

**NEW HORIZONS OF THE  
TREASURE COAST, INC.**

**Financial Statements  
with  
Independent Auditors' Report**

June 30, 2010  
(With Comparative Totals for June 30, 2009)

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KMETZ • NUTTALL • ELWELL • GRAHAM, PLLC  
Certified Public Accountants

**Independent Auditors' Report**

To the Board of Directors  
New Horizons of the Treasure Coast, Inc.

We have audited the accompanying statement of financial position of New Horizons of the Treasure Coast, Inc. (New Horizons) (a nonprofit organization) as of June 30, 2010, and the related statements of activities and changes in net assets, statement of functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of New Horizon's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of New Horizons 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 21, 2010, on our consideration of New Horizons' internal control over financial reporting and on our tests of its compliance with certain provision 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 important for assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of New Horizons 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*, and Chapter 10.650, Rules of the Auditor General, and is not a required part of the basic financial statements. In addition, the accompanying program/cost center actual expenses and revenues schedule, schedule of revenues, schedule of state earnings, schedule of bed-day availability payments, schedule of related party transaction adjustments, and schedule of local financial assistance are also presented for 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 audit 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.

Kmetz, Nuttall, Elwell, Graham, PLLC  
Certified Public Accountants  
December 21, 2010

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**New Horizons of the Treasure Coast, Inc.**  
Statement of Financial Position  
June 30, 2010  
(With comparative totals for 2009)

	2010			2009
	Unrestricted	Temporarily Restricted	Total	Total (memo only)
<b>Assets</b>				
<b>Current Assets:</b>				
Cash and cash equivalents	\$ 3,194,344	\$ -	\$ 3,194,344	\$ 3,594,276
Patient accounts receivable, less allowance for uncollectible accounts of \$972,861	468,767	-	468,767	526,471
Public support receivable	1,055,391	-	1,055,391	409,904
Pledges receivable - current portion	-	113,861	113,861	45,304
Inventory - supplies	110,339	-	110,339	104,180
Prepaid expenses and other current assets	144,889	-	144,889	141,671
<b>Total current assets</b>	<b>4,973,730</b>	<b>113,861</b>	<b>5,087,591</b>	<b>4,821,806</b>
<b>Other Assets:</b>				
Pledges receivable - less current portion	-	16,174	16,174	13,695
Deposits	90,034	-	90,034	72,545
Loan costs, net of amortization	79,435	-	79,435	44,351
Construction in progress	3,914,044	-	3,914,044	648,030
<b>Total other assets</b>	<b>4,083,513</b>	<b>16,174</b>	<b>4,099,687</b>	<b>778,621</b>
<b>Property and Equipment, net</b>	<b>6,715,956</b>	<b>-</b>	<b>6,715,956</b>	<b>7,125,564</b>
<b>Total assets</b>	<b>\$ 15,773,199</b>	<b>\$ 130,035</b>	<b>\$ 15,903,234</b>	<b>\$ 12,725,991</b>
<b>Liabilities and Unrestricted Net Assets</b>				
<b>Current Liabilities:</b>				
Accounts payable	\$ 418,611	\$ -	\$ 418,611	\$ 337,769
Accrued expenses	543,393	-	543,393	452,622
Contract and retainage payable	581,866	-	581,866	-
Deferred revenue	-	-	-	52,020
Patient deposits and employee funds	72,843	-	72,843	109,713
Current portion of long-term debt	68,693	-	68,693	112,015
<b>Total current liabilities</b>	<b>1,685,406</b>	<b>-</b>	<b>1,685,406</b>	<b>1,064,139</b>
<b>Long-Term Liabilities:</b>				
Long-term debt less current portion	3,187,798	-	3,187,798	2,397,572
<b>Net Assets</b>				
Unrestricted				
Designated	-	-	-	553,500
Undesignated	10,899,995	-	10,899,995	8,464,682
Temporarily restricted	-	130,035	130,035	246,098
<b>Total Net Assets</b>	<b>10,899,995</b>	<b>130,035</b>	<b>11,030,030</b>	<b>9,264,280</b>
<b>Total liabilities and net assets</b>	<b>\$ 15,773,199</b>	<b>\$ 130,035</b>	<b>\$ 15,903,234</b>	<b>\$ 12,725,991</b>

See accompanying notes to financial statements.

**New Horizons of the Treasure Coast, Inc.**  
Statement of Activities and Changes in Net Assets  
For the year ended June 30, 2010  
(With comparative totals for 2009)

	2010			2009
	Unrestricted	Temporarily Restricted	Total	Total (memo only)
<b>Revenues and other support</b>				
Department of Children & Families				
Alcohol, Drug Abuse and Mental Health	\$ 12,553,795	\$ -	\$ 12,553,795	\$ 11,844,853
County and other government grants	3,084,758	-	3,084,758	3,746,326
Contributions and donations	122,366	110,260	232,626	223,083
Patient fees	5,061,509	-	5,061,509	4,823,714
In-kind contributions	1,075,830	-	1,075,830	594,545
Interest	6,600	-	6,600	24,692
Other income	2,322	-	2,322	20,754
Release of temporarily restricted net assets	226,323	(226,323)	-	-
<b>Total revenues and other support</b>	<b>22,133,503</b>	<b>(116,063)</b>	<b>22,017,440</b>	<b>21,277,967</b>
<b>Expenses</b>				
<b>Program services:</b>				
Case management	661,703	-	661,703	587,033
Forensic case management	106,805	-	106,805	95,534
Intensive case management	589,697	-	589,697	576,211
Mobile crisis	360,213	-	360,213	397,421
Residential level I - SRT	1,439,370	-	1,439,370	1,536,896
Residential IV - CSS	316,145	-	316,145	353,009
Crisis stabilization	2,539,373	-	2,539,373	2,506,045
Outpatient treatment	342,875	-	342,875	351,478
Crisis support/emergency	801,969	-	801,969	786,507
Outpatient medical services	2,719,342	-	2,719,342	2,143,875
Supported community services	742,416	-	742,416	792,050
Criminal Justice St. Lucie Co.	408,823	-	408,823	344,337
FACT	1,178,776	-	1,178,776	1,211,442
ASA Independence recovery	264,454	-	264,454	11,155
ASA Outpatient treatment	62,296	-	62,296	79,904
Detox residential	872,277	-	872,277	1,131,699
Family intervention	182,219	-	182,219	220,495
CMH Case management	488,154	-	488,154	441,483
CMH Outpatient treatment	824,839	-	824,839	697,835
CMH Medical services	317,712	-	317,712	322,391
CMH Crisis stabilization	65,203	-	65,203	45,028
Prevention-SAP	603,077	-	603,077	622,392
Non-state funded SAMH cost centers	396,112	-	396,112	616,819
Non-SAMH cost centers	4,422	-	4,422	2,717
<b>Total program services</b>	<b>16,288,272</b>	<b>-</b>	<b>16,288,272</b>	<b>15,873,756</b>
<b>Supporting services:</b>				
Administration and other support	3,963,418	-	3,963,418	3,860,517
<b>Total expenses</b>	<b>20,251,690</b>	<b>-</b>	<b>20,251,690</b>	<b>19,734,273</b>
<b>Increase (decrease) in net assets</b>	<b>1,881,813</b>	<b>(116,063)</b>	<b>1,765,750</b>	<b>1,543,694</b>
<b>Net assets, beginning of year</b>	<b>9,018,182</b>	<b>246,098</b>	<b>9,264,280</b>	<b>7,720,586</b>
<b>Net assets, end of year</b>	<b>\$ 10,899,995</b>	<b>\$ 130,035</b>	<b>\$ 11,030,030</b>	<b>\$ 9,264,280</b>

See accompanying notes to financial statements.

**New Horizons of the Treasure Coast, Inc.**

Statement of Functional Expenses

For the year ended June 30, 2010

(With comparative totals for 2009)

	Program Services							
	Case Management	Forensic Case Management	Intensive Case Management	Mobile Crisis	Residential Level I SRT	Residential IV CSS	Crisis Stabilization	Outpatient Treatment
<b>Personnel expenses:</b>								
Salaries	\$ 396,398	\$ 66,680	\$ 376,525	\$ 236,672	\$ 838,088	\$ -	\$ 1,451,136	\$ 236,894
Fringe benefits	104,327	18,543	92,902	56,499	190,784	-	340,273	51,281
<b>Total personnel expenses</b>	<b>500,725</b>	<b>85,223</b>	<b>469,427</b>	<b>293,171</b>	<b>1,028,872</b>	<b>-</b>	<b>1,791,409</b>	<b>288,175</b>
<b>Other Expenses:</b>								
Building occupancy	52,603	3,132	38,369	25,793	54,251	(5)	89,332	22,504
Professional services	-	-	-	1,308	30,035	-	176,232	137
Travel	7,015	9,151	7,830	1,283	1,509	-	6,284	1,571
Equipment costs	15,843	623	11,115	938	6,329	188	11,345	3,964
Food services	228	3	74	(1)	118,199	(1)	155,776	-
Medical and pharmacy	122	11	31	(3)	93,750	(3)	140,696	218
Subcontracted services	3,789	465	2,925	1,876	5,413	-	16,188	1,337
Depreciation	19,455	2,477	15,437	15,301	36,141	-	57,980	9,153
Insurance	13,440	2,624	13,873	14,764	34,415	-	57,508	6,369
Interest	650	-	1	35	1	-	2	390
Telephone	15,020	1,936	12,521	4,218	4,830	-	8,095	4,090
Operating supplies/expenses	4,695	168	3,417	1,521	6,588	45	15,725	4,403
Other expenses	28,118	992	14,677	9	19,037	315,921	12,801	564
<b>Total other expenses</b>	<b>160,978</b>	<b>21,582</b>	<b>120,270</b>	<b>67,042</b>	<b>410,498</b>	<b>316,145</b>	<b>747,964</b>	<b>54,700</b>
<b>Total expenses</b>	<b>\$ 661,703</b>	<b>\$ 106,805</b>	<b>\$ 589,697</b>	<b>\$ 360,213</b>	<b>\$ 1,439,370</b>	<b>\$ 316,145</b>	<b>\$ 2,539,373</b>	<b>\$ 342,875</b>

**New Horizons of the Treasure Coast, Inc.**

Statement of Functional Expenses (continued)

For the year ended June 30, 2010

(With comparative totals for 2009)

	Program Services							
	Crisis Support/ Emergency	Outpatient Medical Services	Supported Community Services	Criminal Justice St. Lucie Co.	FACT	ASA Independence Recovery	ASA Outpatient Treatment	Detox Residential
<b>Personnel expenses:</b>								
Salaries	\$ 545,262	\$ 893,420	\$ 438,981	\$ 224,898	\$ 597,655	\$ 144,178	\$ 31,664	\$ 518,224
Fringe benefits	129,448	222,760	109,424	51,034	137,670	34,959	7,563	120,783
<b>Total personnel expenses</b>	<b>674,710</b>	<b>1,116,180</b>	<b>548,405</b>	<b>275,932</b>	<b>735,325</b>	<b>179,137</b>	<b>39,227</b>	<b>639,007</b>
<b>Other Expenses:</b>								
Building occupancy	42,440	43,558	70,123	395	79,802	16,534	5,697	31,212
Professional services	2,130	288,896	-	-	-	751	-	52,654
Travel	2,862	3,376	12,667	3,101	10,193	1,624	3,299	2,378
Equipment costs	8,327	4,562	13,050	1,072	14,380	1,262	739	4,911
Food services	11,473	1	1,831	(1)	165	30,682	2	66,667
Medical and pharmacy	5,072	1,156,978	13	25,396	1,677	5,436	5	20,709
Subcontracted services	7,666	9,476	3,466	1,553	4,739	953	261	3,835
Depreciation	15,069	18,134	32,916	316	25,956	9,940	5,952	22,581
Insurance	20,875	58,707	24,485	7,743	38,253	10,135	2,499	17,351
Interest	1	1	12	-	2	(2)	649	3
Telephone	3,592	6,252	15,606	757	11,568	1,466	2,290	2,578
Operating supplies/expenses	6,846	9,408	3,802	274	6,240	3,502	1,149	4,037
Other expenses	906	3,813	16,040	92,285	250,476	3,034	527	4,354
<b>Total other expenses</b>	<b>127,259</b>	<b>1,603,162</b>	<b>194,011</b>	<b>132,891</b>	<b>443,451</b>	<b>85,317</b>	<b>23,069</b>	<b>233,270</b>
<b>Total expenses</b>	<b>\$ 801,969</b>	<b>\$ 2,719,342</b>	<b>\$ 742,416</b>	<b>\$ 408,823</b>	<b>\$ 1,178,776</b>	<b>\$ 264,454</b>	<b>\$ 62,296</b>	<b>\$ 872,277</b>

**New Horizons of the Treasure Coast, Inc.**  
Statement of Functional Expenses (continued)  
For the year ended June 30, 2010  
(With comparative totals for 2009)

	Program Services								
	Family Intervention	CMH Case Management	CMH Outpatient Treatment	CMH Medical Services	CMH Crisis Stabilization	Prevention SAP	Non-State Funded SAMH Cost Centers	Non-SAMH Cost Centers	Total Program Services
<b>Personnel expenses:</b>									
Salaries	\$ 88,044	\$ 287,871	\$ 430,523	\$ 234,256	\$ 43,364	\$ 401,585	\$ 272,342	\$ 1,464	\$ 8,756,124
Fringe benefits	16,532	76,475	98,160	45,267	11,591	102,624	52,750	-	2,071,649
<b>Total personnel expenses</b>	<b>104,576</b>	<b>364,346</b>	<b>528,683</b>	<b>279,523</b>	<b>54,955</b>	<b>504,209</b>	<b>325,092</b>	<b>1,464</b>	<b>10,827,773</b>
<b>Other Expenses:</b>									
Building occupancy	8,858	18,159	40,526	4,350	4,830	41,328	20,879	-	714,670
Professional services	445	-	-	-	-	-	1,059	-	553,647
Travel	3,804	15,114	21,178	3,196	683	8,989	4,005	502	131,614
Equipment costs	3,133	12,364	12,157	674	-	3,756	2,178	-	132,910
Food services	-	16	11	-	-	(2)	8,029	-	393,152
Medical and pharmacy	98	371	36	1	-	(4)	-	2,456	1,453,066
Subcontracted services	30,948	41,715	176,925	15,266	375	3,045	1,886	-	334,102
Depreciation	3,772	9,237	15,221	3,371	-	1,574	11,049	-	331,032
Insurance	4,348	11,663	15,499	8,829	-	17,339	11,654	-	392,373
Interest	-	1	650	324	-	649	52	-	3,421
Telephone	2,359	11,115	11,768	1,778	535	3,997	3,772	-	130,143
Operating supplies/expenses	592	1,425	1,539	137	3,825	5,018	3,718	-	88,074
Other expenses	19,286	2,628	646	263	-	13,179	2,739	-	802,295
<b>Total other expenses</b>	<b>77,643</b>	<b>123,808</b>	<b>296,156</b>	<b>38,189</b>	<b>10,248</b>	<b>98,868</b>	<b>71,020</b>	<b>2,958</b>	<b>5,460,499</b>
<b>Total expenses</b>	<b>\$ 182,219</b>	<b>\$ 488,154</b>	<b>\$ 824,839</b>	<b>\$ 317,712</b>	<b>\$ 65,203</b>	<b>\$ 603,077</b>	<b>\$ 396,112</b>	<b>\$ 4,422</b>	<b>\$ 16,288,272</b>



**New Horizons of the Treasure Coast, Inc.**  
Statement of Functional Expenses (continued)  
For the year ended June 30, 2010  
(With comparative totals for 2009)

			2010	2009	
Supporting Services			Total	Total (memo only)	
	Administration	Support Services	Total		
<b>Personnel expenses:</b>					
Salaries	\$ 1,241,674	\$ 1,264,299	\$ 2,505,973	\$ 11,262,097	\$ 11,099,095
Fringe benefits	294,154	329,129	623,283	2,694,932	2,530,343
<b>Total personnel expenses</b>	<b>1,535,828</b>	<b>1,593,428</b>	<b>3,129,256</b>	<b>13,957,029</b>	<b>13,629,438</b>
<b>Other Expenses:</b>					
Building occupancy	58,261	27,660	85,921	800,591	743,518
Professional services	86,930	-	86,930	640,577	552,910
Travel	21,962	11,936	33,898	165,512	172,222
Equipment costs	44,504	23,811	68,315	201,225	113,680
Food services	4,561	(229,584)	(225,023)	168,129	182,793
Medical and pharmacy	3,680	(59,788)	(56,108)	1,396,958	917,002
Subcontracted services	136,283	50,748	187,031	521,133	494,270
Depreciation	110,571	8,481	119,052	450,084	384,121
Insurance	61,868	44,377	106,245	498,618	486,115
Interest	160,758	2	160,760	164,181	369,158
Telephone	16,040	7,754	23,794	153,937	166,538
Operating supplies/expenses	94,268	38,484	132,752	220,826	246,981
Other expenses	105,875	4,720	110,595	912,890	1,275,527
<b>Total other expenses</b>	<b>905,561</b>	<b>(71,399)</b>	<b>834,162</b>	<b>6,294,661</b>	<b>6,104,835</b>
<b>Total expenses</b>	<b>\$ 2,441,389</b>	<b>\$ 1,522,029</b>	<b>\$ 3,963,418</b>	<b>\$ 20,251,690</b>	<b>\$ 19,734,273</b>

See accompanying notes to financial statements.

**New Horizons of the Treasure Coast, Inc.**

## Statement of Cash Flows

For the year ended June 30, 2010

(With comparative totals for 2009)

	2010	2009
		Total (memo only)
<b>Cash flows from operating activities:</b>		
Increase in net assets	\$ 1,765,750	\$ 1,543,694
Adjustments to reconcile increase in unrestricted net assets to net cash flows provided by operating activities		
Depreciation	450,083	384,120
Amortization	4,201	5,634
Loss on disposal of property and equipment	20,821	7,894
Loss on bond/mortgage issue costs	43,965	65,462
(Increase) decrease in:		
Escrow	-	167,631
Patient accounts receivable, net	57,704	24,416
Public support receivable	(645,487)	229,063
Pledges receivable	(71,036)	(58,999)
Inventory - supplies	(6,158)	(14,360)
Prepaid expenses and other current assets	(3,218)	15,939
Deposits	(17,489)	742
Increase (decrease) in:		
Accounts payable	80,842	26,913
Accrued expenses	90,771	49,365
Contract and retainage payable	581,866	-
Deferred revenue	(52,020)	(219,246)
Patient deposits and employee funds	(36,870)	11,312
<b>Net cash provided by operating activities</b>	<b>2,263,725</b>	<b>2,239,580</b>
<b>Cash flows from investing activities:</b>		
Purchase of equipment	(61,296)	(527,641)
Payments made for construction in progress	(3,266,014)	(262,370)
<b>Net cash used for investing activities</b>	<b>(3,327,310)</b>	<b>(790,011)</b>
<b>Cash flows from financing activities:</b>		
Proceeds from line of credit	857,294	-
Proceeds from long-term debt	2,464,877	2,500,000
Payments on long-term debt	(2,572,350)	(59,051)
Payments on capital lease obligation	(2,917)	(74,746)
Escrow payments	-	(185,000)
Payments on bond issue	-	(2,275,000)
Payments for loan costs on new debt	(83,251)	(46,279)
<b>Net cash provided by(used for) financing activities</b>	<b>663,653</b>	<b>(140,076)</b>
<b>Net increase(decrease) in cash</b>	<b>(399,932)</b>	<b>1,309,493</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>3,594,276</b>	<b>2,284,783</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 3,194,344</b>	<b>\$ 3,594,276</b>
Supplemental disclosures		
Cash paid for interest	\$ 164,181	\$ 369,158

See accompanying notes to financial statements.

## **New Horizons of the Treasure Coast, Inc.**

### Notes to Financial Statements

#### **Note 1 – Nature of Organization and Summary of Significant Accounting Policies**

##### **Organization**

New Horizons of the Treasure Coast, Inc. (New Horizons) is a Florida nonprofit organization incorporated in September 1958 to provide treatment, counseling, and prevention for mental health, drug, and alcohol related problems to residents of St. Lucie, Indian River, Martin, and Okeechobee Counties, Florida.

##### **Method of Accounting**

The accompanying financial statements have been prepared on the accrual basis of accounting.

##### **Basis of Presentation**

In accordance with ASC 958-205-05-6 (formerly SFAS No. 117, *Financial Statements of Not-For-Profit Organizations*), New Horizons reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. New Horizons has no permanently restricted net assets.

##### **Contributions**

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires, that is, when a stipulated time restriction ends or purpose of restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

New Horizons receives contributed services, including counseling, instruction, and other volunteer services related to each of its programs. These services do not meet ASC 958-605-25-16 (formerly SFAS 116) criteria for recognizing donated services, and accordingly, are not recognized as revenue in the accompanying financial statements.

Costs incurred for soliciting contributions and for promotional materials, as well as costs of holding fundraising events, are recorded as fundraising expenses and are included in general and administrative expenses in the accompanying financial statements.

##### **Public Support**

Public support revenue from government grants is recorded based upon the terms of the grantor allotment which generally provides that revenue is earned when the allowable costs or units of service of the specific grant provisions have been incurred or provided. Such revenue is subject to audit by the grantor and, if the examination results in a non-allowance of units of service or expenses, New Horizons will be required to reimburse any overpayments.

**New Horizons of the Treasure Coast, Inc.**

Notes to Financial Statements (continued)

**Note 1 – Summary of Significant Accounting Policies** (continued)

**Public Support, Revenues and Expenses**

For purposes of presentation, all transactions are deemed by management to be ongoing, major, or central to the provision of health care services and, accordingly, are recorded as public support, revenues and expenses.

**Cash and Cash Equivalents**

New Horizons classifies all highly liquid investments with a maturity of 90 days or less when purchased as cash equivalents. At June 30, 2010, cash included patient custodial accounts of \$97,143.

**Property and Equipment**

Property and equipment acquisitions greater than \$1,000 are capitalized and are stated at cost. Donated property and equipment is recorded at the fair market value at the date of the gift. Depreciation is provided on a straight-line basis over the estimated useful life of the related assets. Amortization of equipment under capital leases is included in depreciation expense and accumulated depreciation.

Estimated useful lives of property and equipment range as follows:

Land and improvements	5 - 25 years
Building and improvements	5 - 40 years
Furniture and equipment	3 - 20 years
Leasehold improvements	3 - 20 years

Fixed assets acquired by New Horizons with state monies are considered to be owned by New Horizons. Florida administrative code provides that real property purchased, constructed, or expanded with state funds shall be used for the originally authorized purpose for a period of twenty years. If the property is not used for the originally authorized purpose for twenty years, the state maintains an equitable interest in the property purchased as well as the right to determine the use of any proceeds from the sale of these assets. New Horizons obtains approval from the state when the use of such property is changed. The following is a schedule of fixed assets, which have a twenty-year limitation:

Year	Description	
2001	SRT renovations	\$ 315,800
2000	Land-Midway Road	550,000
1997	Crisis stabilization unit	4,350,000
		<b>\$ 5,215,800</b>

## **New Horizons of the Treasure Coast, Inc.**

Notes to Financial Statements (continued)

### **Note 1 – Summary of Significant Accounting Policies** (continued)

New Horizons has purchased certain equipment and beds with Federal and State funds in the amounts of \$111,109 and \$505,295, respectively. These assets are restricted for specific purpose and the grantor maintains the right to reclaim equipment at the end of the contract period or if the contract is terminated.

#### **Concentration of Credit Risk**

New Horizons grants credit without collateral to its patients. Credit losses are provided for in the accompanying financial statements as an allowance for uncollectible patient accounts receivable, and have consistently been within management's expectations.

#### **Compensated Absences**

All full time and part-time regular employees of New Horizons accrue leave time in the form of Paid Time Off (PTO) hours. PTO is used for vacation, holiday, personal, and sick time and accrues each pay period at rates determined by length of service.

Prior to December 31, 2005, upon proper resignation and completion of one year of continuous service on full-time or part-time regular status, departing employees were entitled to payment at their existing hourly rate for their accumulated PTO hours. This payment was limited to 120 hours and was limited to 50% of that total if the employee had less than 4 years of service.

A policy change effective January 1, 2006 reduced the compensated absence liability to zero. Employees are no longer allowed compensation upon resignation for unused PTO hours.

#### **Income Tax Status**

New Horizons is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes on related income pursuant to section 501(a) of the internal Revenue Code and Chapter 220.13 of the Florida Statutes. In addition New Horizons has been determined not to be a private foundation within the meaning of Section 509(a) of the Code.

#### **Functional Allocation of Expenses**

The cost of providing the various programs and other activities has been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

#### **Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

#### **Subsequent Events**

Management has evaluated subsequent events through December 21, 2010, the date the financial statements were available to be issued.

**New Horizons of the Treasure Coast, Inc.**

Notes to Financial Statements (continued)

**Note 2 – Uninsured Cash and Cash Equivalent Balances**

Cash accounts at banking institutions and credit unions are insured by the Federal Deposit Insurance Corporation (FDIC) or the National Credit Union Administration (NCUA) up to \$250,000 and money market funds maintained with brokerage firms are insured by the Securities Investor Protection Corporation (SIPC) up to \$250,000. The credit union accounts were protected by private insurance up to \$500,000. In addition, New Horizons held some cash in non-interest bearing accounts that were participating in the FDIC Transaction Account Guarantee Program which fully guarantees the entire account balance. There were no amounts in excess of combined insured limits at June 30, 2010.

**Note 3 – Pledges Receivable**

Pledges receivable consist of the following at June 30, 2010:

	Due in 1 Year	Due in 1 - 5 Years	Total
Capital campaign pledges receivable	\$ 116,693	\$ 16,517	\$ 133,210
Less:			
Allowance or uncollectible pledges	(2,832)	(343)	(3,175)
Net pledges receivable	\$ 113,861	\$ 16,174	\$ 130,035

The effect of a discount rate on the pledges receivable has been determined to be immaterial to these financial statements. Pledge receivables has been reduced by an estimated allowance of 10% to 15% to reduce pledges receivable to a reasonably collectible amount. The capital campaign pledges receivable are restricted in use for construction related costs and expenses of the new facility.

**Note 4 – Property and Equipment, net**

	Balance June 30, 2009	Additions	Deletions	Balance June 30, 2010
Land and improvements	\$ 1,519,900	\$ -	\$ -	\$ 1,519,900
Building and improvements	8,005,076	39,950	-	8,045,026
Furniture and equipment	1,899,643	17,746	(171,752)	1,745,637
Leasehold improvements	89,279	3,600	(48,282)	44,597
	11,513,898	61,296	(220,034)	11,355,160
Accumulated depreciation	(4,388,334)	(450,083)	199,213	(4,639,204)
	\$ 7,125,564	\$(388,787)	\$ (20,821)	\$ 6,715,956

## **New Horizons of the Treasure Coast, Inc.**

Notes to Financial Statements (continued)

### **Note 5 – Construction in Progress**

Construction in progress is comprised of the cost associated with the construction of the New Horizons Children's Crisis Unit (Crisis Unit). As of June 30, 2010 the Crisis Unit was approximately 90% complete. When complete and put into service, the Crisis Unit will be recorded in the building and improvement fixed asset group and depreciated according to New Horizon's depreciation policy.

Funding sources for the construction of the Crisis Unit include private contributions, long term financing referred to in Note 8, and grant revenues from the Florida Department of Children and Families.

### **Note 6 – Contract and Retainage Payable**

New Horizons entered into a fixed fee contract to construct the Crisis Unit, referred to in Note 5, with an original contract cost of \$3,394,777. The original contract has been reduced through change orders in the net amount of \$611,416 to the amended contract cost of \$2,783,360. As of June 30, 2010, New Horizons had incurred \$2,495,681 in expenses related to this contract. Of this amount, \$581,866 has been recorded as contract retainage and contract payable as of June 30, 2010.

### **Note 7 – Line of Credit**

New Horizons opened a bank line of credit on August 19, 2009 for \$1,000,000. The line has a one year term. The interest rate is equal the Wall Street Journal Prime Rate or 6%, whichever is higher. Interest is payable monthly. The line of credit is secured by a Security Agreement and UCC Financing Statement which encumbers personal property, inventory and receivables situated in St. Lucie County, Florida. The loan balance at June 30, 2010 was \$0.

### **Note 8 – Long-Term Debt**

During the fiscal year ended June 30, 2010, New Horizons entered into a construction loan agreement with Delta Community Credit Union. The \$5,000,000 loan is evidenced by two separate promissory notes. The first promissory note with an original principal of \$2,464,877 was used to refinance an existing mortgage. The second promissory note is structured as a construction line of credit to be used in the construction of the Children's Crisis Unit.

The Construction line of credit advances are based upon verified project costs. Upon completion of the project, the two promissory notes will be combined with the terms equal to that of the first promissory note.

**New Horizons of the Treasure Coast, Inc.**

Notes to Financial Statements (continued)

**Note 8 – Long-Term Debt** (continued)

Long-term debt consists of the following at June 30, 2010:

Construction line of credit, secured by land, building and construction in progress, due August 2011 with interest only payments of varying amounts based on outstanding principal balance at an interest rate of 6.0%.	\$ 857,294
Mortgage payable, secured by real estate and fixtures situated in St. Lucie County, Florida, due August 2029, monthly principal and interest payments of \$18,091, at a fixed interest rate of 6.25% for the first five years, and then adjusted to an index rate plus 375 basis points with a minimum interest rate of 6.5% and adjusted every five years until maturity in this manner.	2,399,197
	<u>3,256,491</u>
Less amounts due within one year	(68,693)
	<u>\$ 3,187,798</u>

The following schedule represents aggregate maturities on long-term debt:

Year Ending June 30,	
2011	\$ 68,693
2012	96,277
2013	102,471
2014	109,062
2015	116,526
Thereafter	2,763,462
	<u>\$ 3,256,491</u>

New Horizons must comply with the provisions and covenants of the promissory notes or face default. New Horizons met the required financial ratios for the year ended June 30, 2010.

Interest expense, which approximated interest paid, was \$164,181 for the year ended June 30, 2010.



**New Horizons of the Treasure Coast, Inc.**

Notes to Financial Statements (continued)

**Note 9 – Temporarily Restricted Net Assets**

Temporarily restricted net assets at June 30, 2010 are available for the following uses:

Purpose and time restrictions - pledges receivable for capital projects	\$ 130,035
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**Note 10 – Patient Fees for Services**

New Horizons provides services to patients regardless of their ability to pay or access to third-party medical insurance coverage. Patient fees for services are recorded from sliding fee scales and other reimbursement methods which are based on an assessment of the patient's ability to pay. New Horizons provides care to patients who meet certain criteria under its charity care policy at amounts less than its established rates. Since New Horizons does not pursue collection of amounts determined to qualify as charity care, it is not reported as revenue. Unreimbursed charity care provided is excluded from gross patient service revenue.

Patient fees for services are stated net of contractual adjustments and bad debts. Charity services provided were \$14,408,266 for the year ended June 30, 2010. This amount is excluded from gross patient revenues.

Patient fees for services consist of the following:

Gross patient revenue	\$ 9,377,227
Less:	
Provision for contractual adjustments	3,839,063
Provision for bad debts	476,655
	<u>\$ 5,061,509</u>

**Note 11 – In-Kind Contributions**

New Horizons receives donated medication from pharmaceutical companies for eligible needy clients and has estimated the value to be \$1,073,811 for the year ended June 30, 2010. This amount has been recognized in the accompanying financial statements as an in-kind contribution and as medical and pharmacy expense.

**Note 12 – Retirement Plan**

New Horizons participates in a defined contribution retirement plan covering substantially all eligible employees, which is based on a minimum length of service. New Horizons' contribution to the Plan is equal to a percentage of the compensation of participants. Effective May 25, 2006, contribution rates decreased from a range of 2% to 6% to the new range of 1% to 3%. However, participants must make contributions representing percentages of their gross salary, ranging from 1% to 3%, in order to obtain employer matching benefits. New Horizons' contribution to the retirement plan for the year ended June 30, 2010, was \$189,690.

**New Horizons of the Treasure Coast, Inc.**

Notes to Financial Statements (continued)

**Note 13 – Operating Leases**

New Horizons leases various facilities from third parties. Rental expense incurred under operating leases for the year ending June 30, 2010, amounted to \$267,930. The future minimum rental payments are as follows:

June 30, 2011	\$ 124,374
June 30, 2012	56,700
June 30, 2012	37,800
	<hr/> <hr/> \$ 218,874

**Note 14 – Malpractice and Professional Liability Insurance**

New Horizons has an occurrence-based medical malpractice and professional liability policy. The policy coverage is limited to \$1,000,000 per occurrence and \$3,000,000 in aggregate, with no self-insured retention.

Management is unaware of any claim against New Horizons not covered by insurance requiring accrual in the accompanying financial statements. Incurred but not reported losses cannot be estimated by management and therefore, no accrual has been included in the accompanying financial statements.

**Note 15 – Dependency on Governmental Support**

New Horizons receives a substantial amount of support from state and local governmental agencies for specific programs supporting poor and indigent clients. A reduction in the level of future support from the state and local governmental agencies could have a substantial effect on these programs and activities.

**ADDITIONAL INFORMATION**

**New Horizons of the Treasure Coast, Inc.**  
 Program/Cost Center Actual Expenses and Revenues Schedule  
 For the year ended June 30, 2010

	Program Services				
	Case Management	Forensic Case Management	Intensive Case Management	Mobile Crisis	Residential Level I SRT
<b>Funding Sources and Revenues</b>					
<b>State SAMH Funding:</b>					
District 15	\$ 309,927	\$ 111,363	\$ 205,064	\$ 603,573	\$ 1,711,687
<b>Other Gov't Funding:</b>					
Other State Agency funding	-	-	-	-	-
Medicaid	156,640	-	133,254	-	-
Other government	146,468	-	133,184	14,792	-
<b>Total other gov't funding</b>	<b>303,108</b>	<b>-</b>	<b>266,438</b>	<b>14,792</b>	<b>-</b>
<b>All Other Revenues</b>					
1st and 2nd party payments	28,421	-	23,970	-	50,279
3rd party pymts (except Medicare)	304,439	-	203,433	-	-
Medicare	(49)	-	205	-	-
Contributions and donations	1,075	-	-	-	600
Other income	-	-	-	-	-
In-kind	-	-	-	-	-
<b>Total all other revenues</b>	<b>333,886</b>	<b>-</b>	<b>227,608</b>	<b>-</b>	<b>50,879</b>
<b>Total funding</b>	<b>\$ 946,921</b>	<b>\$ 111,363</b>	<b>\$ 699,110</b>	<b>\$ 618,365</b>	<b>\$ 1,762,566</b>
<b>Expense Categories</b>					
<b>Personnel expenses:</b>					
Salaries	\$ 396,398	\$ 66,680	\$ 376,525	\$ 236,672	\$ 838,088
Fringe benefits	104,327	18,543	92,902	56,499	190,784
<b>Total personnel expenses</b>	<b>500,725</b>	<b>85,223</b>	<b>469,427</b>	<b>293,171</b>	<b>1,028,872</b>
<b>Other Expenses:</b>					
Building occupancy	52,603	3,132	38,369	25,793	54,251
Professional services	-	-	-	1,308	30,035
Travel	7,015	9,151	7,830	1,283	1,509
Equipment costs	15,843	623	11,115	938	6,329
Food services	228	3	74	(1)	118,199
Medical and pharmacy	122	11	31	(3)	93,750
Subcontracted services	3,789	465	2,925	1,876	5,413
Depreciation	19,455	2,477	15,437	15,301	36,141
Insurance	13,440	2,624	13,873	14,764	34,415
Interest	650	-	1	35	1
Telephone	15,020	1,936	12,521	4,218	4,830
Operating supplies/expenses	4,695	168	3,417	1,521	6,588
Other expenses	28,118	992	14,677	9	19,037
<b>Total other expenses</b>	<b>160,978</b>	<b>21,582</b>	<b>120,270</b>	<b>67,042</b>	<b>410,498</b>
<b>Total personnel and other expenses</b>	<b>661,703</b>	<b>106,805</b>	<b>589,697</b>	<b>360,213</b>	<b>1,439,370</b>
<b>Distributed Indirect Costs:</b>					
Administration	81,975	17,004	80,359	62,179	215,492
Other support	43,129	10,188	37,013	59,059	167,445
<b>Total distr'd indirect costs</b>	<b>125,104</b>	<b>27,192</b>	<b>117,372</b>	<b>121,238</b>	<b>382,937</b>
<b>Total Actual Operating Expenses</b>	<b>786,807</b>	<b>133,997</b>	<b>707,069</b>	<b>481,451</b>	<b>1,822,307</b>
Unallowable Costs	5,547	723	4,553	4,733	11,719
<b>Total allowable oper expenses</b>	<b>\$ 781,260</b>	<b>\$ 133,274</b>	<b>\$ 702,516</b>	<b>\$ 476,718</b>	<b>\$ 1,810,588</b>
<b>Capital expenditures</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**New Horizons of the Treasure Coast, Inc.**

Program/Cost Center Actual Expenses and Revenues Schedule (continued)

For the year ended June 30, 2010

	Program Services				
	Residential IV CSS	Crisis Stabilization	Outpatient Treatment	Crisis Support/ Emergency	Outpatient Medical Services
<b>Funding Sources and Revenues</b>					
<b>State SAMH Funding:</b>					
District 15	\$ 344,924	\$ 2,197,154	\$ -	\$ 917,781	\$ 1,696,212
<b>Other Gov't Funding:</b>					
Other State Agency funding	-	-	-	-	-
Medicaid	-	1,239	84,648	(31)	214,671
Other government	2,354	277,140	1,738	183,246	235,912
<b>Total other gov't funding</b>	<b>2,354</b>	<b>278,379</b>	<b>86,386</b>	<b>183,215</b>	<b>450,583</b>
<b>All Other Revenues</b>					
1st and 2nd party payments	107,819	(4,200)	11,483	193	72,679
3rd party pymts (except Medicare)	-	630,416	334,475	16,344	659,182
Medicare	-	23	53,764	24	137,878
Contributions and donations	-	100	-	-	-
Other income	-	-	-	-	-
In-kind	-	-	-	-	1,071,811
<b>Total all other revenues</b>	<b>107,819</b>	<b>626,339</b>	<b>399,722</b>	<b>16,561</b>	<b>1,941,550</b>
<b>Total funding</b>	<b>\$ 455,097</b>	<b>\$ 3,101,872</b>	<b>\$ 486,108</b>	<b>\$ 1,117,557</b>	<b>\$ 4,088,345</b>
<b>Expense Categories</b>					
<b>Personnel expenses:</b>					
Salaries	\$ -	\$ 1,451,136	\$ 236,894	\$ 545,262	\$ 893,420
Fringe benefits	-	340,273	51,281	129,448	222,760
<b>Total personnel expenses</b>	<b>-</b>	<b>1,791,409</b>	<b>288,175</b>	<b>674,710</b>	<b>1,116,180</b>
<b>Other Expenses:</b>					
Building occupancy	(5)	89,332	22,504	42,440	43,558
Professional services	-	176,232	137	2,130	288,896
Travel	-	6,284	1,571	2,862	3,376
Equipment costs	188	11,345	3,964	8,327	4,562
Food services	(1)	155,776	-	11,473	1
Medical and pharmacy	(3)	140,696	218	5,072	1,156,978
Subcontracted services	-	16,188	1,337	7,666	9,476
Depreciation	-	57,980	9,153	15,069	18,134
Insurance	-	57,508	6,369	20,875	58,707
Interest	-	2	390	1	1
Telephone	-	8,095	4,090	3,592	6,252
Operating supplies/expenses	45	15,725	4,403	6,846	9,408
Other expenses	315,921	12,801	564	906	3,813
<b>Total other expenses</b>	<b>316,145</b>	<b>747,964</b>	<b>54,700</b>	<b>127,259</b>	<b>1,603,162</b>
<b>Total personnel and other expenses</b>	<b>316,145</b>	<b>2,539,373</b>	<b>342,875</b>	<b>801,969</b>	<b>2,719,342</b>
<b>Distributed Indirect Costs:</b>					
Administration	67,428	386,458	59,176	158,449	313,019
Other support	2,154	311,969	68,305	182,547	219,439
<b>Total distr'd indirect costs</b>	<b>69,582</b>	<b>698,427</b>	<b>127,481</b>	<b>340,996</b>	<b>532,458</b>
<b>Total Actual Operating Expenses</b>	<b>385,727</b>	<b>3,237,800</b>	<b>470,356</b>	<b>1,142,965</b>	<b>3,251,800</b>
Unallowable Costs	-	19,103	2,575	-	5,887
<b>Total allowable oper expenses</b>	<b>\$ 385,727</b>	<b>\$ 3,218,697</b>	<b>\$ 467,781</b>	<b>\$ 1,142,965</b>	<b>\$ 3,245,913</b>
<b>Capital expenditures</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**New Horizons of the Treasure Coast, Inc.**

Program/Cost Center Actual Expenses and Revenues Schedule (continued)

For the year ended June 30, 2010

	Supported Community Services	Criminal Justice St. Lucie Co.	FACT	Total AMH Revenues	ASA Independence Recovery
<b>Funding Sources and Revenues</b>					
<b>State SAMH Funding:</b>					
District 15	\$ 545,744	\$ 70,000	\$ 1,254,096	\$ 9,967,525	\$ 105,639
<b>Other Gov't Funding:</b>					
Other State Agency funding	-	-	-	-	-
Medicaid	151,119	7,103	48	748,691	-
Other government	136,292	343,905	-	1,475,031	139,541
<b>Total other gov't funding</b>	<b>287,411</b>	<b>351,008</b>	<b>48</b>	<b>2,223,722</b>	<b>139,541</b>
<b>All Other Revenues</b>					
1st and 2nd party payments	28,894	(2)	90	319,626	63,040
3rd party pymts (except Medicare)	172,686	506	(80)	2,321,401	9,604
Medicare	-	96	-	191,941	-
Contributions and donations	250	200	1,335	3,560	250
Other income	1,594	-	-	1,594	-
In-kind	-	-	-	1,071,811	-
<b>Total all other revenues</b>	<b>203,424</b>	<b>800</b>	<b>1,345</b>	<b>3,909,933</b>	<b>72,894</b>
<b>Total funding</b>	<b>\$ 1,036,579</b>	<b>\$ 421,808</b>	<b>\$ 1,255,489</b>	<b>\$ 16,101,180</b>	<b>\$ 318,074</b>
<b>Expense Categories</b>					
<b>Personnel expenses:</b>					
Salaries	\$ 438,981	\$ 224,898	\$ 597,655	\$ 6,302,609	\$ 144,178
Fringe benefits	109,424	51,034	137,670	1,504,945	34,959
<b>Total personnel expenses</b>	<b>548,405</b>	<b>275,932</b>	<b>735,325</b>	<b>7,807,554</b>	<b>179,137</b>
<b>Other Expenses:</b>					
Building occupancy	70,123	395	79,802	522,297	16,534
Professional services	-	-	-	498,738	751
Travel	12,667	3,101	10,193	66,842	1,624
Equipment costs	13,050	1,072	14,380	91,736	1,262
Food services	1,831	(1)	165	287,747	30,682
Medical and pharmacy	13	25,396	1,677	1,423,958	5,436
Subcontracted services	3,466	1,553	4,739	58,893	953
Depreciation	32,916	316	25,956	248,335	9,940
Insurance	24,485	7,743	38,253	293,056	10,135
Interest	12	-	2	1,095	(2)
Telephone	15,606	757	11,568	88,485	1,466
Operating supplies/expenses	3,802	274	6,240	63,132	3,502
Other expenses	16,040	92,285	250,476	755,639	3,034
<b>Total other expenses</b>	<b>194,011</b>	<b>132,891</b>	<b>443,451</b>	<b>4,399,953</b>	<b>85,317</b>
<b>Total personnel and other expenses</b>	<b>742,416</b>	<b>408,823</b>	<b>1,178,776</b>	<b>12,207,507</b>	<b>264,454</b>
<b>Distributed Indirect Costs:</b>					
Administration	105,978	42,946	129,861	1,720,324	62,576
Other support	52,142	56	55,245	1,208,691	52,866
<b>Total distr'd indirect costs</b>	<b>158,120</b>	<b>43,002</b>	<b>185,106</b>	<b>2,929,015</b>	<b>115,442</b>
<b>Total Actual Operating Expenses</b>	<b>900,536</b>	<b>451,825</b>	<b>1,363,882</b>	<b>15,136,522</b>	<b>379,896</b>
Unallowable Costs	10,007	-	7,538	72,385	3,318
<b>Total allowable oper expenses</b>	<b>\$ 890,529</b>	<b>\$ 451,825</b>	<b>\$ 1,356,344</b>	<b>\$ 15,064,137</b>	<b>\$ 376,578</b>
<b>Capital expenditures</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**New Horizons of the Treasure Coast, Inc.**

Program/Cost Center Actual Expenses and Revenues Schedule (continued)

For the year ended June 30, 2010

	Program Services				
	ASA Outpatient Treatment	Detox Residential	Family Intervention	Total ASA Revenues	CMH Case Management
<b>Funding Sources and Revenues</b>					
<b>State SAMH Funding:</b>					
District 15	\$ -	\$ 722,251	\$ 195,262	\$ 1,023,152	\$ 61,137
<b>Other Gov't Funding:</b>					
Other State Agency funding	-	-	-	-	-
Medicaid	15,398	100	-	15,498	7,063
Other government	65	395,669	-	535,275	5,600
<b>Total other gov't funding</b>	<b>15,463</b>	<b>395,769</b>	<b>-</b>	<b>550,773</b>	<b>12,663</b>
<b>All Other Revenues</b>					
1st and 2nd party payments	33,079	(139,701)	80	(43,502)	13,828
3rd party pymts (except Medicare)	6,769	70,307	-	86,680	475,711
Medicare	(73)	-	-	(73)	-
Contributions and donations	-	-	-	250	514
Other income	-	-	-	-	-
In-kind	-	2,000	-	2,000	-
<b>Total all other revenues</b>	<b>39,775</b>	<b>(67,394)</b>	<b>80</b>	<b>45,355</b>	<b>490,053</b>
<b>Total funding</b>	<b>\$ 55,238</b>	<b>\$1,050,626</b>	<b>\$ 195,342</b>	<b>\$ 1,619,280</b>	<b>\$ 563,853</b>
<b>Expense Categories</b>					
<b>Personnel expenses:</b>					
Salaries	\$ 31,664	\$ 518,224	\$ 88,044	\$ 782,110	\$ 287,871
Fringe benefits	7,563	120,783	16,532	179,837	76,475
<b>Total personnel expenses</b>	<b>39,227</b>	<b>639,007</b>	<b>104,576</b>	<b>961,947</b>	<b>364,346</b>
<b>Other Expenses:</b>					
Building occupancy	5,697	31,212	8,858	62,301	18,159
Professional services	-	52,654	445	53,850	-
Travel	3,299	2,378	3,804	11,105	15,114
Equipment costs	739	4,911	3,133	10,045	12,364
Food services	2	66,667	-	97,351	16
Medical and pharmacy	5	20,709	98	26,248	371
Subcontracted services	261	3,835	30,948	35,997	41,715
Depreciation	5,952	22,581	3,772	42,245	9,237
Insurance	2,499	17,351	4,348	34,333	11,663
Interest	649	3	-	650	1
Telephone	2,290	2,578	2,359	8,693	11,115
Operating supplies/expenses	1,149	4,037	592	9,280	1,425
Other expenses	527	4,354	19,286	27,201	2,628
<b>Total other expenses</b>	<b>23,069</b>	<b>233,270</b>	<b>77,643</b>	<b>419,299</b>	<b>123,808</b>
<b>Total personnel and other expenses</b>	<b>62,296</b>	<b>872,277</b>	<b>182,219</b>	<b>1,381,246</b>	<b>488,154</b>
<b>Distributed Indirect Costs:</b>					
Administration	20,390	141,323	27,004	251,293	67,407
Other support	17,012	121,040	25,365	216,283	30,894
<b>Total distr'd indirect costs</b>	<b>37,402</b>	<b>262,363</b>	<b>52,369</b>	<b>467,576</b>	<b>98,301</b>
<b>Total Actual Operating Expenses</b>	<b>99,698</b>	<b>1,134,640</b>	<b>234,588</b>	<b>1,848,822</b>	<b>586,455</b>
Unallowable Costs	1,836	7,535	1,179	13,868	2,709
<b>Total allowable oper expenses</b>	<b>\$ 97,862</b>	<b>\$1,127,105</b>	<b>\$ 233,409</b>	<b>\$ 1,834,954</b>	<b>\$ 583,746</b>
<b>Capital expenditures</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**New Horizons of the Treasure Coast, Inc.**

Program/Cost Center Actual Expenses and Revenues Schedule (continued)

For the year ended June 30, 2010

	Program Services				
	CMH Outpatient Treatment	CMH Medical Services	CMH Crisis Stabilization	Prevention SAP	Total Childrens Services
<b>Funding Sources and Revenues</b>					
<b>State SAMH Funding:</b>					
District 15	\$ 215,859	\$ 86,266	\$ 998,000	\$ 199,524	\$ 1,560,786
<b>Other Gov't Funding:</b>					
Other State Agency funding	155,277	-	-	-	155,277
Medicaid	28,260	12,698	-	-	48,021
Other government	36,123	43,921	-	416,654	502,298
<b>Total other gov't funding</b>	<b>219,660</b>	<b>56,619</b>	<b>-</b>	<b>416,654</b>	<b>705,596</b>
<b>All Other Revenues</b>					
1st and 2nd party payments	33,201	16,111	-	-	63,140
3rd party pymts (except Medicare)	563,901	267,071	-	-	1,306,683
Medicare	-	-	-	-	-
Contributions and donations	-	-	-	50	564
Other income	-	-	-	-	-
In-kind	-	-	2,019	-	2,019
<b>Total all other revenues</b>	<b>597,102</b>	<b>283,182</b>	<b>2,019</b>	<b>50</b>	<b>1,372,406</b>
<b>Total funding</b>	<b>\$ 1,032,621</b>	<b>\$ 426,067</b>	<b>\$ 1,000,019</b>	<b>\$ 616,228</b>	<b>\$ 3,638,788</b>
<b>Expense Categories</b>					
<b>Personnel expenses:</b>					
Salaries	\$ 430,523	\$ 234,256	\$ 43,364	\$ 401,585	\$ 1,397,599
Fringe benefits	98,160	45,267	11,591	102,624	334,117
<b>Total personnel expenses</b>	<b>528,683</b>	<b>279,523</b>	<b>54,955</b>	<b>504,209</b>	<b>1,731,716</b>
<b>Other Expenses:</b>					
Building occupancy	40,526	4,350	4,830	41,328	109,193
Professional services	-	-	-	-	-
Travel	21,178	3,196	683	8,989	49,160
Equipment costs	12,157	674	-	3,756	28,951
Food services	11	-	-	(2)	25
Medical and pharmacy	36	1	-	(4)	404
Subcontracted services	176,925	15,266	375	3,045	237,326
Depreciation	15,221	3,371	-	1,574	29,403
Insurance	15,499	8,829	-	17,339	53,330
Interest	650	324	-	649	1,624
Telephone	11,768	1,778	535	3,997	29,193
Operating supplies/expenses	1,539	137	3,825	5,018	11,944
Other expenses	646	263	-	13,179	16,716
<b>Total other expenses</b>	<b>296,156</b>	<b>38,189</b>	<b>10,248</b>	<b>98,868</b>	<b>567,269</b>
<b>Total personnel and other expenses</b>	<b>824,839</b>	<b>317,712</b>	<b>65,203</b>	<b>603,077</b>	<b>2,298,985</b>
<b>Distributed Indirect Costs:</b>					
Administration	93,867	55,616	-	88,131	305,021
Other support	35,979	15,552	-	-	82,425
<b>Total distr'd indirect costs</b>	<b>129,846</b>	<b>71,168</b>	<b>-</b>	<b>88,131</b>	<b>387,446</b>
<b>Total Actual Operating Expenses</b>	<b>954,685</b>	<b>388,880</b>	<b>65,203</b>	<b>691,208</b>	<b>2,686,431</b>
Unallowable Costs	4,492	998	-	-	8,199
<b>Total allowable oper expenses</b>	<b>\$ 950,193</b>	<b>\$ 387,882</b>	<b>\$ 65,203</b>	<b>\$ 691,208</b>	<b>\$ 2,678,232</b>
<b>Capital expenditures</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>



**New Horizons of the Treasure Coast, Inc.**

Program/Cost Center Actual Expenses and Revenues Schedule (continued)

For the year ended June 30, 2010

	Program Services				Total
	Total for State SAMH Funded Cost Centers	Non-State Funded SAMH Cost Centers	Total for all State Designated SAMH Cost Centers	Non-SAMH Cost Centers	
<b>Funding Sources and Revenues</b>					
<b>State SAMH Funding:</b>					
District 15	\$ 12,551,463	\$ -	\$ 12,551,463	\$ 2,332	\$ 12,553,795
<b>Other Gov't Funding:</b>					
Other State Agency funding	155,277	-	155,277	-	155,277
Medicaid	812,210	-	812,210	-	812,210
Other government	2,512,604	416,878	2,929,482	-	2,929,482
<b>Total other gov't funding</b>	<b>3,480,091</b>	<b>416,878</b>	<b>3,896,969</b>	<b>-</b>	<b>3,896,969</b>
<b>All Other Revenues</b>					
1st and 2nd party payments	339,264	(50)	339,214	3,453	342,667
3rd party pymts (except Medicare)	3,714,764	-	3,714,764	-	3,714,764
Medicare	191,868	-	191,868	-	191,868
Contributions and donations	4,374	-	4,374	-	4,374
Other income	1,594	-	1,594	-	1,594
In-kind	1,075,830	-	1,075,830	-	1,075,830
<b>Total all other revenues</b>	<b>5,327,694</b>	<b>(50)</b>	<b>5,327,644</b>	<b>3,453</b>	<b>5,331,097</b>
<b>Total funding</b>	<b>\$ 21,359,248</b>	<b>\$ 416,828</b>	<b>\$ 21,776,076</b>	<b>\$ 5,785</b>	<b>\$ 21,781,861</b>
<b>Expense Categories</b>					
<b>Personnel expenses:</b>					
Salaries	\$ 8,482,318	\$ 272,342	\$ 8,754,660	\$ 1,464	\$ 8,756,124
Fringe benefits	2,018,899	52,750	2,071,649	-	2,071,649
<b>Total personnel expenses</b>	<b>10,501,217</b>	<b>325,092</b>	<b>10,826,309</b>	<b>1,464</b>	<b>10,827,773</b>
<b>Other Expenses:</b>					
Building occupancy	693,791	20,879	714,670	-	714,670
Professional services	552,588	1,059	553,647	-	553,647
Travel	127,107	4,005	131,112	502	131,614
Equipment costs	130,732	2,178	132,910	-	132,910
Food services	385,123	8,029	393,152	-	393,152
Medical and pharmacy	1,450,610	-	1,450,610	2,456	1,453,066
Subcontracted services	332,216	1,886	334,102	-	334,102
Depreciation	319,983	11,049	331,032	-	331,032
Insurance	380,719	11,654	392,373	-	392,373
Interest	3,369	52	3,421	-	3,421
Telephone	126,371	3,772	130,143	-	130,143
Operating supplies/expenses	84,356	3,718	88,074	-	88,074
Other expenses	799,556	2,739	802,295	-	802,295
<b>Total other expenses</b>	<b>5,386,521</b>	<b>71,020</b>	<b>5,457,541</b>	<b>2,958</b>	<b>5,460,499</b>
<b>Total personnel and other expenses</b>	<b>15,887,738</b>	<b>396,112</b>	<b>16,283,850</b>	<b>4,422</b>	<b>16,288,272</b>
<b>Distributed Indirect Costs:</b>					
Administration	2,276,638	44,985	2,321,623	-	2,321,623
Other support	1,507,399	14,630	1,522,029	-	1,522,029
<b>Total distr'd indirect costs</b>	<b>3,784,037</b>	<b>59,615</b>	<b>3,843,652</b>	<b>-</b>	<b>3,843,652</b>
<b>Total Actual Operating Expenses</b>	<b>19,671,775</b>	<b>455,727</b>	<b>20,127,502</b>	<b>4,422</b>	<b>20,131,924</b>
Unallowable Costs	94,452	1,789	96,241	-	96,241
<b>Total allowable oper expenses</b>	<b>\$ 19,577,323</b>	<b>\$ 453,938</b>	<b>\$ 20,031,261</b>	<b>\$ 4,422</b>	<b>\$ 20,035,683</b>
<b>Capital expenditures</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**New Horizons of the Treasure Coast, Inc.**

Program/Cost Center Actual Expenses and Revenues Schedule (continued)

For the year ended June 30, 2010

	Supporting Services			Total
	Administration	Support Services	Total	
<b>Funding Sources and Revenues</b>				
<b>State SAMH Funding:</b>				
District 15	\$ -	\$ -	\$ -	\$ 12,553,795
<b>Other Gov't Funding:</b>				
Other State Agency funding	-	-	-	155,277
Medicaid	-	-	-	812,210
Other government	-	-	-	2,929,481
<b>Total other gov't funding</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,896,968</b>
<b>All Other Revenues</b>				
1st and 2nd party payments	-	-	-	342,667
3rd party pymts (except Medicare)	-	-	-	3,714,764
Medicare	-	-	-	191,868
Contributions and donations	228,252	-	228,252	232,626
Other income	(6,748)	14,076	7,328	8,922
In-kind	-	-	-	1,075,830
<b>Total all other revenues</b>	<b>221,504</b>	<b>14,076</b>	<b>235,580</b>	<b>5,566,677</b>
<b>Total funding</b>	<b>\$ 221,504</b>	<b>\$ 14,076</b>	<b>\$ 235,580</b>	<b>\$ 22,017,440</b>
<b>Expense Categories</b>				
<b>Personnel expenses:</b>				
Salaries	\$ 1,241,674	\$ 1,264,299	\$ 2,505,973	\$ 11,262,097
Fringe benefits	294,154	329,129	623,283	2,694,932
<b>Total personnel expenses</b>	<b>1,535,828</b>	<b>1,593,428</b>	<b>3,129,256</b>	<b>13,957,029</b>
<b>Other Expenses:</b>				
Building occupancy	58,261	27,660	85,921	800,591
Professional services	86,930	-	86,930	640,577
Travel	21,962	11,936	33,898	165,512
Equipment costs	44,504	23,811	68,315	201,225
Food services	4,561	(229,584)	(225,023)	168,129
Medical and pharmacy	3,680	(59,788)	(56,108)	1,396,958
Subcontracted services	136,283	50,748	187,031	521,133
Depreciation	110,571	8,481	119,052	450,084
Insurance	61,868	44,377	106,245	498,618
Interest	160,758	2	160,760	164,181
Telephone	16,040	7,754	23,794	153,937
Operating supplies/expenses	94,268	38,484	132,752	220,826
Other expenses	105,875	4,720	110,595	912,890
<b>Total other expenses</b>	<b>905,561</b>	<b>(71,399)</b>	<b>834,162</b>	<b>6,294,661</b>
<b>Total personnel and other expenses</b>	<b>2,441,389</b>	<b>1,522,029</b>	<b>3,963,418</b>	<b>20,251,690</b>
<b>Distributed Indirect Costs:</b>				
Administration	(2,321,623)	-	(2,321,623)	-
Other support	-	(1,522,029)	(1,522,029)	-
<b>Total distr'd indirect costs</b>	<b>(2,321,623)</b>	<b>(1,522,029)</b>	<b>(3,843,652)</b>	<b>-</b>
<b>Total Actual Operating Expenses</b>	<b>119,766</b>	<b>-</b>	<b>119,766</b>	<b>20,251,690</b>
Unallowable Costs	119,766	-	119,766	216,007
<b>Total allowable oper expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 20,035,683</b>
<b>Capital expenditures</b>	<b>\$ 61,296</b>	<b>\$ -</b>	<b>\$ 61,296</b>	<b>\$ 61,296</b>

**New Horizons of the Treasure Coast, Inc.**

Schedule of Revenues

For the year ended June 30, 2010

(With comparative totals for 2009)

	2010	2009
	Total	Total (memo only)
<b>State ADM Grants:</b>		
State of Florida, Department of Children & Families Alcohol, Drug Abuse and Mental Health	\$ 12,553,795	\$ 11,844,853
<b>Government and Other Local Funding:</b>		
Other Government funding	344,910	1,230,771
Local government grants:		
St. Lucie County	1,616,895	1,525,994
Indian River County	683,747	543,148
Martin County	359,731	367,940
Okeechobee County	79,475	78,473
<b>Total government and other local funding</b>	<b>3,084,758</b>	<b>3,746,326</b>
<b>All other Funding and Revenues:</b>		
Medicaid	812,210	735,519
Medicare	191,868	251,335
First and third party fees	4,057,431	3,836,860
Contributions and donations	232,626	223,083
In-kind contributions	1,075,830	594,545
Interest	6,600	24,692
Other income	2,322	20,754
<b>Total all other funding and revenues</b>	<b>6,378,887</b>	<b>5,686,788</b>
<b>Total revenues</b>	<b>\$ 22,017,440</b>	<b>\$ 21,277,967</b>

**New Horizons of the Treasure Coast, 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	CFDA/ CSFA Number	Grant Contract Number	Expenditures
<b>U.S. Department of Health and Human Services:</b>			
Pass Through from Florida Department of Children & Families:			
Projects for Assistance in Transition from Homelessness (PATH)	93.150	ZHJ40	\$ 93,388
Medical Assistance Program	93.778	ZH246/ZHK47	303,332
Block Grants for Community Mental Health Services	93.958	ZHJ40/ZHK47	530,515
Block Grants for Prevention and Treatment of Substance Abuse	93.959	ZHJ40	734,443
Temporary Assistance for Needy Families	93.558	UA746&966	19,236
Child Welfare Services_State Grants	93.645	UA746&966	4,200
Foster Care-Title IV-E	93.658	UA746&966	35,131
Adoption Assistance	93.659	UA746&966	7,319
Promoting Safe and Stable Families	93.556	UA746&966	691
U.S Repatriation	93.579	N/A	2,332
<b>Total federal expenditures</b>			<b>\$ 1,730,587</b>
<b>State Grantor/Pass-through Grantor/Program Title</b>			
<b>Florida Department of Children &amp; Families:</b>			
Children's Baker Act Services	60.001	ZHJ40	\$ 291,655
Baker Act	60.006	ZHJ40	1,601,909
Substance Abuse Treatment and Aftercare Services for Children	60.030	ZHJ40	145,129
Substance Detoxification Services for Adults	60.031	ZHJ40	433,925
Substance Abuse Treatment and Aftercare Services for Adults	60.033	ZHJ40	185,902
Indigent Psychiatric Outpatient Services	60.039	ZHJ40	522,618
Adult Community Mental Health Florida Assertive	60.042	ZH247/ZHK47	254,100
Mental Health Adult Community Support Services	60.053	ZHJ40	3,989,883
Adult Community Mental Health Emergency Stabilization	60.054	ZHJ40	1,454,392
Children's Mental Health Community Support Services	60.055	ZHJ40	268,814
Community Forensic Beds	60.114	N/A	10,312
<b>United for Families</b>			
Community Based Care Support	60.094	UA756/966/977	132,319
<b>Total state expenditures</b>			<b>\$ 9,290,958</b>

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

**New Horizons of the Treasure Coast, Inc.**

Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance

**Note A – Basis of Presentation**

The accompanying schedule of expenditures of federal awards and state financial assistance was prepared to include the activity of all Federal and State awards of New Horizons and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**Note B – Matching Requirements**

New Horizons receives a substantial portion of its support from grants passed through the Department of Children and Families. Some of these grants require local match in the form of cash and/or in-kind resources.

Current match received includes local county revenues and in-kind contributions.

During the year ended June 30, 2010, the expenses on grants requiring a local match were as follows:

Contract Number	ZHJ40	Total
Required local match	\$ 1,996,001	\$ 1,996,001
Current match received	2,516,572	2,516,572
Excess match	\$ 520,571	\$ 520,571

The above match amounts are applied to the following cost centers:

Cost Center	
Case management	\$ 125,043
Intensive case management	114,647
Crisis stabilization	277,240
Mobile crisis	14,792
Outpatient medical services	1,124,944
Supported community services	131,098
Crisis support/emergency	183,246
Residential Level I SRT	600
FACT	1,335
Independence Recovery	55,250
Detox residential	397,669
Childrens case management	6,114
Childrens outpatient services	36,123
Childrens medical services	43,921
Student assistance program	4,550
	\$ 2,516,572

**New Horizons of the Treasure Coast, Inc.**  
Schedule of State Earnings  
For the year ended June 30, 2010

Total Expenditures	\$ 20,251,690
Less:	
Other State and Federal funds	(1,348,988)
Non-Match SAMH funds	(4,246,978)
Unallowable costs	(216,007)
Net allowable expenditures	14,439,717
Maximum available earnings (75% of allowable expenditures)	10,829,788
Amount of State funds requiring match	5,988,003
Amount due to Department of Children and Families	\$ -

**New Horizons of the Treasure Coast, Inc.**  
 Schedule of Bed-Day Availability Payments  
 For the year ended June 30, 2010

Program	Cost Center	State Contracted Rate	Total Units of Service Provided	Total Units of Service Paid for by 3rd Party Contracts, Local Gov't 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 (FxC)	Amount Owed to Department (G-H) or \$0, whichever is greater
A	B	C	D	E	F	G	H	I
Adult MH	Crisis stabilization unit	\$ 291.24	10,950	1,345	9,605	\$ 2,197,154	\$ 2,797,497	\$ -
Adult SA	Substance abuse detox	197.30	4,380	690	3,690	722,251	727,966	-
Adult MH	Short term residential treatment	247.28	7,300	-	7,300	1,711,687	1,805,144	-
Total amount owed to Department								\$ -

**New Horizons of the Treasure Coast, Inc.**  
 Schedule of Related Party Transaction Adjustments  
 For the year ended June 30, 2010

	Related * Party	Allocation of Related Party Transactions Adjustment			
		Cost Centers			Total
		1	2	3	
<b>Revenues from Grantees:</b>					
Rent	\$ -				
Services	-				
Interest	-				
Other income	-				
<b>Total revenues from grantees</b>	<b>-</b>				
<b>Expenses Associated with Grantee Transactions:</b>					
Personnel services	-				
Depreciation	-				
Interest	-				
Other expenses	-				
<b>Total associated expenses</b>	<b>-</b>				
<b>Related party transaction adjustment</b>	<b>\$ -</b>				

\* This schedule is not applicable for the current year. No related party transactions were identified.



**New Horizons of the Treasure Coast, Inc.**  
Schedule of Local Financial Assistance  
For the year ended June 30, 2010

	Accrued or (Deferred) Revenue at July 1, 2009	Cash Received	Reimbursable Expenditures	Accrued or (Deferred) Revenue at June 30, 2010
<b>Local Grants:</b>				
St. Lucie County Match	\$ -	\$ 673,606	\$ 673,606	\$ -
Martin County Match	-	331,431	331,431	-
Indian River County Match	32,025	388,239	372,483	16,269
Okeechobee County Match	4,584	54,583	59,582	9,583
Indian River County Forensic Contract	7,165	91,659	93,186	8,692
Indian River County Steps to Freedom	3,792	49,075	49,521	4,238
Indian River County Healthcare District	-	112,560	131,740	19,180
Martin County Steps to Recovery	2,307	28,231	28,300	2,376
St. Lucie County Children's Services Council	33,312	439,970	438,475	31,817
St. Lucie County Jail Diversion	29,798	277,545	279,142	31,395
St. Lucie County Mental Health Court	116,894	284,122	233,654	66,426
Okeechobee County Children's Service Council	6,110	29,982	28,225	4,353
<b>Total local assistance</b>	<b>\$ 235,987</b>	<b>\$ 2,761,003</b>	<b>\$ 2,719,345</b>	<b>\$ 194,329</b>



KMETZ NUTTALL ELWELL GRAHAM, PLLC  
*Certified Public Accountants*

**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***

To the Board of Directors  
New Horizons of the Treasure Coast, Inc.

We have audited the financial statements of New Horizons of the Treasure Coast, Inc. (New Horizons) (a nonprofit organization) as of and for the year ended June 30, 2010, and have issued our report thereon dated December 21, 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 New Horizons' 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 New Horizons' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of New Horizon'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 a 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 the 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 New Horizons' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, the Board of Directors, 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. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Kmetz, Nuttall, Elwell, Graham". The signature is written in a cursive, flowing style.

Kmetz, Nuttall, Elwell, Graham, PLLC  
Certified Public Accountants

December 21, 2010



KMETZ • NUTTALL • ELWELL • GRAHAM, PLLC  
*Certified Public Accountants*

**Independent Auditors' Report on Compliance with Requirements that could have a Direct and Material Effect on Each Major Federal Program and State Financial Assistance Project and on Internal Control over Compliance in Accordance with OMB Circular A-133 and Chapter 10.650, Rules of the Auditor General**

To the Board of Directors  
New Horizons of the Treasure Coast, Inc.

Compliance

We have audited the compliance of New Horizons of the Treasure Coast, Inc. (New Horizons) (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 financial assistance projects for the year ended June 30, 2010. New Horizons' major federal programs and state financial assistance 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 each of its major federal programs and state financial assistance projects is the responsibility of New Horizons' management. Our responsibility is to express an opinion on New Horizons' 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. Those standards, OMB Circular A-133 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 state financial assistance project occurred. An audit includes examining, on a test basis, evidence about New Horizons' 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 on New Horizons' compliance with those requirements.

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

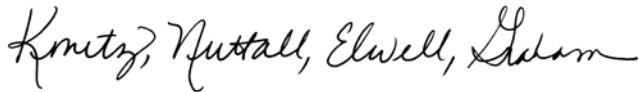
Internal Control over Compliance

Management of New Horizons 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 financial assistance projects. In planning and performing our audit, we considered New Horizon's internal control over compliance with the requirements that could have a direct and material effect on a major federal program or state financial assistance 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 our opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of New Horizons' 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 and state financial assistance project on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a 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 financial assistance 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 management, the Board of Directors, 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. However, this report is a matter of public record and its distribution is not limited.



Kmetz, Nuttall, Elwell, Graham, PLLC  
Certified Public Accountants

December 21, 2010

**New Horizons of the Treasure Coast, Inc.  
Schedule of Findings and Questioned Costs  
Federal Awards Programs and State Financial Assistance Projects  
Year Ended June 30, 2010**

**A. Summary of Audit Results**

1. The auditor's report expresses an unqualified opinion on the financial statements of New Horizons of the Treasure Coast, Inc.
2. No significant deficiencies relating to the audit of the financial statements are reported in the Independent Auditors' Report.
3. No instances of noncompliance material to the financial statements of New Horizons of the Treasure Coast, Inc. were disclosed during our audit.
4. No significant deficiencies relating to the audit of the major federal award program and/or state financial assistance projects is reported in the Independent Auditors' Report on Compliance with Requirements Applicable to Each Major Federal Program and State Financial Assistance Project and on Internal Control over Compliance in Accordance with OMB Circular A-133 and Chapter 10.650, Rules of the Auditor General.
5. The auditor's report on compliance for the major federal award program and state financial assistance projects for New Horizons of the Treasure Coast, Inc. expresses an unqualified opinion.
6. No audit findings or questioned costs relative to major federal award programs and state financial assistance projects, as are required to be reported under OMB Circular A-133 and Chapter 10.650, Rules of the Auditor General, are reported in Part C of this schedule.
7. The program/projects tested as major program/projects include:

<u>Federal Program</u>	<u>Federal CFDA No.</u>
Block Grants for Community Mental Health Services	93.958
Block Grants for Prevention and Treatment of Substance Abuse	93.959
<u>State Project</u>	<u>State CSFA No.</u>
Baker Act	60.006
Mental Health Adult Community Support Services	60.053
8. The threshold for distinguishing Type A and B programs was \$300,000 for major federal award programs and major state financial assistance projects.
9. New Horizons of the Treasure Coast, Inc. was determined to be a low-risk auditee pursuant to OMB Circular A-133.

**B. Findings - Financial Statements Audit - None**

**C. Findings and Questioned Costs - Major Federal Award Program and/or Major State Financial Assistance Project Audits - None**

**New Horizons of the Treasure Coast, Inc.  
Summary Schedule of Prior Audit Findings  
Year Ended June 30, 2010**

There were no instances of findings or questioned costs for major federal award programs or major state financial assistance projects in prior years.



### Management Letter

To the Board of Directors and  
Senior Management  
New Horizons of the Treasure Coast, Inc.  
Fort Pierce, Florida

We have completed our audit of the financial statements of New Horizons of the Treasure Coast, Inc. (New Horizons) for the year ended June 30, 2010, and issued our reports thereon dated December 21, 2010.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-profit Organizations*. We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and other Matters, Independent Auditor's report on Compliance with Requirements Applicable to each Major Federal Program and State Financial Assistance Project and on Internal Control over Compliance, and Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule, which are dated December 21, 2010, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with Chapter 10.650, Rules of the Auditor General, which requires disclosure in the management letter of violations of provisions of contracts or grant agreements, or abuse, that have an effect on the financial statements or State project amounts that is less than material but more than inconsequential. In addition, for matters that have an inconsequential effect on the financial statements or State project amounts, considering both quantitative and qualitative factors, the following may be reported based on professional judgment: (1) violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse, and (2) control deficiencies that are not significant deficiencies. In connection with our audit, there were no matters that are required to be disclosed.

#### CURRENT YEAR FINDINGS AND RECOMMENDATIONS

No current year findings.

#### STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS

No prior year findings.

This management letter is intended for the information of the Board of Directors, management, federal and state awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

Kmetz, Nuttall, Elwell, Graham, PLLC  
Certified Public Accountants

December 21, 2010