

**FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITORS' REPORT**

**THE CENTERS, INC.  
OCALA, FLORIDA**

**JUNE 30, 2010**

**FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITORS' REPORT**

**THE CENTERS, INC.  
OCALA, FLORIDA**

**JUNE 30, 2010**

**TABLE OF CONTENTS**

<b>Independent Auditors' Report</b> .....	1-2
<b>Management's Discussion and Analysis</b> .....	3-5
<b>Statements of Net Assets</b> .....	6
<b>Statements of Revenues, Expenses, and Changes in Net Assets - Business-type Activity - Enterprise Fund</b> .....	7-8
<b>Statements of Cash Flows</b> .....	9-10
<b>Notes to Financial Statements</b> .....	11-20
 <b>Additional Elements of Report Prepared in Accordance with <i>Government Auditing Standards</i> and Office of Management and Budget (OMB) Circular A-133 and Chapter 10.650, <i>Rules of the Auditor General</i> Single Audit Requirements</b>	
Schedule of Expenditures of Federal Awards and State Financial Assistance.....	21-23
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	24-25
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, <i>Rules of the Auditor General</i> .....	26-27
Schedule of Findings and Questioned Costs - Federal Awards Programs and State Financial Assistance Projects.....	28-29
Summary Schedule of Prior Audit Findings in Accordance with OMB Circular A-133 and Chapter 10.650, <i>Rules of the Auditor General</i> .....	30

**FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITORS' REPORT**

**THE CENTERS, INC.  
OCALA, FLORIDA**

**JUNE 30, 2010**

**TABLE OF CONTENTS  
(Concluded)**

**Additional Elements of Report Prepared in Accordance  
with *Government Auditing Standards* and Office of  
Management and Budget (OMB) Circular A-133 and  
Chapter 10.650, *Rules of the Auditor General* Single  
Audit Requirements (Concluded)**

Corrective Action Plan in Accordance with OMB Circular A-133 and Chapter 10.650, <i>Rules of the Auditor General</i> .....	31
Management Letter .....	32
Management Letter Comments .....	33
Management's Response .....	34

**Additional Information**

Substance Abuse and Mental Health Services - Program/Cost Center - Revenues Schedule and Actual Expenses .....	35-44
Schedule of State Earnings .....	45
Schedule of Bed - Day Availability Payments .....	46
Schedule of Related Party Transaction Adjustments .....	47

INDEPENDENT AUDITORS' REPORT

Board of Directors  
The Centers, Inc.  
Ocala, Florida

We have audited the accompanying financial statements of the business-type activities of The Centers, Inc. (the Centers), a governmental nonprofit organization, as of and for the years ended June 30, 2010 and 2009, which collectively comprise the Center's basic financial statements as listed in the table of contents. 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.

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 the business-type activities of the Centers, as of June 30, 2010 and 2009, and the respective changes in financial position and cash flows, where applicable, thereof for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2010, on our consideration of the Centers' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 5 be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements is required by the Government Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied

**Certified Public Accountants**

P.O. Box 23999 • 222 N.E. 1st Street • Gainesville, Florida 32602 • (352) 378-2461 • FAX (352) 378-2505  
Laurel Ridge Professional Center • 2347 S.E. 17th Street • Ocala, Florida 34471 • (352) 732-3872 • FAX (352) 732-0542  
443 East College Avenue • Tallahassee, Florida 32301 • (850) 224-7144 • FAX (850) 224-1762  
5001 Lakewood Ranch Blvd. N., Suite 101 • Sarasota, Florida 34240 • (941) 907-0350 • FAX (941) 907-0309  
MEMBERS OF AMERICAN AND FLORIDA INSTITUTES OF CERTIFIED PUBLIC ACCOUNTANTS  
MEMBER OF AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS PRIVATE COMPANIES AND S.E.C. PRACTICE SECTIONS

Board of Directors  
The Centers, Inc.  
Ocala, Florida

**INDEPENDENT AUDITORS' REPORT**  
*(Concluded)*

certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of the Centers taken as a whole. The accompanying additional information, as listed in the table of contents, is presented for purposes of additional analysis as required by the State of Florida Department of Children and Families, and is not a required part of the basic financial statements. The information has been subjected to the auditing procedures generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Privis, Gray and Company, LLP*

November 15, 2010  
Ocala, Florida

**THE CENTERS, INC**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

The discussion and analysis of the financial performance of the Centers provides an overall review of the Centers' financial activities for the fiscal year ended June 30, 2010. The intent of this discussion and analysis is to look at the Centers' financial performance as a whole. Readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the Centers' financial performance.

**FINANCIAL HIGHLIGHTS**

- The assets of the Centers exceeded its liabilities at the close of the fiscal year ended June 30, 2010, by \$11.3 million. Total net assets increased \$1.1 million during the year ended June 30, 2010.
- State and Federal revenues accounted for \$23.8 million or 83% of the Centers' total revenue of \$28.7 million. County revenues accounted for \$1.5 million or 5% of total revenue. Client and insurance fees and other contracts accounted for \$2.8 million or 10% of total revenue. Other grants, interest income, and donations (non-operating revenue) accounted for \$0.6 million or 2% of total revenue.
- Salaries, benefits, and professional development of \$18.6 million represented 68% of total expenses and contractual services represented \$3.3 million or 12% of total expenses, for a total of 80% of the Centers' total expenses of \$27.6 million. Equipment and facilities expense accounted for \$3.1 million or 11% of total expenses. Expenses related to program operating expenses such as insurance and supplies accounted for \$2.6 million or 9% of total expenses. Interest and fundraising (non-operating expenses) accounted for \$0.5 million or 2% of total expense.
- Total assets increased \$1.4 million, a 7.6% increase from 2009. Total liabilities increased \$0.4 million, a 4.0% increase from 2009.

**USING THIS ANNUAL FINANCIAL REPORT**

This report consists of a series of financial statements, the notes to those statements, and supplementary information to allow readers to review the financial activities of the Centers as a whole or to obtain a more detailed view of the Centers' operations, as they prefer.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

**Statement of Net Assets and the Statement of Activities**

The view of the Centers as a whole is presented in the accompanying financial statements and is designed to provide readers with a broad overview of the Centers' finances, in a manner similar to a private-sector business. The Statement of Net Assets presents information on all assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Centers is improving or deteriorating.

The Statement of Revenues, Expenses, and Changes in Net Assets provides summary information concerning the financial operations of the Centers. In evaluating the Centers' overall position, non-financial factors should also be taken into consideration, such as the current economic situation as a whole, changes in the governmental contracts for services, the age and condition of the Centers' buildings and equipment, and other such factors.

Both the Statement of Net Assets and Statement of Revenues, Expenses and Changes in Net Assets use the accrual basis of accounting. This basis of accounting takes into account all revenues earned and all expenses incurred in the current year regardless of when cash is received or paid.

**THE CENTERS, INC.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2010**  
*(Continued)*

**REPORTING THE CENTERS' MOST SIGNIFICANT FUNDS**

The Centers is involved in one business type activity: providing a variety of behavioral health care/child welfare services designed to help children and adults reach their highest level of functioning. This activity is recorded in a single enterprise fund.

**FINANCIAL ANALYSIS OF THE CENTERS AS A WHOLE**

**Business-type Activities**

The Statement of Net Assets provides an overall view of the Centers as of year-end and over time can serve as a useful indicator of the Centers' financial position.

Total assets increased 7.6%, from \$18.9 million in fiscal year 2009 to \$20.4 million in fiscal year 2010, an increase of \$1.4 million. This \$1.4 million increase in total assets is primarily due to an increase in the Board Reserves and Grants Receivable.

Total liabilities increased 4.0% from \$8.7 million in fiscal year 2009 to \$9.1 million in fiscal year 2010, an increase of \$0.4 million. This \$0.4 million increase in total liabilities is due to a \$0.11 million increase in accounts payable and accrued expenses, and an increase of \$0.22 million in accrued salaries, benefits, and payroll taxes.

The Statement of Revenues, Expenses, and Changes in Net Assets reports the financial operations of the Centers during the current fiscal year. \$16.8 million, or 59%, of the Centers' \$28.7 million in revenues in 2010 were earned from services provided directly to the Department of Children & Families (DCF) of the State of Florida or indirectly to DCF under the Kids Central, Inc. (KCI) contracts. Medicare and Medicaid revenues represented \$7.0 million, or 24% of fiscal year 2010 revenues. Funding from Marion and Citrus Counties, the two counties which the Centers' principally serves, totaled \$1.5 million or 5% of revenues. Client and insurance fees and other contracts accounted for \$2.8 million or 10% of total revenue. Other grants and donation revenue (non-operating) represented \$0.6 million or 2% of revenues.

Total revenues increased from \$28.2 million in fiscal year 2009 to \$28.7 million in fiscal year 2010, an increase of \$0.5 million. This \$0.5 million increase is due primarily to being awarded the Community Based Care contract for all of Marion County effective December 2009 under the KCI contract.

Total expenses increased from \$25.9 million in fiscal year 2009 to \$27.6 million in fiscal year 2010, an increase of \$1.7 million. This increase is due primarily to an increase in salary and contractual services. Salaries and benefits, professional development, and contractual services accounted for \$21.9 million or 80% of the Centers' \$27.6 million total expenses in fiscal year 2010. Equipment and facilities expense accounted for \$3.1 million or 11% of total expenses. Program operating expenses such as insurance, food for the residential programs, and medical and other supplies accounted for \$2.6 million or 9% of total expenses. The remaining \$0.5 million or 2% of the total expenses are interest and fundraising (non-operating) expense.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

At the end of the fiscal year 2010, the Centers had \$10.3 million, net of accumulated depreciation, invested in capital assets such as furniture and equipment, land, and buildings and improvements. This amount represents a net increase of \$0.2 million from the prior fiscal year, principally due to the capitalization of buildings and building improvements.

**THE CENTERS, INC.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2010**  
*(Concluded)*

**CAPITAL ASSET AND DEBT ADMINISTRATION** *(Concluded)*

**Debt**

At year-end, the Centers had \$5.9 million in short and long-term notes and mortgages payable relating to existing land and buildings. Additional information concerning the Centers' debt can be found in the notes to the financial statements.

**CURRENT ECONOMIC CONDITION AND OUTLOOK**

The Centers is a private not-for-profit corporation that has contracted with the State of Florida DCF to provide mental health and substance abuse services to adults and children of Marion and Citrus counties. In fiscal year 2010, services provided under these contracts resulted in \$10.3 million of revenues.

The Centers is contracted with KCI to provide Community Based Care services and Crisis Response Team services. In fiscal year 2010, services provided under these contracts resulted in \$6.5 million of revenues.

The expansion of the Adult Crisis Stabilization Unit, located in Marion County, was completed in August 2010 and financed by a USDA Rural Development mortgage.

In fiscal year 2011 the addition of two modular units on the Citrus County campus is planned along with improvements to the Acute Care Services building on the Marion County 60<sup>th</sup> Avenue campus consisting of an access control security system, a sally port access doorway, and an expansion of the parking lot.

The Centers shall continue pursuing integrated healthcare in fiscal year 2011.

Other than the above, The Centers is not aware of any currently known facts, decisions, or conditions that are expected to have a significant effect on the financial position or results of operations during fiscal year 2011.

**CONTACTING THE CENTERS' FINANCIAL MANAGEMENT**

This financial report is designed to provide readers with a general overview of the Centers' finances and to reflect the Centers' accountability for the revenues it receives. If you have questions about this report or need additional financial information, contact the Chief Financial Officer at the Centers, Inc., 5664 S.W. 60th Ave, Ocala, Florida 34474.



**STATEMENTS OF NET ASSETS**  
**BUSINESS-TYPE ACTIVITY - ENTERPRISE FUND**  
**JUNE 30, 2010 AND 2009**  
**THE CENTERS, INC. - OCALA, FLORIDA**

**ASSETS**

	<b>2010</b>	<b>2009</b>
<b>Current Assets</b>		
Cash and Cash Equivalents	\$ 5,845,518	\$ 6,229,701
Accounts Receivable:		
Client Fees (Net of Allowance for Uncollectible Accounts of \$3,176,862 in 2010 and \$3,662,528 in 2009)	654,698	699,112
Other	30,199	24,985
Contracts and Grants Receivable	2,285,786	914,977
Prepaid Expenses	320,006	396,349
Inventories	224,070	109,591
<b>Total Current Assets</b>	<b>9,360,277</b>	<b>8,374,715</b>
<b>Noncurrent Assets</b>		
Restricted Cash and Cash Equivalents:		
Debt Service Reserve	415,288	405,000
Unrestricted Cash and Cash Equivalents:		
Board Reserve Funds	204,740	0
Capital Assets, Net of Accumulated Depreciation	10,303,385	10,099,055
Other Assets:		
Unamortized Debt Issue Costs, Net	92,823	88,571
Security Deposits and Other	68,883	42,374
<b>Total Noncurrent Assets</b>	<b>11,085,119</b>	<b>10,635,000</b>
<b>Total Assets</b>	<b>20,445,396</b>	<b>19,009,715</b>

**LIABILITIES AND NET ASSETS**

<b>Current Liabilities</b>		
Accounts Payable and Other Accrued Expenses	1,918,687	1,812,010
Accrued Salaries and Payroll Taxes	736,403	554,053
Accrued Vacation and Sick Leave	509,456	474,838
Current Portion of Long-term Liabilities	760,042	289,878
<b>Total Current Liabilities</b>	<b>3,924,588</b>	<b>3,130,779</b>
<b>Long-term Liabilities</b>		
Mortgage Notes Payable	5,171,725	5,615,076
<b>Total Long-term Liabilities</b>	<b>5,171,725</b>	<b>5,615,076</b>
<b>Total Liabilities</b>	<b>9,096,313</b>	<b>8,745,855</b>
<b>Net Assets</b>		
Invested in Capital Assets, Net of Related Debt	4,464,441	4,282,672
Restricted for Debt Service	415,288	405,000
Restricted for Capital Projects	0	374,532
Unrestricted	6,469,354	5,201,656
<b>Total Net Assets</b>	<b>\$ 11,349,083</b>	<b>\$ 10,263,860</b>

See accompanying notes.

**STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS**  
**BUSINESS-TYPE ACTIVITY - ENTERPRISE FUND**  
**FOR THE YEARS ENDED JUNE 30, 2010 AND 2009**  
**THE CENTERS, INC. - OCALA, FLORIDA**

	2010	2009
<b>Operating Revenues</b>		
<b>State and Federal Revenues</b>		
DCF Contracts - Mental Health:		
Adult	\$ 4,386,938	\$ 4,371,050
Children	1,410,638	1,410,638
DCF Contracts - Substance Abuse:		
Adult	2,585,880	2,702,332
Children	848,956	966,139
DCF Contracts - Other:		
Children	959,000	798,000
KCI Contracts:		
Child Welfare Services	6,486,800	5,732,234
Other Intergovernmental Revenues	397,269	377,768
Medicare and Medicaid	7,007,838	5,327,506
Indigent Drug Program	68,585	68,585
<b>Total State and Federal Revenues</b>	24,151,904	21,754,252
<b>County Revenues</b>		
Marion County	1,130,260	1,088,419
Citrus County	329,821	334,161
<b>Total County Revenues</b>	1,460,081	1,422,580
<b>Other Revenues</b>		
Client and Insurance Fees	2,308,109	1,978,242
Other Contracts and Service Fees	477,314	557,685
<b>Total Other Revenues</b>	2,785,423	2,535,927
<b>Total Operating Revenues</b>	28,397,408	25,712,759
<b>Operating Expenses</b>		
<b>Personnel</b>		
Salaries	15,529,671	14,389,473
Benefits and Taxes	3,095,718	2,828,197
<b>Total Personnel</b>	18,625,389	17,217,670
<b>Contractual Services</b>		
Service Contracts	124,820	53,097
Professional Fees	3,168,303	2,586,413
<b>Total Contractual Services</b>	3,293,123	2,639,510
<b>Professional Development</b>	11,632	9,669

See accompanying notes.

**STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS**  
**BUSINESS-TYPE ACTIVITY - ENTERPRISE FUND**  
**FOR THE YEARS ENDED JUNE 30, 2010 AND 2009**  
**THE CENTERS, INC. - OCALA, FLORIDA**  
*(Concluded)*

<b>Operating Expenses (Concluded)</b>	<u>2010</u>	<u>2009</u>
<b>Equipment and Facilities Expenses</b>		
Depreciation	\$ 621,164	\$ 554,569
Rental	661,679	523,091
Repairs and Maintenance	567,824	519,759
Utilities	670,790	698,009
<b>Total Equipment and Facilities Expenses</b>	<u>2,521,457</u>	<u>2,295,428</u>
<b>Supplies Expenses</b>		
Educational/Medical Supplies	619,380	547,513
Food/Household Supplies	370,345	392,627
Office Supplies	354,473	258,545
Printing/Reproduction	104,793	76,870
<b>Total Supplies Expenses</b>	<u>1,448,991</u>	<u>1,275,555</u>
<b>Travel and Transportation Expenses</b>		
Travel	409,702	392,819
Conferences/Workshops	16,609	23,720
<b>Total Travel and Transportation Expenses</b>	<u>426,311</u>	<u>416,539</u>
<b>Other Expenses</b>		
Insurance	390,660	363,067
State Indigent Drugs	49,337	79,991
Other	431,147	415,362
<b>Total Other Expenses</b>	<u>871,144</u>	<u>858,420</u>
<b>(Total Operating Expenses)</b>	<u>(27,198,047)</u>	<u>(24,712,791)</u>
<b>Income from Operations</b>	<u>1,199,361</u>	<u>999,968</u>
<b>Nonoperating Revenues (Expenses)</b>		
Contributions and Special Events	161,325	522,843
Investment Income	55,545	82,566
Interest Expense	(278,719)	(302,616)
Amortization Expense	(8,664)	(14,175)
Fundraising Expense	(99,866)	(820,643)
(Loss) Gain on Disposal of Capital Asset	(6,665)	2,366
<b>Total Nonoperating Income and (Expense)</b>	<u>(177,044)</u>	<u>(529,659)</u>
<b>Excess of Revenues Over Expenses before Capital Grants and Contributions</b>	<u>1,022,317</u>	<u>470,309</u>
<b>Capital Grants and Contributions</b>	<u>62,906</u>	<u>1,887,593</u>
<b>Increase in Net Assets</b>	1,085,223	2,357,902
<b>Net Assets, Beginning of Year</b>	<u>10,263,860</u>	<u>7,905,958</u>
<b>Net Assets, End of Year</b>	<u>\$ 11,349,083</u>	<u>\$ 10,263,860</u>

See accompanying notes.

**STATEMENTS OF CASH FLOWS**  
**BUSINESS-TYPE ACTIVITY - ENTERPRISE FUND**  
**FOR THE YEARS ENDED JUNE 30, 2010 AND 2009**  
**THE CENTERS, INC. - OCALA, FLORIDA**

	<u>2010</u>	<u>2009</u>
<b>Cash Flows from Operating Activities</b>		
Receipts from and on Behalf of Patients	\$ 9,832,459	\$ 7,807,542
Operating Grant and Contract Receipts	17,233,338	17,796,299
Payments to Suppliers	(7,909,892)	(6,879,200)
Payments for Salaries, Benefits, and Taxes	(18,408,421)	(17,508,940)
<b>Net Cash Provided by (Used in) Operating Activities</b>	<u>747,484</u>	<u>1,215,701</u>
<b>Cash Flows from Noncapital Financing Activities</b>		
Noncapital Grants and Contributions	94,064	238,684
Fund-raising Expense	(32,605)	(536,484)
<b>Net Cash Provided by (Used in) Noncapital Financing Activities</b>	<u>61,459</u>	<u>(297,800)</u>
<b>Cash Flows from Capital Financing Activities</b>		
Capital Grants and Contributions	62,906	1,887,593
Principal Paid on Long-term Debt	(395,425)	(1,108,937)
Interest Paid on Long-term Debt	(278,719)	(302,616)
Purchase of Capital Assets	(826,538)	(2,592,569)
New Debt Loan Costs Paid	(12,916)	(35,032)
Proceeds from New Debt Issuance	422,238	868,777
Net Proceeds on Insurance Claims	0	3,681
<b>Net Cash Provided by (Used in) Capital Financing Activities</b>	<u>(1,028,454)</u>	<u>(1,279,103)</u>
<b>Cash Flows from Investing Activities</b>		
Interest Received	55,356	84,226
Purchase of Investments	(5,000)	0
<b>Net Cash Provided by (Used in) Investing Activities</b>	<u>50,356</u>	<u>84,226</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	(169,155)	(276,976)
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>6,634,701</u>	<u>6,911,677</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 6,465,546</u>	<u>\$ 6,634,701</u>
<b><u>Reconciliation of Cash and Cash Equivalents to the</u></b>		
<b><u>Statements of Net Assets</u></b>		
Cash and Cash Equivalents in Current Assets	\$ 5,845,518	\$ 6,229,701
Restricted Cash and Cash Equivalents	415,288	405,000
Unrestricted Cash and Cash Equivalents	204,740	0
<b>Total Cash and Cash Equivalents</b>	<u>\$ 6,465,546</u>	<u>\$ 6,634,701</u>

See accompanying notes.

**STATEMENTS OF CASH FLOWS**  
**BUSINESS-TYPE ACTIVITY - ENTERPRISE FUND**  
**FOR THE YEARS ENDED JUNE 30, 2010 AND 2009**  
**THE CENTERS, INC. - OCALA, FLORIDA**  
*(Concluded)*

<u>Reconciliation of Income from Operations to Net Cash Provided by (Used in) Operating Activities</u>	<u>2010</u>	<u>2009</u>
Operating Income	\$ 1,199,361	\$ 999,968
Adjustments to Reconcile Income from Operations to Net Cash Provided by Operating Activities:		
Depreciation	621,164	554,569
(Loss) on Disposal of Fixed Asset	(5,621)	0
Change in:		
Accounts Receivable	44,414	(141,990)
Accounts Receivable - Other	(5,216)	86,099
Contracts and Grants Receivable	(1,370,809)	(53,027)
Prepaid Expenses	76,343	(93,668)
Inventories	(114,479)	(8,005)
Security Deposits and Other Assets	(21,318)	(3,134)
Accounts Payable	106,677	166,159
Accrued Payroll and Taxes	182,350	(347,666)
Accrued Sick and Vacation	34,618	56,396
<b>Net Cash Provided by (Used in) Operating Activities</b>	<u>\$ 747,484</u>	<u>\$ 1,215,701</u>

See accompanying notes.

**NOTES TO FINANCIAL STATEMENTS  
THE CENTERS, INC. - OCALA, FLORIDA**

**Note 1 - Summary of Significant Accounting Policies**

**Reporting Entity**

The Centers, Inc. (the Centers), formerly Marion-Citrus Mental Health Centers, Inc., is a not-for-profit Florida corporation that provides comprehensive mental health, substance abuse, and children's services to the general public of Marion and Citrus counties in cooperation with other human service agencies and programs. Because Marion and Citrus counties have final approval of all members elected to the Board of Directors, the Centers is considered to be a governmental, nonprofit organization.

For financial statement purposes, the Centers is considered a special purpose government engaged only in business-type activities and uses enterprise fund accounting. Accordingly, the accompanying financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned and expenses are recorded when an obligation has occurred. The accompanying financial statements present the assets, liabilities, revenues, and expenses of the Centers. The financial statements of the Centers have been prepared in accordance with generally accepted accounting principles as applied to governmental units. Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting.

**Financial Statement Classification**

Pursuant to GASB Statement No. 20, the Centers has elected not to apply Financial Accounting Standards Board (FASB) statements and interpretations, issued after November 30, 1989, to its proprietary fund-type activities.

**Expendable Restricted Resources**

Operating and capital asset funds restricted by the donor, grantor, or other outside party for particular operating purposes or for property acquisitions are deemed to be earned and reported as revenues of operating accounts or as additions to capital assets accounts, respectively, when the Centers has incurred expenditures in compliance with the specific restrictions. Such amounts received, but not yet earned, are reported as amounts payable to grantor agencies.

**Capital Assets and Depreciation**

Donated assets are capitalized at fair value on the date of donation. Proceeds from the sale of capital assets, if unrestricted, are transferred to operating fund balances, or, if restricted, are paid to grantor agencies. Assets purchased using funds from grants that specify that title remains with grantor agency, or that proceeds from the sale of the asset are payable to the grantor agency, are capitalized at cost as the Centers typically has control and use of the asset over the asset's useful life. The grantor usually does not reclaim the asset, and reversion of title is legal protection for the grantor in case the activities of the Centers are prematurely terminated.

Property and equipment are recorded at cost with estimated lives of three to ten years for transportation and other equipment, and fifteen to thirty years for various buildings and leasehold improvements. The straight-line method of depreciation is used. Maintenance and repairs are expensed as incurred.

**NOTES TO FINANCIAL STATEMENTS**  
**THE CENTERS, INC. - OCALA, FLORIDA**  
*(Continued)*

**Note 1 - Summary of Significant Accounting Policies (Continued)**

**Cash and Cash Equivalents**

The Centers considers cash and cash equivalents to include cash deposits, certificates of deposits, and money market accounts which are treated as cash equivalents in the statement of cash flows.

**Restricted Cash and Cash Equivalents**

Cash, which has been accumulated in accordance with certain loan agreements for repayment thereof, has been segregated on the statement of net assets under the headings "Restricted Cash and Cash Equivalents, Debt Service Reserve." These amounts are required to be held separately by the Centers and can only be used for debt service payments related to certain mortgage loans.

**Net Assets**

Net assets of the Centers are classified in three components. Net assets invested in capital assets, net of related debt consist of capital assets net of accumulated depreciation and reduced by the current balances of any outstanding borrowings used to finance the purchase or construction of those assets. Restricted net assets are noncapital net assets that must be used for a particular purpose, as specified by creditors, grantors, or contributors external to the Centers. Unrestricted net assets are remaining net assets that do not meet the definition of invested in capital assets net of related debt or restricted. When the Centers has both restricted and unrestricted resources available to finance a particular program, it is the Centers policy to use restricted resources before unrestricted resources.

**Inventories**

Inventory consists of indigent drugs, and is valued at cost using the first-in, first-out (FIFO) method.

**Accounts Receivable**

Accounts receivable are shown at the anticipated realizable value, net of allowance for uncollectible accounts. Accounts receivable consist primarily of contract and fee amounts due from state and county governments, clients, and third party payers.

**Income Taxes**

The Centers has been recognized as a not-for-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code (IRC), and is exempt from federal income tax on related income pursuant to Section 501(a) of the IRC. The Centers has been classified as an organization that is not a private foundation under Section 509(a)(2) of the IRC and qualify for the charitable contributions deduction for donors.

**In-kind Revenues and Expenses**

Revenues and expenses from in-kind contributions are recognized when received based upon the estimated fair market value of the contribution, provided that there is a clearly measurable basis to value such contributions.

**NOTES TO FINANCIAL STATEMENTS**  
**THE CENTERS, INC. - OCALA, FLORIDA**  
*(Continued)*

**Note 1 - Summary of Significant Accounting Policies (Concluded)**

**Capitation Revenue Agreements**

The Centers has an agreement with North Florida Behavioral Health Partners, Inc. to provide certain medical services to patients in the Florida Prepaid Mental Health Plan. Under the agreement, the Centers receives monthly capitation payments based on the number of patients in the Florida Prepaid Mental Health Plan area. In addition, North Florida Behavioral Health Partners, Inc. makes fee-for-service payments to the Centers for certain covered services based upon contracted fee schedules. North Florida Behavioral Health Partners, Inc. is a related party as further described in Note 12.

The Centers has an agreement with the Department of Children and Families to provide certain medical services to patients qualifying under the Florida KidCare Program. Under the agreement, the Centers receives monthly capitation payments based on the number of patients enrolled in the Behavioral Health Care Network within the Centers service area.

**Accounting Estimates**

The preparation 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. The primary area of management estimates is determining the collectability of amounts due from service fee receivables including Medicare, Medicaid, insurance, and client fees, as well as contingency reserves.

**Reclassifications**

Certain prior year amounts have been reclassified to conform with current year financial reporting and to facilitate comparison of financial data.

**Capitalized Interest**

It is the policy of the Centers to capitalize interest incurred during the construction of buildings and related improvements.

**Operating Revenues and Expenses**

The Centers statement of revenues, expenses, and changes in net assets distinguishes between operating and nonoperating revenues and expenses. Operating revenues result from exchange transactions associated with providing comprehensive mental health, substance abuse, and children's services to the general public - the Centers' principal activity. Nonexchange revenues, including grants and contributions received for purposes other than capital asset acquisition, are reported as nonoperating revenues. Operating revenues are all expenses incurred to provide the Centers' principal activities, other than financing costs.

**Charity Care**

The Centers provides care to its patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Because the Centers does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue.

**Compensated Absences**

The Centers recognizes a liability for accrued and vested vacation and sick leave pay.



**NOTES TO FINANCIAL STATEMENTS**  
**THE CENTERS, INC. - OCALA, FLORIDA**  
*(Continued)*

**Note 2 - Cash and Cash Equivalents**

The Centers' investment policy states that funds shall be invested according to the principles of safety of principal, liquidity and accessibility, professional management, reasonable and normal costs, and return. Permitted investments include: U.S. government obligations, U.S. government agency obligations, certificates of deposit, repurchase agreements, money market mutual funds, and corporate debt.

As of June 30, 2010, the carrying amount of the Centers' demand deposits, money market funds, and certificates of deposits was \$6,462,212 and the bank balances totaled \$6,546,847. Petty cash totaled \$3,355. The Centers' deposits, money market funds, and certificates of deposits are partially or fully covered by the Federal Deposit Insurance Corporation (FDIC). The FDIC insures the first \$250,000 of the majority of the Centers' deposits at each financial institution. Additionally, specific noninterest bearing accounts can be fully insured through special programs with the FDIC.

As of June 30, 2009, the carrying amount of the Centers' demand deposits, money market funds, and certificates of deposits was \$6,631,881 and the bank balances totaled \$7,234,812. Petty cash totaled \$2,820. The Centers' deposits, money market funds, and certificates of deposits are partially or fully covered by the FDIC. The FDIC insures the first \$250,000 of the majority of the Centers' deposits at each financial institution. Additionally, specific noninterest bearing accounts can be fully insured through special programs with the FDIC.

*Custodial Credit Risk Deposits*—Custodial credit risk is the risk that in the event of a bank failure, the Centers' deposits may not be returned. As of June 30, 2010 and 2009, \$2,594,879 of the Centers' bank balance of \$6,546,847 and \$369,848 of the Centers' bank balance of \$7,243,812, respectively, was exposed to custodial credit risk as being uninsured and uncollateralized cash deposits.

**NOTES TO FINANCIAL STATEMENTS**  
**THE CENTERS, INC. - OCALA, FLORIDA**  
*(Continued)*

**Note 3 - Capital Assets**

Capital assets activity for the year ended June 30, 2010, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Capital Assets Not Being Depreciated</b>				
Land and Improvements	\$ 570,138	\$ 0	\$ 0	\$ 570,138
Construction in Process	2,617,224	393,500	(2,126,822)	883,902
<b>Total Capital Assets Not Being Depreciated</b>	<u>3,187,362</u>	<u>393,500</u>	<u>(2,126,822)</u>	<u>1,454,040</u>
<b>Capital Assets Being Depreciated</b>				
Buildings and Improvements	12,252,322	2,009,851	0	14,262,173
Vehicles	251,658	33,656	(43,207)	242,107
Furniture and Fixtures	398,306	99,134	(32,194)	465,246
Machinery and Equipment	851,958	215,966	(13,089)	1,054,835
Computers	295,360	201,253	(2,715)	493,898
<b>Total Capital Assets Being Depreciated</b>	<u>14,049,604</u>	<u>2,559,860</u>	<u>(91,205)</u>	<u>16,518,259</u>
<b>Less Accumulated Depreciation</b>				
Buildings and Improvements	(5,803,325)	(440,540)	0	(6,243,865)
Vehicles	(169,510)	(37,176)	43,207	(163,479)
Furniture and Fixtures	(278,324)	(36,014)	32,194	(282,144)
Machinery and Equipment	(656,238)	(60,002)	12,045	(704,195)
Computers	(230,514)	(47,432)	2,715	(275,231)
<b>Total Accumulated Depreciation</b>	<u>(7,137,911)</u>	<u>(621,164)</u>	<u>90,161</u>	<u>(7,668,914)</u>
<b>Total Capital Assets Being Depreciated, Net</b>	<u>6,911,693</u>	<u>1,938,696</u>	<u>(1,044)</u>	<u>8,849,345</u>
<b>Business-type Activities Capital Assets, Net</b>	<u>\$ 10,099,055</u>	<u>\$ 2,332,196</u>	<u>\$ (2,127,866)</u>	<u>\$ 10,303,385</u>

**NOTES TO FINANCIAL STATEMENTS**  
**THE CENTERS, INC. - OCALA, FLORIDA**  
*(Continued)*

**Note 4 - Long-term Debt and Lines of Credit**

The following is a summary of mortgage notes payable:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
<b>Mortgage Notes Payable - Collateralized by Real Estate</b>					
USDA - Rural Development, Payable in Monthly Installments of \$2,452 Including 6.125% Interest	\$ 92,587	\$ 0	\$ (92,587)	\$ 0	\$ 0
USDA - Rural Development, Payable in Monthly Installments of \$13,210 Including 5.0% Interest	1,484,561	0	(86,245)	1,398,316	90,657
USDA - Rural Development, Payable in Monthly Installments of \$7,803 Including 4.5% Interest	1,003,059	0	(49,508)	953,551	51,782
USDA - Rural Development, Payable in Monthly Installments of \$4,605 Including 4.5% Interest	681,812	0	(25,090)	656,722	26,242
USDA - Rural Development, Payable in Monthly Installments of \$7,219 Including 4.5% Interest	1,286,140	0	(29,349)	1,256,791	30,697
USDA - Rural Development, Payable in Monthly Installments of \$1,024 Including 4.5% Interest	182,306	0	(4,169)	178,137	4,361
SunTrust Bank, Payable in Monthly Installments of \$508 to \$2,556 in Principal Payments Plus Interest, the Interest Rate was 2.25% + LIBOR (1 month index) as of June 30, 2010	305,712	0	(13,656)	292,056	13,655
Branch Banking and Trust, Payable in Monthly installments of \$13,758 Including 6.125% Interest	868,777	0	(94,821)	773,956	120,410
Independent National Bank Construction Loan	0	422,238	0	422,238	422,238
<b>Total Mortgage Notes Payable</b>	<u>\$ 5,904,954</u>	<u>\$ 422,238</u>	<u>\$ (395,425)</u>	<u>\$ 5,931,767</u>	<u>\$ 760,042</u>

**NOTES TO FINANCIAL STATEMENTS**  
**THE CENTERS, INC. - OCALA, FLORIDA**  
*(Continued)*

**Note 4 - Long-term Debt and Lines of Credit (Concluded)**

The following are estimated principal requirements until maturity for the Centers' long-term indebtedness:

<u>Year Ending</u> <u>June 30</u>	<u>Principal</u>	<u>Interest</u>
2011	\$ 760,042	\$ 254,609
2012	354,879	237,186
2013	375,918	218,061
2014	400,129	197,912
2015	1,624,408	710,928
2016-2020	1,491,785	346,178
2021-2025	517,059	147,824
2026-2030	407,547	42,047
<b>Total</b>	<b>\$ 5,931,767</b>	<b>\$ 2,154,745</b>

Total interest incurred was \$278,239 and \$302,616 for the year ended June 30, 2010 and 2009, respectively, \$3,890 of which was capitalized in the 2010 year and all of which was expensed in 2009.

Under loan agreements with Rural Economic and Community Development, the Centers is required to make monthly deposits to a debt service reserve account until the maximum reserve balance accumulates to \$454,673. The balance in this account was \$415,288 and \$405,000 as of June 30, 2010 and 2009, respectively.

**Lines of Credit and Loan Commitment**

The Centers has no lines of credit payable as of June 30, 2010. The Centers has an additional \$1,500,000 of unadvanced funds available on approved lines of credit with Branch Banking and Trust Company.

The Centers completed construction of the Adult Crisis Stabilization Unit subsequent to year-end and signed mortgage papers with the USDA Rural Development Office in August 2010.

**Note 5 - Defined Contribution Pension Plan**

The Centers has a 401(k) defined contribution retirement plan covering substantially all employees. This plan is the Centers, Inc. 401(k) Savings Plan (the Plan). The Plan is administered by the Centers and its Trustees are the Centers' Board of Directors. Authority to amend the Plan rests with the Trustees. The matching contribution was 100% of each participant's contribution, up to 3% of each participating employee's compensation. Vesting occurs ratably over three years of service. Employer contributions, net of forfeitures (retirement expense) to the Plan during the fiscal years ended June 30, 2010 and 2009, was \$144,841 and \$149,672, respectively.

**NOTES TO FINANCIAL STATEMENTS**  
**THE CENTERS, INC. - OCALA, FLORIDA**  
*(Continued)*

**Note 6 - Concentration and Stratification of Revenue Sources**

The Centers has three revenue sources which constitute a majority of the Centers' total revenues. The Centers' major revenue sources are as follows:

For the Year ending June 30, 2010:

	<u>Amount</u>	<u>Percentage</u>
State of Florida Department of Children and Families (Including Federal Portion)	\$ 10,224,088	36%
Kids Central, Inc. (Pass-through from the State of Florida Department of Children and Families)	6,486,800	23%
Medicare and Medicaid	7,007,838	24%
Other Revenues	4,951,793	17%
<b>Total Revenues</b>	<u>\$ 28,670,519</u>	<u>100%</u>

For the Year ending June 30, 2009:

	<u>Amount</u>	<u>Percentage</u>
State of Florida Department of Children and Families (Including Federal Portion)	\$ 10,248,159	37%
Kids Central, Inc. (Pass-through from the State of Florida Department of Children and Families)	5,732,234	20%
Medicare and Medicaid	5,327,506	19%
Other Revenues	6,900,228	24%
<b>Total Revenues</b>	<u>\$ 28,208,127</u>	<u>100%</u>

**Note 7 - Operating Rental Agreements**

The Centers has several operating leases for buildings and office equipment. Various building and office equipment rental agreements extend beyond one year and are cancelable only if state funding were to be withdrawn. A portion of the leased buildings are subleased under noncancelable agreements extending until December 31, 2010. Building and office equipment rental agreements are scheduled as follows:

<u>Description</u>	<u>Lease Expense</u>		<u>Future Minimum Lease Payment</u>			
	<u>6/30/10</u>	<u>6/30/11</u>	<u>6/30/12</u>	<u>6/30/13</u>	<u>6/30/14</u>	
Buildings	\$ 652,285	\$ 407,474	\$ 221,775	\$ 93,777	\$ 0	
Office Equipment	67,307	65,134	61,834	50,927	39,971	
Total	<u>719,592</u>	<u>\$ 472,608</u>	<u>\$ 283,609</u>	<u>\$ 144,704</u>	<u>\$ 39,971</u>	
(Less Sublease)	(57,913)	(29,750)				
<b>Rental Expense</b>	<u>\$ 661,679</u>					

**Note 8 - Grants, Medicare, and Medicaid**

The Centers receives federal and state grants for Medicare and Medicaid funds either directly from the State or indirectly through State agencies and Medicaid HMOs/Prepaid plans (e.g. North Florida Behavioral Health Partners, Magellan, etc). These funds are subject to compliance audits by the providers or their representatives. The audits of these programs for, or including, the years ended June 30, 2007 through 2010, have not yet been settled. Accordingly, the final determination of compliance with applicable requirements will be established at a future date. The amount, if any, of expenditures which may be disallowed cannot be determined, however, in the opinion of management, adequate provisions have been made for any adjustments that may result from audits and other claims.

**NOTES TO FINANCIAL STATEMENTS  
THE CENTERS, INC. - OCALA, FLORIDA**

*(Continued)*

**Note 9 - Matching Requirements**

The Centers' main contract with the State of Florida Department of Children and Families requires the Centers to provide matching local funds, as dictated in the Florida Statutes, Chapter 394, Section 76 under Public Health Title XXIX, as well as in the Florida Administrative Code Chapter 65, 65E-14.005. During the fiscal years ended June 30, 2010 and 2009, the Centers received local matching of \$1,130,260 and \$1,088,419, respectively, from Marion County and \$329,821 and \$334,161, respectively, from Citrus County with respect to the community alcohol and mental health services contracted with the State of Florida Department of Children and Families. The funding from Marion County and Citrus County was used solely for local match requirements. The allocation of funding between counties is determined based on relative population. All contract matching requirements for the year ended June 30, 2010 and 2009 have been met, as summarized in the schedule of state earnings included in this report.

**Note 10 - Charity Care**

The estimated cost for services and supplies furnished under the Centers' charity care policy aggregated to \$1,231,673 for the fiscal year ended June 30, 2010. The Centers' charity care policy and related procedures were revised during the year and therefore amounts prior to 2010 are not determinable.

**Note 11 - Risk Management**

The Centers is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters for which the Centers carries commercial insurance. The Centers purchased commercial insurance for the following risks of losses to which it is exposed:

- General and Professional Liability
- Property Damage
- Fraud and Dishonesty
- Health
- Workers' Compensation

No settlements under these agreements have exceeded coverage levels in place during any of the three preceding years.

For years 2004 and prior, the Centers was covered under a workers' compensation agreement that required the Centers to provide coverage for up to a maximum of \$300,000 for each workers' compensation claim, or \$700,000 aggregate. Commercial insurance was purchased for claims in excess of coverage provided by the Centers. Workers' compensation claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported. At June 30, 2010, the amount of the remaining workers' compensation liabilities incurred for years 2004 and prior was \$0. This liability is the Centers' best estimate based on available information. Changes in the reported liability resulted from the following:

**NOTES TO FINANCIAL STATEMENTS**  
**THE CENTERS, INC. - OCALA, FLORIDA**  
*(Concluded)*

**Note 11 - Risk Management (Concluded)**

	<u>Beginning of Fiscal Year Liability</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Balance at Fiscal Year-end</u>
2007-2008	\$ 3,236	\$ 0	\$ (430)	\$ 2,806
2008-2009	\$ 2,806	\$ 0	\$ (105)	\$ 2,701
2009-2010	\$ 2,701	\$ 0	\$ (2,701)	\$ 0

**Note 12 - Related Parties**

**North Florida Behavioral Health Network, Inc.**

During April 2004, the Centers became a member in the North Florida Behavioral Health Network, Inc. for the purpose of bidding on one or more contracts for the provision behavioral health care services pursuant to the State of Florida in connection with the Florida Medicaid Prepaid Mental Health Plan. North Florida Behavioral Health Network, Inc. is a 50% shareholder in North Florida Behavioral Health Partners, Inc., which in turn executed the bids and was ultimately awarded the contract under the Florida Medicaid Prepaid Mental Health Plan during the year ended June 30, 2007. The Centers, as members of the North Florida Behavioral Health Network, Inc., provided services under contracts for prepaid mental health services and fee for services during the years ended June 30, 2010 and 2009, recognizing revenue of \$4,689,120 and \$3,440,426, respectively, of which \$108,900 and \$66,225, respectively, was in accounts receivable with a reserve balance of \$596,000 and \$602,000, respectively, for exposure under future compliance audits as described in Note 8.

**Note 13 - Contingent Liabilities**

The Centers is a defendant in various lawsuits. The outcome of these lawsuits is not presently determinable, and the attorney for these matters is unable to conclude that the likelihood of an adverse outcome is probable or remote.

**ADDITIONAL ELEMENTS OF REPORT PREPARED IN  
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*  
AND OFFICE OF MANAGEMENT AND BUDGET (OMB)  
CIRCULAR A-133 AND CHAPTER 10.650, *RULES OF THE*  
*AUDITOR GENERAL* SINGLE AUDIT REQUIREMENTS**



**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE  
FOR THE YEAR ENDED JUNE 30, 2010  
THE CENTERS, INC. - OCALA, FLORIDA**

<u>Federal Awards</u>	<u>CFDA/CSFA Number</u>	<u>Contract Number</u>	<u>Expenditures</u>
<b>U.S. Department of Health and Human Services Passed Through State of Florida Department of Children and Families</b>			<b>\$</b>
Projects for Assistance in Transition from Homelessness *	93.150	PHJ08	159,013
State Children's Insurance Program *	93.767	PHH14	959,000
Temporary Assistance for Needy Families *	93.558	PHJ08	147,891
Block Grant for Community Mental Health Services *	93.958	PHJ08	408,224
Block Grant for Prevention and Treatment of Substance Abuse *	93.959	PHJ08	1,609,722
Substance Abuse Response Guide Project	93.243	R01134	61,196
<b>Total</b>			<b>3,345,046</b>
<b>U.S. Department of Health and Human Services Passed Through Kids Central, Inc.</b>			
Promoting Safe and Stable Families	93.556	C0910C-MC005	22,519
Promoting Safe and Stable Families	93.556	C0910M-MC005	22,802
Child Abuse and Neglect	93.669	C0910C-MC005	40,479
Temporary Assistance for Needy Families	93.558	C0910M-MC005	795,514
Child Welfare Services	93.645	C0910M-MC005	149,834
Foster Care - Title IV-E	93.658	C0910M-MC005	1,671,548
Adoption Assistance	93.659	C0910M-MC005	284,338
<b>Total</b>			<b>2,987,034</b>
<b>U.S. Department of Health and Human Services Passed Through Human Services Associates, Inc.</b>			
Temporary Assistance for Needy Families *	93.558	2009-2010	1,390
<b>U.S. Department of Health and Human Services: Drug Free Communities Support Program</b>	93.276	C3484G1	110,059
<b>U.S. Department of Justice Passed Through the Florida Office of Drug Control Enforcing the Underage Drinking Laws Discretionary Program</b>	16.727	2007-AH-FX-0008	12,313
<b>U.S. Department of Agriculture Community Facilities Loan</b>	10.766	2009-2010	393,500
<b>Total Federal Awards</b>			<b>6,849,342</b>

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE  
FOR THE YEAR ENDED JUNE 30, 2010  
THE CENTERS, INC. - OCALA, FLORIDA  
(Continued)**

<u>State Financial Assistance</u>	<u>CFDA/CSFA Number</u>	<u>Contract Number</u>	<u>Expenditures</u>
<b>State of Florida Department of Children and Families</b>			
Children's Baker Act Services *			
Baker Act *	60.001	PHJ08	\$ 421,736 --
Substance Abuse Treatment and Aftercare - Children *	60.006	PHJ08	1,547,672 --
Substance Abuse Detox Services - Adult *	60.030	PHJ08	718,877 --
Substance Abuse Treatment and Aftercare - Adult *	60.031	PHJ08	139,162
Indigent Outpatient Psychiatric Outpatient Services *	60.033	PHJ08	823,930 --
Adult Community Mental Health Community Support Services *	60.039	PHJ08	15,951
Adult Community Mental Health Emergency Stabilization *	60.053	PHJ08	1,804,232
Children's Mental Health Emergency Stabilization *	60.054	PHJ08	482,830 --
Children's Mental Health Special Projects Emergency Stabilization *	60.057	PHJ08	88,922
Community Forensic Beds *	60.059	PHJ08	779,553
<b>Total State of Florida Department of Children and Families</b>	60.114	PHJ08	<u>6,893,865</u>
<b>State of Florida Department of Children and Families Passed Through Kids Central, Inc.</b>			
Community Based Care Support	60.094	C0910C-MC005	170,938
Community Based Care Support	60.094	C0910M-MC005	1,592,687
<b>Total State of Florida Department of Children and Families Passed Through Kids Central, Inc.</b>			<u>1,763,625</u>
<b>Total State of Florida Department of Children and Families</b>			<u>8,657,490</u>
<b>State of Florida Department of Juvenile Justice</b>			
Juvenile Assessment Center - Sheriff	80.020	P2022	88,369
Juvenile Assessment Center - OPD	80.020	P2022	21,655
<b>Total State of Florida Department of Juvenile Justice</b>			<u>110,024</u>
<b>Total State Financial Assistance</b>			<u>8,767,514</u>
<b>Total Expenditures of Federal Awards and State Financial Assistance</b>			<u>\$ 15,616,856</u>

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND  
STATE FINANCIAL ASSISTANCE  
FOR THE YEAR ENDED JUNE 30, 2010  
THE CENTERS, INC. - OCALA, FLORIDA  
(Concluded)**

**Note to the Schedule of Expenditures**

**Basis of Presentation**

The accompanying schedule of expenditures of federal awards and state financial assistance is presented on the accrual basis of accounting. The information on 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 10.550, *Rules of the Auditor General, Local Government Entity Audits*. Therefore, amounts presented in this schedule may differ from amounts presented in, or used in, the preparation of the basic financial statements.

- \* Expenditures for the indicated awards are determined using the units of service cost approach, whereby expenditures are based on units of service provided multiplied by the expenditure rate identified in the agreement with the pass-through agency.

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND  
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH GOVERNMENT AUDITING STANDARDS**

Board of Directors  
The Centers, Inc.  
Ocala, Florida

We have audited the financial statements of The Centers, Inc. (the Centers), a nonprofit organization, as of and for the year ended June 30, 2010, and have issued our report thereon dated November 15, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Centers' internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Centers internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Centers' 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 misstatements on a timely basis. A *material weakness* is a deficiency or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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

**Certified Public Accountants**

P.O. Box 23999 • 222 N.E. 1st Street • Gainesville, Florida 32602 • (352) 378-2461 • FAX (352) 378-2505  
Laurel Ridge Professional Center • 2347 S.E. 17th Street • Ocala, Florida 34471 • (352) 732-3872 • FAX (352) 732-0542  
443 East College Avenue • Tallahassee, Florida 32301 • (850) 224-7144 • FAX (850) 224-1762  
5001 Lakewood Ranch Blvd. N., Suite 101 • Sarasota, Florida 34240 • (941) 907-0350 • FAX (941) 907-0309  
MEMBERS OF AMERICAN AND FLORIDA INSTITUTES OF CERTIFIED PUBLIC ACCOUNTANTS  
MEMBER OF AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS PRIVATE COMPANIES AND S.E.C. PRACTICE SECTIONS

Board of Directors  
The Centers, Inc.  
Ocala, Florida

**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  
(Concluded)**

**Compliance and Other Matters (Concluded)**

We noted certain matters that we have reported to the management of the Centers in a separate management letter dated November 15, 2010.

The Centers' response to the management letter comments identified in our audit is described in the accompanying management's response. We did not audit the Centers' response and, accordingly, we express no opinion on it.

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

*Purvis, Gray and Company, LLP*

November 15, 2010  
Ocala, Florida

**INDEPENDENT AUDITOR'S 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**

Board of Directors  
The Centers, Inc.  
Ocala, Florida

**Compliance**

We have audited The Centers, Inc.'s (the Centers) compliance with the types of compliance requirements described in the OMB Circular A-133, *Compliance Supplement*, and the requirements described in the Department of Financial Services State Projects Compliance Supplement that could have a direct and material effect on each of the Centers' major federal programs and state financial assistance projects for the year ended June 30, 2010. The Centers' major federal programs and state financial assistance projects are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs and state projects is the responsibility of the Centers' management. Our responsibility is to express an opinion on the Centers' 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 the Centers' 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 the Centers' compliance with those requirements.

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

**Internal Control Over Compliance**

Management of the Centers is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs and state projects. In planning and performing our audit, we considered the Centers' internal control over compliance with requirements that could have a direct and material effect on a major federal program or state projects in order to determine our auditing procedures for the purpose of expressing our opinion on

**Certified Public Accountants**

P.O. Box 23999 • 222 N.E. 1st Street • Gainesville, Florida 32602 • (352) 378-2461 • FAX (352) 378-2505  
Laurel Ridge Professional Center • 2347 S.E. 17th Street • Ocala, Florida 34471 • (352) 732-3872 • FAX (352) 732-0542  
443 East College Avenue • Tallahassee, Florida 32301 • (850) 224-7144 • FAX (850) 224-1762  
5001 Lakewood Ranch Blvd. N., Suite 101 • Sarasota, Florida 34240 • (941) 907-0350 • FAX (941) 907-0309  
MEMBERS OF AMERICAN AND FLORIDA INSTITUTES OF CERTIFIED PUBLIC ACCOUNTANTS  
MEMBER OF AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS PRIVATE COMPANIES AND S.E.C. PRACTICE SECTIONS

Board of Directors  
The Centers, Inc.  
Ocala, Florida

**INDEPENDENT AUDITOR'S 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  
(Concluded)**

**Internal Control Over Compliance (Concluded)**

compliance in accordance with OMB Circular A-133 and Chapter 10.650, *Rules of the Auditor General*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Centers internal control over compliance.

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

Our consideration of 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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we considered to be material weaknesses, as defined above.

**Schedule of Expenditures of Federal Awards and State Financial Assistance**

We have audited the basic financial statements of the Centers, as of and for the year ended June 30, 2010, and have issued our report dated November 15, 2010. Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedule of expenditures of federal awards and state financial assistance is presented for purposes of additional analysis as required by OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and Chapter 10.650, *Rules of the Auditor General*, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. This information has been subjected to the auditing procedures applied in the audit of financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

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

*Purvis, Gray and Company, LLP*

November 15, 2010  
Ocala, Florida

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FEDERAL AWARDS PROGRAMS AND  
STATE FINANCIAL ASSISTANCE PROJECTS  
THE CENTERS, INC. - OCALA, FLORIDA**

**I. Summary of Audit Results**

**I. Type of Audit Report Issued on Financial Statements**

Unqualified Opinion

**II. Significant Deficiencies and/or Material Weaknesses in Internal Control**

Audit disclosed no instances of significant deficiencies in internal control or significant deficiencies which were material weaknesses in internal control.

**III. Noncompliance Material to Auditee Financial Statements**

Audit disclosed no material instances of noncompliance.

**IV. Significant Deficiencies and/or Material Weaknesses in Internal Control Over Major Federal Awards Programs and State Financial Assistance Projects**

Audit disclosed no instances of significant deficiencies in internal control over federal and state major programs or significant deficiencies which were material weaknesses in internal control over federal and state programs.

**V. Type of Audit Report Issued on Compliance with Requirements Applicable to Major Federal Awards Programs and State Financial Assistance Projects**

Unqualified Opinion

**VI. Audit Findings Relative to Section .510(a) of OMB Circular A-133 and Chapter 10.650, *Rules of the Auditor General***

The audit disclosed no findings required to be reported under Section .510(a) of OMB Circular A-133 and Chapter 10.650, *Rules of Auditor General*.

**VII. Major Federal Programs and Major State Financial Assistance Projects**

Federal Programs:

U.S. Department of Health and Human Services:

- Block Grant for Community Mental Health Services (93.958)
- Block Grant for Prevention and Treatment of Substance Abuse (93.959)
- State Children's Insurance Program (93.767)
- Temporary Assistance for Needy Families (93.558)
- Child Welfare Services (93.645)

U.S. Department of Agriculture:

- Communities and Facilities Loan (10.766)



**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FEDERAL AWARDS PROGRAMS AND  
STATE FINANCIAL ASSISTANCE PROJECTS  
THE CENTERS, INC. - OCALA, FLORIDA  
(Concluded)**

1. **Summary of Audit Results (Concluded)**

VII. **Major Federal Programs and Major State Financial Assistance Projects (Concluded)**

State Assistance Projects:

State of Florida Department of Children and Families:

- Adult Community Mental Health Services (60.054)
- Baker Act (60.006)
- Children's Baker Act Services (60.001)
- Substance Abuse Treatment and Aftercare - Adult (60.033)
- Substance Abuse Treatment and Aftercare - Children (60.030)
- Children's Mental Health Emergency Stabilization - Special Projects (60.059)

VIII. **Dollar Threshold Used to Distinguish Between Type A and Type B Federal Programs/State Assistance Projects**

\$300,000 for Federal Programs and \$300,000 for State Assistance Projects

IX. **Auditee Qualification as Low-risk Auditee**

The auditee qualifies as a low-risk auditee per criteria set forth in Section .530 of OMB Circular A-133. This does not apply to state financial assistance projects.

2. **Findings Related to the Financial Statements Required to be Reported Under GAGAS**

The audit disclosed no findings which are required to be reported under GAGAS.

3. **Findings and Questioned Costs for Major Federal Programs Required to be Reported Under Section .510(a) of OMB Circular A-133**

The audit disclosed no findings which are required to be reported under Section .510(a) of OMB Circular A-133.

4. **Findings and Questioned Costs for Major State Financial Assistance Projects Under Chapter 10.650, Rules of the Auditor General**

The audit disclosed no findings which are required to be reported under Chapter 10.650, *Rules of the Auditor General*.

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS IN  
ACCORDANCE WITH OMB CIRCULAR A-133 AND  
CHAPTER 10.650, RULES OF THE AUDITOR GENERAL  
THE CENTERS, INC. - OCALA, FLORIDA**

1. **Status of Prior Audit Findings**

There were no audit findings reported in our prior year's audit schedule of findings and questioned costs.

**CORRECTIVE ACTION PLAN IN  
ACCORDANCE WITH OMB CIRCULAR A-133 AND  
CHAPTER 10.650, *RULES OF THE AUDITOR GENERAL*  
THE CENTERS, INC. - OCALA, FLORIDA**

1. **Corrective Action Planned for Current Year Audit Findings**

There are no current year audit findings included in the current year's schedule of findings and questioned costs.

MANAGEMENT LETTER

Board of Directors  
The Centers, Inc.  
Ocala, Florida

We have audited the financial statements of The Centers, Inc. (the Centers), as of and for the fiscal year ended June 30, 2010, and have issued our report thereon dated November 15, 2010.

We conducted our audit in accordance with United States generally accepted auditing standards; 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*. We have issued our report on internal control over financial reporting and on compliance and other matters, report on compliance with requirements applicable to each major federal program and state project and on internal control over compliance, and schedule of findings and questioned costs. Disclosures in those reports and schedule, which are dated November 15, 2010, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with Chapter 10.650, *Rules of the Auditor General*, which requires disclosure in the management letter of violations of laws, regulations, contracts or grant agreements, or abuse that have occurred, or are likely to have occurred that have an effect on the determination of financial statement of state project amounts that is less than material but more than inconsequential. In addition, for matters that are inconsequential to the determination of financial statement of state project amounts, considering both quantitative and qualitative factors, the following may be reported based on professional judgment: (1) violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse; and (2) control deficiencies that are not significant deficiencies. In connection with our audit, the following management letter comments are required to be disclosed.

Pursuant to Chapter 119, Florida Statutes, this management letter is a public record and its distribution is not limited. Auditing standards generally accepted in the United States of America require us to indicate that this letter is intended solely for the information and use of the Board of Directors and management, and the Auditor General, and is not intended to be and should not be used by anyone other than these specified parties.

*Purvis, Gray and Company, LLP*

November 15, 2010  
Ocala, Florida

**Certified Public Accountants**

P.O. Box 23999 • 222 N.E. 1st Street • Gainesville, Florida 32602 • (352) 378-2461 • FAX (352) 378-2505  
Laurel Ridge Professional Center • 2347 S.E. 17th Street • Ocala, Florida 34471 • (352) 732-3872 • FAX (352) 732-0542  
443 East College Avenue • Tallahassee, Florida 32301 • (850) 224-7144 • FAX (850) 224-1762  
5001 Lakewood Ranch Blvd. N., Suite 101 • Sarasota, Florida 34240 • (941) 907-0350 • FAX (941) 907-0309  
MEMBERS OF AMERICAN AND FLORIDA INSTITUTES OF CERTIFIED PUBLIC ACCOUNTANTS  
MEMBER OF AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS PRIVATE COMPANIES AND S.E.C. PRACTICE SECTIONS

MANAGEMENT LETTER COMMENTS

Board of Directors  
The Centers, Inc.  
Ocala, Florida

During the course of our audit, the following items came to our attention, which we would like to communicate to the Board of Directors.

Current Year Recommendations

During our testing of billed services, we noted documentation substantiating services provided were not present for two services billed from our sample. We also noted two instances where the rate billed did not agree with the rate schedule noting that the billing staff had the ability to override or adjust the billed rate. This reflects a risk that revenues, accounts receivable, and reserves may be over/under stated, as well a risk that the Centers may have to repay services billed to third-parties (i.e., insurance providers, governmental agencies, and other organizations) for which it cannot substantiate services.

The Organization has a quality assurance group that currently reviews documentation in patient files but, which do not encompass the billing for services provided. Several Directors within the Centers have implemented a daily review of service activity; whereby, the Director reviews a sample of services rendered and reviews the patient files for documentation of those services. Additionally, some program director's secretaries verify that the service activity logs match the patient files before the service activity logs are sent to billing. The Centers compliance committee review patient file each quarter. Additionally, the Centers is subject to various compliance audits from third-parties.

The Centers is currently in the process of implementing an electronic medical records application which will improve patient file documentation by requiring that a service be properly documented before the patient's file is closed and restrict billing staff's access to adjust billings. We encourage management to work towards implementation of such an application or to strengthen controls to mitigate the risks noted above.

This management letter is intended solely for the information and use of the Board of Directors of the Centers, Inc., management, and the State of Florida, and is not intended to be and should not be used by anyone other than these specified parties.

We would like to take this opportunity to express our appreciation for the courtesies which have been extended to our staff. If you have any questions or comments about the contents of this letter, or the information accompanying this letter, please do not hesitate to contact us.

*Purvis, Gray and Company, LLP*

November 15, 2010  
Ocala, Florida

**Certified Public Accountants**

P.O. Box 23999 • 222 N.E. 1st Street • Gainesville, Florida 32602 • (352) 378-2461 • FAX (352) 378-2505  
Laurel Ridge Professional Center • 2347 S.E. 17th Street • Ocala, Florida 34471 • (352) 732-3872 • FAX (352) 732-0542  
443 East College Avenue • Tallahassee, Florida 32301 • (850) 224-7144 • FAX (850) 224-1762  
5001 Lakewood Ranch Blvd. N., Suite 101 • Sarasota, Florida 34240 • (941) 907-0350 • FAX (941) 907-0309  
MEMBERS OF AMERICAN AND FLORIDA INSTITUTES OF CERTIFIED PUBLIC ACCOUNTANTS  
MEMBER OF AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS PRIVATE COMPANIES AND S.E.C. PRACTICE SECTIONS



## MANAGEMENT'S RESPONSE

### MEMORANDUM

**To:** Board of Directors  
The Centers, Inc.

**From:** Russell Rasco, Chief Executive Officer  
Nancy R. Diaz, Chief Financial Officer

**Subject:** Response to Auditors' Management Letter Comments - Fiscal Year 2010

Management's response to the auditors' management letter comments for the fiscal year ended June 30, 2010, is as follows:

■ Patient Files Billing Documentation

As noted in the management letter, documentation substantiating services were not present for two services from the sample. To ensure consistency of recorded services and the accompanying documentation, an updated service code list will be provided on a regular basis to all billing specialists. In addition, in-service training was held and a procedure implemented requiring billing specialists to review daily staff service activity logs for inappropriate or incorrect service codes. This process will reduce the risk of under/over stated financial reports by minimizing opportunities for improperly recording rendered services.

Also noted in the management letter were two instances where the rate billed did not agree with the rate schedule. In one instance the amount had been incorrectly overwritten by a member of the billing staff when recording a funding source/rate change. Due to the limitations of the current system this process is acceptable. Billing staff have been trained to refer to the updated service code list and exercise care when making an update. The implementation of the electronic medical records system will eliminate the overwriting of funding source/rate changes. In the second instance the incorrect rate was due to a provider's rate change that was not updated in a timely manner in the system. The billing Manager will oversee the controls to ensure that all rate changes made for providers are completed in a timely manner.

**ADDITIONAL INFORMATION**

**SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES  
PROGRAM/COST CENTER  
REVENUES SCHEDULE AND ACTUAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2010  
THE CENTERS, INC. - OCALA, FLORIDA**

Funding Sources and Revenues	Comprehensive Community Service Teams	Crisis Stabilization	Crisis Support/ Emergency	Drop-In/ Self-Help Centers	Medical Services	Residential Level III	Clubhouse	Incidental Expenses	Total for Adult Mental Health
<b>State SAMH Funding</b>									
From the District Funding this Contract	\$ 1,220,121	\$ 1,683,950	\$ 432,993	\$ 76,808	\$ 589,822	\$ 217,274	\$ 137,183	\$ 30,000	\$ 4,388,151
<b>Total State SAMH Funding</b>	<u>1,220,121</u>	<u>1,683,950</u>	<u>432,993</u>	<u>76,808</u>	<u>589,822</u>	<u>217,274</u>	<u>137,183</u>	<u>30,000</u>	<u>4,388,151</u>
<b>Other Government Funding</b>									
Other State Agency Funding	4,619	0	27	0	78,979	0	0	0	83,625
Medicaid	558,320	310,098	7,535	0	447,482	0	109,563	0	1,432,998
Local Government	0	260,000	58,260	0	450,000	0	20,000	0	788,260
Federal Grants and Contracts	4,584	0	0	0	4,000	0	0	0	8,584
<b>Total Other Government Funding</b>	<u>567,523</u>	<u>570,098</u>	<u>65,822</u>	<u>0</u>	<u>980,461</u>	<u>0</u>	<u>129,563</u>	<u>0</u>	<u>2,313,467</u>
<b>All Other Revenues</b>									
First and Second Party Payments	41,094	20,215	1,037	0	32,249	26,196	(2,651)	0	118,140
Third Party Payments									
(Except Medicare)	144,674	269,634	3,417	0	136,193	0	19,388	0	573,306
Medicare	14,110	26,463	44	0	55,662	0	0	0	96,279
Contributions and Donations	0	0	0	550	0	50	0	0	600
Other	30,931	8,313	1,634	343	6,135	2,261	11,819	0	61,436
In-Kind	0	0	0	0	0	0	0	0	0
<b>Total All Other Revenues</b>	<u>230,809</u>	<u>324,625</u>	<u>6,132</u>	<u>893</u>	<u>230,239</u>	<u>28,507</u>	<u>28,556</u>	<u>0</u>	<u>849,761</u>
<b>Total Funding</b>	<u>\$ 2,018,453</u>	<u>\$ 2,578,673</u>	<u>\$ 504,947</u>	<u>\$ 77,701</u>	<u>\$ 1,800,522</u>	<u>\$ 245,781</u>	<u>\$ 295,302</u>	<u>\$ 30,000</u>	<u>\$ 7,551,379</u>



**SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES  
PROGRAM/COST CENTER  
REVENUES SCHEDULE AND ACTUAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2010  
THE CENTERS, INC. - OCALA, FLORIDA  
(Continued)**

Funding Sources and Revenues	Outpatient	Prevention	Residential Level II	Substance Abuse Detox	Recovery and Support	Total for Adult Substance Abuse
<b>State SAMH Funding</b>						
From the District Funding this Contract						
Total State SAMH Funding	\$ 319,009	\$ 207,906	\$ 1,662,206	\$ 383,002	\$ 12,543	\$ 2,584,666
	319,009	207,906	1,662,206	383,002	12,543	2,584,666
<b>Other Government Funding</b>						
Other State Agency Funding	8,345	5	8,002	0	1,092	17,444
Medicaid	30,400	0	0	921	2,533	33,854
Local Government	42,000	0	100,000	175,000	0	317,000
Federal Grants and Contracts	24,201	0	0	0	140	24,341
Total Other Government Funding	104,946	5	108,002	175,921	3,765	392,639
<b>All Other Revenues</b>						
First and Second Party Payments	70,684	56	22,406	442	7,000	100,588
Third Party Payments (Except Medicare)	1,793	60	(7,498)	14,804	(87)	9,072
Medicare	570	0	0	2,873	0	3,443
Contributions and Donations	0	0	0	0	0	0
Other	6,883	637	7,958	2,047	189	17,714
In-kind	0	0	0	0	0	0
Total All Other Revenues	79,930	753	22,866	20,166	7,102	130,817
<b>Total Funding</b>	\$ 503,885	\$ 208,664	\$ 1,793,074	\$ 579,089	\$ 23,410	\$ 3,108,122

**SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES  
PROGRAM/COST CENTER  
REVENUES SCHEDULE AND ACTUAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2010  
THE CENTERS, INC. - OCALA, FLORIDA  
(Continued)**

Funding Sources and Revenues	Intervention	Crisis Stabilization	Crisis Support/ Emergency	Total for Children's Mental Health
<b>State SAMH Funding</b>				
From the District Funding this Contract	\$ 53,960	\$ 850,000	\$ 506,678	\$ 1,410,638
<b>Total State SAMH Funding</b>	<u>53,960</u>	<u>850,000</u>	<u>506,678</u>	<u>1,410,638</u>
<b>Other Government Funding</b>				
Other State Agency Funding	0	4,660	665	5,325
Medicaid	369	429,855	7,174	437,398
Local Government	0	0	45,000	45,000
Federal Grants and Contracts	0	0	0	0
<b>Total Other Government Funding</b>	<u>369</u>	<u>434,515</u>	<u>52,839</u>	<u>487,723</u>
<b>All Other Revenues</b>				
First and Second Party Payments	60	7,779	343	8,182
Third Party Payments (Except Medicare)	0	267,713	1,868	269,581
Medicare	0	0	0	0
Contributions and Donations	0	-0	0	0
Other	330	4,229	1,516	6,075
In-kind	0	0	0	0
<b>Total All Other Revenues</b>	<u>390</u>	<u>279,721</u>	<u>3,727</u>	<u>283,838</u>
<b>Total Funding</b>	<u>\$ 54,719</u>	<u>\$ 1,564,236</u>	<u>\$ 563,244</u>	<u>\$ 2,182,199</u>

**SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES  
PROGRAM/COST CENTER  
REVENUES SCHEDULE AND ACTUAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2010  
THE CENTERS, INC. - OCALA, FLORIDA  
(Continued)**

Funding Sources and Revenues	Outpatient	CC #19	Prevention	Outreach	Total for Children's Substance Abuse
<b>State SAMH Funding</b>					
From the District Funding (this Contract)	\$ 411,266	\$ 231,719	\$ 111,400	\$ 94,571	\$ 848,956
<b>Total State SAMH Funding</b>	<u>411,266</u>	<u>231,719</u>	<u>111,400</u>	<u>94,571</u>	<u>848,956</u>
<b>Other Government Funding</b>					
Other State Agency Funding	293	11,652	0	0	11,945
Medicaid	4,225	8,682	0	0	12,907
Local Government	135,000	104,821	0	0	239,821
Federal Grants and Contracts	0	0	0	0	0
<b>Total Other Government Funding</b>	<u>139,518</u>	<u>125,155</u>	<u>0</u>	<u>0</u>	<u>264,673</u>
<b>All Other Revenues</b>					
First and Second Party Payments	5,309	393	0	0	5,702
Third Party Payments (Except Medicare)	229	64	0	0	293
Medicare	0	0	0	0	0
Contributions and Donations	0	0	0	0	0
Other	2,387	8,311	489	296	11,483
In-kind	0	0	0	0	0
<b>Total all Other Revenues</b>	<u>7,925</u>	<u>8,768</u>	<u>489</u>	<u>296</u>	<u>17,478</u>
<b>Total Funding</b>	<u>\$ 558,709</u>	<u>\$ 365,642</u>	<u>\$ 111,889</u>	<u>\$ 94,867</u>	<u>\$ 1,131,107</u>

**SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES  
PROGRAM/COST CENTER  
REVENUES SCHEDULE AND ACTUAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2010  
THE CENTERS, INC. - OCALA, FLORIDA  
(Continued)**

Funding Sources and Revenues	Total for State Funded SAMH Cost Centers	Total for Non-State Funded SAMH Cost Centers	Total for All State Designated SAMH Cost Centers	Adult Psychiatric Unit Non-SAMH Cost Center	Other Non-SAMH Cost Centers	Total Funding
<b>State SAMH Funding</b>						
From the District Funding this Contract	\$ 9,232,411	\$ 0	\$ 9,232,411	\$ 0	\$ 0	\$ 9,232,411
<b>Total State SAMH Funding</b>	<u>9,232,411</u>	<u>0</u>	<u>9,232,411</u>	<u>0</u>	<u>0</u>	<u>9,232,411</u>
<b>Other Government Funding</b>						
Other State Agency Funding	118,339	941,923	1,060,262	0	6,745,980	7,806,242
Medicaid	1,917,157	2,668,081	4,585,238	402,807	72,222	5,060,267
Local Government	1,390,081	70,000	1,460,081	0	0	1,460,081
Federal Grants and Contracts	32,925	0	32,925	0	0	32,925
<b>Total Other Government Funding</b>	<u>3,458,502</u>	<u>3,680,004</u>	<u>7,138,506</u>	<u>402,807</u>	<u>6,818,202</u>	<u>14,359,515</u>
<b>All Other Revenues</b>						
First and Second Party Payments	232,612	17,066	249,678	37,865	0	287,543
Third Party Payments (Except Medicare)	852,252	516,774	1,369,026	651,454	87	2,020,567
Medicare	99,722	0	99,722	1,847,848	0	1,947,570
Contributions and Donations	600	0	600	0	93,464	94,064
Other	96,708	258,025	354,733	6,621	322,361	683,715
In-kind	0	0	0	0	45,134	45,134
<b>Total All Other Revenues</b>	<u>1,281,894</u>	<u>791,865</u>	<u>2,073,759</u>	<u>2,543,788</u>	<u>461,046</u>	<u>5,078,593</u>
<b>Total Funding</b>	<u>\$ 13,972,807</u>	<u>\$ 4,471,869</u>	<u>\$ 18,444,676</u>	<u>\$ 2,946,595</u>	<u>\$ 7,279,248</u>	<u>\$ 28,670,519</u>

**SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES  
PROGRAM/COST CENTER  
REVENUES SCHEDULE AND ACTUAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2010  
THE CENTERS, INC. - OCALA, FLORIDA  
(Continued)**

Expense Categories	Comprehensive Community Service Teams	Crisis Stabilization	Crisis Support/ Emergency	Drop-In/ Self-Help Centers	Medical Services	Outpatient	Residential Level III	Clubhouse	Incidental Expenses	Total for Adult Mental Health
Personnel Expenses										
Salaries	\$ 872,551	\$ 1,063,551	\$ 288,581	\$ 31,789	\$ 620,354	\$ 0	\$ 181,560	\$ 117,701	\$ 0	\$ 3,176,087
Fringe Benefits	219,688	179,647	41,842	6,780	146,613	0	36,895	26,668	0	658,133
Total Personnel Expenses	1,092,239	1,243,198	330,423	38,569	766,967	0	218,455	144,369	0	3,834,220
Other Expenses										
Building Occupancy	114,107	74,882	15,929	6,931	41,991	0	44,161	37,372	0	335,373
Professional Services	58,810	263,129	21,465	1,585	794,713	0	4,297	21,316	0	1,165,315
Travel	32,603	3,131	2,665	3	2,285	0	506	6,578	0	47,771
Equipment	42,961	22,431	7,831	1,911	17,186	0	8,680	12,613	0	113,613
Food Services	849	156	119	6	306	0	284	666	0	2,386
Medical and Pharmacy	294	175,524	1,478	0	77,089	0	0	27	0	254,412
Subcontracted Services	3,863	21,852	0	0	16,899	0	0	0	0	42,614
Insurance	24,785	21,876	4,545	1,678	11,509	0	5,266	3,794	0	73,453
Interest Paid	19,011	21,744	4,452	1,764	11,879	0	14	10	0	58,874
Operating Supplies and Expenses	34,269	19,255	6,437	2,937	24,376	0	7,430	9,814	0	104,518
Other	16,379	1,176	205	646	150	0	440	111	30,053	49,160
Total Other Expenses	347,931	625,156	65,126	17,461	998,383	0	71,078	92,301	30,053	2,247,489
Total Personnel Expenses and Other Expenses	1,440,170	1,868,354	395,549	56,030	1,765,350	0	289,533	236,670	30,053	6,081,709
Distributed Indirect Costs										
Other Support Costs (Optional)	315,903	511,547	56,164	8,675	148,160	0	53,853	46,074	0	1,140,376
Administration	161,877	219,904	41,448	5,987	176,614	0	31,546	26,250	0	663,626
Total Distributed Indirect Costs	477,780	731,451	97,612	14,662	324,774	0	85,399	72,324	0	1,804,002
Total Operating Expenses	1,917,950	2,599,805	493,161	70,692	2,090,124	0	374,932	308,994	30,053	7,885,711
Unallowable Costs										
Depreciation	0	15,359	2,567	0	0	0	0	0	0	17,926
Interest Expenses	0	0	0	0	0	0	0	0	0	0
(Total Unallowable Costs)	0	(15,359)	(2,567)	0	0	0	0	0	0	(17,926)
Total Allowable Operating Expenses Excluding Unallowable Costs	\$ 1,917,950	\$ 2,584,446	\$ 490,594	\$ 70,692	\$ 2,090,124	\$ 0	\$ 374,932	\$ 308,994	\$ 30,053	\$ 7,867,785

**SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES  
PROGRAM/COST CENTER  
REVENUES SCHEDULE AND ACTUAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2010  
THE CENTERS, INC. - OCALA, FLORIDA  
(Continued)**

Expense Categories	Outpatient	Prevention	Residential Level II	Substance Abuse Detox	Recovery and Support	Total for Adult Substance Abuse
<b>Personnel Expenses</b>						
Salaries	\$ 282,149	\$ 69,329	\$ 580,507	\$ 242,341	\$ 25,635	\$ 1,199,961
Fringe Benefits	62,046	10,051	116,766	40,046	2,725	231,634
<b>Total Personnel Expenses</b>	<b>344,195</b>	<b>79,380</b>	<b>697,273</b>	<b>282,387</b>	<b>28,360</b>	<b>1,431,595</b>
<b>Other Expenses</b>						
Building Occupancy	31,161	6,583	87,759	18,625	2,655	146,783
Professional Services	30,964	1,465	45,822	68,724	768	147,743
Travel	2,813	2,043	173	7	2	5,038
Equipment	13,688	1,430	22,908	4,753	677	43,456
Food Services	530	43	1,275	94	21	1,963
Medical and Pharmacy	30,640	352	14,102	11,909	0	57,003
Subcontracted Services	0	0	3,571	6,993	0	10,564
Insurance	8,435	1,560	19,798	5,441	747	35,981
Interest Paid	8,693	789	20,558	5,424	750	36,214
Operating Supplies and Expenses	14,596	1,977	48,187	5,086	723	70,569
Other	228	12	4,682	83	0	5,005
<b>Total Other Expenses</b>	<b>141,748</b>	<b>16,254</b>	<b>268,835</b>	<b>127,139</b>	<b>6,343</b>	<b>560,319</b>
<b>Total Personnel Expenses and Other Expenses</b>	<b>485,943</b>	<b>95,634</b>	<b>966,108</b>	<b>409,526</b>	<b>34,703</b>	<b>1,991,914</b>
<b>Distributed Indirect Costs</b>						
Other Support Costs (Optional)	133,504	22,334	598,718	98,407	4,777	857,740
Administration	56,876	10,822	144,837	46,974	3,684	263,193
<b>Total Distributed Indirect Costs</b>	<b>190,380</b>	<b>33,156</b>	<b>743,555</b>	<b>145,381</b>	<b>8,461</b>	<b>1,120,933</b>
<b>Total Operating Expenses</b>	<b>676,323</b>	<b>128,790</b>	<b>1,709,663</b>	<b>554,907</b>	<b>43,164</b>	<b>3,112,847</b>
<b>Unallowable Costs</b>						
Depreciation	0	0	0	3,752	0	3,752
Interest Expenses	0	0	0	0	0	0
<b>(Total Unallowable Costs)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(3,752)</b>	<b>0</b>	<b>(3,752)</b>
<b>Total Allowable Operating Expenses Excluding Unallowable Costs</b>	<b>\$ 676,323</b>	<b>\$ 128,790</b>	<b>\$ 1,709,663</b>	<b>\$ 551,155</b>	<b>\$ 43,164</b>	<b>\$ 3,109,095</b>

**SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES  
PROGRAM/COST CENTER  
REVENUES SCHEDULE AND ACTUAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2010  
THE CENTERS, INC. - OCALA, FLORIDA  
(Continued)**

Expense Categories	Intervention	Crisis Stabilization	Crisis Support/ Emergency	Total for Children's Mental Health
<b>Personnel Expenses</b>				
Salaries	\$ 39,810	\$ 608,029	\$ 264,394	\$ 912,233
Fringe Benefits	7,325	92,875	39,609	139,809
<b>Total Personnel Expenses</b>	<u>47,135</u>	<u>700,904</u>	<u>304,003</u>	<u>1,052,042</u>
<b>Other Expenses</b>				
Building Occupancy	3,617	39,790	16,071	59,478
Professional Services	885	287,965	10,634	299,484
Travel	1,905	30	2,369	4,304
Equipment	851	13,585	4,880	19,316
Food Services	19	113	98	230
Medical and Pharmacy	0	53,880	1,392	55,272
Subcontracted Services	0	12,020	0	12,020
Insurance	935	11,618	4,659	17,212
Interest Paid	942	11,580	4,532	17,054
Operating Supplies and Expenses	666	9,767	5,098	15,531
Other	0	298	214	512
<b>Total Other Expenses</b>	<u>9,820</u>	<u>440,646</u>	<u>49,947</u>	<u>500,413</u>
<b>Total Personnel Expenses and Other Expenses</b>	<u>56,955</u>	<u>1,141,550</u>	<u>353,950</u>	<u>1,552,455</u>
<b>Distributed Indirect Costs</b>				
Other Support Costs (Optional)	10,182	182,820	47,938	240,940
Administration	6,217	122,732	36,842	165,791
<b>Total Distributed Indirect Costs</b>	<u>16,399</u>	<u>305,552</u>	<u>84,780</u>	<u>406,731</u>
<b>Total Operating Expenses</b>	<u>73,354</u>	<u>1,447,102</u>	<u>438,730</u>	<u>1,959,186</u>
<b>Unallowable Costs</b>				
Depreciation	0	7,590	2,423	10,013
Interest Expense	0	0	0	0
<b>Total Unallowable Costs</b>	<u>0</u>	<u>(7,590)</u>	<u>(2,423)</u>	<u>(10,013)</u>
<b>Total Allowable Operating Expenses Excluding Unallowable Costs</b>	<u>\$ 73,354</u>	<u>\$ 1,439,512</u>	<u>\$ 436,307</u>	<u>\$ 1,949,173</u>

**SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES  
PROGRAM/COST CENTER  
REVENUE SCHEDULES AND ACTUAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2010  
THE CENTERS, INC. - OCALA, FLORIDA  
(Continued)**

Expense Categories	Outpatient	CC#19	Prevention	Outreach	Total for Children's Substance Abuse
<b>Personnel Expenses</b>					
Salaries	\$ 280,715	\$ 171,230	\$ 31,293	\$ 38,202	\$ 521,440
Fringe Benefits	47,358	22,718	9,531	8,691	88,298
<b>Total Personnel Expenses</b>	<b>328,073</b>	<b>193,948</b>	<b>40,824</b>	<b>46,893</b>	<b>609,738</b>
<b>Other Expenses</b>					
Building Occupancy	31,657	18,031	3,873	4,119	57,680
Professional Services	12,610	26,325	774	1,042	40,751
Travel	4,929	642	1,674	2,115	9,360
Equipment	9,701	16,221	973	964	27,859
Food Services	331	157	12	4	504
Medical and Pharmacy	12,708	7,989	5	0	20,702
Subcontracted Services	0	532	0	0	532
Insurance	8,814	3,276	874	1,034	13,998
Interest Paid	7,830	3,432	925	1,039	13,226
Operating Supplies and Expenses	11,546	10,783	1,012	646	23,987
Other	2,541	2,191	0	0	4,732
<b>Total Other Expenses</b>	<b>102,667</b>	<b>89,579</b>	<b>10,122</b>	<b>10,963</b>	<b>213,331</b>
<b>Total Personnel Expenses and Other Expenses</b>	<b>430,740</b>	<b>283,527</b>	<b>50,946</b>	<b>57,856</b>	<b>823,069</b>
<b>Distributed Indirect Costs</b>					
Other Support Costs (Optional)	60,866	125,993	19,104	8,237	214,200
Administration	45,823	37,994	6,447	6,217	96,481
<b>Total Distributed Indirect Costs</b>	<b>106,689</b>	<b>163,987</b>	<b>25,551</b>	<b>14,454</b>	<b>310,681</b>
<b>Total Operating Expenses Unallowable Costs</b>	<b>537,429</b>	<b>447,514</b>	<b>76,497</b>	<b>72,310</b>	<b>1,133,750</b>
Depreciation	0	5,219	0	0	5,219
Interest Expense	0	0	0	0	0
<b>(Total Unallowable Costs)</b>	<b>0</b>	<b>(5,219)</b>	<b>0</b>	<b>0</b>	<b>(5,219)</b>
<b>Total Allowable Operating Expenses Excluding Unallowable Costs</b>	<b>\$ 537,429</b>	<b>\$ 442,295</b>	<b>\$ 76,497</b>	<b>\$ 72,310</b>	<b>\$ 1,128,531</b>



**SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES  
PROGRAM/COST CENTER  
REVENUE SCHEDULES AND ACTUAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2010  
THE CENTERS, INC. - OCALA, FLORIDA  
(Concluded)**

Expense Categories	Total for Non-		Total for All		Other Non-SAMH Cost Centers	Other Support Cost Centers (Optional)	Administration	Total Expenses
	State Funded SAMH Cost Centers	State Designated SAMH Cost Centers	Adult Psychiatric Unit Non-SAMH Cost Center	Other Non-SAMH Cost Centers				
<b>Personnel Expenses</b>								
Salaries	\$ 5,809,720	\$ 1,414,645	\$ 7,224,366	\$ 876,316	\$ 3,966,209	\$ 1,853,344	\$ 1,597,980	\$ 15,518,215
Fringe Benefits	1,117,875	261,398	1,379,273	135,960	890,082	401,459	303,462	3,110,236
<b>Total Personnel Expenses</b>	<b>6,927,595</b>	<b>1,676,043</b>	<b>8,603,639</b>	<b>1,012,276</b>	<b>4,856,291</b>	<b>2,254,803</b>	<b>1,901,442</b>	<b>18,628,451</b>
<b>Other Expenses</b>								
Building Occupancy	599,315	119,407	718,722	80,384	563,716	448,495	108,144	1,919,461
Professional Services	1,653,293	573,640	2,226,933	308,556	444,422	57,719	70,157	3,107,787
Travel	66,474	49,443	115,917	53	268,408	24,225	17,709	426,312
Equipment	204,243	67,692	271,934	15,739	138,921	107,599	42,639	576,832
Food Services	5,082	1,234	6,316	128	2,649	354,256	6,995	370,344
Medical and Pharmacy	387,388	166,075	553,464	46,526	1,608	10,494	1,873	613,965
Subcontracted Services	65,730	19,126	84,857	18,745	58,234	9,240	14,258	185,334
Insurance	140,644	33,397	174,040	16,589	107,751	61,129	31,152	390,661
Interest Paid	125,368	30,414	155,781	16,570	12,505	63,156	30,707	278,719
Operating Supplies and Expenses	214,606	46,717	261,323	45,930	145,277	122,188	59,007	633,725
Other	59,410	148,017	207,427	9,368	186,892	572	4,312	408,571
In-kind	0	0	0	0	45,134	0	0	45,134
<b>Total Other Expenses</b>	<b>3,521,553</b>	<b>1,255,162</b>	<b>4,776,714</b>	<b>558,588</b>	<b>1,975,517</b>	<b>1,259,073</b>	<b>386,953</b>	<b>8,956,845</b>
<b>Total Personnel Expenses and Other Expenses</b>	<b>10,449,148</b>	<b>2,931,205</b>	<b>13,380,353</b>	<b>1,570,864</b>	<b>6,831,808</b>	<b>3,513,876</b>	<b>2,288,395</b>	<b>27,585,296</b>
<b>Distributed Indirect Costs</b>								
Other Support Costs (Optional)	2,453,257	484,048	2,937,306	352,568	56,628	(3,445,611)	99,109	0
Administration	1,189,091	316,385	1,505,476	177,304	619,875	0	(2,302,655)	0
<b>Total Distributed Indirect Costs</b>	<b>3,642,348</b>	<b>800,433</b>	<b>4,442,782</b>	<b>529,872</b>	<b>676,503</b>	<b>(3,445,611)</b>	<b>(2,203,546)</b>	<b>0</b>
<b>Total Operating Expenses</b>	<b>14,091,496</b>	<b>3,731,638</b>	<b>17,823,135</b>	<b>2,100,736</b>	<b>7,508,311</b>	<b>68,265</b>	<b>0</b>	<b>27,585,296</b>
<b>Unallowable Costs</b>								
Depreciation	36,911	0	36,911	0	0	0	0	36,911
Interest Expenses	0	0	0	0	4,370	0	0	4,370
<b>(Total Unallowable Costs)</b>	<b>(36,911)</b>	<b>0</b>	<b>(36,911)</b>	<b>0</b>	<b>(4,370)</b>	<b>0</b>	<b>0</b>	<b>(41,281)</b>
<b>Total Allowable Operating Expenses Excluding Unallowable Costs</b>	<b>\$ 14,054,585</b>	<b>\$ 3,731,638</b>	<b>\$ 17,786,224</b>	<b>\$ 2,100,736</b>	<b>\$ 7,503,941</b>	<b>\$ 68,265</b>	<b>\$ 0</b>	<b>\$ 27,544,015</b>

**SCHEDULE OF STATE EARNINGS  
FOR THE YEAR ENDED JUNE 30, 2010  
THE CENTERS, INC. - OCALA, FLORIDA**

<b>Total Expenditures</b>	\$ 27,585,296
(Less Other State and Federal Funds)	(12,866,510)
(Less Nonmatch SAMH Funds)	(4,387,593)
(Less Expenses Related to Nonmatch Services)	(3,817,937)
(Less Unallowable Costs Per 65E-14, F.A.C.)	<u>(36,911)</u>
<b>Total Allowable Expenditures</b>	<u>\$ 6,476,345</u>
<b>Maximum Available Earnings</b>	<u>\$ 4,857,259</u>
<b>Amount of State Funds Requiring Match</b>	<u>\$ 4,843,559</u>
<b>Amount Due to Department</b>	<u>\$ 0</u>

**SCHEDULE OF BED - DAY AVAILABILITY PAYMENTS  
FOR THE YEAR ENDED JUNE 30, 2010  
THE CENTERS, INC. - OCALA, FLORIDA**

Program	Cost Center	State Contracted Rate	Total Units of Service Provided	Total Units of Service Paid for by 3rd Party		Maximum Number of Units Eligible for Payment By Department	Amount Paid for Services By Department	Maximum Dollar Value of Units	Amount Owed to Department
				Local Government, or Other State Agencies	Contracts, Local Government, or Other State Agencies				
Children's MH	Crisis Stabilization Unit	\$ 291.24	4,380	1,125	3,255	\$ 927,926	\$ 947,986	\$ 0	
Adult MH	Crisis Stabilization Unit	291.24	6,844	941	5,903	1,719,000	1,719,190	0	
Adult SA	Substance Abuse Detox	204.94	1,917	29	1,888	383,002	386,927	0	
<b>Total Amount Owed to Department</b>								<b>\$ 0</b>	<b>0</b>

**SCHEDULE OF RELATED PARTY TRANSACTION ADJUSTMENTS  
FOR THE YEAR ENDED JUNE 30, 2010  
THE CENTERS, INC. - OCALA, FLORIDA**

	<u>Related Party</u>	<u>Allocation of Related Party Transactions Adjustment</u>	
		<u>State-Designated Cost Centers</u>	<u>Total</u>
Revenues from Grantee	\$ 0		
Total Revenues from Grantee	<u>0</u>		
Expenses Associated with Grantee Transactions	<u>0</u>		
Total Associated Expenses	<u>0</u>		
Related Party Transaction Adjustment	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

Related Party Transaction  
Adjustments Not  
Applicable