

OAKWOOD CENTER OF THE  
PALM BEACHES, INC.

FINANCIAL STATEMENTS  
AND ADDITIONAL INFORMATION

September 30, 2010

OAKWOOD CENTER OF THE PALM BEACHES, INC.  
FINANCIAL STATEMENTS  
AND ADDITIONAL INFORMATION  
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# FINANCIAL STATEMENTS



## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Oakwood Center of the Palm Beaches, Inc.  
West Palm Beach, Florida

We have audited the accompanying statement of financial position of Oakwood Center of the Palm Beaches, Inc. (the "Center"), (a not-for-profit organization), as of September 30, 2010, and the related statements of activities and cash flows for the year 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 audit. The prior year summarized comparative information has been derived from the Center's 2009 financial statements, and in our report dated March 8, 2010, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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 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 Oakwood Center of the Palm Beaches, Inc. as of September 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 March 14, 2011 on our consideration of Oakwood Center of the Palm Beaches, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grants, 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.

Oakwood Center of the Palm Beaches, Inc.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of Oakwood Center of the Palm Beaches, Inc. 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 the Florida Single Audit Act, and is not a required part of the basic financial statements. Further, the schedules of other state funding, local financial assistance, program/cost center actual expenses and revenues, state earnings and bed-day availability payments, are also presented for purposes of additional analysis and are not a required part of the basic financial statements. All supplemental 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.

*Keefe, McCullough & Co., LLP*  
KEEFE, McCULLOUGH & CO., LLP

Fort Lauderdale, Florida  
March 14, 2011

OAKWOOD CENTER OF THE PALM BEACHES, INC.  
STATEMENT OF FINANCIAL POSITION  
September 30, 2010  
(with comparative totals as of September 30, 2009)

A S S E T S

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Totals</u>	
			<u>2010</u>	<u>2009</u>
<b>ASSETS:</b>				
Cash and cash equivalents	\$ 1,673,717	\$ 116,603	\$ 1,790,320	\$ 2,458,814
Client personal funds	216,609	-	216,609	311,187
Accounts receivable:				
Clients, net of allowance for uncollectible accounts and contractual adjustments of \$ 6,091,726	-	-	-	-
Third parties, net of allowance for uncollectible accounts and contractual adjustments of \$ 11,804,175	1,015,830	-	1,015,830	1,015,290
Due from contracting agencies	1,998,056	-	1,998,056	1,076,756
Inventories	614,501	-	614,501	761,733
Prepaid expenses	429,318	-	429,318	442,677
Property and equipment, less accumulated depreciation of \$ 8,548,235	6,924,698	-	6,924,698	6,877,182
Intangible assets, less accumulated amortization of \$ 234,582	113,809	-	113,809	126,877
Deposits and other assets	52,264	-	52,264	55,645
Due from/to temporarily restricted/unrestricted fund	<u>2,244</u>	<u>(2,244)</u>	<u>-</u>	<u>-</u>
Total assets	\$ <u>13,041,046</u>	\$ <u>114,359</u>	\$ <u>13,155,405</u>	\$ <u>13,126,161</u>

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

**OAKWOOD CENTER OF THE PALM BEACHES, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
September 30, 2010  
(with comparative totals as of September 30, 2009)

**LIABILITIES AND NET ASSETS**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Totals</u>	
			<u>2010</u>	<u>2009</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 1,006,371	\$ -	\$ 1,006,371	\$ 750,864
Client personal funds payable	216,609	-	216,609	311,187
Employee compensation and other accrued expenses	850,861	-	850,861	936,746
Accrued employee leave benefits	559,362	-	559,362	573,684
Deferred revenue	605,537	-	605,537	589,230
Debt	<u>2,122,788</u>	<u>-</u>	<u>2,122,788</u>	<u>2,353,160</u>
Total liabilities	<u>5,361,528</u>	<u>-</u>	<u>5,361,528</u>	<u>5,514,871</u>
 <b>COMMITMENTS AND CONTINGENCIES</b> (Note 9)				
	-	-	-	-
 <b>NET ASSETS:</b>				
Unrestricted:				
Invested in property and equipment	4,801,910	-	4,801,910	4,524,022
For current operations	2,394,009	-	2,394,009	2,498,828
Board designated	483,599	-	483,599	478,584
Temporarily restricted	<u>-</u>	<u>114,359</u>	<u>114,359</u>	<u>109,856</u>
Total net assets	<u>7,679,518</u>	<u>114,359</u>	<u>7,793,877</u>	<u>7,611,290</u>
Total liabilities and net assets	<u>\$ 13,041,046</u>	<u>\$ 114,359</u>	<u>\$ 13,155,405</u>	<u>\$ 13,126,161</u>

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

**OAKWOOD CENTER OF THE PALM BEACHES, INC.**

**STATEMENT OF ACTIVITIES**

For the Year Ended September 30, 2010

(with comparative totals as of September 30, 2009)

	Unrestricted	Temporarily Restricted	Totals	
			2010	2009
<b>CHANGE IN NET ASSETS:</b>				
Operating revenue:				
Grants and contracts for				
Center operations	\$ 13,163,562	\$ -	\$ 13,163,562	\$ 14,221,015
Net patient service revenue	8,224,386	-	8,224,386	6,726,144
Donated in facility use, goods				
and services	1,138,038	-	1,138,038	1,514,144
Other operating revenue	156,535	-	156,535	279,688
	<u>22,682,521</u>	<u>-</u>	<u>22,682,521</u>	<u>22,740,991</u>
Total operating revenue				
Operating expenses:				
Operating expenses	21,728,111	-	21,728,111	22,386,431
Provision for depreciation	625,116	-	625,116	636,039
Interest expense	205,679	-	205,679	209,329
Provision for amortization	16,568	-	16,568	15,922
	<u>22,575,474</u>	<u>-</u>	<u>22,575,474</u>	<u>23,247,721</u>
Total operating expenses				
Excess of operating				
revenue over operating				
expenses	<u>107,047</u>	<u>-</u>	<u>107,047</u>	<u>(506,730)</u>
Nonoperating revenue (expense):				
Contributions	71,381	3,305	74,686	98,966
Interest income	34,491	1,198	35,689	37,370
Grants	-	-	-	-
Other revenue	-	-	-	2,670
Provision for depreciation	(10,482)	-	(10,482)	(10,483)
Loss on disposal of fixed assets	-	-	-	(19,063)
Other expenses	(24,353)	-	(24,353)	(57,543)
Net assets released from				
restrictions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total nonoperating				
revenue (expense)	<u>71,037</u>	<u>4,503</u>	<u>75,540</u>	<u>51,917</u>
Changes in net assets	178,084	4,503	182,587	(454,813)
NET ASSETS, at beginning				
of year	<u>7,501,434</u>	<u>109,856</u>	<u>7,611,290</u>	<u>8,066,103</u>
NET ASSETS, at end of year	<u>\$ 7,679,518</u>	<u>\$ 114,359</u>	<u>\$ 7,793,877</u>	<u>\$ 7,611,290</u>

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



OAKWOOD CENTER OF THE PALM BEACHES, INC.  
STATEMENT OF CASH FLOWS  
For the Year Ended September 30, 2010  
(with comparative totals for the year ended September 30, 2009)

	2010	2009
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 182,587	\$ (454,813)
Adjustments to reconcile change in net assets to cash provided by operating and nonoperating activities:		
Provision for depreciation	635,598	646,522
Provision for amortization	16,568	15,922
Loss on disposition of property and equipment	-	19,063
Provision for uncollectible accounts	(742,314)	(111,152)
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	741,774	1,002,698
(Increase) decrease in due from contracting agencies	(921,300)	858,202
(Increase) decrease in inventories	147,232	(348,150)
(Increase) decrease in prepaid expenses	13,359	(21,301)
(Increase) decrease in deposits and other assets	3,381	(14,390)
Increase (decrease) in accounts payable	255,507	53,395
Increase (decrease) in employee compensation and other accrued expenses	(85,885)	(103,479)
Increase (decrease) in accrued employee leave benefits	(14,322)	40,709
Increase (decrease) in deferred revenue	16,307	(6,683)
	<u>248,492</u>	<u>1,576,543</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Payments for the purchase of property and equipment	(683,114)	(270,141)
	<u>(683,114)</u>	<u>(270,141)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Appraisal costs	(3,500)	(10,550)
Principal payments on debt	(230,372)	(242,075)
	<u>(233,872)</u>	<u>(252,625)</u>
Net cash used in financing activities	<u>(233,872)</u>	<u>(252,625)</u>
Net increase (decrease) in cash and cash equivalents	(668,494)	1,053,777
CASH AND CASH EQUIVALENTS, at beginning of year	<u>2,458,814</u>	<u>1,405,037</u>
CASH AND CASH EQUIVALENTS, at end of year	<u>\$ 1,790,320</u>	<u>\$ 2,458,814</u>

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

OAKWOOD CENTER OF THE PALM BEACHES, INC.  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2010

NOTE 1 - ORGANIZATION AND OPERATIONS

Oakwood Center of the Palm Beaches, Inc. (the "Center") is a not-for-profit, tax exempt organization which provides various mental health and substance abuse services and operates a hospital in the northern part of Palm Beach County, Florida. The Center charges fees based upon its clients' ability to pay for clinical services and receives grants, contributions and contracts from various governmental agencies and other sources for providing these services.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation:

Financial statement presentation follows the recommendation of the Financial Accounting Standards Board in its Accounting Standards Codification (ASC) No. 958, *Not-for-Profit Entities* (formerly Statement of Financial Accounting Standards (SFAS) No. 117). Under ASC No. 958, the Center is required to report 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.

As of September 30, 2010, the Center had \$ 114,359 in temporarily restricted net assets and no permanently restricted net assets.

Cash and cash equivalents:

The Center considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. The Center routinely maintains cash balances at various financial institutions which exceed Federally insured amounts.

Promises to give:

Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met. The Center had no unconditional or conditional promises to give at September 30, 2010.

Accounts receivable:

The Center has established a sliding fee schedule wherein the clients are expected to pay amounts based upon their individual financial ability. Based on past experience, the Center believes if these amounts are not collected at the time of service, there is little likelihood of future payment. Accordingly, the full amount of accounts receivable from clients has been reserved at September 30, 2010.

Accounts receivable from third parties are carried at amounts estimated to be realized by the Center based on past experience.

Inventories:

Inventories, which consist primarily of drugs and food, are stated at current replacement cost. These resulting carrying amounts are not significantly different from those which would result if the lower of cost (first-in, first-out method) or market were used.

OAKWOOD CENTER OF THE PALM BEACHES, INC.  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2010

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and equipment:

Property and equipment are carried at cost if purchased or, if donated, at fair value on the date of donation, less accumulated depreciation. The Center follows the policy of providing for depreciation using the straight-line method over the estimated useful life of each type of asset which is as follows:

Buildings and improvements	5-40 years
Equipment and furniture	4-25 years
Computer equipment	3-5 years
Leasehold improvements	20 years

Maintenance and repairs are charged to expense when incurred. Additions and major renewals are capitalized.

Donations of property and equipment are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Without donor stipulations regarding how long these donated assets must be maintained, the Center reports expirations of donor restrictions when the donated assets are placed in service, reclassifying temporarily restricted net assets to unrestricted net assets at that time.

For the year ending September 30, 2010, the Center recorded no donated property and equipment.

Intangible assets:

Intangible assets consist of bond issue and loan costs. Bond issue costs are amortized on a straight-line basis over a twenty-five year period. Loan costs are amortized over the term of the related loan using the straight-line method.

Restricted and unrestricted revenue and support:

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Noncash contributions are recorded at their fair value on the date received.

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 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.

Client service revenue and grant/contract revenue:

Client service revenue is recognized when the services are provided. Revenue from governmental contracts for Center operations is recognized when the allowable costs, as defined by the grants or contracts, have been incurred and/or the unit of service provided.

OAKWOOD CENTER OF THE PALM BEACHES, INC.  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2010

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Deferred revenue:

Grant and contract revenue that is not recognized because the allowable costs as defined by the individual contract have not been incurred is considered deferred revenue.

Donated services, goods and facilities:

The Center receives donated goods and services, paying for most services requiring specific expertise. However, a number of volunteers have donated their time in certain of the Center's program service areas. Because of the difficulty in determining the number of hours for such services, those items are not disclosed in the accompanying financial statements. However, when the value of donated services requires specific expertise, they are recorded in the financial statements as revenue and as an expense, or as property and equipment, depending on the nature of the services provided. For the year ended September 30, 2010, the Center recorded as a revenue and as an expense \$ 25,508 in donated student nursing services which benefited the Center's inpatient services program. Donated goods are recorded at their fair value on the date received. For the year ended September 30, 2010, the Center recorded as \$ 1,068,850 in donated goods, principally drugs, recorded at cost which approximates market. For the year ended September 30, 2010, the Center also recorded \$ 43,680 representing donated facilities use at its fair rental value.

Income taxes:

The Center is a not-for-profit organization, exempt from tax under Internal Revenue Code 501(c)(3). Therefore, no tax provision has been made in the accompanying financial statements. The Center has been classified as a publicly supported organization which is not a private foundation under Section 509(a) of the Code.

Functional expenses:

The Center has a number of programs (cost centers) and maintains accounting records separately for each of them. Expenses incurred are charged to each program (cost center) for direct expenditures incurred. All expenses not directly chargeable are allocated based on the program's (cost center's) proportionate share of total expenditures.

Use of estimates:

The presentation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Summarized prior year information:

The financial statements include summarized comparative information from the prior year which is not presented by net asset type and functional expense classification and does not include sufficient detail to conform with generally accepted accounting principles. This information should be read in conjunction with the Center's financial statements for the year ended September 30, 2009, from which the comparative information was extracted.

Reclassifications:

Certain accounts in the prior year financial statements have been reclassified to confirm with the presentation in the current year financial statements.

OAKWOOD CENTER OF THE PALM BEACHES, INC.  
 NOTES TO FINANCIAL STATEMENTS  
 September 30, 2010

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Date of management review:

Subsequent events have been evaluated through March 14, 2011, which is the date the financial statements were available for issue.

NOTE 3 - GOVERNMENTAL CONTRACTS FOR CENTER OPERATIONS

The State of Florida is required by law to provide community mental health and substance abuse services and as a part of meeting this requirement enters into funding agreements for services on an annual basis with organizations that provide community services such as the Center. The release of funds is subject to monies being made available by the Federal government and the Florida Legislature. Additionally, Palm Beach County and the Children's Service Council of Palm Beach County also provide funding for these services. Certain of these agreements may be terminated by either party upon thirty days written notice. However, such an event would be unlikely if contract performance is satisfactory.

Program expenditures are subject to audit by the contracting agencies which, based on audit findings, may require that certain amounts be returned. In this regard, the Center records as a liability its estimate of potential paybacks. For the year ended September 30, 2010, no liabilities have been recorded.

In addition, certain funding arrangements require the Center to provide additional services on a specified matching basis. In all such contract arrangements, the Center has met its matching requirements. Matching requirements are as follows:

<u>Grantor</u>	<u>Contract Number</u>	<u>Matching Requirement</u>	<u>Contract Period Ended</u>
State of Florida Department of Children and Families	IH-590	\$ 2,099,641	June 30, 2010
State of Florida Department of Transportation	AL065	\$ 14,837	September 30, 2010
U.S. Department of Housing and Urban Development	FL0321B45D05901	\$ 14,089	February 28, 2010
	FL14B70-5009	\$ 53,984	September 30, 2010
	R2009-1634	\$ 21,730	June 30, 2010
	R2009-1162	\$ 156,750	July 31, 2010
	R2009-0825	\$ 6,153	May 22, 2010

Further, under certain contractual arrangements with various governmental agencies, final amounts due the Center for services to program clients are not determined until after the Center's cost reports, filed annually, are audited or otherwise settled. Amounts estimated as reimbursable at the end of the fiscal year are recorded by the Center.

OAKWOOD CENTER OF THE PALM BEACHES, INC.  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2010

NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment consists of the following at September 30, 2010:

	<u>2010</u>	<u>2009</u>
Buildings and improvements	\$ 10,372,678	\$ 10,160,778
Equipment and furniture	2,386,367	1,924,899
Computer equipment	794,717	658,272
Leasehold improvements	<u>170,855</u>	<u>147,618</u>
	13,724,617	12,891,567
Less accumulated depreciation	<u>8,548,235</u>	<u>7,912,635</u>
	5,176,382	4,978,932
Construction in progress	180,148	330,082
Land	<u>1,568,168</u>	<u>1,568,168</u>
	<u>\$ 6,924,698</u>	<u>\$ 6,877,182</u>

NOTE 5 - PENSION PLANS

The Center has a defined contribution pension plan covering all eligible employees who have 1,000 hours of service, one year of employment and are age eighteen or older. Effective January 1, 2010, the Center contributed 2.5% of all eligible employees' compensation and will match up to an additional 2.5% should the employee elect to contribute to the plan. Previously, the Center contributed 5% of all eligible employees' compensation and there no was match required. The contributions are reduced by forfeitures for the unvested balance applying to those employees who leave the Center. The pension expense for the year ended September 30, 2010 was approximately \$ 386,300.

In addition to the Plan above, the Center also offers all of its employees a tax deferred annuity under Internal Revenue Code Section 403(b). Employees may contribute to a tax deferred annuity subject to certain annual limitations. No contributions are made by the Center to an employee's tax deferred annuity.

NOTE 6 - LINE OF CREDIT

At September 30, 2010, the Center had a \$ 1,000,000 revolving line of credit for working capital needs, including real estate investment, which expires in June, 2011. Borrowing against the line of credit bears interest at a rate of 5.50%. This credit line is secured by all business assets of the Center. This credit line is subject to a consecutive forty-five day annual "out of debt" period wherein the outstanding balance must not exceed \$ 2,500. In addition, this obligation is cross-collateralized and cross-defaulted with two mortgage notes (Note 7). At September 30, 2010, this facility had no outstanding balance.



OAKWOOD CENTER OF THE PALM BEACHES, INC.  
 NOTES TO FINANCIAL STATEMENTS  
 September 30, 2010

NOTE 7 - DEBT

The Center is a participant in an agreement with the Osceola County Industrial Development Authority and a financial institution in a financing arrangement funded principally through the issuance of 1993 Series Industrial Development Revenue Bonds.

The bonds will be paid through ten sinking fund installments per year including principal, interest at a 7.75% coupon rate, and fees. Estimated monthly installments of \$ 36,787, including interest, are due monthly until maturity in July 2017.

The bonds are collateralized by a first mortgage lien on certain Center facilities and a pledge of certain state contract revenues and other receivables. Further, the agreement relating to the bonds establishes a number of restrictive covenants which must be adhered to by the Center. At September 30, 2010, the Center was in compliance with all covenants.

Debt at September 30, 2010, is summarized as follows:

<p>Bonds payable, principal and interest payable semi-annually through July 2017, interest at a fixed rate of 7.75%, collateralized by a first mortgage on facilities with a net book value of approximately \$ 2,109,200 and a pledge of certain receivables and revenues. This obligation, which will be paid through sinking fund installments, is presented net of a discount of \$ 47,993.</p>	<p>\$ 1,592,607</p>
<p>Mortgage note payable to a bank in monthly installments of \$ 4,081, including interest, until January 2017. The interest rate at September 30, 2010 was 2.75%. The interest rate is adjusted annually on January 1 through maturity to equal fifty (50) basis points below the "WSJ" prime rate. This note is collateralized by real property and facilities with a net book value of approximately \$ 1,450,900, an assignment of rents and other personal property. This obligation is cross-collateralized and cross-defaulted with a mortgage note below and another obligation (Note 6).</p>	<p>284,065</p>
<p>Mortgage note payable to a not-for-profit organization in monthly installments of \$ 2,155, including interest, at a fixed rate of 7.50% until April, 2022. This note is collateralized by real property and facilities with a net book value of approximately \$ 248,900.</p>	<p>199,801</p>
<p>Mortgage note payable to a bank in monthly installments of \$ 747 including interest, until April 2016. The interest rate at September 30, 2010 was 2.75%. The interest rate is adjusted annually on April 1 through maturity, to equal fifty (50) basis points below the "WSJ" prime rate. This note is collateralized by real property and facilities with a net book value of \$ 98,400, an assignment of rents and other personal property. This obligation is cross-collateralized and cross-defaulted with a mortgage note above and another obligation (Note 6).</p>	<p style="border-top: 1px solid black;">46,315</p>
	<p style="border-top: 1px solid black; border-bottom: 3px double black;">\$ 2,122,788</p>

OAKWOOD CENTER OF THE PALM BEACHES, INC.  
 NOTES TO FINANCIAL STATEMENTS  
 September 30, 2010

NOTE 7 - DEBT (continued)

Future debt principal and estimated interest payments including bond sinking fund requirements in the aggregate are approximately as follows:

<u>Year ending September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2011	\$ 247,000	\$ 159,200	\$ 406,200
2012	\$ 264,500	\$ 141,000	\$ 405,500
2013	\$ 283,200	\$ 121,400	\$ 404,600
2014	\$ 303,300	\$ 100,300	\$ 403,600
2015	\$ 325,200	\$ 77,680	\$ 402,880
Thereafter	\$ 699,600	\$ 120,200	\$ 819,800

NOTE 8 - BOARD DESIGNATED UNRESTRICTED NET ASSETS

At September 30, 2010, the total amount of net assets designated by the Board for future capital projects was \$ 483,599, including \$ 139,169 for housing projects.

NOTE 9 - COMMITMENTS AND CONTINGENCIES

The Center conducts portions of its operations in various facilities under operating leases. Total rent expense amounted to approximately \$ 119,200 for the year ended September 30, 2010. Most of these leases were on a month-to-month basis at September 30, 2010.

In addition, the Center leases various equipment items under several operating leases, which are payable monthly aggregating approximately \$ 3,700. Such leases expire at various times from March 2011 through November 2013. Total equipment rental expense amounted to approximately \$ 41,800 for the year ended September 30, 2010.

The future minimum lease payments relative to the operating leases at September 30, 2010 are approximately as follows:

<u>Year Ending September 30</u>	
2011	\$ 39,800
2012	\$ 36,800
2013	\$ 36,800
2014	\$ 6,100
Thereafter	\$ NONE

The above schedule does not include the effect of renewing leases which expire over the period indicated or payments for facilities rented on a month-to-month basis.

The Center has an employment agreement with its executive director through November 2014.



OAKWOOD CENTER OF THE PALM BEACHES, INC.  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2010

NOTE 9 - COMMITMENTS AND CONTINGENCIES (continued)

The Center is involved in certain litigation which arose in the normal course of operations. The Center's management and legal counsel believe that the amount of liability resulting from any pending or unasserted claims is not reasonably determinable at this time but should be within the Center's insurance coverage limits.

NOTE 10 - SUPPLEMENTAL CASH FLOW INFORMATION

Supplemental Disclosure of Cash Flow Information:

Cash received during the year for -		
Interest income	\$	35,689
Cash paid during the year for -		
Interest expense	\$	205,641

NOTE 11 - FUNCTIONAL CLASSIFICATION OF EXPENSES

Expenses by function for the year ended September 30, 2010 were as follows:

EXPENSES:		
Program services -		
Adult Mental Health	\$	12,876,920
Adult Substance Abuse		943,970
Children's Mental Health		654,432
Children's Substance Abuse		242,168
Other		6,188,667
Management and general		<u>1,669,317</u>
	\$	<u><u>22,575,474</u></u>

NOTE 12 - CONCENTRATION

The Center has a collective bargaining agreement with the United Food and Commercial Workers' International Union. All non-management represented personnel are eligible to join the union. The agreement establishes rights which include but are not limited to pay rates, benefits, working conditions and grievance procedures. The agreement covered the year ending September 30, 2010, with renewal on a year to year basis. Both parties to the agreement negotiated changes to the contract which will extend the term of the agreement to June 2011.

# SUPPLEMENTAL INFORMATION

**OAKWOOD CENTER OF THE PALM BEACHES, INC.**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**AND STATE FINANCIAL ASSISTANCE**  
**For the Year Ended September 30, 2010**

Federal/State Agency, Pass-through Entity Federal Program/State Project	CFDA CSFA Number	Contract/Grant Number	Expenditures	Transfers to Subrecipients
<b>FEDERAL AGENCY NAME:</b>				
Direct Program:				
Department of Housing and Urban Development - Haven House	14.235	FL0283B45D050802	\$ 286,154	\$ -
	14.235	FL14B70-5009	111,362	-
Project Home II	14.235	FL0321B45D050901	82,593	-
	14.235	FL14B70-5001	63,090	-
Project Home III	14.235	FL0276B4D050801	54,158	-
<b>Indirect Programs:</b>				
Department of Health and Human Services - Passed through the State of Florida	93.958	IH-590 (2009-2010)	758,789	-
Department of Children and Families	93.959	IH-590 (2009-2010)	402,100	-
Alcohol, Drug Abuse and Mental Health Services	93.150	IH-590 (2009-2010)	151,634	-
	93.558	IH-590 (2009-2010)	75,000	-
	93.958	IH-590 (2010-2011)	183,143	-
	93.959	IH-590 (2010-2011)	133,769	-
	93.558	IH-590 (2010-2011)	18,182	-
	93.150	IH-590 (2010-2011)	12,663	-
Passed through the State of Florida Department of Health Rape Prevention Education and Training	93.136	COH6T	43,929	-

OAKWOOD CENTER OF THE PALM BEACHES, INC.  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 AND STATE FINANCIAL ASSISTANCE

(continued)

For the Year Ended September 30, 2010

Federal/State Agency, Pass-through Entity Federal Program/State Project	CFDA CSFA Number	Contract/Grant Number	Expenditures	Transfers to Subrecipients
<b>FEDERAL AGENCY NAME (continued):</b>				
<b>Indirect Programs (continued):</b>				
Passed through Palm Beach County, Florida HIV Emergency Relief Project Grants Ryan White Part A	93.914 93.914	R2009-0834 R2010-0953	12,646 1,375	- -
Department of Housing and Urban Development - Passed through City of West Palm Beach, Florida Housing Opportunities for Persons with AIDS	* 14.241	10-08990	508,792	-
Passed through Palm Beach County, Florida Project Success	14.238 14.238 14.235	R2009-2113 R2008-2293 R2009-1250	44,642 18,552 33,771	- - -
Shelter Plus Care	14.238 14.238 14.238 14.238 14.238	R2009-1162 R2010-1102 R2009-0825 R2010-0747 R2009-1634	137,626 22,862 91,494 49,866 33,397	- - - - -
Main Center HVAC Project	14.218	R2009-0769	116,531	-

OAKWOOD CENTER OF THE PALM BEACHES, INC.  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 AND STATE FINANCIAL ASSISTANCE

(continued)

For the Year Ended September 30, 2010

Federal/State Agency, Pass-through Entity Federal Program/State Project	CFDA CSFA Number	Contract/Grant Number	Expenditures	Transfers to Subrecipients
<b>FEDERAL AGENCY NAME (continued):</b>				
<b>Indirect Programs (continued):</b>				
Department of Justice - Passed through the Palm Beach County Criminal Justice Commission Justice and Mental Health Collaboration Program	16.245	--	15,000	-
Passed through the State of Florida Department of Education Employment and Supportive Employment Services	84.126	VJ-788	138,957	-
Department of Transportation - Passed through the State of Florida Department of Transportation Capital Assistance Program	20.513	AL065 (09/10)	118,699	-
Department of Agriculture - Passed through the State of Florida Department of Elder Affairs Children and Adult Care Food Program	10.558	Y-10-038	111,826	-
Total Federal Agency Total Expenditures of Federal Awards			3,832,602	-
			\$ 3,832,602	\$ -

**OAKWOOD CENTER OF THE PALM BEACHES, INC.**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**AND STATE FINANCIAL ASSISTANCE**

(continued)

For the Year Ended September 30, 2010

Federal/State Agency, Pass-through Entity Federal Program/State Project	CFDA CSFA Number	Contract/Grant Number	Expenditures	Transfers to Sub recipients
<b>STATE AGENCY NAME</b>				
Direct Project:				
State of Florida Department of Children and Families -				
Alcohol, Drug Abuse and Mental Health Services				
	**	60.053	\$ 1,997,030	-
	**	60.006	1,611,871	-
		60.054	1,367,785	-
		60.057	95,500	-
		60.001	80,353	-
		60.031	49,674	-
		60.055	48,608	-
		60.030	32,700	-
		60.033	26,350	-
		60.039	21,784	-
	**	60.053	729,912	-
	**	60.006	609,860	-
		60.054	430,249	-
		60.001	37,561	-
		60.055	22,269	-
		60.031	16,463	-
		60.057	14,839	-
		60.033	8,746	-
		60.039	7,339	-
		60.030	<u>7,000</u>	-
<b>Total State Agency</b>			<u>7,215,893</u>	-
<b>Total Expenditures of State Financial Assistance</b>			<u>\$ 7,215,893</u>	<u>\$ -</u>

\* Denotes a major program  
\*\* Denotes a major project

NOTE: This schedule was prepared on the accrual basis of accounting.

OAKWOOD CENTER OF THE PALM BEACHES, INC.  
 SCHEDULE OF OTHER STATE FUNDING  
 For the Year Ended September 30, 2010

<u>Grantor</u>	<u>Program Title</u>	<u>Contract Number</u>	<u>Revenue</u>
OTHER STATE FUNDING			
Department of Transportation	Capital Assistance Program	AL065 (09/10)	\$ <u>14,837</u>
Total Other State Funding			\$ <u><u>14,837</u></u>

OAKWOOD CENTER OF THE PALM BEACHES, INC.  
SCHEDULE OF LOCAL FINANCIAL ASSISTANCE  
For the Year Ended September 30, 2010

<u>Grantor</u>	<u>Program Title</u>	<u>Contract Number</u>	<u>Revenue</u>
LOCAL FINANCIAL ASSISTANCE:			
Palm Beach County	Financially Assisted Agency Program	R2009-1864	\$ 1,680,533
	Project Success	R2009-2113	11,160
		R2008-2293	4,638
		R2009-1250	8,443
	Homeless Assertive Community Treatment Team	R2009-1254	52,661
Children's Service Council of Palm Beach County	Healthy Beginnings	581	152,071
Department of Health	HIV Mental Health Services	PB260	45,689
		PB281	16,224
Palm Healthcare Foundation	Coping with Economic Stress	20100083	31,188
United Way of Palm Beach County	Infrastructure Grant SOAR Project	--	15,000
		--	8,973
Quantum Foundation	--	--	11,889
City of Riviera Beach	Civil Drug Court	--	<u>3,645</u>
Total Expenditures of Local Financial Assistance			<u>\$ 2,042,114</u>

NOTE: This schedule was prepared on the accrual basis of accounting.



**OAKWOOD CENTER OF THE PALM BEACHES, INC.**  
**SCHEDULE OF PROGRAM/COST CENTER ACTUAL EXPENSES AND REVENUES**  
**For the Year Ended September 30, 2010**

	Adult Mental Health							
Funding Sources and Revenues	Crisis Support/ Emergency	Crisis Stabilization	Inpatient	Residential Level II	Residential Level III	Residential Level IV	Case Management	Intensive Case Management
STATE SAMH FUNDING:								
From the District funding this contract (District 9)	\$ 1,531,932	\$ 439,523	\$ 2,433,419	\$ 84,251	\$ 283,525	\$ 518,230	\$ 83,186	\$ 91,053
Total State SAMH funding	<u>1,531,932</u>	<u>439,523</u>	<u>2,433,419</u>	<u>84,251</u>	<u>283,525</u>	<u>518,230</u>	<u>83,186</u>	<u>91,053</u>
OTHER GOVERNMENT FUNDING:								
Medicaid	17,661	71,182	130,085	-	1,065	1,387	120,766	63,381
Local government	142,300	451,312	576,471	-	94,080	293,132	-	-
Federal grants and contracts	-	-	-	-	1,607	-	-	-
Other state agency funding	-	-	-	-	-	-	-	-
Total other government funding	<u>159,961</u>	<u>522,494</u>	<u>706,556</u>	<u>-</u>	<u>96,752</u>	<u>294,519</u>	<u>120,766</u>	<u>63,381</u>
ALL OTHER REVENUES:								
Medicare	59,722	18,253	1,081,612	-	-	-	-	129
In-kind	-	-	25,508	-	-	-	-	-
First and second party payments	3,564	(1,855)	33,004	8,043	41,039	255,257	(86)	229
Third party payments (except Medicare)	120,255	75,541	1,515,071	-	1,439	(17,163)	318	-
Other	-	-	-	-	-	-	-	-
Total all other revenue	<u>183,541</u>	<u>91,941</u>	<u>2,655,195</u>	<u>8,043</u>	<u>42,478</u>	<u>238,094</u>	<u>232</u>	<u>358</u>
Total funding	<u>\$ 1,875,434</u>	<u>\$ 1,053,958</u>	<u>\$ 5,795,170</u>	<u>\$ 92,294</u>	<u>\$ 422,755</u>	<u>\$ 1,050,843</u>	<u>\$ 204,184</u>	<u>\$ 154,792</u>

**OAKWOOD CENTER OF THE PALM BEACHES, INC.**  
**SCHEDULE OF PROGRAM/COST CENTER ACTUAL EXPENSES AND REVENUES**

(continued)

For the Year Ended September 30, 2010

Funding Sources and Revenues	Adult Mental Health						Total for Adult Mental Health	Adult Substance Abuse
	Comprehensive Community Service Team	Day/Night Services	Medical Services	Drop-In/Self Help Centers	Outreach Services	Supported Employment Services		
STATE SAMH FUNDING:								
From the District funding this contract (District 9)	\$ 1,092,967	\$ 46,215	\$ 1,038,394	\$ 72,468	\$ 139,238	\$ -	\$ 28,896	\$ 36,393
Total State SAMH funding	1,092,967	46,215	1,038,394	72,468	139,238	-	28,896	36,393
OTHER GOVERNMENT FUNDING:								
Medicaid	1,046,480	119,681	273,094	-	9,444	4,144	29	3,290
Local government	8,973	-	-	-	-	-	-	-
Federal grants and contracts	-	-	-	-	18,275	72,716	-	-
Other state agency funding	-	-	-	-	-	-	-	-
Total other government funding	1,055,453	119,681	273,094	-	27,719	76,860	29	3,290
ALL OTHER REVENUES:								
Medicare	35,760	(8)	107,178	-	2,113	-	-	1,291
In-kind	-	43,680	-	-	-	-	-	-
First and second party payments	31,793	1,353	7,899	(306)	455	23	24	95
Third party payments (except Medicare)	11,104	(7,049)	(7,777)	-	36	(66)	-	(94)
Other	-	-	-	-	-	-	-	-
Total all other revenue	78,657	37,976	107,300	(306)	2,604	(43)	24	1,292
Total funding	\$ 2,227,077	\$ 203,872	\$ 1,418,788	\$ 72,162	\$ 169,561	\$ 76,817	\$ 28,949	\$ 40,975

**OAKWOOD CENTER OF THE PALM BEACHES, INC.**  
**SCHEDULE OF PROGRAM/COST CENTER ACTUAL EXPENSES AND REVENUES**  
 (continued)  
 For the Year Ended September 30, 2010

Funding Sources and Revenues	Adult Substance Abuse				Children's Mental Health				Total for Children's Mental Health
	Outreach	Residential Level II	Detoxification	Total for Adult Substance Abuse	Crisis Support/Emergency	Crisis Stabilization	Case Management	Medical Services	
<b>STATE SAMH FUNDING:</b>									
From the District funding this contract (District 9)	\$ -	\$ 413,190	\$ 134,930	\$ 584,513	\$ 151,674	\$ 80,215	\$ 32,997	\$ 30,180	\$ 295,066
Total State SAMH funding	-	413,190	134,930	584,513	151,674	80,215	32,997	30,180	295,066
<b>OTHER GOVERNMENT FUNDING:</b>									
Medicaid	-	-	951	4,241	1,747	22,478	74,018	52,645	150,888
Local government	-	229,863	183,166	413,029	14,074	65,446	-	-	79,520
Federal grants and contracts	-	-	-	-	-	-	-	-	-
Other state agency funding	-	-	-	-	-	-	-	-	-
Total other government funding	-	229,863	184,117	417,270	15,821	87,924	74,018	52,645	230,408
<b>ALL OTHER REVENUES:</b>									
Medicare	-	-	309	1,600	5,907	626	-	20,661	27,194
In-kind	-	-	-	-	-	-	-	-	-
First and second party payments	-	(2,382)	(587)	(2,874)	352	(632)	(52)	1,523	1,191
Third party payments (except Medicare)	-	(509)	497	(106)	11,893	12,988	195	(1,499)	23,577
Other	-	21,512	-	21,512	-	-	-	-	-
Total all other revenue	-	18,621	219	20,132	18,152	12,982	143	20,685	51,962
Total funding	\$ -	\$ 661,674	\$ 319,266	\$ 1,021,915	\$ 185,647	\$ 181,121	\$ 107,158	\$ 103,510	\$ 577,436

**OAKWOOD CENTER OF THE PALM BEACHES, INC.**  
**SCHEDULE OF PROGRAM/COST CENTER ACTUAL EXPENSES AND REVENUES**  
 (continued)

For the Year Ended September 30, 2010

Funding Sources and Revenues	Children's Substance Abuse						Total Funding
	Child Prevention	Residential Level II	Total for Children's Substance Abuse	Total for State SAMH-Funded Cost Center	Total for Non-State-Funded SAMH-Cost Centers	Total For All State-Designated SAMH-Cost Centers	
STATE SAMH FUNDING:							
From the District funding this contract (District 9)	\$ 100,207	\$ 63,901	\$ 164,108	\$ 8,926,984	\$ -	\$ 8,926,984	\$ 80,511
Total State SAMH funding	<u>100,207</u>	<u>63,901</u>	<u>164,108</u>	<u>8,926,984</u>	<u>-</u>	<u>8,926,984</u>	<u>80,511</u>
OTHER GOVERNMENT FUNDING:							
Medicaid	241	-	241	2,013,769	1,316,671	3,330,440	408,905
Local government	-	35,568	35,568	2,094,385	968,352	3,062,737	4,776
Federal grants and contracts	-	-	-	92,598	756,578	849,176	133,536
Other state agency funding	-	-	-	-	61,913	61,913	43,929
Total other government funding	<u>241</u>	<u>35,568</u>	<u>35,809</u>	<u>4,200,752</u>	<u>3,103,514</u>	<u>7,304,266</u>	<u>591,146</u>
ALL OTHER REVENUES:							
Medicare	-	-	-	1,333,553	(2,191)	1,331,362	895,330
In-kind	-	-	-	69,188	-	69,188	1,068,850
First and second party payments	-	(369)	(369)	378,386	72,949	451,335	70,517
Third party payments (except Medicare)	-	(79)	(79)	1,715,101	28,082	1,743,183	(6,686)
Other	-	3,329	3,329	24,841	77,542	102,383	54,152
Total all other revenue	<u>-</u>	<u>2,881</u>	<u>2,881</u>	<u>3,521,069</u>	<u>176,382</u>	<u>3,697,451</u>	<u>2,082,163</u>
Total funding	<u>\$ 100,448</u>	<u>\$ 102,350</u>	<u>\$ 202,798</u>	<u>\$ 16,648,805</u>	<u>\$ 3,279,896</u>	<u>\$ 19,928,701</u>	<u>\$ 2,753,820</u>
							<u>\$ 22,682,521</u>

**OAKWOOD CENTER OF THE PALM BEACHES, INC.**  
**SCHEDULE OF PROGRAM/COST CENTER ACTUAL EXPENSES AND REVENUES**  
 (continued)  
 For the Year Ended September 30, 2010

Expense categories	Adult Mental Health										Comprehensive Community Service Team	
	Crisis Support/ Emergency	Crisis Stabilization	Inpatient	Residential Level II	Residential Level III	Residential Level IV	Case Management	Intensive Case Management	Day/Night Services			
<b>PERSONNEL EXPENSES</b>												
Salaries	\$ 1,041,256	\$ 533,719	\$ 2,473,127	\$ 28,224	\$ 192,937	\$ 104,196	\$ 120,643	\$ 82,597	\$ 1,230,232	\$ 59,137	\$ 1,230,232	\$ 59,137
Fringe benefits	271,289	136,498	617,076	7,644	49,234	25,822	30,612	19,593	315,320	15,065	315,320	15,065
Total personnel expenses	<u>1,312,545</u>	<u>670,217</u>	<u>3,090,203</u>	<u>35,868</u>	<u>242,171</u>	<u>130,018</u>	<u>151,255</u>	<u>102,190</u>	<u>1,545,552</u>	<u>74,202</u>	<u>1,545,552</u>	<u>74,202</u>
<b>OTHER EXPENSES:</b>												
Medical and pharmacy	743	6,352	131,528	-	103	-	-	-	569	78	569	78
Building occupancy and allocation of occupancy costs	10,538	27,070	16,108	7,490	81,711	201,673	1,637	802	12,226	27,099	12,226	27,099
Operating supplies and expenses	14,911	16,715	95,792	2,021	16,741	33,029	19,401	5,631	76,708	2,722	76,708	2,722
Professional services	73	48,511	159,056	-	225	1,193	20	-	3,350	-	3,350	-
Insurance	48,441	25,185	116,244	1,079	9,064	4,773	5,644	3,554	58,111	2,939	58,111	2,939
Equipment costs	18,603	4,195	35,379	350	7,861	25,162	-	-	9,613	1,634	9,613	1,634
Food costs and allocation of food services	510	8,522	7,559	602	6,151	17,152	-	-	11	1,434	11	1,434
Subcontracted services	2,348	10,874	28,422	4,199	14,683	32,029	30	16	2,449	3,669	2,449	3,669
Interest expense	-	-	-	-	-	111,223	-	-	6,090	-	6,090	-
Travel	2,644	3,031	801	154	57	2,490	7,499	3,897	30,758	323	30,758	323
Donated services	-	-	25,508	-	-	-	-	-	-	43,680	-	43,680
Total other expenses	<u>98,811</u>	<u>150,455</u>	<u>616,397</u>	<u>15,895</u>	<u>136,596</u>	<u>428,724</u>	<u>34,231</u>	<u>13,900</u>	<u>199,885</u>	<u>83,578</u>	<u>199,885</u>	<u>83,578</u>
Total personnel and other expenses	<u>1,411,356</u>	<u>820,672</u>	<u>3,706,600</u>	<u>51,763</u>	<u>378,767</u>	<u>558,742</u>	<u>185,486</u>	<u>116,090</u>	<u>1,745,437</u>	<u>157,780</u>	<u>1,745,437</u>	<u>157,780</u>
<b>DISTRIBUTED INDIRECT COSTS:</b>												
Allocation of other support	165,473	130,013	1,202,732	81,172	59,769	223,781	7,708	4,461	170,159	133,912	170,159	133,912
Allocation of administration	133,504	77,629	350,616	4,897	35,829	52,853	17,545	10,981	165,105	14,925	165,105	14,925
Total distributed indirect costs	<u>298,977</u>	<u>207,642</u>	<u>1,553,348</u>	<u>86,069</u>	<u>95,598</u>	<u>276,634</u>	<u>25,253</u>	<u>15,442</u>	<u>335,264</u>	<u>148,837</u>	<u>335,264</u>	<u>148,837</u>
Total actual operating expenses	<u>1,710,333</u>	<u>1,028,314</u>	<u>5,259,948</u>	<u>137,832</u>	<u>474,365</u>	<u>835,376</u>	<u>210,739</u>	<u>131,532</u>	<u>2,080,701</u>	<u>306,617</u>	<u>2,080,701</u>	<u>306,617</u>
<b>UNALLOWABLE COSTS</b>												
Total allowed operating expenses	\$ <u>1,710,333</u>	\$ <u>1,028,314</u>	\$ <u>5,234,440</u>	\$ <u>137,832</u>	\$ <u>474,365</u>	\$ <u>835,376</u>	\$ <u>210,739</u>	\$ <u>131,532</u>	\$ <u>2,080,701</u>	\$ <u>306,617</u>	\$ <u>2,080,701</u>	\$ <u>306,617</u>
<b>CAPITAL EXPENDITURES</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

**OAKWOOD CENTER OF THE PALM BEACHES, INC.**  
**SCHEDULE OF PROGRAM/COST CENTER ACTUAL EXPENSES AND REVENUES**  
 (continued)

For the Year Ended September 30, 2010

Expense categories	Adult Mental Health				Total			Adult Substance Abuse	
	Drop-In/ Self Help Centers	Outreach Services	Supported Employment Services	Supported Housing/Living Services	Supported for Adult Mental Health	Medical Services	Outreach	Residential Level II	
<b>PERSONNEL EXPENSES</b>									
Salaries	\$ 23,548	\$ 102,640	\$ 97,269	\$ 23,100	\$ 6,642,462	\$ 10,108	\$ -	\$ 298,575	
Fringe benefits	5,937	23,606	24,000	6,217	1,675,429	2,433	-	76,285	
Total personnel expenses	29,485	126,246	121,269	29,317	8,317,891	12,541	-	374,860	
<b>OTHER EXPENSES:</b>									
Medical and pharmacy	-	-	-	-	168,902	563	-	668	
Building occupancy and allocation of occupancy costs	-	1,306	1,608	1,660	401,460	201	-	44,757	
Operating supplies and expenses	59	4,027	2,486	320	303,326	243	-	22,821	
Professional services	-	4,051	-	-	520,871	5,807	-	947	
Insurance	1,117	4,422	4,449	1,079	310,840	472	-	14,093	
Equipment costs	-	669	72	-	111,369	149	-	10,610	
Food costs and allocation of food services	-	-	-	-	41,941	-	-	6,842	
Subcontracted services	-	348	249	-	100,913	30	-	5,736	
Interest expense	-	4,474	2,581	-	124,368	-	-	-	
Travel	-	1,008	9,653	-	66,316	76	-	517	
Donated services	-	-	-	-	69,188	-	-	-	
Total other expenses	1,176	20,305	21,098	3,059	2,219,494	7,541	-	106,991	
Total personnel and other expenses	30,661	146,551	142,367	32,376	10,537,385	20,082	-	481,851	
<b>DISTRIBUTED INDIRECT COSTS:</b>									
Allocation of other support	59,646	6,010	5,247	461	2,339,535	1,698	-	300,458	
Allocation of administration	2,900	13,863	13,467	3,062	996,757	1,900	-	45,579	
Total distributed indirect costs	62,546	19,873	18,714	3,523	3,336,292	3,598	-	346,037	
Total actual operating expenses	93,207	166,424	161,081	35,899	13,873,677	23,680	-	827,888	
<b>UNALLOWABLE COSTS</b>									
Total allowed operating expenses	\$ 93,207	\$ 166,424	\$ 161,081	\$ 35,899	\$ 13,848,169	\$ 23,680	\$ -	\$ 827,888	
<b>CAPITAL EXPENDITURES</b>									
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	

**OAKWOOD CENTER OF THE PALM BEACHES, INC.**  
**SCHEDULE OF PROGRAM/COST CENTER ACTUAL EXPENSES AND REVENUES**  
 (continued)

For the Year Ended September 30, 2010

Expense categories	Adult Substance Abuse			Children's Mental Health				Children's Substance Abuse		
	Detoxification	Total for Adult Substance Abuse	Crisis Support/ Emergency	Crisis Stabilization	Case Management	Medical Services	Children's Mental Health	Child Prevention	Residential Level II	Total for Children's Substance Abuse
<b>PERSONNEL EXPENSES</b>										
Salaries	\$ 67,344	\$ 376,027	\$ 102,981	\$ 70,065	\$ 73,098	\$ 99,864	\$ 346,008	\$ 81,170	\$ 46,200	\$ 127,370
Fringe benefits	16,468	95,186	26,831	18,701	18,548	24,034	88,114	20,615	11,804	32,419
Total personnel expenses	83,812	471,213	129,812	88,766	91,646	123,898	434,122	101,785	58,004	159,789
<b>OTHER EXPENSES:</b>										
Medical and pharmacy	-	1,231	74	-	-	5,566	5,640	-	103	103
Building occupancy and allocation of occupancy costs	4,970	49,928	1,042	13,643	992	1,985	17,662	-	6,926	6,926
Operating supplies and expenses	319	23,383	1,475	58	11,755	2,406	15,694	7,044	3,531	10,575
Professional services	13,448	20,202	7	14,306	12	57,372	71,697	-	147	147
Insurance	3,037	17,602	4,791	3,184	3,420	4,663	16,058	3,734	2,181	5,915
Equipment costs	632	11,391	1,840	1,703	-	1,476	5,019	240	1,642	1,882
Food costs and allocation of food services	-	6,842	50	-	-	-	50	1,320	1,059	2,379
Subcontracted services	332	6,098	232	4,578	18	301	5,129	58	887	945
Interest expense	-	-	-	-	-	-	-	-	-	-
Travel	-	593	262	102	4,543	754	5,661	5,237	80	5,317
Donated services	-	-	-	-	-	-	-	-	-	-
Total other expenses	22,738	137,270	9,773	37,574	20,740	74,523	142,610	17,633	16,556	34,189
Total personnel and other expenses	106,550	608,483	139,585	126,340	112,386	198,421	576,732	119,418	74,560	193,978
<b>DISTRIBUTED INDIRECT COSTS:</b>										
Allocation of other support	33,331	335,487	16,365	39,892	4,670	16,773	77,700	1,699	46,491	48,190
Allocation of administration	10,079	57,558	13,204	11,951	10,631	18,769	54,555	11,296	7,053	18,349
Total distributed indirect costs	43,410	393,045	29,569	51,843	15,301	35,542	132,255	12,995	53,544	66,539
Total actual operating expenses	149,960	1,001,528	169,154	178,183	127,687	233,963	708,987	132,413	128,104	260,517
<b>UNALLOWABLE COSTS</b>										
Total allowed operating expenses	\$ 149,960	\$ 1,001,528	\$ 169,154	\$ 178,183	\$ 127,687	\$ 233,963	\$ 708,987	\$ 132,413	\$ 128,104	\$ 260,517
<b>CAPITAL EXPENDITURES</b>										
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

**OAKWOOD CENTER OF THE PALM BEACHES, INC.**  
**SCHEDULE OF PROGRAM/COST CENTER ACTUAL EXPENSES AND REVENUES**  
 (continued)

For the Year Ended September 30, 2010

Expense categories	Total for State SAMH-Funded Center	Total for Non-State-Funded SAMH-Cost Centers	Total For All State-Designated SAMH-Cost Centers	Non-SAMH Cost Centers	Other Support Costs	Administration	Total Center 2010
<b>PERSONNEL EXPENSES</b>							
Salaries	\$ 7,491,867	\$ 1,272,086	\$ 8,763,953	\$ 468,674	\$ 1,306,999	\$ 967,175	\$ 11,506,801
Fringe benefits	1,891,148	325,945	2,217,093	118,768	376,324	246,246	2,958,431
Total personnel expenses	9,383,015	1,598,031	10,981,046	587,442	1,683,323	1,213,421	14,465,232
<b>OTHER EXPENSES:</b>							
Medical and pharmacy Building occupancy and allocation of occupancy costs	175,876	739	176,615	2,095,699	6,937	10	2,279,261
Operating supplies and expenses	475,976	736,482	1,212,458	6,048	616,000	39,095	1,873,601
Professional services	352,978	98,395	451,373	22,347	266,250	133,851	873,821
Insurance	612,917	98,639	711,556	1,496	22,970	138,635	874,657
Equipment costs	350,415	59,352	409,767	22,262	57,729	45,932	535,690
Food costs and allocation of food costs	129,661	18,212	147,873	178,089	209,394	43,406	578,762
Subcontracted services	51,212	119,184	170,396	1,046	285,712	1,035	458,189
Interest expense	113,085	9,215	122,300	3,256	105,641	13,407	244,604
Travel	124,368	56,937	181,305	2,642	2,953	18,779	205,679
Donated services	77,887	13,625	91,512	1,728	1,804	21,746	116,790
	69,188	-	69,188	-	-	-	69,188
Total other expenses	2,533,563	1,210,780	3,744,343	2,334,613	1,575,390	455,896	8,110,242
Total personnel and other expenses	11,916,578	2,808,811	14,725,389	2,922,055	3,258,713	1,669,317	22,575,474
<b>DISTRIBUTED INDIRECT COSTS:</b>							
Allocation of other support	2,800,912	233,611	3,034,523	224,190	(3,258,713)	-	-
Allocation of administration	1,127,219	265,692	1,392,911	276,406	-	(1,669,317)	-
Total distributed indirect costs	3,928,131	499,303	4,427,434	500,596	(3,258,713)	(1,669,317)	-
Total actual operating expenses	15,844,709	3,308,114	19,152,823	3,422,651	-	-	22,575,474
<b>UNALLOWABLE COSTS</b>	25,508	-	25,508	-	-	-	25,508
Total allowed operating expenses	\$ 15,819,201	\$ 3,308,114	\$ 19,127,315	\$ 3,422,651	\$ -	\$ -	\$ 22,549,966
<b>CAPITAL EXPENDITURES</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -



OAKWOOD CENTER OF THE PALM BEACHES, INC.  
SCHEDULE OF STATE EARNINGS  
For the Year Ended June 30, 2010

TOTAL EXPENDITURES	\$ 22,464,316
Less other state and Federal funds	(4,265,854)
Less nonmatch SAMH funds	(2,694,632)
Less unallowable costs per 65E-14, F.A.C.	<u>(25,508)</u>
 TOTAL ALLOWABLE EXPENDITURES	 \$ <u>15,478,322</u>
 MAXIMUM AVAILABLE EARNINGS	 \$ <u>11,608,742</u>
 AMOUNT OF STATE FUNDS REQUIRING MATCH	 \$ <u>6,298,922</u>
 AMOUNT DUE TO DEPARTMENT	 \$ <u>NONE</u>

**OAKWOOD CENTER OF THE PALM BEACHES, 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 Services Paid by Third Party Contracts, Local Government or Other State Agencies	Maximum Number of Units Eligible For Payment by Department	Amount Paid For Services by the Department	Maximum Dollar Value of Units Eligible for Payment by the Department	Amount Owed to Department
Adult Mental Health	Inpatient	\$ 342.62	16,060	7,321	8,739	\$ 2,471,454	\$ 2,994,156	\$ NONE
Adult Mental Health	Crisis Stabilization	\$ 331.74	2,920	1,496	1,424	\$ 427,457	\$ 472,398	\$ NONE
Adult Substance Abuse	Detoxification	\$ 218.53	1,460	838	622	\$ 129,420	\$ 135,926	\$ NONE
Children's Mental Health	Crisis Stabilization	\$ 331.74	730	263	467	\$ 115,680	\$ 154,923	\$ NONE

# COMPLIANCE AND INTERNAL CONTROLS



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*

To the Board of Directors  
Oakwood Center of the Palm Beaches, Inc.  
West Palm Beach, Florida

We have audited the financial statements of Oakwood Center of the Palm Beaches, Inc. (the "Center"), (a not-for-profit organization), as of and for the year ended September 30, 2010, and have issued our report thereon dated March 14, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Center'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 would not necessarily identify all deficiencies in the internal control 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 misstatements, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Board of Directors, the Finance 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.

*Keefe, McCullough & Co., LLP*  
KEEFE, McCULLOUGH & CO., LLP

Fort Lauderdale, Florida  
March 14, 2011



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS  
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON  
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

To the Board of Directors  
Oakwood Center of the Palm Beaches, Inc.  
West Palm Beach, Florida

Compliance

We have audited the compliance of Oakwood Center of the Palm Beaches, Inc., (a not-for-profit organization (the "Center")) 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 September 30, 2010. Oakwood Center of the Palm Beaches, Inc.'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 its major Federal programs and state is the responsibility of Oakwood Center of the Palm Beaches, Inc.'s management. Our responsibility is to express an opinion on Oakwood Center of the Palm Beaches, Inc.'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. Those standards, OMB Circular A-133, and Chapter 10.650, Rules of the Auditor General, 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 Oakwood Center of the Palm Beaches, Inc.'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 on Oakwood Center of the Palm Beaches, Inc.'s compliance with those requirements.

In our opinion, Oakwood Center of the Palm Beaches, Inc. 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 September 30, 2010.

Internal Control over Compliance

The management of Oakwood Center of the Palm Beaches, Inc. 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 Oakwood Center of the Palm Beaches, Inc.'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 but not for the purpose of expressing an opinion on the effectiveness on internal control over compliance. Accordingly we do not express an opinion on the effectiveness of Oakwood Center of the Palm Beaches, Inc.'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 and/or a 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 and/or a 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, the Finance 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.

*Keefe, McCullough & Co., LLP*

KEEFE, McCULLOUGH & CO., LLP

Fort Lauderdale, Florida  
March 14, 2011

OAKWOOD CENTER OF THE PALM BEACHES, INC.  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 For the Year Ended September 30, 2010

**A. SUMMARY OF AUDITORS' RESULTS**

1. The auditors' report expresses an unqualified opinion on the financial statements of Oakwood Center of the Palm Beaches, Inc.
2. No material weaknesses relating to the audit of the financial statements are reported in the 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*.
3. No instances of noncompliance material to the financial statements of Oakwood Center of the Palm Beaches, Inc. were disclosed during the audit.
4. No material weaknesses relating to the audit of the major Federal programs or state projects are reported in the Independent Auditors' Report on Compliance with Requirements that Could Have a Direct and Material Effect on Each Major Federal Program and State Project and on Internal Control over Compliance in Accordance with OMB A-133 and Chapter 10.650, Rules of the Auditor General.
5. The auditors' report on compliance for the major Federal programs and state projects for Oakwood Center of the Palm Beaches, Inc. expresses an unqualified opinion.
6. There are no audit findings relative to the major Federal programs and state projects for Oakwood Center of the Palm Beaches, Inc. reported in Part C of this schedule.
7. The programs/projects tested as major programs/projects include the following:

<b>Federal Programs:</b>	<b>Federal CFDA No.</b>
United States Department of Health and Human Services, Block Grants for the Prevention and Treatment of Substance Abuse	93.959
United States Department of Housing and Urban Development, Housing Opportunities for Persons with AIDS	14.241
<b>State Projects:</b>	<b>State CSFA No.</b>
State of Florida Department of Children and Families, Baker Act	60.006
State of Florida Department of Children and Families, Adult Community Mental Health Community Support Services	60.053



**OAKWOOD CENTER OF THE PALM BEACHES, INC.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
(continued)  
For the Year Ended September 30, 2010

8. The threshold for distinguishing Type A and B programs/projects was \$ 300,000 for both major Federal programs and major state projects.
9. Oakwood Center of the Palm Beaches, Inc. was determined to be a low risk auditee pursuant to OMB Circular A-133.

**B. FINDINGS - FINANCIAL STATEMENT AUDIT**

NONE

**C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARDS PROGRAMS AND STATE FINANCIAL ASSISTANCE PROJECTS AUDITS**

There were no findings and questioned costs.

**D. OTHER ISSUES**

1. No management letter is required because there were no findings to be reported in the management letter.
2. No summary schedule of prior audit findings is required because there were no prior audit findings relating to Federal programs or state projects.
3. No corrective action plan is required because there were no findings for the current year reported under OMB Circular A-133 or the Florida Single Audit Act.