

**NEW HORIZONS COMMUNITY  
MENTAL HEALTH CENTER, INC.**

FINANCIAL STATEMENTS,  
SUPPLEMENTAL INFORMATION, AND  
INDEPENDENT AUDITORS' REPORT

FOR THE YEARS ENDED  
JUNE 30, 2010 AND 2009

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
New Horizons Community Mental Health Center, Inc.  
Miami, Florida

We have audited the accompanying statements of financial position of New Horizons Community Mental Health Center, Inc. (the "Center"), a nonprofit organization, as of June 30, 2010 and 2009, and the related statements of activities, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of the Center's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

As discussed in Note 2, the Center is dependent upon governmental and public support for its operation. The amount and timeliness in which the support from government and local agency grants are collected are essential to meet the normal cash flow needs of the Center.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of New Horizons Community Mental Health Center Inc. as of June 30, 2010 and 2009, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2010, on our consideration of the Center's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits.



Our audits were conducted for the purpose of forming an opinion on the basic financial statements of the Center taken as a whole. The accompanying schedule of expenditures of federal awards and state financial assistance as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and Chapter 10.650 Rules of the Auditor General of the State of Florida, and the schedules of state earnings, cost center actual expenses and revenues, and bed day availability payments as required by the Florida Department of Children and Families (the "Department"), *Guide to Performance Contracting for Alcohol, Drug Abuse and Mental Health Services*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements, and in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.



CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida  
December 22, 2010

**NEW HORIZONS COMMUNITY MENTAL HEALTH CENTER, INC.**  
**STATEMENTS OF FINANCIAL POSITION**

	June 30,	
	<u>2010</u>	<u>2009</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 214,750	\$ 96,126
Funds for clients - social security benefits	25,464	16,236
Receivables (pledged):		
Grants	1,295,526	1,450,857
Medicaid and Medicare, net	1,154,424	1,110,677
Other receivables	74,643	-
Prepaid and other assets	57,142	114,966
<b>TOTAL CURRENT ASSETS</b>	<u>2,821,949</u>	<u>2,788,862</u>
 <b>PROPERTY AND EQUIPMENT, at cost less accumulated depreciation and amortization</b>	 6,124,744	 5,478,528
 <b>OTHER ASSETS</b>		
Pledges receivable - long-term	4,534	7,295
Long term investments	146,135	109,000
<b>TOTAL OTHER ASSETS</b>	<u>150,669</u>	<u>116,295</u>
 <b>TOTAL ASSETS</b>	 <u><u>\$ 9,097,362</u></u>	 <u><u>\$ 8,383,685</u></u>
 <b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 492,544	\$ 351,386
Accrued expenses and other liabilities	564,238	578,320
Line of credit	991,000	985,000
Loan payable - current portion	30,119	27,742
<b>TOTAL CURRENT LIABILITIES</b>	<u>2,077,901</u>	<u>1,942,448</u>
 Loan payable - long-term portion	 533,896	 564,009
<b>TOTAL LIABILITIES</b>	<u>2,611,797</u>	<u>2,506,457</u>
 <b>NET ASSETS - UNRESTRICTED</b>		
Undesignated	6,285,565	5,677,228
Board designated	200,000	200,000
<b>TOTAL NET ASSETS-UNRESTRICTED</b>	<u>6,485,565</u>	<u>5,877,228</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 9,097,362</u></u>	<u><u>\$ 8,383,685</u></u>

The accompanying notes are an integral part of these financial statements.

**NEW HORIZONS COMMUNITY MENTAL HEALTH CENTER, INC.**  
**STATEMENTS OF ACTIVITIES**

	For the Year Ended June 30,	
	<u>2010</u>	<u>2009</u>
<b>SUPPORT</b>		
Governmental and local agency grants, including United Way support of \$56,320 and \$64,000 in 2010 and 2009, respectively	\$ 8,658,478	\$ 7,778,435
Contributions and other support	1,303,413	857,939
<b>TOTAL SUPPORT</b>	<u>9,961,891</u>	<u>8,636,374</u>
<b>REVENUE</b>		
Patient, net	3,558,656	4,343,210
In-kind revenue	223,732	223,732
<b>TOTAL REVENUE</b>	<u>3,782,388</u>	<u>4,566,942</u>
<b>TOTAL SUPPORT AND REVENUE</b>	<u>\$ 13,744,279</u>	<u>\$ 13,203,316</u>
<b>EXPENSES</b>		
Program services		
Mental health and substance abuse services	\$ 9,844,081	\$ 10,288,495
Other services	1,552,238	1,000,185
Supporting services		
Administration	1,739,623	1,834,888
<b>TOTAL EXPENSES</b>	<u>13,135,942</u>	<u>13,123,568</u>
<b>INCREASE IN NET ASSETS</b>	608,337	79,748
<b>NET ASSETS, at beginning of year</b>	<u>5,877,228</u>	<u>5,797,480</u>
<b>NET ASSETS, at end of year</b>	<u>\$ 6,485,565</u>	<u>\$ 5,877,228</u>

The accompanying notes are an integral part of these financial statements.

**NEW HORIZONS COMMUNITY MENTAL HEALTH CENTER, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2010**

	Mental Health and Substance Abuse Services	Other Services	Administration	Total
<b>PERSONNEL EXPENSES</b>				
Salaries	\$ 6,358,106	\$ 1,077,246	\$ 749,330	\$ 8,184,682
Fringe benefits	942,271	183,731	116,479	1,242,481
<b>TOTAL PERSONNEL EXPENSES</b>	<b>7,300,377</b>	<b>1,260,977</b>	<b>865,809</b>	<b>9,427,163</b>
<b>OPERATING EXPENSES</b>				
Professional services	244,302	-	217,156	461,458
Building occupancy	455,481	14,668	127,267	597,416
Operating supplies and expenses	369,685	146,292	318,334	834,311
Food services	486,064	5,803	-	491,867
Insurance	209,860	8,669	11,709	230,238
Donated items (IDP Line of Credit)	223,732	-	-	223,732
Travel	128,619	80,059	29,697	238,375
Depreciation and amortization	255,977	30,717	54,608	341,302
Equipment cost	111,554	5,053	20,647	137,254
Interest	-	-	94,396	94,396
Medical and pharmacy	58,430	-	-	58,430
<b>TOTAL OPERATING EXPENSES</b>	<b>2,543,704</b>	<b>291,261</b>	<b>873,814</b>	<b>3,708,779</b>
<b>TOTAL EXPENSES</b>	<b>\$ 9,844,081</b>	<b>\$ 1,552,238</b>	<b>\$ 1,739,623</b>	<b>\$ 13,135,942</b>

The accompanying notes are an integral part of these financial statements.

**NEW HORIZONS COMMUNITY MENTAL HEALTH CENTER, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2009**

	Mental Health and Substance Abuse Services	Other Services	Administration	Total
<b>PERSONNEL EXPENSES</b>				
Salaries	\$ 6,535,028	\$ 565,636	\$ 760,017	\$ 7,860,681
Fringe benefits	841,619	89,336	164,830	1,095,785
<b>TOTAL PERSONNEL EXPENSES</b>	<b>7,376,647</b>	<b>654,972</b>	<b>924,847</b>	<b>8,956,466</b>
<b>OPERATING EXPENSES</b>				
Professional services	310,580	11,069	266,043	587,692
Building occupancy	686,318	58,177	78,661	823,156
Operating supplies and expenses	430,939	94,553	292,371	817,863
Food services	481,753	5,757	-	487,510
Insurance	257,798	26,470	25,905	310,173
Donated items (IDP Line of Credit)	223,732	-	-	223,732
Travel	244,214	123,695	52,357	420,266
Depreciation and amortization	212,436	25,492	45,320	283,248
Equipment cost	36,260	-	61,002	97,262
Interest	-	-	88,382	88,382
Medical and pharmacy	27,818	-	-	27,818
<b>TOTAL OPERATING EXPENSES</b>	<b>2,911,848</b>	<b>345,213</b>	<b>910,041</b>	<b>4,167,102</b>
<b>TOTAL EXPENSES</b>	<b>\$ 10,288,495</b>	<b>\$ 1,000,185</b>	<b>\$ 1,834,888</b>	<b>\$ 13,123,568</b>

The accompanying notes are an integral part of these financial statements.

**NEW HORIZONS COMMUNITY MENTAL HEALTH CENTER INC.**  
**STATEMENTS OF CASH FLOWS**

	For the Year Ended June 30,	
	2010	2009
<b>OPERATING ACTIVITIES</b>		
Increase in net assets	\$ 608,337	\$ 79,748
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation and amortization	341,302	283,248
Donated land and building	(811,370)	-
Changes in operating assets and liabilities:		
(Increase) Decrease in funds for clients - social security benefits	(9,228)	14,735
Decrease (Increase) in receivables	36,941	(355,276)
Decrease (Increase) in prepaid and other assets	57,824	(96,353)
Decrease in pledges receivable	2,761	6,000
Increase in accounts payable	141,158	34,331
(Decrease) Increase in accrued expenses and other liabilities	(14,082)	53,882
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>353,643</u>	<u>20,315</u>
<b>INVESTING ACTIVITIES</b>		
Purchases of long term investments	(37,135)	-
Purchases of fixed assets	(176,148)	(597,766)
NET CASH USED IN INVESTING ACTIVITIES	<u>(213,283)</u>	<u>(597,766)</u>
<b>FINANCING ACTIVITIES</b>		
Net (payments to) borrowings from line of credit	6,000	450,000
Payments to notes payable	(27,736)	(25,518)
NET CASH (USED IN) PROVIDED BY FINANCING ACTIVITIES	<u>(21,736)</u>	<u>424,482</u>
<b>NET INCREASE (DECREASE) IN CASH</b>	118,624	(152,969)
<b>CASH, at beginning of year</b>	<u>96,126</u>	<u>249,095</u>
<b>CASH, at end of year</b>	<u>\$ 214,750</u>	<u>\$ 96,126</u>
<b>SUPPLEMENTAL DISCLOSURES</b>		
Cash paid for interest	<u>\$ 94,397</u>	<u>\$ 88,381</u>

The accompanying notes are an integral part of these financial statements.

**NEW HORIZONS COMMUNITY MENTAL HEALTH CENTER, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2010 AND 2009**

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**NOTE 1 – SUMMARY OF ACCOUNTING POLICIES**

**Organization**

New Horizons Community Mental Health Center, Inc. (the “Center”) commenced operations in March 1974, as the University of Miami Jackson Memorial Community Mental Health Center (“Jackson Memorial”). The Center started operating independently of Jackson Memorial in March 1981. The Center provides clinical care and therapy care for residents of Miami-Dade County and also provides training for mental health professionals and other practitioners who serve diverse cultural groups.

**Basis of Accounting**

The financial statements have been prepared on the accrual basis of accounting and in accordance with generally accepted accounting principles in the United States of America (“U.S. GAAP”). In September 2009, the Financial Accounting Standards Board (“FASB”) implemented the Accounting Standards Codification (“ASC”) which establishes FASB ASC as the source of authoritative U.S. accounting and reporting standards for nongovernmental entities. Presented below is a summary of significant accounting principles followed in the preparation of the accompanying financial statements.

The Center has adopted the provisions of FASB ASC, "Accounting for Contributions Received and Contributions Made" and FASB ASC, "Financial Statements of Not-for-Profit Organizations". FASB ASC requires the recognition of unconditional promises. FASB ASC establishes external financial reporting for not-for-profit organizations which includes three basic financial statements and the classification of resources into three separate classes of net assets. At June 30, 2010 and 2009, all net assets were considered unrestricted.

Unrestricted

Net assets which are free of donor-imposed restrictions; all revenues, expenses, gains, and losses that are not changes in permanently or temporarily restricted net assets.

Temporarily Restricted

Net assets whose use by the Center is limited by donor-imposed stipulations that either expire by passage of time or that can be fulfilled or removed by actions of the Center pursuant to those stipulations.

Permanently Restricted

Net assets whose use by the Center is limited by donor-imposed stipulations that neither expire with the passage of time nor can be fulfilled or otherwise removed by actions of the Center.

Restricted Contributions Whose Restrictions Are Met in the Same Reporting Period

Donor restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted within the unrestricted fund.

**Fair Value Measurement**

For the year ended June 30, 2010 and 2009, the Center adopted FASB ASC, *Fair Value Measurements*, which establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of observable inputs other than quoted prices for identical assets, and Level 3 inputs have the lowest priority. The Center uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Center measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs were used only when Level 1 or Level 2 inputs were not available.

**NEW HORIZONS COMMUNITY MENTAL HEALTH CENTER, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2010 AND 2009**

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**NOTE 1 – SUMMARY OF ACCOUNTING POLICIES (Continued)**

SFAS 157 establishes a three-level valuation hierarchy for measurement and disclosure of fair value. The valuation hierarchy is based upon the transparency of inputs used to measure fair value. The three levels are as follows:

Level 1 – asset value is based on actual quoted prices in active markets for identical securities (mark-to-market).

Level 2 – other significant observable inputs are used to arrive at fair value (including yield, quality, coupon rate, maturity, issue type, quoted prices for similar securities, prepayment speeds, trading characteristics, etc.).

Level 3 – significant unobservable inputs (including management’s own assumptions in determining the fair value of investments). The Center’s management believes that the fair value of these investments approximates its cost.

**Property and Equipment**

Property and equipment are recorded at cost. Repairs and maintenance costs are expensed as incurred. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the respective assets.

The lives used for computing depreciation and amortization are as follows:

Furniture and office equipment	5 years
Transportation improvements	3-5 years
Leasehold improvements	Term of lease

**Contributions**

All contributions are considered to be available for unrestricted use unless specifically restricted by donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. However, if a restriction is fulfilled in the same time period in which the contribution is received, the entity reports the support as unrestricted.

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 reported at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free 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.

Contributed property and equipment are recorded at fair value at the date of the donation. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as restricted support; otherwise, the contributions are recorded as unrestricted support.

**Contributed Services**

Contributed services are reflected in the financial statements at the fair value of the services received. The contributions of services are recognized if the services received (a) create or enhance nonfinancial assets, or (b) require specialized skills that are provided by individual possessing those skills and would typically need to be purchased if not provided by donation.

**NEW HORIZONS COMMUNITY MENTAL HEALTH CENTER, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2010 AND 2009**

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NOTE 1 – SUMMARY OF ACCOUNTING POLICIES (Continued)

**Third-Party Reimbursements**

Net patient service revenue is reported at the estimated net realizable amounts from third-party payors. The Center participates in the Medicare Part A Partial Hospitalization Program. In connection with this program, the Center is required to file a Medicare cost report, which is subject to audit. Any adjustments to the cost report are recorded in the year they become known.

**Allocation of Administrative and Indirect Costs**

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of functional expenses. Significant expenses are allocated to program and supporting services on the following bases:

- Rental costs are allocated on the basis of square footage when programs share space.
- Insurance expense is allocated on the basis of number and category of employee.

**Income Taxes**

The Center is a nonprofit organization exempt from income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code.

**Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumption that affect the reported amounts and 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.

**Recently Issued Accounting Standards**

Subsequent Events

Under FASB ASC, subsequent events are events or transactions that occur after the balance sheet date but before financial statements are issued or ready to be issued. The Center recognizes in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the balance sheet, including the estimates inherent in the process of preparing the financial statements. The Center's financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the balance sheet but arose after the balance sheet date and before financial statements are issued. The Center has evaluated subsequent events through December 22, 2010, which is the date the financial statements were available to be issued.

Accounting for Uncertainty in Income Taxes

The FASB ASC interpretation prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. This interpretation also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition.

This interpretation must be applied to all existing tax positions. The cumulative effect, if any, is to be reported as an adjustment to opening net assets. This interpretation will require management of The Center to analyze all open tax years, as defined by the statute of limitations, for all major jurisdictions, which includes federal and certain states. Open tax years are those that are open for examination by taxing authorities (i.e., generally the last four tax year ends and the interim tax period since then). The Center has no examinations in progress.

Management believes that this does not have a material effect on its financial statements

**NEW HORIZONS COMMUNITY MENTAL HEALTH CENTER, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2010 AND 2009**

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**NOTE 2 – SUPPORT AND REVENUE**

Financial resources are provided by government and local agency grants, patient care and public support revenues. The Center is dependent upon government support for its operation and the timeliness in which the grants are collected is essential to meet the normal cash flow needs of the Center. For financial statement purposes, revenue is recognized either pro rata based on the periods covered by the grants or based on expenses incurred for reimbursable grants, dependent on the type of grant. Deferred support represents cash received in advance of the related expenditure.

The Center provides clinical care and therapy services to residents of Miami-Dade County. Most of those patients are classified as indigent and are covered by Medicaid.

Patient revenue is net of an allowance of \$250,000 and \$155,000 for the years ended June 30, 2010 and 2009, respectively.

**NOTE 3 – CONCENTRATION OF CREDIT RISK FOR CASH HELD AT BANKS**

Financial instruments which potentially subject the Center to concentrations of credit risk, consist primarily of cash maintained in financial institutions in excess of federally insured limits. The Center generally limits the amount of credit exposure by maintaining its cash balances under these limits. Although cash balances may exceed federally insured limits at times during the year, the Center has not experienced and does not expect to incur any losses in such amounts.

**NOTE 4 – RESTRICTED CASH**

The Center receives social security benefits on behalf of patients. These funds are available to the patients for withdrawal at any time and are disbursed upon request. At June 30, 2010 and 2009, the restricted cash totaled \$25,464 and \$16,236, respectively.

**NOTE 5 – PLEDGES RECEIVABLE**

Unconditional promises are expected to be realized as follows:

	2010	2009
Less than one year	\$ -	\$ -
One to five years	4,534	7,295
	<u>\$ 4,534</u>	<u>\$ 7,295</u>

The discount rate used was 5 percent.

**NEW HORIZONS COMMUNITY MENTAL HEALTH CENTER, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2010 AND 2009**

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NOTE 6 – PROPERTY AND EQUIPMENT, NET

	<u>2010</u>	<u>2009</u>
Land	\$ 1,697,986	1,213,100
Construction in progress	-	166,625
Furniture and equipment	1,350,867	1,145,979
Leasehold improvements	4,889,460	4,889,460
Buildings	<u>2,671,369</u>	<u>2,207,000</u>
	<u>\$ 10,609,682</u>	<u>\$ 9,622,164</u>
Less accumulated depreciation and amortization	<u>(4,484,938)</u>	<u>(4,143,636)</u>
	<u>\$ 6,124,744</u>	<u>\$ 5,478,528</u>

Depreciation and amortization expense as of June 30, 2010 and 2009 was \$341,302 and \$283,248, respectively.

NOTE 7 – LINE OF CREDIT

During the year ended June 30, 2010 and 2009, the Center had available a bank line of credit in the amount of \$1,000,000. Advances on this line of credit bear interest at 4%. Balances outstanding on this line of credit at June 30, 2010 and 2009 were \$991,000.00 and \$985,000.00, respectively. The accounts receivables of the Center are pledged as security on the line of credit. The line of credit is currently under negotiation.

NOTE 8 – LOAN PAYABLE

During the year ended June 30, 2007, the Center borrowed \$650,000 from a financial institution to pay for building improvements. The loan bears interest at a rate of 8.25% and is payable in monthly installments of principal and interest of \$6,306. The note's maturity date is January 25, 2022. The terms of the loan require maintenance of various covenants.

Aggregate maturities of the loan payable for years subsequent to June 30, 2010 are as follows:

Year ending June 30,	<u>Amount</u>
2011	\$ 30,119
2012	32,700
2013	35,502
2014	38,544
2015	41,847
Thereafter	<u>385,303</u>
	<u>\$ 564,015</u>

**NEW HORIZONS COMMUNITY MENTAL HEALTH CENTER, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2010 AND 2009**

**NOTE 9 – ACCRUED EXPENSES AND OTHER LIABILITIES**

Accrued expenses and other liabilities consisted of:

	<u>2010</u>	<u>2009</u>
Accrued salaries and payroll taxes	\$ 536,662	\$ 541,133
Other (including funds received on behalf of patients, Note 4)	27,576	37,187
Total	<u>\$ 564,238</u>	<u>\$ 578,320</u>

**NOTE 10 – COMMITMENTS AND CONTINGENCIES**

The Center operates in various leased premises. Lease terms generally range from monthly to ten years and, in some cases, provide options to renew for additional periods.

The following is a schedule of future minimum lease payments required under non-cancelable operating leases that have initial lease terms of one year or more as of June 30, 2010:

Years Ending <u>June 30,</u>	<u>Amount</u>
2011	\$ 4,800
2012	4,800
2013	4,800
2014	4,800
2015	4,800
Total	<u>\$ 24,000</u>

Total rental expense amounted to \$67,026 and \$139,698 for the years ended June 30, 2010 and 2009, respectively.

The Center is subject to federal, state and local government audit. These audits could result in the questioning of expenditures relating to certain grants under various technical compliance provisions of the individual grants. Adjustments, if any, from these audits will be recognized in the year they become known.

**NOTE 11 – DEFINED CONTRIBUTION PLAN**

The Center has established a tax-deferred group annuity plan for the benefit of employees under Section 403(b) of the Internal Revenue Code. Employees that meet certain criteria are eligible to participate in the Plan. Employees may elect to contribute to the Plan up to a certain percentage of their compensation; however the Center does not match any contributions. Accordingly, no expense for contributions has been recorded on the accompanying statement of activities for the years ended June 30, 2010 and 2009.

**NOTE 12 – STATEMENT OF CASH FLOWS DISCLOSURE**

During the years ended June 30, 2010 and 2009, the Center had non-cash investing and financing transactions. During fiscal year ended June 30, 2010, the Center received a donation from New Horizons Foundation, Inc. This donation consists in Building and Land in the amount of approximately \$811,000. The Center drew down on its line of credit during June 30, 2010 and 2009, \$0 and \$259,300, respectively, in connection with the acquisition of certain property and equipment.

**NEW HORIZONS COMMUNITY MENTAL HEALTH CENTER, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2010 AND 2009**

**NOTE 13 – LONG-TERM INVESTMENTS**

During the year ended June 30, 2008, the Center entered into agreements to purchase percentages in limited liability companies. As of June 30, 2010 and 2009, the percentage owned by the Center was approximately 1-2% of the limited liability company. Management estimates the value of this investment at June 30, 2010 was approximately \$114,000.

**NOTE 14 – FAIR VALUE MEASUREMENTS**

The following table represents the Center's financial instruments measured at fair value on a recurring basis at June 30, 2010 for each of the fair value hierarchy levels:

	Fair Value	Fair Value Measurements Using:		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Limited Liability Companies	\$ 114,000	\$ -	\$ -	\$ 114,000
Fixed income securities	25,087	25,087	-	-
Cash and short term investments	7,048	7,048	-	-
<b>Total</b>	<b>\$ 146,135</b>	<b>\$ 32,135</b>	<b>\$ -</b>	<b>\$ 114,000</b>

The following tables present additional information about Level 3 assets measured at fair value.

Changes in Level 3 assets measured at fair value are as follows for the year ended June 30, 2010:

Investment Category	Beginning Balance	Total Gains or Losses	Interest Credited	Purchases, Issuances, Settlements	Ending Balance	Unrealized Gains or Losses
Limited Liability Companies	\$ 109,000	\$ -	\$ -	\$ 5,000	\$ 114,000	\$ -
<b>Total</b>	<b>\$ 109,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 5,000</b>	<b>\$ 114,000</b>	<b>\$ -</b>

The following table represents the Center's financial instruments measured at fair value on a recurring basis at June 30, 2009 for each of the fair value hierarchy levels:

	Fair Value	Fair Value Measurements Using:		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Limited Liability Companies	\$ 109,000	\$ -	\$ -	\$ 109,000
<b>Total</b>	<b>\$ 109,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 109,000</b>

**NEW HORIZONS COMMUNITY MENTAL HEALTH CENTER, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2010 AND 2009**

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NOTE 14 – FAIR VALUE MEASUREMENTS (Continued)

Changes in Level 3 assets measured at fair value are as follows for the year ended June 30, 2009:

Investment Category	Beginning Balance	Total Gains or Losses	Interest Credited	Purchases, Issuances, Settlements	Ending Balance	Unrealized Gains or Losses
Limited Liability Companies	\$ 109,000	\$ -	\$ -	\$ -	\$ 109,000	\$ -
Total	<u>\$ 109,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 109,000</u>	<u>\$ -</u>

The investment in the limited liability companies are recorded at cost. The Center’s management believes that the fair value of this investment approximates its cost.

SUPPLEMENTAL INFORMATION

**NEW HORIZONS COMMUNITY MENTAL HEALTH CENTER INC.**  
**SCHEDULE OF STATE EARNINGS**  
**FOR THE YEAR ENDED JUNE 30, 2010**

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1. Total Expenditures	\$ 13,135,942
2. Less Other State and Federal Funds	(3,976,201)
3. Less Non-Match SAMH Funds	(2,178,031)
4. Less Unallowable Costs per 65E-14, F.A.C.	<u>(1,612,824)</u>
5. Total Allowable Expenditures (Sum of lines 1, 2, 3 and 4)	\$ 5,368,886
6. Maximum Available Earnings (Line 5 times 75%)	\$ 4,026,665
7. Amount of State Funds Requiring Match	<u>\$ 3,362,531</u>
8. Amount Due to Department, if negative (Subtract Line 7 from Line 6)	<u><u>NONE</u></u>

See accompanying note to the schedules of state earnings, cost center actual expenses and revenues, and bed-day availability payments.

NEW HORIZONS COMMUNITY MENTAL HEALTH CENTER INC.  
 SCHEDULE OF COST CENTER ACTUAL EXPENSES AND REVENUES  
 FOR THE YEAR ENDED JUNE 30, 2010

Part I: Actual Funding Sources and Revenues

FUNDING SOURCES & REVENUES	Outpatient	Medical Services	Residential Level 3	Day/Night	Crisis Support Emergency	Crisis Stabilization	CCST	Case Management	Intensive Case Management	Prevention	Inhome & On-Site Services	Supported Housing	Outreach	Incidental Expenses	Assessment	Total ADM	Non-ADM	Total all Cost Centers
<b>IA. State ADM Funding</b>																		
1. 19ME4 General Revenue	\$ -	\$ -	\$ -	\$ -	\$ 64,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 64,000	\$ -	\$ 64,000
2. 19004 ADAMH Trust Fund	-	-	-	-	104,000	-	-	-	-	-	-	-	-	-	-	104,000	-	104,000
4. Refugee 32B82	6,757	8,507	-	-	-	-	-	98,556	-	-	6,476	-	5,908	-	-	126,204	-	126,204
5. 19018 General Revenue	-	-	102,800	-	-	-	-	-	-	-	-	-	-	-	-	102,800	-	102,800
6. GX018 PATH	-	-	397,508	-	-	-	-	-	-	-	-	-	-	-	-	397,508	-	397,508
7. 19ME4 Baker Act	-	-	-	-	-	953,031	-	-	-	-	-	-	-	-	-	953,031	-	953,031
8.19M13 General Revenue	80,757	-	-	-	-	-	-	117,774	-	-	42,516	-	-	-	-	241,047	-	241,047
9. 27PR6 Prevention	-	-	-	-	-	-	-	-	-	2,053	-	-	-	-	-	2,053	-	2,053
10. 27PR2 Prevention	-	-	-	-	-	-	-	-	-	76,783	-	-	-	-	-	76,783	-	76,783
11. 19M18	-	464,532	124,962	-	-	-	857,186	-	-	-	-	-	644,998	43,500	-	2,135,178	-	2,135,178
11. 19M18	-	13,785	-	-	-	-	-	-	-	-	-	-	-	-	-	13,785	-	13,785
12. CFBAS	-	-	256,992	-	-	-	-	-	-	-	-	-	-	-	-	256,992	-	256,992
13. CCH10	-	-	-	-	-	-	-	20,000	-	-	-	-	-	-	-	20,000	-	20,000
SUBTOTAL STATE ADM FUNDING	87,514	486,824	882,262	-	168,000	953,031	857,186	236,330	-	78,836	48,992	-	650,906	43,500	-	4,493,381	-	4,493,381
22. TANF																		
SUBTOTAL TANF FUNDS																		
TOTAL STATE ADM FUNDING																		
<b>IB. Other Government Funding</b>																		
Other State Funding																		
IDP	-	223,732	-	-	-	-	-	-	-	-	-	-	-	-	-	223,732	-	223,732
DCF (Haitien Earthquake Relief)	-	-	-	-	-	-	-	12,636	-	-	-	-	-	-	-	12,636	-	12,636
SFFC (TANF)	305,587	65,381	-	93,235	-	-	-	209,450	-	-	197,203	-	101,962	9,000	-	981,818	-	981,818
Elderly	-	-	-	139,707	-	-	-	-	-	-	-	-	-	-	-	139,707	-	139,707
Juvenile Justice	-	-	-	184,017	-	-	-	-	-	-	-	-	-	-	-	184,017	-	184,017
Department of Corrections	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Alliance of Aging	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	121,803	121,803
Family Preservation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	413,906	413,906
Medicaid	355,438	314,679	219	294,442	1,029	-	-	2,209,732	-	-	196,019	-	-	-	57,187	3,428,745	-	3,428,745
Local Government	146,179	-	225,530	146,178	-	-	-	146,179	-	-	-	-	-	-	-	664,066	175,311	839,377
Federal Grants and Contracts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Childrens Trust	-	-	-	-	-	-	-	-	-	73,641	-	-	-	-	-	73,641	982,977	1,056,618
In-Kind Expenditures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL OTHER GOVERNMENT FUNDING	807,204	603,792	225,749	857,579	1,029	-	-	2,577,997	-	73,641	393,222	-	101,962	9,000	57,187	5,708,362	1,693,997	7,402,359
<b>IC. All Other Revenues</b>																		
First and Third Party Fees, Medicare	-	-	121,708	-	-	-	-	-	-	-	-	-	-	-	-	121,708	-	121,708
Contributions and Donations	75,851	-	8,757	30,013	-	358,900	-	-	-	-	-	-	-	-	-	473,521	-	473,521
Other	-	-	-	111,319	18,000	-	-	-	-	12,000	-	-	60,000	-	100,000	301,319	842,019	1,143,338
In-kind Expenditures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	109,972	109,972
TOTAL NON-GOVERNMENT FUNDING	75,851	-	130,465	141,332	18,000	358,900	-	-	-	12,000	-	-	60,000	-	100,000	896,548	951,991	1,848,539
<b>TOTAL ALL FUNDING AND REVENUES</b>	<b>\$ 970,569</b>	<b>\$ 1,090,616</b>	<b>\$ 1,238,476</b>	<b>\$ 998,911</b>	<b>\$ 187,029</b>	<b>\$ 1,311,931</b>	<b>\$ 857,186</b>	<b>\$ 2,814,327</b>	<b>\$ -</b>	<b>\$ 164,477</b>	<b>\$ 442,214</b>	<b>\$ -</b>	<b>\$ 812,868</b>	<b>\$ 52,500</b>	<b>\$ 157,187</b>	<b>\$ 11,098,291</b>	<b>\$ 2,645,988</b>	<b>\$ 13,744,279</b>

See accompanying note to the schedules of state earnings, cost center actual expenses and revenues, and bed-day availability payments.

**NEW HORIZONS COMMUNITY MENTAL HEALTH CENTER INC.  
SCHEDULE OF COST CENTER ACTUAL EXPENSES AND REVENUES  
FOR THE YEAR ENDED JUNE 30, 2010**

**Part II: Actual Expenses**

<b>EXPENSE CATEGORIES</b>	<b>Outpatient</b>	<b>Outpatient Medical Services</b>	<b>Residential Level 3</b>	<b>Day/Night</b>	<b>Crisis Support Emergency</b>	<b>C.S.U.</b>	<b>CCST</b>	<b>Case Management</b>	<b>Intensive Case Management</b>	<b>Prevention</b>	<b>Inhome &amp; On- Site Services</b>	<b>Outreach</b>	<b>Incidental expenses</b>	<b>Supportive Housing</b>	<b>Supportive Employment</b>	<b>Assessment</b>	<b>Total ADM</b>	<b>Non-ADM</b>	<b>Other Support</b>	<b>Administration</b>	<b>Total</b>	
<b>IIA. Personnel Expenses</b>																						
(a) Salaries	\$ 611,697	\$ 614,343	\$ 406,205	\$ 317,402	\$ 129,762	\$ 642,889	\$ 419,329	\$ 1,782,654	\$ -	\$ 104,579	\$ 243,820	\$ 517,950	\$ -	\$ -	\$ -	\$ 200,272	\$ 5,990,901	\$ 1,077,246	\$ 367,203	\$ 749,330	\$ 8,184,680	
(b) Fringe	91,471	85,330	72,837	69,169	14,053	100,298	77,758	178,450	-	12,262	27,512	75,397	-	-	-	38,853	843,410	183,731	98,861	116,479	1,242,481	
Total Personnel Expenses	703,168	699,673	479,062	386,571	143,815	743,187	497,087	1,961,104	-	116,841	271,332	593,347	-	-	-	239,125	6,834,312	1,260,977	466,064	865,809	9,427,162	
<b>IIB. Other Expenses</b>																						
(a) Building Occupancy	47,657	24,813	199,462	185,282	3,944	68,021	37,490	62,502	-	3,479	21,298	38,192	-	-	-	-	692,140	45,385	19,317	181,875	938,717	
(b) Professional Services	21,259	-	-	-	-	104,071	-	-	-	-	-	6,600	-	-	-	-	131,930	-	112,374	217,156	461,460	
(c) Travel	11,543	-	11,744	67,727	-	9,122	248	11,899	-	5,899	-	10,437	-	-	-	-	128,620	80,059	-	29,697	238,376	
(d) Equipment Cost	-	-	-	30,092	-	10,004	2,657	-	-	-	-	-	-	-	-	-	42,753	5,053	68,801	20,647	137,254	
(e) Food Service	-	-	142,761	194,767	-	65,631	82,905	-	-	-	-	-	-	-	-	-	486,064	5,803	-	-	491,867	
(f) Medical and Pharmacy	9,175	-	252	-	-	48,998	5	-	-	-	-	-	-	-	-	-	58,430	-	-	-	58,430	
(g) Subcontracted Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
(h) Insurance	17,512	5,319	35,138	1,589	3,971	20,307	6,535	86,998	-	6,010	21,572	4,909	-	-	-	-	209,860	8,669	-	11,709	230,238	
(i) Interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	94,396	94,396	
(j) Operating Supplies and Expenses	65,178	1,654	81,315	10,340	113	47,530	13,340	5,561	-	6,089	-	5,925	52,500	-	-	2,684	292,229	146,292	77,455	318,334	834,310	
(k) Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
(l) Donated Items (IDP Line of Credit)	-	223,732	-	-	-	-	-	-	-	-	-	-	-	-	-	-	223,732	-	-	-	223,732	
Total Other Expenses	172,324	255,518	470,672	489,797	8,028	373,684	143,180	166,960	-	21,477	42,870	66,063	52,500	-	-	2,684	2,265,758	291,261	277,947	873,814	3,708,780	
Total Personnel and Expenses	875,492	955,191	949,734	876,368	151,843	1,116,871	640,267	2,128,064	-	138,318	314,202	659,410	52,500	-	-	241,809	9,100,070	1,552,238	744,011	1,739,623	13,135,942	
<b>IIC. Distributed Indirect Costs</b>																						
(a) Other Support (Optional)	61,149	66,715	72,002	61,210	10,605	78,008	44,720	148,635	-	7,661	21,945	46,057	-	-	-	16,889	635,596	108,416	(744,012)	-	-	
(b) Administration	142,976	155,992	168,682	143,119	24,797	182,396	104,562	347,533	-	17,589	51,312	107,688	-	-	-	39,490	1,486,136	253,486	-	(1,739,622)	-	
Total distributed Indirect cost	204,125	222,707	240,684	204,329	35,402	260,404	149,282	496,168	-	25,250	73,257	153,745	-	-	-	56,379	2,121,732	361,902	-	-	-	
Total Actual Operating Expenses	1,079,617	1,177,898	1,190,418	1,080,697	187,245	1,377,275	789,549	2,624,232	-	163,568	387,459	813,155	52,500	-	-	298,188	11,221,801	1,914,140	-	-	13,135,942	
<b>IID. Unallowable Cost</b>	6,981	7,435	6,098	4,986	864	8,355	3,643	14,521	-	787	1,788	3,752	-	-	-	1,376	60,586	-	-	-	60,586	
Total Allowable Operating Expenses	\$ 1,072,636	\$ 1,170,463	\$ 1,184,320	\$ 1,075,711	\$ 186,381	\$ 1,368,920	\$ 785,906	\$ 2,609,711	\$ -	\$ 162,781	\$ 385,671	\$ 809,403	\$ 52,500	\$ -	\$ -	\$ 296,812	\$ 11,161,215	\$ 1,914,140	\$ -	\$ -	\$ 13,075,356	
<b>III. Capital Expenditures</b>			\$ 83,526	\$ 66,240	\$ -	\$ 43,760											\$ 193,526	\$ -	\$ 4,785	\$ -	\$ 198,311	

See accompanying note to the schedules of state earnings, cost center actual expenses and revenues, and bed-day availability payments.

**NEW HORIZONS COMMUNITY MENTAL HEALTH CENTER, INC.  
SCHEDULE OF BED-DAY AVAILABILITY PAYMENTS  
FOR THE YEAR ENDED JUNE 30, 2010**

Program A	Cost Center B	State Contracted Rate C	Total Units of Service Provided D	Total Units of Service Paid for by 3rd Party Contracts, Local Govt. or Other State Agencies E	Maximum # of Units Eligible for Payment by Department (D-E) F	Amount Paid for Services by the Department G	Maximum \$ Value of Units in Column F (F x C) H	Amount Owed to Department (G-H or \$0, whichever is greater) I
Children's MH	Crisis Stabilization Unit	-	-	-	-	-	-	-
Adult MH	Crisis Stabilization Unit	\$ 213.50	5,840	1,375	4,465	\$ 953,131	\$ 953,278	-
Children's SA	Substance Abuse Detox	-	-	-	-	-	-	-
Adult SA	Substance Abuse Detox	-	-	-	-	-	-	-
Adult MH	Short-term Residential Treatment	-	-	-	-	-	-	-
Total Amount Owed to Department								\$ -

See accompanying note to the schedules of state earnings, cost center actual expenses and revenues, and bed-day availability payments.

**NEW HORIZONS COMMUNITY MENTAL HEALTH CENTER, INC.  
NOTE TO THE SCHEDULES OF STATE EARNINGS, COST CENTER ACTUAL EXPENSES  
AND REVENUES AND BED-DAY AVAILABILITY PAYMENTS  
FOR THE YEAR ENDED JUNE 30, 2010**

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**General**

The Schedules of State Earnings, Cost Center Actual Expenses and Revenues and Bed-Day Availability Payments were prepared in accordance with the requirements included in the State of Florida Department of Children and Families (the "Department"), Contract KH-205, Exhibit C and Attachment III.

The Schedule of Cost Center Actual Expenses and Revenues includes the line of credit for drugs for the indigent in the amount of \$223,732.

**NEW HORIZONS COMMUNITY MENTAL HEALTH CENTER, INC.**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**AND STATE FINANCIAL ASSISTANCE**  
**FOR THE YEAR ENDED JUNE 30, 2010**

Federal Grantor Pass-through Grantor/ Program Title	Federal CFDA Number	Contract or Pass-Through Number	Expenditures	Transfers to Subrecipients
<b>Department of Health and Human Services</b>				
<i>Pass-through Department of Children and Families</i>				
Projects for Assistance in Transition from Homelessness	93.150	KH205	\$ 397,508	\$ -
Block Grant for Community and Mental Health Services	93.958	KH205	102,800	-
Block Grant for Community and Mental Health Services	93.958	KH205	104,000	-
Block Grant for Community and Mental Health Services	93.566	KH205	126,203	-
Block Grant for Community and Mental Health Services	93.959	KH205	76,783	-
Block Grant for Community and Mental Health Services	93.959	KH205	2,053	-
<i>Pass-through South Florida Behavioral Health Network</i>				
SFPC Temporary Assistance for Needy Families (TANF)	93.558	KD228-15	557,178	-
SFPC Temporary Assistance for Needy Families (TANF)	93.558	KD228-15	111,460	-
SFPC Temporary Assistance for Needy Families (TANF)	93.959	KD228-15	96,133	-
SFPC Temporary Assistance for Needy Families (TANF)	93.959	KD228-15	90,000	-
SFPC Temporary Assistance for Needy Families (TANF)	93.959	KD228-15	2,041	-
SFPC Temporary Assistance for Needy Families (TANF)	93.959	KD228-15	18,354	-
<i>Pass-through Alliance for Aging</i>				
Neighborhood Family Service	93.044	AA1021	59,724	-
Neighborhood Family Service	93.044	AA921	51,809	-
Promoting Safe and Stable Families	93.669	OK028	33,563	-
<b>Department of Agriculture</b>				
<i>Pass-through Florida Department of Elder Affairs</i>				
Pass-through Florida Department of Elder Affairs	10.558	Y9044	34,901	-
Pass-through Florida Department of Elder Affairs	10.558	Y0044	104,801	-
<i>Total Federal Awards</i>			\$ 1,969,311	\$ -
<b>Department of Children and Families</b>				
Baker Act	60.006	KH205	\$ 953,131	\$ -
Mental Health Community Support Services	60.053	KH205	2,135,178	-
Mental Health Indigent Psychiatric Outpatient Services	60.039	KH205	13,785	-
Mental Health Emergency Stabilization	60.054	KH205	64,000	-
Children Mental Health Community Support Services	60.055	KH205	261,047	-
Children Mental Health Community Support Services	60.114	KH205	256,992	-
<b>South Florida Behavioral Health Network</b>				
Children's Substance Abuse	60.030	KD228-15	66,652	-
Children's Substance Abuse	60.030	KD228-15	44,915	-
Promoting Safe and Stable Families	60.094	OK028	369,516	-
<b>Florida Department of Juvenile Justice System</b>				
Children and Adolescent - DJJ Day treatment	80.011	X1391	184,317	-
<i>Total State Financial Assistance</i>			\$ 4,349,533	\$ -

See accompanying note to the schedule of expenditures of federal awards and state financial assistance.

**NEW HORIZONS COMMUNITY MENTAL HEALTH CENTER, INC.  
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
AND STATE FINANCIAL ASSISTANCE  
FOR THE YEAR ENDED JUNE 30, 2010**

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**General**

The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance (the "Schedule") presents the activity of all federal and state award programs of New Horizons Community Health Center, Inc. for the year ended June 30, 2010 on the accrual basis of accounting. All federal and state awards received directly from federal and state agencies, as well as federal and state awards received from other government agencies are included in the Schedule. The information in this schedule is in accordance with U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and with State of Florida Rules of the Auditor General Chapter 10.650, *State Single Audits Non-Profit and For-Profit Organizations*. Therefore, some amounts presented in the Schedule may differ from amounts presented in, or used in the preparation of, the general-purpose financial statements.

The Schedule does not include the line of credit for drugs for the indigent in the amount of \$223,732.

INDEPENDENT AUDITORS' 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*

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To the Board of Directors of  
New Horizons Community Mental Health Center, Inc.

We have audited the financial statements of New Horizons Community Mental Health Center, Inc. (the "Center"), a nonprofit organization, as of and for the year ended June 30, 2010, and have issued our report thereon dated December 22, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Center'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 the Center's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Center'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 the 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 the Center's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the Center in a separate letter dated December 22, 2010.

This report is intended solely for the information and use of the Board of Directors of the Center, audit committee, management, federal and state awarding agencies, and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

*Verdeja & De Armas, CPA*

CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida  
December 22, 2010

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH  
REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL  
PROGRAM AND STATE PROJECT AND ON INTERNAL CONTROL  
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR  
A-133 AND CHAPTER 10.650 RULES OF THE AUDITOR GENERAL

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To the Board of Directors of  
New Horizons Community Mental Health Center, Inc.

Compliance

We have audited the compliance of New Horizons Community Mental Health Center, Inc. (the "Center"), a nonprofit organization, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement*, and the requirements described in the *Department of Financial Services' State Projects Compliance Supplement*, that are applicable to each of its major federal programs and state projects for the year ended June 30, 2010. The Center's major federal programs and state projects are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs and state projects is the responsibility of the Center's management. Our responsibility is to express an opinion on the Center'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, *Audits of States, Local Governments, and Non-Profit Organizations*; and Chapter 10.650, *Rules of the Auditor General of the State of Florida*. Those standards, OMB Circular A-133, and Chapter 10.650, *Rules of the Auditor General of the State of Florida*, 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 state project occurred. An audit includes examining, on a test basis, evidence about the Center'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 the Center's compliance with those requirements.

In our opinion, the Center complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs and state projects for the year ended June 30, 2010.

### Internal Control Over Compliance

The management of the Center 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 the Center's internal control over compliance with requirements that could have a direct and material effect on a major federal program or state project in order to determine our 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 and Chapter 10.650 Rules of the Auditor General, 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 the Center'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 of the Center, audit committee, management, federal and state awarding agencies, and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

  
CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida  
December 22, 2010

**NEW HORIZONS COMMUNITY MENTAL HEALTH CENTER, INC.  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS -  
 FEDERAL AWARDS PROGRAMS AND STATE FINANCIAL ASSISTANCE PROJECTS  
 FOR THE YEAR ENDED JUNE 30, 2010**

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**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  no
- Significant deficiencies identified that are not considered to be material weaknesses?  yes  none reported

Noncompliance material to financial statements noted?  yes  no

*Federal Awards*

Type of auditor's report issued on compliance for major program: *Unqualified*

Internal control over major programs:

- Material weakness(es) identified?  yes  no
- Significant deficiencies identified that are not considered to be material weaknesses?  yes  none reported

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133?  yes  no

Identification of major programs:

<b>Federal Program or Cluster</b>	<b>CFDA Number</b>	<b>Expenditures</b>
Projects for Assistance in Transition from Homelessness	93.150	\$ 397,508
Temporary Assistance for Needy Families	93.558	\$ 668,638

Dollar threshold used to distinguish between type A and type B programs. \$ 300,000

Auditee qualified as low-risk auditee?  yes  no

**NEW HORIZONS COMMUNITY MENTAL HEALTH CENTER, INC.  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS -  
 FEDERAL AWARDS PROGRAMS AND STATE FINANCIAL ASSISTANCE PROJECTS  
 FOR THE YEAR ENDED JUNE 30, 2010**

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**SECTION I - SUMMARY OF AUDITOR'S RESULTS (Continued)**

*State Financial Assistance*

Type of auditor's report issued on compliance for major projects:

*Unqualified*

Internal control over major projects:

- Material weakness(es) identified? \_\_\_\_\_ yes    X no
- Significant deficiencies identified that are not considered to be material weaknesses? \_\_\_\_\_ yes    X no

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 projects:

Name of State Project or Cluster	CSFA Number	Expenditures
Baker Act	60.006	\$ 953,131
Mental Health Community Support Services	60.053	\$ 2,135,178
Promoting Safe and Stable Families	60.094	\$ 369,516

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

\$ 300,000

Auditee qualified as low-risk auditee?

N/A

**NEW HORIZONS COMMUNITY MENTAL HEALTH CENTER, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS -  
FEDERAL AWARDS PROGRAMS AND STATE FINANCIAL ASSISTANCE PROJECTS  
FOR THE YEAR ENDED JUNE 30, 2010**

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**SECTION II - FINANCIAL STATEMENT FINDINGS**

The audit disclosed no matters that are reportable for the current year.

**SECTION III – FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARDS PROGRAMS**

The audit disclosed no matters that are reportable.

**SECTION IV - FINDINGS AND QUESTIONED COSTS - MAJOR STATE FINANCIAL ASSISTANCE PROJECTS**

The audit disclosed no matters that are reportable.

**SECTION V - OTHER ISSUES**

1. A management letter was issued and reported to management in a separate letter dated December 22, 2010.
2. No Summary Schedule of Prior Audit Findings is required because there were no prior audit findings related to Federal award programs or state financial assistance projects.
3. No Corrective Action Plan is required because there were no findings required to be reported under the Federal or Florida Single Audit Acts.