

**PERSONAL ENRICHMENT THROUGH  
MENTAL HEALTH SERVICES, INC.**

**Financial Statements and  
Supplementary Financial Information**

**June 30, 2010**

**PERSONAL ENRICHMENT THROUGH MENTAL HEALTH SERVICES, INC.**

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## REPORT OF INDEPENDENT AUDITORS

Board of Directors  
Personal Enrichment through Mental Health Services, Inc.

We have audited the accompanying statement of financial position of Personal Enrichment through Mental Health Services, Inc. (a Florida non-profit organization) as of June 30, 2010 and 2009, and the related statements of activities, revenues and functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 audits provide 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 Personal Enrichment through Mental Health Services, Inc. at 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 3, 2010 on our consideration of the Organization's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of Personal Enrichment through Mental Health Services, Inc., taken as a whole. The supplemental information identified in the table of contents is presented for purposes of additional analysis as required by U.S. Office of Management & Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the State of Florida Office of the Auditor General Rule 10.650, and is not a required part of the basic financial statements. Such information has been subjected to the 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.

The schedules listed as "Other Information" in the index are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we express no opinion on it.

*Spoor + Associates, P.A.*

December 3, 2010

**PERSONAL ENRICHMENT THROUGH MENTAL HEALTH SERVICES, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2010 WITH COMPARATIVE BALANCES FOR JUNE 30, 2009**

<b>ASSETS</b>	<u>2010</u>	<u>2009</u>
Cash and cash equivalents	\$ 2,217,165	\$ 1,509,211
Restricted cash (Note 3)	9,908	15,602
Patient receivables, less allowance for doubtful accounts of \$100,000 and \$225,000, respectively	436,936	413,737
Purchase of service and other receivables	1,064,979	1,470,189
Prepaid and other assets	304,882	321,299
Property & equipment, net (Note 4)	4,128,806	4,343,999
Restricted property & equipment, net (Notes 3 & 4)	950,236	947,534
Deferred financing costs, net	-	50,776
<b>TOTAL ASSETS</b>	<u>\$ 9,112,912</u>	<u>\$ 9,072,347</u>
 <b>LIABILITIES</b>		
Accounts payable	\$ 216,951	\$ 331,400
Accrued payroll and related liabilities	740,091	721,417
Other liabilities	-	7,992
Note payable (Note 5)	59,559	83,322
Capital lease obligation (Note 5)	-	8,580
Long-term debt (Note 5)	1,754,221	1,654,475
<b>TOTAL LIABILITIES</b>	<u>2,770,822</u>	<u>2,807,186</u>
 <b>NET ASSETS</b>		
Unrestricted	5,381,946	5,302,025
Temporarily restricted	960,144	963,136
Permanently restricted	-	-
<b>TOTAL NET ASSETS</b>	<u>6,342,090</u>	<u>6,265,161</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 9,112,912</u>	<u>\$ 9,072,347</u>

See the accompanying notes to the consolidated financial statements.

**PERSONAL ENRICHMENT THROUGH MENTAL HEALTH SERVICES, INC.**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2010 WITH COMPARATIVE BALANCES FOR THE YEAR ENDED JUNE 30, 2009**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total 2010	2009
<b>Public Support and Revenues</b>					
Florida Department of Children & Families					
Alcohol, Drug, & Mental Health:					
Contract QH9D0	\$ 6,282,160	\$ -	\$ -	\$ 6,282,160	\$ 6,183,080
Agency for Healthcare Administration Contract (SIPP)	604,678	-	-	604,678	3,698,254
Juvenile Welfare Board of Pinellas County	1,514,294	-	-	1,514,294	1,570,266
Pinellas County Board of County Commissioners	1,627,506	66,725	-	1,694,231	1,693,066
Pinellas County CDBG	-	40,000	-	40,000	455,700
Pinellas County Substance Abuse Trust Fund	2,335	-	-	2,335	6,684
Central FL BHN	1,380,496	-	-	1,380,496	855,502
Suncoast Center for CMH, Inc.-Focused Outreach	-	-	-	-	81,763
Florida Department of Education	32,851	-	-	32,851	63,022
Florida Department of Agriculture - in-kind commodities	3,530	-	-	3,530	2,342
BNET	554,000	-	-	554,000	377,000
FDOT	-	33,852	-	33,852	-
Eckerd Youth Alternative/Sarasota YMCA					
Children's Center	124,062	-	-	124,062	344,090
ERT	367,707	-	-	367,707	367,707
Foster Care	170,936	-	-	170,936	188,738
Other	240,806	-	-	240,806	-
Baycare	300,000	-	-	300,000	300,000
Heartland Emergency Shelter	14,636	-	-	14,636	9,020
Operation PAR	43,663	-	-	43,663	20,329
Foundation for Mental Health	-	-	-	-	480,567
City of St. Petersburg	-	-	-	-	112,391
Various Cities	1,600	-	-	1,600	2,838
Hillsborough Kids	275	-	-	275	10,204
Client and patient fees	3,390,210	-	-	3,390,210	2,403,643
Medicaid client fees	7,246	-	-	7,246	28,408
Fundraising	21,979	-	-	21,979	30,860
Interest	1,854	-	-	1,854	4,496
In-kind medication donations	26,386	-	-	26,386	27,065
Miscellaneous	39,556	-	-	39,556	42,417
Net assets released from restrictions:					
Satisfaction of program restrictions	143,569	(143,569)	-	-	-
<b>Total Public Support and Revenues</b>	<b>16,896,335</b>	<b>(2,992)</b>	<b>-</b>	<b>16,893,343</b>	<b>19,359,452</b>
<b>Expenses</b>					
Program Services:					
Crisis Stabilization - Adult	7,003,478	-	-	7,003,478	6,844,980
BNET	552,416	-	-	552,416	416,286
Community Support Team	3,551	-	-	3,551	50,116
Crisis Stabilization - Child	1,294,015	-	-	1,294,015	1,262,441
Crisis Support - Child	121,476	-	-	121,476	129,572
Crisis Support - Adult	1,616,824	-	-	1,616,824	1,690,896
S/A Detox - Child	371,366	-	-	371,366	314,202
S/A Intervention - Adult	100,297	-	-	100,297	100,275
Outreach - Adult	-	-	-	-	80,378
Residential Level I - Child	1,268,748	-	-	1,268,748	3,769,042
Residential Level II - Child	811,365	-	-	811,365	11,408
Residential Level III - Child	352,753	-	-	352,753	348,963
Residential Level I - Adult	-	-	-	-	1,746
Non-ADM services	3,320,125	-	-	3,320,125	2,899,111
<b>Total Expenses</b>	<b>16,816,414</b>	<b>-</b>	<b>-</b>	<b>16,816,414</b>	<b>17,919,416</b>
<b>INCREASE (DECREASE) IN NET ASSETS</b>	<b>79,921</b>	<b>(2,992)</b>	<b>-</b>	<b>76,929</b>	<b>1,440,036</b>
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<b>5,302,025</b>	<b>963,136</b>	<b>-</b>	<b>6,265,161</b>	<b>4,825,125</b>
<b>NET ASSETS AT END OF YEAR</b>	<b>\$ 5,381,946</b>	<b>\$ 960,144</b>	<b>\$ -</b>	<b>\$ 6,342,090</b>	<b>\$ 6,265,161</b>

See the accompanying notes to the consolidated financial statements.

PERSONAL ENRICHMENT THROUGH MENTAL HEALTH SERVICES, INC.  
STATEMENT OF REVENUES AND FUNCTIONAL EXPENSES  
For the Year Ended June 30, 2010

	<b>PROGRAM SERVICES</b>			
	Crisis Stabilization Adult	BNET	Community Support Team	Crisis Stabilization Child
<b>Public Support &amp; Revenues</b>				
Florida Department of Children & Families	\$ 4,162,512	\$ -	\$ -	\$ 900,921
Agency for Healthcare Administration	-	-	-	-
Juvenile Welfare Board of Pinellas County	-	-	-	-
Pinellas County Board of County Commissioners	1,471,678	-	-	-
Pinellas County CDGB	-	-	-	-
Pinellas County Substance Abuse Trust Fund	2,335	-	-	-
Central FL BHN	-	-	-	-
Florida Department of Transportation	-	-	-	-
Florida Department of Education	-	-	-	9,524
Florida Department of Agriculture	-	-	-	-
BNET	-	554,000	-	-
Eckerd Youth Alternative/Sarasota YMCA	-	-	-	-
Baycare	-	-	-	-
Heartland Emergency Shelter	-	-	-	-
Operation PAR	-	-	-	-
City of Pinellas Park	-	-	-	-
Hillsborough Kids	-	-	-	-
Client and patient fees	1,952,894	12,799	430	754,164
Medicaid client fees	-	-	-	-
Fundraising	-	-	-	-
Interest income	-	-	-	158
In-kind donations	-	-	-	-
Miscellaneous	250	-	-	-
<b>Total Public Support and Revenues</b>	<b>7,589,669</b>	<b>566,799</b>	<b>430</b>	<b>1,664,767</b>
<b>Expenses</b>				
<b>Personnel Expense</b>				
Salaries	2,830,795	257,182	2,429	638,058
Fringe benefits	565,595	50,258	462	126,748
Temporary staff	30,019	-	-	14,266
<b>Total Personnel Expenses</b>	<b>3,426,409</b>	<b>307,440</b>	<b>2,891</b>	<b>779,072</b>
<b>Operating Expenses</b>				
Building occupancy	577,329	29,967	-	78,763
Professional services	562,109	22,371	-	128,015
Travel and transportation	304,112	9,187	93	64
Equipment costs	53,573	4,344	18	7,108
Food services	400,272	55	-	52,044
Medical and pharmacy	614,380	52,668	-	46,289
Subcontracted services	26	-	-	-
Insurance	63,932	3,418	-	13,559
Interest expense	-	-	-	-
Fundraising expense	-	-	-	-
Operating supplies and expenses	86,972	41,668	4	12,990
<b>Total Operating Expenses</b>	<b>2,662,705</b>	<b>163,678</b>	<b>115</b>	<b>338,832</b>
<b>Total Expenses Before Indirect Allocation</b>	<b>6,089,114</b>	<b>471,118</b>	<b>3,006</b>	<b>1,117,904</b>
<b>Indirect Expenses</b>				
Administration	887,978	81,298	545	176,111
<b>Total Indirect Expenses</b>	<b>887,978</b>	<b>81,298</b>	<b>545</b>	<b>176,111</b>
<b>Total All Expenses</b>	<b>6,977,092</b>	<b>552,416</b>	<b>3,551</b>	<b>1,294,015</b>
<b>Excess (Deficiency) of Revenue over Expenses</b>	<b>\$ 612,577</b>	<b>\$ 14,383</b>	<b>\$ (3,121)</b>	<b>\$ 370,752</b>

(Continued)

PERSONAL ENRICHMENT THROUGH MENTAL HEALTH SERVICES, INC.  
STATEMENT OF REVENUES AND FUNCTIONAL EXPENSES  
For the Year Ended June 30, 2010

	<b>PROGRAM SERVICES</b>			
	Crisis Support Child	Crisis Support Adult	S/A Detox Child	S/A Intervention Adult
<b>Public Support &amp; Revenues</b>				
Florida Department of Children & Families	\$ 197,629	\$ 1,021,098	\$ -	\$ -
Agency for Healthcare Administration	-	-	-	-
Juvenile Welfare Board of Pinellas County	-	-	-	-
Pinellas County Board of County Commissioners	20,015	201,373	-	-
Pinellas County CDGB	-	-	-	-
Pinellas County Substance Abuse Trust Fund	-	-	-	-
Central FL BHN	-	-	410,360	92,706
Florida Department of Transportation	-	-	-	-
Florida Department of Education	-	-	3,523	-
Florida Department of Agriculture	-	-	-	-
BNET	-	-	-	-
Eckerd Youth Alternative/Sarasota YMCA	-	-	-	-
Baycare	-	300,000	-	-
Heartland Emergency Shelter	-	-	-	-
Operation PAR	-	-	-	-
City of Pinellas Park	-	1,600	-	-
Hillsborough Kids	-	-	-	-
Client and patient fees	-	90	-	-
Medicaid client fees	-	-	-	-
Fundraising	-	-	-	-
Interest income	-	-	-	-
In-kind donations	-	26,386	-	-
Miscellaneous	-	1,048	83	-
<b>Total Public Support and Revenues</b>	<b>217,644</b>	<b>1,551,595</b>	<b>413,966</b>	<b>92,706</b>
<b>Expenses</b>				
<b>Personnel Expense</b>				
Salaries	72,483	890,180	182,302	68,040
Fringe benefits	14,617	177,711	36,556	15,245
Temporary staff	-	-	4,077	-
<b>Total Personnel Expenses</b>	<b>87,100</b>	<b>1,067,891</b>	<b>222,935</b>	<b>83,285</b>
<b>Operating Expenses</b>				
Building occupancy	1,177	52,520	21,239	-
Professional services	1,163	101,224	36,576	-
Travel and transportation	418	3,313	18	110
Equipment costs	340	6,364	1,784	-
Food services	-	-	14,869	-
Medical and pharmacy	7,620	94,961	12,083	-
Subcontracted services	2,493	28,994	-	-
Insurance	1,794	18,381	4,784	1,529
Interest expense	-	-	-	-
Fundraising expense	-	-	-	-
Operating supplies and expenses	1,959	30,771	4,747	16
<b>Total Operating Expenses</b>	<b>16,964</b>	<b>336,528</b>	<b>96,100</b>	<b>1,655</b>
<b>Total Expenses Before Indirect Allocation</b>	<b>104,064</b>	<b>1,404,419</b>	<b>319,035</b>	<b>84,940</b>
<b>Indirect Expenses</b>				
Administration	17,412	238,791	52,331	15,357
<b>Total Indirect Expenses</b>	<b>17,412</b>	<b>238,791</b>	<b>52,331</b>	<b>15,357</b>
<b>Total All Expenses</b>	<b>121,476</b>	<b>1,643,210</b>	<b>371,366</b>	<b>100,297</b>
<b>Excess (Deficiency) of Revenue over Expenses</b>	<b>\$ 96,168</b>	<b>\$ (91,615)</b>	<b>\$ 42,600</b>	<b>\$ (7,591)</b>

(Continued)

PERSONAL ENRICHMENT THROUGH MENTAL HEALTH SERVICES, INC.  
STATEMENT OF REVENUES AND FUNCTIONAL EXPENSES  
For the Year Ended June 30, 2010

	<i>PROGRAM SERVICES</i>			
	Residential Level I Child	Residential Level II Child	Residential Level III Child	Non-ADM Services
<b>Public Support &amp; Revenues</b>				
Florida Department of Children & Families	\$ -	\$ -	\$ -	\$ -
Agency for Healthcare Administration	604,678	-	-	-
Juvenile Welfare Board of Pinellas County	-	-	-	1,514,294
Pinellas County Board of County Commissioners	-	-	-	-
Pinellas County CDGB	40,000	-	-	-
Pinellas County Substance Abuse Trust Fund	-	-	-	-
Central FL BHN	-	-	-	877,430
Florida Department of Transportation	-	-	-	-
Florida Department of Education	6,076	9,698	-	4,030
Florida Department of Agriculture	3,530	-	-	-
BNET	-	-	-	-
Eckerd Youth Alternative/Sarasota YMCA	-	84,897	170,936	647,678
Baycare	-	-	-	-
Heartland Emergency Shelter	-	1,656	-	12,980
Operation PAR	-	-	-	43,663
City of Pinellas Park	-	-	-	-
Hillsborough Kids	-	-	-	275
Client and patient fees	-	584,246	85,587	-
Medicaid client fees	-	-	-	7,246
Fundraising	-	-	-	-
Interest income	-	-	-	-
In-kind donations	-	-	-	-
Miscellaneous	-	3,790	1,685	1,435
<b>Total Public Support and Revenues</b>	<b>654,284</b>	<b>684,287</b>	<b>258,208</b>	<b>3,109,031</b>
<b>Expenses</b>				
<b>Personnel Expense</b>				
Salaries	587,869	372,598	108,271	1,530,508
Fringe benefits	121,310	72,447	22,687	303,640
Temporary staff	61,087	2,059	-	322
<b>Total Personnel Expenses</b>	<b>770,266</b>	<b>447,104</b>	<b>130,958</b>	<b>1,834,470</b>
<b>Operating Expenses</b>				
Building occupancy	72,564	73,133	14,422	295,873
Professional services	110,610	40,824	12,974	-
Travel and transportation	2,285	592	4,645	67,303
Equipment costs	6,503	4,581	2,349	23,516
Food services	25,479	51,531	91	18,761
Medical and pharmacy	63,186	65,216	3	4,940
Subcontracted services	-	-	128,611	494,729
Insurance	29,304	8,425	2,206	29,601
Interest expense	-	-	-	-
Fundraising expense	-	-	-	-
Operating supplies and expenses	15,834	15,585	3,506	145,500
<b>Total Operating Expenses</b>	<b>325,765</b>	<b>259,887</b>	<b>168,807</b>	<b>1,080,223</b>
<b>Total Expenses Before Indirect Allocation</b>	<b>1,096,031</b>	<b>706,991</b>	<b>299,765</b>	<b>2,914,693</b>
<b>Indirect Expenses</b>				
Administration	172,717	104,374	52,988	405,432
<b>Total Indirect Expenses</b>	<b>172,717</b>	<b>104,374</b>	<b>52,988</b>	<b>405,432</b>
<b>Total All Expenses</b>	<b>1,268,748</b>	<b>811,365</b>	<b>352,753</b>	<b>3,320,125</b>
<b>Excess (Deficiency) of Revenue over Expenses</b>	<b>\$ (614,464)</b>	<b>\$ (127,078)</b>	<b>\$ (94,545)</b>	<b>\$ (211,094)</b>

(Continued)

PERSONAL ENRICHMENT THROUGH MENTAL HEALTH SERVICES, INC.  
STATEMENT OF REVENUES AND FUNCTIONAL EXPENSES  
For the Year Ended June 30, 2010

	<u>TOTAL P/S</u>	<u>SUPPORT SERVICES</u>		<u>TOTAL</u>
	<u>Total Program Services</u>	<u>Other Support</u>	<u>Administration</u>	<u>Grand Total</u>
<b>Public Support &amp; Revenues</b>				
Florida Department of Children & Families	\$ 6,282,160	\$ -	\$ -	\$ 6,282,160
Agency for Healthcare Administration	604,678	-	-	604,678
Juvenile Welfare Board of Pinellas County	1,514,294	-	-	1,514,294
Pinellas County Board of County Commissioners	1,693,066	-	1,165	1,694,231
Pinellas County CDGB	40,000	-	-	40,000
Pinellas County Substance Abuse Trust Fund	2,335	-	-	2,335
Central FL BHN	1,380,496	-	-	1,380,496
Florida Department of Transportation	-	33,852	-	33,852
Florida Department of Education	32,851	-	-	32,851
Florida Department of Agriculture	3,530	-	-	3,530
BNET	554,000	-	-	554,000
Eckerd Youth Alternative/Sarasota YMCA	903,511	-	-	903,511
Baycare	300,000	-	-	300,000
Heartland Emergency Shelter	14,636	-	-	14,636
Operation PAR	43,663	-	-	43,663
City of Pinellas Park	1,600	-	-	1,600
Hillsborough Kids	275	-	-	275
Client and patient fees	3,390,210	-	-	3,390,210
Medicaid client fees	7,246	-	-	7,246
Fundraising	-	-	21,979	21,979
Interest income	158	-	1,696	1,854
In-kind donations	26,386	-	-	26,386
Miscellaneous	8,291	27,150	4,115	39,556
<b>Total Public Support and Revenues</b>	<b>16,803,386</b>	<b>61,002</b>	<b>28,955</b>	<b>16,893,343</b>
<b>Expenses</b>				
<b>Personnel Expense</b>				
Salaries	7,540,715	672,943	1,013,906	9,227,564
Fringe benefits	1,507,276	137,915	214,447	1,859,638
Temporary staff	111,830	-	1,237	113,067
<b>Total Personnel Expenses</b>	<b>9,159,821</b>	<b>810,858</b>	<b>1,229,590</b>	<b>11,200,269</b>
<b>Operating Expenses</b>				
Building occupancy	1,216,987	(374,752)	127,840	970,075
Professional services	1,015,866	-	131,466	1,147,332
Travel and transportation	392,140	(266,353)	13,708	139,495
Equipment costs	110,480	51,064	178,953	340,497
Food services	563,102	(15,756)	145	547,491
Medical and pharmacy	961,346	(151,696)	(2,313)	807,337
Subcontracted services	654,853	1,800	5,098	661,751
Insurance	176,933	14,862	29,425	221,220
Interest expense	-	-	105,356	105,356
Fundraising expense	-	-	11,097	11,097
Operating supplies and expenses	359,552	43,959	260,983	664,494
<b>Total Operating Expenses</b>	<b>5,451,259</b>	<b>(696,872)</b>	<b>861,758</b>	<b>5,616,145</b>
<b>Total Expenses Before Indirect Allocation</b>	<b>14,611,080</b>	<b>113,986</b>	<b>2,091,348</b>	<b>16,816,414</b>
<b>Indirect Expenses</b>				
Administration	2,205,334	(113,986)	(2,091,348)	-
<b>Total Indirect Expenses</b>	<b>2,205,334</b>	<b>(113,986)</b>	<b>(2,091,348)</b>	<b>-</b>
<b>Total All Expenses</b>	<b>16,816,414</b>	<b>-</b>	<b>-</b>	<b>16,816,414</b>
<b>Excess (Deficiency) of Revenue over Expenses</b>	<b>\$ (13,028)</b>	<b>\$ 61,002</b>	<b>\$ 28,955</b>	<b>\$ 76,929</b>

(Concluded)

PERSONAL ENRICHMENT THROUGH MENTAL HEALTH SERVICES, INC.  
STATEMENT OF CASH FLOWS

For the Year Ended June 30, 2010 with Comparative Balances for the Year Ended June 30, 2009

	2010	2009
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Increase (Decrease) in net assets	\$ 76,929	\$ 1,440,036
Adjustments to reconcile change in net assets to net cash		
Provided by (Used by) operating activities:		
Depreciation and amortization	478,974	430,982
Gain on disposition of property and equipment	-	(5,000)
Decrease (Increase) in operating assets		
Patient receivables	(23,199)	272,748
Other receivables	405,210	(658,983)
Prepaid and other assets	16,417	(85,260)
Increase (Decrease) in operating liabilities		
Accounts payable	(114,449)	107,914
Accrued payroll and related liabilities	18,674	(30,756)
Other liabilities	(7,992)	(3,337)
	850,564	1,468,344
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of property, land, and equipment	(215,707)	(912,129)
	(215,707)	(912,129)
<b>NET CASH USED BY INVESTING ACTIVITIES</b>		
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from notes payable and long-term debt	322,897	183,322
Payments on notes payable and long-term debt	(255,494)	(134,710)
	67,403	48,612
<b>NET CASH PROVIDED BY FINANCING ACTIVITIES</b>		
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	702,260	604,827
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	1,524,813	919,986
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	\$ 2,227,073	\$ 1,524,813
<b>SUPPLEMENTAL DISCLOSURES</b>		
Operating activities reflect interest paid of:	\$ 105,356	\$ 140,647

See the accompanying notes to the consolidated financial statements.

PERSONAL ENRICHMENT THROUGH MENTAL HEALTH SERVICES, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2010

**NOTE 1 - NATURE OF OPERATIONS**

Personal Enrichment Through Mental Health Services, Inc. (PEMHS) is chartered as a Florida corporation, not-for-profit, under Chapter 617 of the Florida statutes, operating out of its facilities in Pinellas County. PEMHS provides residential mental health care and emergency mental health care to adults and children, as well as other services that focus on families, residential treatment and therapeutic services. The major source of funding for PEMHS is provided by state and local governments through performance contracts. Unless specifically restricted by the terms of a grant or contract, all funds received are considered to be available for unrestricted use.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Financial Statement Presentation:

The Organization has adopted Statement of Financial Accounting Standards (SFAS) No. 117, Financial Statements of Not-for-Profit Organizations. Under SFAS No. 117, the Organization 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 permitted by SFAS No. 117, the Organization does not use fund accounting.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates. It is at least reasonably possible that the Organization's estimates will change in the near term.

Cash and Cash Equivalents

PEMHS considers cash on hand and amounts on deposit with financial institutions which have original maturities of three months or less to be cash and cash equivalents.

Patient Receivables

Patient receivables consist of amounts due from patients, Medicare, Medicaid, and third party insurance carriers arising from program services provided in the ordinary course of business. During the year, the Company analyzes the patient receivables to estimate its allowance for doubtful accounts. The factors that influence management's judgment include the services provided, historical losses, existing economic conditions, and risk elements specific to particular service recipients. When patient receivables are considered uncollectible, they are charged off against the allowance for doubtful accounts.

Purchase of Service and Other Receivables

Purchase of service and other receivables consist of amounts due from the Department of Children and Families, the Juvenile Welfare Board of Pinellas County, and from other department, county, and city grants and fee for service contracts arising from program services provided in the ordinary course of business. When these receivables are considered uncollectible, they are charged off against the allowance for doubtful accounts.

PERSONAL ENRICHMENT THROUGH MENTAL HEALTH SERVICES, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2010

Property & Equipment, net

Property & equipment is stated at cost, net of accumulated depreciation. PEMHS follows the practice of capitalizing all expenditures for buildings and equipment with a unit cost in excess of \$500 and a useful life in excess of 2 years. Depreciation of property, plant, and equipment is computed using the straight-line method over the assets' estimated useful lives.

Deferred Financing Costs

Capitalized costs associated with obtaining long term financing for asset acquisitions are amortized using the straight line method over the life of the loan obligation. Accumulated amortization of deferred financing costs was \$56,677 at June 30, 2010. Amortization expense for the year ended June 30, 2010 amounted to \$50,776.

Contributed Goods and Services

During the year ended June 30, 2010, the value of contributed goods and services, specifically in-kind medication donations of \$26,386 were recorded in the financial statements.

Allocation of Indirect Costs

The costs of providing the various programs and other activities have been detailed in the Statement of Revenues and Functional Expenses and summarized on a functional basis in the Statement of Activities. Salaries and other expenses that are associated with a specific program are charged directly to that program. Salaries and other expenses that benefit more than one program are allocated to the various programs based on the relative benefit provided. Administrative and other support expenses are allocated to the various programs based on a formula established by management to reflect relative benefit.

Income Taxes

PEMHS is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation.

Prior Year Summarized Comparative Information

The financial statements include certain prior-year summarized comparative information. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the organization's financial statements for the year ended June 30, 2009, from which the summarized information was derived.

Reclassifications

Certain reclassifications have been made to the prior year financial statement presentation to correspond to the current year's format. Net assets and changes in net assets are unchanged due to these reclassifications.

PERSONAL ENRICHMENT THROUGH MENTAL HEALTH SERVICES, INC.  
 NOTES TO THE FINANCIAL STATEMENTS  
 June 30, 2010

**NOTE 3 – RESTRICTIONS ON NET ASSETS**

The restrictions on cash are primarily amounts restricted for the purchase of children's clothing, with an additional amount also restricted for use in special programs for suicide prevention.

Temporarily restricted amounts are also included within property and equipment. In accordance with Florida statutes, the State has a vested interest in the assets acquired with State funds allocated specifically for real property acquisition for 20 years and tangible personal property acquisitions for a period of 7 years. Additionally, under a contract with the Juvenile Welfare Board of Pinellas County and a Pinellas County CDBG, the organization has similar restrictions on property and equipment.

At June 30, 2010, temporarily restricted assets, including property and equipment net of accumulated depreciation, consists of the following:

		<u>2010</u>
<b>Cash</b>		
Cash restricted to children's clothing	\$ 300	
Cash restricted to Boyer Memorial Fund	<u>9,608</u>	
		\$ 9,908
<b>Property and Equipment (net)</b>		
Buildings	799,938	
Land and leasehold improvements	94,701	
Vehicles	<u>55,597</u>	
		<u>950,236</u>
<b>Total</b>		<u>\$ 960,144</u>

**NOTE 4 – PROPERTY AND EQUIPMENT**

At June 30, 2010, property and equipment, including temporarily restricted property and equipment, consists of the following:

	<u>2010</u>
Land	\$ 1,184,645
Land improvements	213,363
Buildings	6,871,451
Leasehold Improvements	289,676
Office furniture and equipment	2,298,129
Vehicles	344,322
Construction in progress	<u>993</u>
	11,202,579
Less: accumulated depreciation	<u>(6,123,537)</u>
<b>Property and equipment, net</b>	<u>\$ 5,079,042</u>

Depreciation expense for the year ended June 30, 2010 was \$428,198.

PERSONAL ENRICHMENT THROUGH MENTAL HEALTH SERVICES, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2010

**NOTE 5 – DEBT**

	2010
Mortgage payable, bank; monthly installments of \$14,184 including interest at 5.125%; due October 15, 2021; secured by real property	\$ 1,502,646
Mortgage payable, bank; monthly installments of \$1,188 including interest at 6.75%; due July 29, 2014; secured by real property	151,575
Mortgage payable, City of St. Petersburg; no payments required, mortgage forgiven on January 1, 2019 if terms and conditions of agreement are complied with; secured by real property	100,000
Note payable, insurance premium finance company; interest at 7.2%; due March 31, 2011; unsecured	59,559
	\$ 1,813,780
Total	

Maturities of debt for the next five years and thereafter are as follows:

2011	\$ 109,010
2012	53,680
2013	58,219
2014	63,288
2015	196,375
Thereafter	1,333,209
	\$ 1,813,780
Total	

Total interest expense incurred for the year totaled \$105,356.

PEMHS also has a \$1.5 million line of credit with a bank. The interest rate is prime plus .5% (3.75% at June 30, 2010) and the line matures November 30, 2010. There was no balance outstanding at June 30, 2010. The line is collateralized by 1<sup>st</sup> and 2<sup>nd</sup> mortgages on certain real estate, assignment of rents, furniture, fixtures, equipment, and accounts receivable.

PERSONAL ENRICHMENT THROUGH MENTAL HEALTH SERVICES, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2010

**NOTE 6 - LEASE COMMITMENTS**

PEMHS has cancelable and non-cancelable operating leases for office equipment and facilities.

Future minimum lease payments required under the operating leases at June 30, 2010 are as follows:

	<u>Operating Leases</u>
2011	\$ 592,198
2012	627,680
2013	634,312
2014	487,900
2015	287,657
Thereafter	479,294
Total minimum lease payments	<u>\$ 3,109,041</u>

Rental expense under the operating leases for buildings and equipment incurred for the year ended June 30, 2010 totaled \$312,390.

**NOTE 7 - EMPLOYEE BENEFIT PLAN**

Prior to December 31, 2003, PEMHS maintained a 401(k) plan for the benefit of its employees. That plan covered substantially all of the organization's employees. On December 31, 2003, the PEMHS 401(k) Plan was frozen and participants were no longer able to elect to contribute funds to the Plan.

On January 1, 2004, the Organization adopted a 403(b) plan for the benefit of its employees. The plan provides coverage for all employees. Eligibility for the plan requires that employees have completed one year of service and work at least 1,000 service hours during the plan year. Matching contributions to the plan are provided to all participants at a rate equal to 50 percent of the elective deferrals of each employee who is eligible for employer contributions. An employee's elective deferrals in excess of 6 percent of the employee's compensation shall not be considered for purposes of the employer match. Pension expense for the year ended June 30, 2010 was \$75,200.

PERSONAL ENRICHMENT THROUGH MENTAL HEALTH SERVICES, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2010

**NOTE 8 - CONCENTRATIONS OF CREDIT RISK**

PEMHS primary activities are to provide residential mental health care and emergency mental health care to adults and children within the State of Florida, as well as other social services. Financial instruments that potentially subject PEMHS to concentrations of credit risk consist of temporary cash investments and receivables. As of June 30, 2010, temporary cash investments in excess of the federally insured limits aggregated \$1,216,254 and the organization's unsecured patient, purchase of service, and other accounts receivable from its funding sources totaled \$1,601,915. These financial instruments potentially subject PEMHS to credit risk.

**NOTE 9 – SUPPORT FROM THE STATE OF FLORIDA WHICH REQUIRED MATCH**

PEMHS received a substantial portion of its support from the State of Florida, under a grant contract with the Department of Children & Families. This contract must be renegotiated annually. Although a maximum amount is established during the negotiation process, income is earned on a reimbursement basis; that is, income can be earned only to the extent of eligible expenses incurred. The contract has a match requirement for certain Community Mental Health Services. This matching requirement had been met as of June 30, 2010.

**NOTE 10 – MAJOR FUNDING SOURCES**

The organization is heavily dependent on continued financing from the State of Florida Department of Children & Families (DCF). Because of the current economic climate both federally and in the State of Florida, it is possible that there will be some reduction in the level of funding for some or all of the organization's programs. However, it is management's opinion that acute care mental health facilities are among the highest funding priorities of the above mentioned agencies and any reductions in funding can be absorbed through the curtailment of program services.

During the year ended June 30, 2010, the Organization received approximately 4% of its total revenues from AHCA, 49% from DCF, 10% from Pinellas County Board of Commissioners, 5% from YMCA/EYA and 9% from Pinellas County/Juvenile Welfare Board. Those same funding sources also accounted for approximately 69% of the total patient, purchase of service, and other accounts receivable of the organization at June 30, 2010.

**NOTE 11 – SUBSEQUENT EVENTS**

The Company has evaluated subsequent events through the release date of these financial statements.

PERSONAL ENRICHMENT THROUGH MENTAL HEALTH SERVICES, INC.  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE  
 For the Year Ended June 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>				
DEPARTMENT OF AGRICULTURE				
Passed through State of Florida Department of Agriculture				
Commodities	10.555	----	\$ 3,530	\$ -
Passed through State of Florida Department of Education				
National School Lunch Program	10.558	----	26,752	-
National School Lunch Program - ARRA	10.558#	----	6,099	-
DEPARTMENT OF HEALTH & HUMAN SERVICES				
ADMINISTRATION FOR CHILDREN & FAMILIES				
Passed through State of Florida				
Operation PAR - Co-Occurring TX	93.243	----	43,663	-
EYA - ERT/FRT	93.558*	ECA-CPEMDV8	387,853	-
EYA - ERT/FRT	93.669	ECA-CPEMDV8	31,044	-
EYA/Sarasota YMCA - Foster Care	93.658	ECA-OHC-PEM-FY10	129,063	-
EYA - Children's Center	93.667	ECA-OHC-PEM-FY10	102,759	-
SAMH - BNET	93.767*	QH9C1	554,000	-
Agency for Health Care Administration	93.778^	FA507	413,850	-
Department of Children & Families	93.958	QH9D0	384,276	-
Central FL BHN - S/A	93.959	CF 2010-1018	245,000	-
<b>TOTAL FEDERAL ASSISTANCE</b>			<u>2,327,889</u>	
<b>STATE AGENCY NAME</b>				
STATE OF FLORIDA				
DEPARTMENT OF CHILDREN & FAMILIES				
ADAMH Services - Children's Mental Health	60.001	QH9D0	647,751	-
ADAMH Services - Adult Mental Health	60.006*	QH9D0	3,536,659	-
ADAMH Services - Adult Mental Health	60.039	QH9D0	16,754	-
ADAMH Services - Adult Mental Health	60.054*	QH9D0	1,112,160	-
ADAMH Services - Children's Mental Health	60.057	QH9D0	256,325	-
ADAMH Services - Adult Mental Health	60.061	QH9D0	315,000	-
Passed through Central FL BHN - JARF	60.028	CF 2010-1018	201,399	-
Passed through Central FL BHN - S/A	60.033	CF 2010-1018	56,667	-
<b>TOTAL STATE FINANCIAL ASSISTANCE</b>			<u>6,142,715</u>	-
<b>TOTAL FEDERAL AND STATE FINANCIAL ASSISTANCE</b>			<u>\$ 8,470,604</u>	<u>\$ -</u>

\* Denotes major programs

^ PEMHS has contracted with the States Agency for Health Care Administration to provide services for the Statewide Inpatient Psychiatric Program (SIPP), CFDA #93.778. All funding for the contract comes through Medicaid, which is 67.64% funded through federal dollars for FY 2010, with all remaining amounts covered by required state matching funds.

See the accompanying notes to this schedule.

**PERSONAL ENRICHMENT THROUGH MENTAL HEALTH SERVICES, INC.**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE**  
**FOR THE YEAR ENDED JUNE 30, 2010**

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal and state financial assistance includes the federal and state grant activity of PEMHS 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 and Chapter 10.650, Rules of the Auditor General. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note 2 - American Recovery and Reinvestment Act of 2009 (ARRA)

The organization incurred expenses in the amount of \$6,099 for an ARRA funded project for the year ended June 30, 2010. The revenues were received as a flow-through payment from the State of Florida Department of Education for the National School Lunch Program (CFDA #10.558).

**Personal Enrichment Through Mental Health Services, Inc.**  
**Schedule of State Earnings for Alcohol, Drug Abuse and**  
**Mental Health Services**  
**For the Year Ended June 30, 2010**

<b>1</b>	<b>Total Expenditures</b>	<b>\$</b>	<b>16,816,414</b>
<b>2</b>	<b>Less other State and Federal Funds</b>	<b>\$</b>	<b>(1,876,247)</b>
<b>3</b>	<b>Less Non-Match SAMH Funds</b>	<b>\$</b>	<b>(1,083,455)</b>
<b>4</b>	<b>Less Unallowable Costs</b>	<b>\$</b>	<b>(168,779)</b>
<b>5</b>	<b>Less Unallowable Patient Fees</b>	<b>\$</b>	<b>-</b>
<b>6</b>	<b>Net Allowable Expenditures</b> (Sum of lines 1,2,3,4, and 5)	<b>\$</b>	<b>13,687,933</b>
<b>7</b>	<b>Maximum Available Earnings</b> (Line 6 times 75%)	<b>\$</b>	<b>10,265,950</b>
<b>8</b>	<b>Amount of State Funds Received</b> (Total of Invoices Paid and submitted to be paid less line 3.)	<b>\$</b>	<b>6,299,434</b>
<b>9</b>	<b>Amount Due to Department (if negative)</b> (Subtract line 8 from line 7. If negative, the amount of the difference is due the department up to the amount of line 8.)	<b>\$</b>	<b>3,966,516</b>

Personal Enrichment Through Mental Health Services, Inc.  
 Schedule of Bed Day Availability  
 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 Govt. or Other State Agencies	Maximum # of Units Eligible for Payment by Department	Amount Paid for Services by the Department	Maximum \$ Value of Units in Column F	Amount Owed to Department
A	B	C	D	E	F	G	H	I
Children MH	Crisis Stabilization Unit	\$ 277.17	5,110	1,800	3,310	\$ 914,282	\$ 917,433	\$ -
Adult MH	Crisis Stabilization Unit	\$ 256.19	27,010	9,638	17,372	\$ 4,363,592	\$ 4,450,533	\$ -
Children SA	Substance Abuse Detox	\$ 289.27	1,460	9	1,451	\$ 410,360	\$ 419,731	\$ -

Total Amount Owed to Department = \$ -

PERSONAL ENRICHMENT THROUGH MENTAL HEALTH SERVICES, INC.  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 For the Year Ended June 30, 2010

1. The auditor's report expresses an unqualified opinion on the general purpose financial statements of Personal Enrichment Through Mental Health Services, Inc.
2. No control deficiencies, significant deficiencies, or material weaknesses were disclosed during the audit of financial statements and required to be reported in the Report of Independent Certified Public Accountants on Compliance and Internal Control Over Compliance Applicable to Each Major Federal Program and State Project.
3. No instances of noncompliance material to the financial statements of Personal Enrichment Through Mental Health Services, Inc. were disclosed during the audit.
4. The auditor's report on Compliance with requirements applicable to each major program and internal control over compliance for Personal Enrichment Through Mental Health Services, Inc. expressed an unqualified opinion.
5. The audit did not disclose any audit findings that would require disclosure under federal or state regulations.
6. The audit included the following major federal and state programs:

Contract #	Program Type	CFDA#	CSFA #
ECA-CPEMDV8	Temporary Assistance for Needy Families	93.558	
QH9C1	Children's Health Insurance Program	93.767	
QH9D0	Baker Act		60.006
QH9D0	Adult Community Mental Health Emergency Stabilization		60.054

7. The threshold for distinguishing Type A and Type B projects was \$300,000 for major federal programs and state projects.
8. The auditee qualified as a low risk auditee under the federal criteria.

**FINDINGS - FINANCIAL STATEMENT AUDIT**

None

**FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AND STATE AWARDS PROGRAM AUDIT**

None

No Summary of Schedule of Prior Audit Findings was required because there were no Prior Audit Findings related to federal programs or state projects.

There were no findings or questioned costs required to be reported under either the Federal or Florida Single Audit Act.

Management letter was not issued due to no matters required to be reported under rules of the Auditor General.

PERSONAL ENRICHMENT THROUGH MENTAL HEALTH SERVICES, INC.  
RELATED PARTY TRANSACTIONS  
For the Year Ended June 30, 2009

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

**SUMMARY OF RELATED PARTY TRANSACTIONS**

No related party transactions were entered into during the 2010 fiscal year.



**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS  
ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Directors  
Personal Enrichment through Mental Health Services, Inc.

We have audited the financial statements of Personal Enrichment through Mental Health Services, Inc. (PEMHS) (a Florida nonprofit organization) as of and for the year ended June 30, 2010, and have issued our report thereon dated December 3, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and 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 PEMHS' 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 PEMHS' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of PEMHS' internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of 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 internal control that might be 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 PEMHS' basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, grants, and other agreements, non-compliance 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 of Personal Enrichment Through Mental Health Services, Inc., management, and applicable State and Federal agencies, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in dark ink that reads "Spoor + Associates, P.A." with a stylized flourish at the end.

December 3, 2010



**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS  
ON COMPLIANCE AND INTERNAL CONTROL OVER COMPLIANCE APPLICABLE TO  
EACH MAJOR FEDERAL PROGRAM AND STATE PROJECT**

To the Board of Directors  
Personal Enrichment through Mental Health Services, Inc.

Compliance

We have audited the compliance of Personal Enrichment through Mental Health Services, Inc. (PEMHS) 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 Florida Department of Financial Services' *State Projects Compliance Supplement*, that are applicable to each of its major federal programs and state projects for the year ended June 30, 2010. PEMHS' major federal programs and state projects are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs and state projects is the responsibility of PEMHS' management. Our responsibility is to express an opinion on the PEMHS' 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; and 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 PEMHS' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of PEMHS' compliance with those requirements.

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

Internal Control Over Compliance

The management of PEMHS is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs and state projects. In planning and performing our audit, we considered PEMHS' 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 of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of PEMHS' internal control over compliance.

A *control deficiency* in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program or state project such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal

program or state project that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program or state project will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be 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 for the information of the Board of Directors of Personal Enrichment Through Mental Health Services, Inc., management, and applicable State and Federal agencies. However, this report is a matter of public record and its distribution is not limited.

*Spier + Associates, P.A.*

December 3, 2010