466	31,428
<i>Arlington Avenue Apartments, Inc.</i>		
Mortgage payable to the City of St. Petersburg (Home Investment Partnerships Program), no principal payments required, interest free, collateralized by real property, forgiven if the property continues to be used for its intended purpose through June 2030. The original note was \$500,000 and is not discounted.	500,000	500,000
<i>Boley Centers, Inc.</i>		
Burlington Gardens: Mortgage payable to the City of St. Petersburg (Community Development Block Grants/Entitlement Grants), no principal payments required, interest free, collateralized by real property, forgiven if the property continues to be used for its intended purpose through December 2030. The maximum amount available under the note is \$1,669,215 and is not discounted.	512,440	-

Boley Centers, Inc. And Affiliates
Notes To Consolidated Financial Statements
June 30, 2010 And 2009

	2010	2009
Butterfly and Grove: Mortgage payable to the City of St. Petersburg (Community Development Block Grants/Entitlement Grants), no principal payments required, interest free, collateralized by real property, deferred if the property continues to be used for its intended purpose through December 2016. The original note was \$340,500 and is presented net of a discount of \$69,858 and \$82,521 as of June 30, 2010 and 2009, respectively.	270,642	257,979
Fountain View: Mortgage payable to the City of St. Petersburg (Community Development Block Grants/Entitlement Grants), no principal payments required, interest free, collateralized by real property, forgiven if the property continues to be used for its intended purpose through March 2041. The maximum amount available under the note is \$1,434,076 and is not discounted.	320,069	-
Grove Park: Mortgage payable to Pinellas County (Home Investment Partnerships Program), no principal or interest payments required until 2016, monthly payments of principal and interest (3% per annum) through maturity, collateralized by real property. \$176,752 of the note will be forgiven if the property continues to be used for its intended purpose through June 2011. The balance will be due at maturity, April 2046. The original note was \$687,500 and is not discounted.	687,500	687,500
Grove Park: Mortgage payable to Pinellas County (Community Housing Trust Fund), no principal payments required, interest free, collateralized by real property, forgiven if the property continues to be used for its intended purpose through October 2038. The original note was \$302,000 and is not discounted.	302,000	302,000
Grove Park: Mortgage payable to Synovus Bank, no principal payments required, interest free, collateralized by real property, forgiven if the property continues to be used for its intended purpose through April 2029. The original note was \$117,377 and is not discounted.	117,377	117,377
Kenwood: Mortgage payable to the City of St. Petersburg (Community Development Block Grants/Entitlement Grants), no principal payments required, interest free, collateralized by real property, deferred if the property continues to be used for its intended purpose through January 2015. The original note was \$55,000 and is presented net of a discount of \$8,844 and \$10,819 as of June 30, 2010 and 2009, respectively.	46,156	44,181
Marconi: Mortgage payable to the City of St. Petersburg (Community Development Block Grants/Entitlement Grants), no principal payments required, interest free, collateralized by real property, forgiven if the property continues to be used for its intended purpose through January 2020. The original note was \$135,000 and is presented net of a discount of \$54,893 and \$60,663 as of June 30, 2010 and 2009, respectively.	80,107	74,337
Mid County Safe Haven: Mortgage payable to Pinellas County (Home Investment Partnerships Program), no principal payments required, interest free, collateralized by real property, forgiven if the property continues to be used for its intended purpose through May 2037. The original note was \$2,135,880 and is not discounted.	2,135,880	2,135,880
Safe Haven: Mortgage payable to the City of St. Petersburg (Home Investment Partnerships Program), no principal payments required, interest free, collateralized by real property, forgiven if the property continues to be used for its intended purpose through January 2027. The original note was \$433,812 and is presented net of a discount of \$242,066 and \$256,626 as of June 30, 2010 and 2009, respectively.	191,746	177,186
Safe Haven: Mortgage payable to Synovus Bank, no principal payments required, interest free, collateralized by real property, forgiven if the property continues to be used for its intended purpose through April 2021. The original note was \$118,421 and is not discounted.	118,421	118,421

Boley Centers, Inc. And Affiliates
Notes To Consolidated Financial Statements
June 30, 2010 And 2009

	2010	2009
<i>Clam Bayou Apartments, Inc.</i>		
Mortgage payable to Synovus Bank, no principal payments required, interest free, collateralized by real property and the assignment of rents, forgiven if the property continues to be used for its intended purpose through July 2026. The original note was \$187,960 and is not discounted.	187,960	187,960
Mortgage payable to Florida Housing Finance Corporation, no principal payments required until maturity, interest free, collateralized by real property and assignment of rents. All principal is due at maturity, September 2046. The original note was \$184,130 and is not discounted.	184,130	184,130
Mortgage payable to the City of St. Petersburg, no principal payments required, interest free, collateralized by real property and assignment of rents, forgiven if the property continues to be used for its intended purpose through December 2027. The original note was \$91,500 and is not discounted.	91,500	91,500
<i>Dome District Apartments, Inc.</i>		
Mortgage payable to Synovus Bank, no principal payments required, interest free, collateralized by real property and assignment of rents, forgiven if the property continues to be used for its intended purpose through January 2030. The original note was \$90,000 and is not discounted.	90,000	90,000
Mortgage payable to the City of St. Petersburg, no principal payments required, interest free, collateralized by real property and assignment of rents, forgiven if the property continues to be used for its intended purpose through January 2021. The original note was \$9,000 and is not discounted.	9,000	9,000
<i>Lake Winds Apartments, Inc.</i>		
Mortgage payable to Synovus Bank, no principal payments required, interest free, collateralized by real property and assignment of rents, forgiven if the property continues to be used for its intended purpose through April 2031. The original note was \$79,000 and is not discounted.	79,000	79,000
Mortgage payable to the City of St. Petersburg, no principal payments required, interest free, collateralized by real property and assignment of rents, forgiven if the property continues to be used for its intended purpose through January 2018. The original note was \$33,975 and is not discounted.	33,975	33,975
<i>Palmetto Breeze Apartments, Inc.</i>		
Mortgage payable to Synovus Bank, no principal payments required, interest free, collateralized by real property and assignment of rents, forgiven if the property continues to be used for its intended purpose through August 2018. The original note was \$107,875 and is presented net of a discount of \$27,330 and \$31,824 as of June 30, 2010 and 2009, respectively.	80,545	76,051
Mortgage payable to the City of St. Petersburg, no principal payments required, interest free, collateralized by real property and assignment of rents, forgiven if the property continues to be used for its intended purpose through January 2025. The original note was \$82,000 and is presented net of a discount of \$35,808 and \$38,438 as of June 30, 2010 and 2009, respectively.	46,192	43,562
<i>Pinellas Affordable Living, Inc.</i>		
Bayou Pass Apartments: Mortgage payable to Synovus Bank, no principal payments required, interest free, collateralized by real property and assignment of rents, forgiven if the property continues to be used for its intended purpose through February 2015. The original note was \$126,000 and is presented net of a discount of \$27,486 and \$33,376 as of June 30, 2010 and 2009, respectively.	98,514	92,624
Bayou Pass Apartments: Mortgage payable to Neighborhood Lending Partners, Inc., quarterly payments of \$2,030 include principal and interest of 2% per annum, collateralized by real property and assignment of rents, matures February 2030. The original note was \$180,000 and is presented net of principal payments and a discount of \$49,638 and \$53,554 as of June 30, 2010 and 2009, respectively.	81,597	83,069

Boley Centers, Inc. And Affiliates
Notes To Consolidated Financial Statements
June 30, 2010 And 2009

	2010	2009
Bayou Pass Apartments: Mortgage payable to Neighborhood Lending Partners, Inc., monthly payments of \$978 include principal and interest of 7.25% per annum, collateralized by real property and assignment of rents, entire remaining principal balance due at maturity, October 2015. The original note was \$135,000 and is not discounted.	118,900	121,192
Bayou Pass Apartments: Mortgage payable to the City of St. Petersburg, no principal payments required until maturity, interest free, collateralized by real property. All principal is due at maturity, January 2021. The original note was \$111,000 and is presented net of a discount of \$42,564 and \$47,005 as of June 30, 2010 and 2009, respectively.	68,436	63,995
Clam Bayou Apartments-PAL: Mortgage payable to Synovus Bank no principal payments required, interest free, collateralized by real property and assignment of rents, forgiven if the property continues to be used for its intended purpose through April 2022. The original note was \$60,034 and is not discounted.	60,034	60,034
Clam Bayou Apartments-PAL: Mortgage payable to the City of St. Petersburg, no principal payments required, interest free, collateralized by real property, forgiven if the property continues to be used for its intended purpose through June 2028. The original note was \$399,294 and is not discounted.	399,294	399,294
Oak Park Apartments: Mortgage payable to Neighborhood Lending Partners, Inc., monthly payments of \$1,096 include principal and interest of 7.5% per annum, collateralized by real property and assignment of rents, entire remaining principal balance due at maturity, December 2016. The original note was \$135,000 and is not discounted.	99,494	104,992
Oak Park Apartments: Mortgages payable to the City of St. Petersburg with multiple maturity dates. The notes are all interest free. One note of \$59,247, maturing April 2012, will be forgiven 10% per year over 10 years. One note in the original amount of \$59,247, maturing July 2022, requires monthly payments of \$225. The remaining note of \$125,000, maturing April 2017, is payable in full on the maturity date. The mortgages are collateralized by real property. The original notes total \$243,493 and are presented net of discounts of \$65,067 and \$74,027 and forgiveness of \$75,730 and \$67,184 as of June 30, 2010 and 2009, respectively.	102,696	102,282
Parkside Apartments: Mortgages payable to the City of St. Petersburg with maturity dates in January 2022. One note of \$90,000 is interest free and will be forgiven 5% per year over 20 years. The other note of \$90,000 is interest free and is payable in full on the maturity date. The outstanding principal is payable upon an event of default. Collateralized by the Oaks Apartments. The original notes total \$180,000 and are presented net of a discount of \$45,176 and \$51,839 and forgiveness of \$40,500 and \$36,000, as of June 30, 2010 and 2009, respectively	94,324	92,161
Twin Brooks Apartments-PAL: Mortgage payable to the City of St. Petersburg, no principal payments required, interest free, collateralized by real property, forgiven if the property continues to be used for its intended purpose through December 2049. The original note was \$1,641,199 and is not discounted.	952,653	383,333
<i>Pinellas County Housing, Inc.</i> Mortgage payable to the U.S. Department of Housing and Urban Development; monthly payments of \$10,962 include principal and interest at 9.25% per annum; collateralized by real property, equipment, and assignment of rents; matures January 2028.	1,140,698	1,165,466
<i>Twin Brooks Apartments, Inc.</i> Mortgage payable to Synovus Bank, no principal payments required, interest free, collateralized by real property, forgiven if the property continues to be used for its intended purpose through September 2028. The original note was \$120,000 and is not discounted.	120,000	56,000

Boley Centers, Inc. And Affiliates
Notes To Consolidated Financial Statements
June 30, 2010 And 2009

	<u>2010</u>	<u>2009</u>
Mortgage payable to the City of St. Petersburg, no principal payments required, interest free, collateralized by real property, forgiven if the property continues to be used for its intended purpose through December 2049. The original note was \$191,667 and is not discounted.	<u>191,667</u>	191,667
	<u>\$ 9,762,477</u>	<u>\$ 8,266,909</u>

Certain mortgages and notes payable will be forgiven if certain conditions as described above are met. The following summarizes those loans which will be forgiven and those which will require payments.

With forgiveness provisions	<u>\$ 7,104,954</u>	\$ 5,606,909
Other	<u>2,657,523</u>	2,660,000
	<u>\$ 9,762,477</u>	<u>\$ 8,266,909</u>

The aggregate maturities of mortgages payable before discount are as follows:

2011	\$ 220,442
2012	57,849
2013	50,777
2014	54,810
2015	240,209
Thereafter	<u>9,881,114</u>
Total before discounts	10,505,201
Discounts	<u>(742,724)</u>
Net of discount	<u>\$ 9,762,477</u>

Interest Free And Below Market Mortgages

The recorded amounts of certain mortgages which are interest free or have below-market interest are calculated based on fair value using the prevailing market interest rates for similar transactions at the time the mortgages were executed, ranging from 6.54% to 8.54%. Each year, interest expense is recognized and the mortgage liability is increased (accreted).

Other interest free and below-market interest rate mortgages payable are recorded at face value which management had determined approximates fair value.

Certain mortgages payable with forgiveness provisions are recorded net of accumulated forgiveness.

Neighborhood Lending Partners, Inc. Mortgages

The mortgages payable to Neighborhood Lending Partners, Inc. (NLP) include a provision whereby PAL agrees that a default under the terms of any promissory note or loan executed by PAL in connection with any loan by NLP, whether now existing or hereafter existing, will be deemed a default under the terms of all promissory notes and loans by NLP to PAL. Upon the happening of any such default, NLP may, at its option, declare the entire outstanding indebtedness owed to be immediately due and payable in full. All indebtedness of PAL to NLP is cross collateralized.

Note H - Fair Values Of Financial Assets And Liabilities

The fair values of financial assets and liabilities are as follows as of and for the year ended June 30, 2010:

Description	Assets/Liabilities Measured at Fair Value June 30, 2010	Measured Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Asset Category				
Cash	\$ 1,509,598	\$ 1,509,598	\$ -	\$ -
Restricted cash	478,086	478,086	-	-
Investments	1,450,391	837,732	597,659	15,000
	<u>\$ 3,438,075</u>	<u>\$ 2,825,416</u>	<u>\$ 597,659</u>	<u>\$ 15,000</u>
Liability Category				
None	\$ -	\$ -	\$ -	\$ -

Boley Centers, Inc. And Affiliates
Notes To Consolidated Financial Statements
June 30, 2010 And 2009

The table below sets forth a reconciliation of the Organization's beginning and ending Level 3 financial assets for the year ended June 30, 2010:

	Other Investments
Beginning of year	\$ 20,657
Realized/unrealized losses included in change in net assets	(10,657)
Purchases, sales, issuances, and settlements, net	5,000
End of year	<u>\$ 15,000</u>

Note I - Unrestricted Net Assets

Unrestricted net assets consist of the following at June 30:

	2010	2009
Board designated	\$ 61,098	\$ 123,069
Section 811 capital advances	9,331,758	9,153,117
Operating surplus	10,134,243	10,133,567
	<u>\$ 19,527,099</u>	<u>\$ 19,409,753</u>

The board of directors has designated certain cash to be used for capital purchases and operations and retirement plan contributions. For the years ended June 30, 2010 and 2009, board designated net assets totaled \$61,098 and \$123,069, respectively.

Note J - Temporarily Restricted Net Assets

Temporarily restricted net assets consist of the following at June 30:

	2010	2009
Discount on below market rate mortgages	\$ 742,424	\$ 823,154
Facility lease receivable	71,724	78,666
	<u>\$ 814,148</u>	<u>\$ 901,820</u>

Note K - Thrift Store Revenue

Thrift store revenue for the years ended June 30 consists of the following:

	2010	2009
Contributions - donated goods	\$ 304,994	\$ 254,866
Sales and other	287,587	355,159
	<u>\$ 592,581</u>	<u>\$ 610,025</u>

Note L - Loss On Impairment Of Property

During 2010, Boley sold Williams House to PAL and recognized a \$67,094 loss related to the difference between the cost of the house less accumulated depreciation and the selling price.

During 2010, PAL demolished the buildings at PAL Village. The buildings demolished had a net book value of \$66,545. Additionally, management evaluated the value of the land at PAL Village. Based on an appraisal received, management decided to write down the value of the PAL Village land to the appraised amount, which is the estimated future cash flows to be generated in the event that the land is sold. An impairment loss of \$55,000 was recognized on the PAL Village land. Total losses recognized for PAL Village during 2010 were \$121,545.

During September 2009, heavy rain storms caused significant damage to Twin Brooks-PAL, which was under construction. Approximately \$1.6 million was incurred in construction costs. Management estimated that only \$315,000 was salvageable. Accordingly, approximately \$1.3 million of construction costs had to be written off. There were an additional \$115,516 of costs associated with legal, architectural, and site costs incurred related to the incident that were paid on PAL's behalf by Boley.

Management negotiated with their insurance company to recover \$850,000 of the losses. This amount is recorded as a receivable at year end.

Net losses related to the rain storms at Twin Brooks-PAL are as follows:

Construction costs	\$ 1,600,689
Less amount salvageable	(315,000)
Construction costs written off	1,285,689
Less insurance recovery	(850,000)
Additional expenses incurred	115,516
Losses realized	<u>\$ 551,205</u>

Note M - Other Revenue

Other revenue for the years ended June 30 consists of the following:

	2010	2009
Donations	\$ 152,545	\$ 10,726
Other revenues	164,900	122,937
Interest and dividends	65,745	87,790
Special events, net	104,559	115,283
Food stamp income	175,681	117,399
Management revenue	58,001	48,254
Maintenance revenue	191,455	108,392
Medicare	17,765	18,615
Consulting	29,790	8,673
	<u>\$ 960,441</u>	<u>\$ 638,069</u>

Note N - Related Party Transactions

Included in clients and other accounts receivable is \$264,672 and \$232,983 due from Salt Creek as of June 30, 2010 and 2009, respectively.

Note O - Retirement Plan

Boley has a defined contribution (profit sharing) plan. Employees who have completed one year of service and are 18 years or older are eligible to participate. The Organization's contribution to the plan is discretionary and is limited to the maximum amount allowable under the Internal Revenue Code. Contributions for the years ended June 30, 2010 and 2009 were approximately \$346,000 and \$391,000, respectively, determined for eligible participants gross earnings ranging from 4% to 9% based on years of service.

Note P - Operating Leases

Boley leases facilities for the vocational program and a thrift store, as well as various pieces of equipment under various operating leases. Rental expense for the years ended June 30, 2010 and 2009 was approximately \$349,000 and \$387,000, respectively.

Future minimum lease payments are as follows:

2011	\$ 329,271
2012	290,563
2013	227,420
2014	154,851
2015	151,009
	<u>\$ 1,153,114</u>

Note Q - Restrictive Covenants And Contingencies

Federal And State Audits

The Organization is subject to federal and state audits to determine compliance with grant funding requirements and provisions under Medicaid and Medicare. In the event that expenditures are disallowed or submitted claims are denied, repayment could be required.

Community Development Block Grants/Entitlement Grants

The Organization has received Community Development Block Grants/Entitlement Grants to purchase community residential housing. In the event the Organization should dispose of or alter the use of the property within the period stipulated by the related contract, the pro-rata share must be returned to the City of St. Petersburg.

Home Investment Partnerships Program Funds

The Organization has received Home Investment Partnerships Program funds to purchase community residential housing. In the event the Organization should dispose of or alter the use of the property within the period stipulated by the related contract, the pro-rata share must be returned to the respective funding source.

Restrictive Covenants

The Organization is required under various loans and HUD regulatory agreements to operate certain residential housing as qualified low-income projects, as well as comply with various other provisions. In the event of noncompliance, the properties could be forfeited.

Section 811 Capital Advances

HUD has provided funding of approximately \$9.3 million and \$9.2 million as of June 30, 2010 and 2009, respectively, through Section 811 Capital Advances, which are collateralized by mortgages to HUD. These mortgages bear no interest and are not required to be repaid to HUD, as long as the mortgaged property remains available for low-income individuals with chronic mental illness for at least 40 years. It is the intention of management to meet this requirement and, therefore, these capital advances are reflected in unrestricted net assets. Failure to keep this housing available for low-income, mentally disabled individuals would result in repayment of the entire capital advance outstanding plus interest since the date of the first advance.

Cash Balances

From time to time, the Organization may maintain cash balances that exceed federal insurance limits. Management believes the risk of loss is remote.

Note R - Subsequent Events

For the year ended June 30, 2010, management of the Organization has evaluated subsequent events for potential disclosure through December 14, 2010, the date the financial statements were available to be issued.

In July 2010, Boley was awarded three grants by HUD totaling over \$3.2 million. These grants will allow for the construction and operation of 35 additional units of housing for individuals who have mental illness and are low income. Twelve of the units will be set aside for people who are also chronically homeless.

Supplementary Information

Boley Centers, Inc. And Affiliates
Schedule Of Expenditures Of Federal Awards And State Financial Assistance
Year Ended June 30, 2010

Federal/State Agency <i>Pass-Through Entity</i>	CFDA Number	CSFA Number	Contract #	Federal Expenditures	State Expenditures	Transfers To Subrecipients
U.S. Department of Agriculture						
<i>Passed through the State of Florida Department of Elder Affairs</i>						
Child and Adult Care Food Program	10.558		Y10030	\$ 79,546		\$ -
Child and Adult Care Food Program	10.558		Y9030	28,826		-
				<u>108,372</u>		<u>-</u>
U.S. Department of Housing and Urban Development						
<i>Passed through the City of St. Petersburg, Florida</i>						
Community Development Block Grants/Entitlement Grants	14.218		N/A	512,440 *		-
Community Development Block Grants/Entitlement Grants	14.218		N/A	340,500 *		-
Community Development Block Grants/Entitlement Grants	14.218		N/A	320,069 *		-
Community Development Block Grants/Entitlement Grants	14.218		N/A	135,000 *		-
Community Development Block Grants/Entitlement Grants	14.218		N/A	55,000 *		-
Community Development Block Grants/Entitlement Grants	14.218		B-09-MC-12-0017	51,727		-
Community Development Block Grants/Entitlement Grants	14.218		B-08-MC-12-0017	1,431		-
Subtotal - CFDA 14.218				<u>1,416,167</u>		<u>-</u>
<i>Direct funding</i>						
Supportive Housing Program	14.235		FL0031B4H020801	100,471		-
Supportive Housing Program	14.235		FL0036B4H020801	53,898		11,652
Supportive Housing Program	14.235		FL0036B4H020802	27,709		4,321
Supportive Housing Program	14.235		FL0037B4H020801	65,886		-
Supportive Housing Program	14.235		FL0038B4H820801	186,930		-
Supportive Housing Program	14.235		FL0039B4H020801	253,776		-
Supportive Housing Program	14.235		FL0040B4H020801	269,597		-
Supportive Housing Program	14.235		FL29B402001	186,504		-
Supportive Housing Program	14.235		FL29B702001	69,893		-
Supportive Housing Program	14.235		FL29B702002	81,428		-
Supportive Housing Program	14.235		FL29B702007	30,716		-
Supportive Housing Program	14.235		FL29B702008	6,789		-
Subtotal - CFDA 14.235				<u>1,333,597</u>		<u>15,973</u>
<i>Direct funding</i>						
Shelter Plus Care	14.238		FL29C302001	140,543		-
Shelter Plus Care	14.238		FL29C502001	48,036		-
Shelter Plus Care	14.238		FL0041C4H020801	85,586		-
Shelter Plus Care	14.235		N/A	269,574		269,574
Subtotal - CFDA 14.238				<u>543,739</u>		<u>269,574</u>
<i>Passed through Pinellas County, Florida</i>						
Home Investment Partnerships Program	14.239		N/A	2,135,880 *		-
Home Investment Partnerships Program	14.239		N/A	687,500 *		-
<i>Passed through the City of St. Petersburg, Florida</i>						
Home Investment Partnerships Program	14.239		N/A	500,000 * (1)		-
Home Investment Partnerships Program	14.239		N/A	433,812 *		-
Home Investment Partnerships Program	14.239		M-08-MC-12-0220	158,028		-
Home Investment Partnerships Program	14.239		M-09-MC-12-0220	129,806		-
Subtotal - CFDA 14.239				<u>4,045,026</u>		<u>-</u>
<i>Passed through the City of Tampa, Florida</i>						
Housing Opportunities for Persons with AIDS	14.241		PY08	147,015		-
Housing Opportunities for Persons with AIDS	14.241		PY09	544,548		-
Subtotal - CFDA 14.241				<u>691,563</u>		<u>-</u>
<i>Direct funding</i>						
Section 8 Housing Choice Vouchers	14.871		Various	1,476,238		-
U.S. Department of Labor						
<i>Passed through the City of St. Petersburg, Florida</i>						
WIA Pilots, Demonstrations, and Research Projects	17.261		N/A	224,787		-
<i>Direct funding</i>						
Youthbuild **	17.274		YB169242I	332,225		30,326
<i>Direct funding</i>						
Program of Competitive Grants for Worker Training and Placement in High Growth and Emerging Industry Sectors **	17.275		GJ19926R	191,040		-

Boley Centers, Inc. And Affiliates
Schedule Of Expenditures Of Federal Awards And State Financial Assistance
Year Ended June 30, 2010

Federal/State Agency <i>Pass-Through Entity</i> Federal Program/State Project	CFDA Number	CSFA Number	Contract #	Federal Expenditures	State Expenditures	Transfers To Subrecipients
U.S. Department of Education						
<i>Passed through the Florida Department of Education</i>						
Rehabilitation Services - Vocational Rehabilitation Grants to States	84.126		VJ948	247,644		-
Rehabilitation Services - Vocational Rehabilitation Grants to States	84.126		VJ948	614,118		-
Rehabilitation Services - Vocational Rehabilitation Grants to States	84.126		VJ948	4,136		-
Rehabilitation Services - Vocational Rehabilitation Grants to States	84.126		N/A	120,934		-
Rehabilitation Services - Vocational Rehabilitation Grants to States	84.126		N/A	<u>2,240</u>		-
Subtotal - CFDA 84.126				<u>989,072</u>		-
<i>Passed through Syracuse University</i>						
National Institute on Disability and Rehabilitation Research	84.133		22136-01434-S04	10,000		-
U.S. Department of Health and Human Services						
<i>Passed through Central Florida Behavioral Health Network, Inc.</i>						
Temporary Assistance for Needy Families	93.558		QD9A8/CF2009-1012	122,266		-
<i>Passed through the Florida Department of Children and Families</i>						
Medical Assistance Program	93.778		QH9F5	272,282		-
<i>Passed through the Florida Department of Children and Families</i>						
Block Grants for Community Mental Health Services	93.958		QH9E1	2,688,854		-
Block Grants for Community Mental Health Services	93.958		QH9F5	<u>129,308</u>		-
Subtotal - CFDA 93.958				<u>2,818,162</u>		-
				<u>\$ 14,574,536</u>		<u>\$ 315,873</u>
State of Florida Department of Children and Families						
<i>Passed through Pinellas County Coalition for the Homeless, Inc.</i>						
Homeless Housing Assistance Grant		60.015	QFZ0A		\$ 480,000	\$ -
<i>Direct funding</i>						
Indigent Psychiatric Medication Program		60.039	QH9E1		73,366	-
<i>Direct funding</i>						
Adult Community Mental Health - Florida Assertive Community Treatment Teams		60.042	QH9F5		254,400	-
<i>Direct funding</i>						
Adult Community Mental Health - Community Support Services		60.053	QH9E1		1,216,656	-
Adult Community Mental Health - Community Support Services		60.053	HH00R		<u>82,363</u>	-
Subtotal - CSFA 60.053					<u>1,299,019</u>	-
State of Florida Department of Juvenile Justice						
<i>Direct funding</i>						
Conditional Release Services		80.018	DP-620		<u>48,773</u>	-
					<u>\$ 2,155,558</u>	<u>\$ -</u>

* Represents loan funding that is reported in mortgages payable on the consolidated financial statements for which the Federal agency imposes continuing compliance requirements.

** American Recovery and Reinvestments Act of 2009 program

(1) Relates to a Boley Centers, Inc. affiliate, Arlington Avenue Apartments, Inc.

Note A - Basis Of Presentation

The accompanying schedule of expenditures of federal awards and state financial assistance includes the federal and state grant activities of Boley Centers, Inc. and its affiliate, Arlington Avenue Apartments, Inc. The information in this schedule of expenditures of federal awards and state financial assistance is presented on the accrual basis of accounting. All significant inter-organization accounts and transactions are eliminated in the consolidation. The information in this schedule is presented in accordance with accounting principles generally accepted in the United States of America as applicable to non-profit organizations and the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; Section 215.97, Florida Statutes; and Chapter 10.650, Rules of the Auditor General.

Some amounts presented in the schedule may differ from amounts presented or used in the preparation of the consolidated financial statements.

Note B - Contingencies

Expenditures incurred by Boley Centers, Inc. and affiliate as presented in this schedule of expenditures of federal awards and state financial assistance are subject to audit and possible disallowance by the federal or state grantor agencies. Management believes that, if audited, any adjustment for disallowed expenses would be immaterial.



**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
Boley Centers, Inc. and Affiliate
St. Petersburg, Florida

We have audited the consolidated financial statements of Boley Centers, Inc. and affiliate as of and for the year ended June 30, 2010, and have issued our report thereon dated December 14, 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 Boley Centers, Inc. and affiliate's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of Boley Centers, Inc. and affiliate's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Boley Centers, Inc. and affiliate'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* deficiency 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.

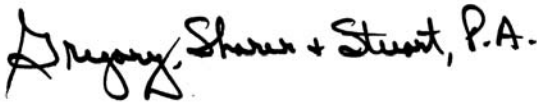
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material 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 Boley Centers, Inc. and affiliate's consolidated financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the board of directors and management of Boley Centers, Inc. and affiliate, federal and state funding agencies, and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Gregory, Sharer & Stuart, P.A.

A handwritten signature in black ink that reads "Gregory, Sharer & Stuart, P.A." in a cursive style.

St. Petersburg, Florida
December 14, 2010



Independent Auditor's Report On Compliance With Requirements That Could Have A Direct And Material Effect On Each Major Program And Project And On Internal Control Over Compliance In Accordance With OMB Circular A-133; Section 215.97, Florida Statutes; And Chapter 10.650, Rules of the Auditor General

Board of Directors
Boley Centers, Inc. and Affiliate
St. Petersburg, Florida

Compliance

We have audited Boley Centers, Inc. and affiliate's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and the *State Projects Compliance Supplement* that could have a direct and material effect on Boley Centers, Inc. and affiliate's major federal programs and major state projects for the year ended June 30, 2010. Boley Centers, Inc. and affiliate's major federal programs and major state projects 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 its major federal programs and major state projects is the responsibility of Boley Centers, Inc. and affiliate's management. Our responsibility is to express an opinion on Boley Centers, Inc. and affiliate's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133; Section 215.97, Florida Statutes; and Chapter 10.650, Rules of the Auditor General. Those standards, OMB Circular A-133, Section 215.97, and Chapter 10.650 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program or major state project occurred. An audit includes examining, on a test basis, evidence about Boley Centers, Inc. and affiliate's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Boley Centers, Inc. and affiliate's compliance with those requirements.

In our opinion, Boley Centers, Inc. and affiliate complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal programs and major state projects for the year ended June 30, 2010.

Internal Control Over Compliance

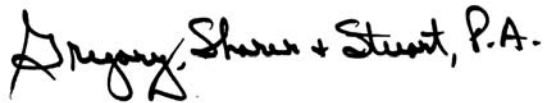
Management of Boley Centers, Inc. and affiliate is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs and state projects. In planning and performing our audit, we considered Boley Centers, Inc. and affiliate's internal control over compliance with requirements that could have a direct and material effect on a major federal program or major state project to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, Section 215.97, and Chapter 10.650 but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Boley Centers, Inc. and affiliate's internal control over compliance.

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

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

This report is intended solely for the information and use of the board of directors and management of Boley Centers, Inc. and affiliate, federal and state funding agencies, and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Gregory, Sharer & Stuart, P.A.

A handwritten signature in black ink that reads "Gregory, Sharer & Stuart, P.A." in a cursive, slightly stylized font.

St. Petersburg, Florida
December 14, 2010

Boley Center, Inc. And Affiliate
Schedule Of Findings And Questioned Costs
Year Ended June 30, 2010

Section I - Summary Of Auditor's Results

Financial Statements

Type of auditor's report issued:

Unqualified

Internal control over financial reporting:

Material weakness(es) identified?

_____ Yes X No

Significant deficiency(ies) identified?

_____ Yes X None reported

Noncompliance material to financial statements noted?

_____ Yes X No

Federal Awards

Type of auditor's reports issued on compliance for federal awards:

Unqualified

Internal control over major federal programs:

Material weakness(es) identified?

_____ Yes X No

Significant deficiency(ies) identified?

_____ Yes X None reported

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?

_____ Yes X No

Identification of major federal programs:

CFDA Number	Name of Federal Program or Cluster
14.238	Shelter Plus Care
14.239	Home Investment Partnerships Program
17.274	Youthbuild

Dollar threshold used to distinguish between type A and type B programs

\$ 437,236

Auditee qualified as low-risk auditee?

 X Yes _____ No

State Financial Assistance

Type of auditor's reports issued on compliance for state financial assistance:

Unqualified

Internal control over major state projects:

Material weakness(es) identified?

_____ Yes X No

Significant deficiency(ies) identified?

_____ Yes X None reported

Any audit findings disclosed that are required to be reported in accordance with Chapter 10.650, Rules of the Auditor General?

_____ Yes X No

Identification of major state projects:

CFSA Number	Name of State Project
60.015	Homeless Housing Assistance Grant
60.053	Adult Community Mental Health - Community Support Services

Dollar threshold used to distinguish between type A and type B projects

\$300,000

Section II - Financial Statement Findings

None reported.

Section III - Federal Award Findings And Questioned Costs

None reported.

Section IV - State Financial Assistance Findings And Questioned Costs

None reported.

Section V - Other Matters

No summary schedule of prior audit findings is required as there were no prior audit findings.

No State of Florida Auditor General management letter is required because there were not matters noted that are required to be reported.

Additional Supplementary Information

**AUDIT SCHEDULE
BOLEY CENTERS, INC.
Schedule of State Earnings for
Fiscal Year 06/30/2010**

1	Total Expenditures	\$17,001,111
2	Less Other State and Federal Funds	(9,891,806)
3	Less Non-Match SAMH Funds	(3,987,396)
4	Less Unallowable Costs per 65E-14, F.A.C.	-
5	Total Allowable Expenditures (Sum of lines 1, 2, 3, and 4)	3,121,909
6	Maximum Available Earnings (Line 5 times 75%)	2,341,432
7	Amount of State Funds Requiring Match	1,485,055
8	Amount Due to Department (Subtract line 7 from line 6, If negative, the amount of the) difference is due to the department up to the amount of line 7)	\$0

AUDIT SCHEDULE
BOLEY CENTERS, INC.
Schedule of Related Party Transaction Adjustments
for the Fiscal Year Ending 06/30/2010

	Related Party	Allocation of Related Party Transactions Adjustment				
		State-Designated Cost Centers				Total
		1	2	3	
Revenues From Grantee						
Rent	XXX					
Services	XXX					
Interest	XXX					
Other	<u>XXX</u>					
Total Revenue From Grantee	XXX					
Expenses Associated with Grantee Transactions						
Personnel Services	YYY					
Depreciation	YYY					
Interest	YYY					
Other	<u>YYY</u>					
Total Associated Expenses	YYY					
Related Party Transaction Adjustment	<u>ZZZ</u>	<u>ZZZ</u>	<u>ZZZ</u>	<u>ZZZ</u>	<u>ZZZ</u>	<u>ZZZ</u>

Footnote: Agency had no Related Party Transactions

AUDIT SCHEDULE
BOLEY CENTERS, INC.
Schedule of Bed-Day Availability Payments
For Fiscal Year Ending 06/30/2010

Program	Cost Center	State Contracted Rate	Total Units of Service Provided	Total Units of Service Paid for by 3rd Party Contracts, Local Govt. or Other State Agencies	Maximum # of Units Eligible for Payment by Department (D-E)	Amount Paid for Services by the Department	Maximum \$ Value of Units in Column F (F x C)	Amount Owed to Department (G-H or \$0, whichever is greater)
A	B	C	D	E	F	G	H	I
Children's MH	Crisis Stabilization Unit				0		\$0.00	\$0.00
Adult MH	Crisis Stabilization Unit				0		\$0.00	\$0.00
Children's SA	Substance Abuse Detox				0		\$0.00	\$0.00
Adult SA	Substance Abuse Detox				0		\$0.00	\$0.00
Adult MH	Short-term Residential Treatment				0		\$0.00	\$0.00
					0		\$0.00	\$0.00
					0		\$0.00	\$0.00
					0		\$0.00	\$0.00
					0		\$0.00	\$0.00
								Total Amount Owed to Department =
								\$0.00
Footnote: Agency had no Bed-Day Contracted Services								

**AUDIT SCHEDULE
SUBSTANCE ABUSE & MENTAL HEALTH SERVICES
PROGRAM / COST CENTER ACTUAL EXPENSES AND REVENUES SCHEDULE**

AGENCY: Boley Centers, Inc.

DATE PREPARED: 12/8/2010

CONTRACT #: QH9E1, QH9F5, HH811, CF2010-1012

BUDGET PERIOD FROM: 7/1/2009 to 6/30/2010

PART I: ACTUAL FUNDING SOURCES & REVENUES

FUNDING SOURCES & REVENUES	STATE-DESIGNATED SAMH COST CENTERS											Non-SAMH Cost Center	Total Funding
	STATE SAMH-FUNDED COST CENTERS										Tot. for All State-Designated SAMH Cost Centers		
	AMH												
	Residential Level II	Room & Board w/Supervision Level II	Room & Board w/Supervision Level III	Medical Services	CCST	FACT	TANF	Total for State SAMH-Funded Cost Centers	Total for Non-State-Funded SAMH Cost Centers				
IA. STATE SAMH FUNDING													
(1) Suncoast (DCF SAMH)	\$ 812,218	1,473,919	332,295	228,975	1,166,015	1,254,400		5,267,822	xxxxxxxx	-	xxxxxxxx	5,267,822	
(2) Suncoast (CFBHN)							122,266	122,266	xxxxxxxx	-	xxxxxxxx	122,266	
(3) Suncoast (DCF SAMH District 8)	82,363	-	-	-	-	-	-	82,363	xxxxxxxx	-	xxxxxxxx	82,363	
TOTAL STATE SAMH FUNDING =	<u>894,581</u>	<u>1,473,919</u>	<u>332,295</u>	<u>228,975</u>	<u>1,166,015</u>	<u>1,254,400</u>	<u>122,266</u>	<u>5,472,451</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,472,451</u>	
IB. OTHER GOVT. FUNDING													
(1) Other State Agency Funding	-	-	-	-	-	-	-	-	-	-	-	58,461	58,461
(2) Medicaid	8,333	102,237	18,775	71,883	238,412	-	-	439,640	-	-	1,814,522	2,254,162	
(3) Local Government	-	-	-	7,410	-	-	10,212	17,622	-	-	1,314,224	1,331,846	
(4) Federal Grants and Contracts	-	-	-	-	-	-	-	-	-	-	6,247,337	6,247,337	
(5) In-kind from local govt. only	-	-	-	-	-	-	-	-	-	-	-	-	
TOT. OTHER GOVT. FUNDING =	<u>8,333</u>	<u>102,237</u>	<u>18,775</u>	<u>79,293</u>	<u>238,412</u>	<u>-</u>	<u>10,212</u>	<u>457,262</u>	<u>-</u>	<u>-</u>	<u>9,434,544</u>	<u>9,891,806</u>	
IC. ALL OTHER REVENUES													
(1) 1st & 2nd Party Payments	62,405	218,724	45,533	-	-	-	-	326,662	-	-	282,836	609,498	
(2) 3rd Party Payments (except Medicare)	-	-	-	-	-	-	-	-	-	-	-	-	
(3) Medicare	-	-	-	17,765	-	-	-	17,765	-	-	-	17,765	
(4) Contributions and Donations	-	-	-	-	-	-	-	-	-	-	41,160	41,160	
(5) Other	29,476	89,556	-	-	-	2,000	-	121,032	-	-	1,198,073	1,319,105	
(6) In-kind	-	-	-	-	-	-	-	-	-	-	-	-	
TOT. ALL OTHER REVENUES =	<u>91,881</u>	<u>308,280</u>	<u>45,533</u>	<u>17,765</u>	<u>-</u>	<u>2,000</u>	<u>-</u>	<u>465,459</u>	<u>-</u>	<u>-</u>	<u>1,522,069</u>	<u>1,987,528</u>	
TOTAL FUNDING = \$	<u>994,795</u>	<u>1,884,436</u>	<u>396,603</u>	<u>326,033</u>	<u>1,404,427</u>	<u>1,254,400</u>	<u>134,478</u>	<u>6,395,172</u>	<u>-</u>	<u>-</u>	<u>10,956,613</u>	<u>17,351,785</u>	

