

CLAY BEHAVIORAL HEALTH CENTER, INC.
(A Nonprofit Corporation)

FINANCIAL STATEMENTS
AND ADDITIONAL INFORMATION

Years Ended June 30, 2011 and 2010

CLAY BEHAVIORAL HEALTH CENTER, INC.

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Clay Behavioral Health Center, Inc.
Orange Park, Florida

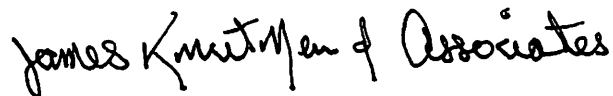
We have audited the accompanying statements of financial position of Clay Behavioral Health Center, Inc., (a nonprofit corporation), a component corporation of the Institute for Growth and Development, Inc., (a nonprofit corporation), as of June 30, 2011 and 2010, and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Clay Behavioral Health Center, Inc. as of June 30, 2011 and 2010, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 26, 2011, on our consideration of Clay Behavioral Health Center, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits.

Our audits were conducted for the purpose of forming an opinion on the financial statements of Clay Behavioral Health Center, Inc. as a whole. The accompanying supplementary information shown on pages 14 to 15 is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance is presented as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, by Section 215.97, Florida Statutes and Chapter 10.650; *Rules of the Auditor General*. 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. The information has been subjected to the auditing procedures applied in the audit of the 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.



James Knutzen & Associates, C.P.A.'s, P.A.
Jacksonville, Florida
August 26, 2011

CLAY BEHAVIORAL HEALTH CENTER, INC.
(A Nonprofit Corporation)
STATEMENTS OF FINANCIAL POSITION
June 30, 2011 and 2010

| | <u>2011</u> | <u>2010</u> |
|--|---------------------|---------------------|
| <u>ASSETS</u> | | |
| Cash | \$ 217,493 | \$ 685,030 |
| Investments (Note A) | 35,199 | - |
| Accounts receivable (Note B): | | |
| State of Florida | 599,541 | 88,149 |
| Contracts | 65,075 | 193,711 |
| Medicaid/Medicare | 197,272 | 269,018 |
| Other | 239,795 | 246,423 |
| Allowance for doubtful accounts | (173,086) | (155,801) |
| | <u>928,597</u> | <u>641,500</u> |
| Prepaid expenses | 71,608 | 71,814 |
| Total Current Assets | 1,252,897 | 1,398,344 |
| Property, plant and equipment, less accumulated depreciation of \$1,694,273 and \$1,607,012, respectively (Note C) | 1,704,999 | 1,773,413 |
| Deposits | <u>7,606</u> | <u>7,606</u> |
| Total Assets | <u>\$ 2,965,502</u> | <u>\$ 3,179,363</u> |
| <u>LIABILITIES AND NET ASSETS</u> | | |
| Current liabilities: | | |
| Accounts payable | \$ 21,411 | \$ 26,652 |
| Accrued expenses | 105,326 | 95,342 |
| Due to other agencies | 2,856 | 2,856 |
| Accrued compensated absences | 100,417 | 95,410 |
| Line of credit, demand note (Note D) | 2,000 | - |
| Current portion of long-term debt (Note E) | 112,120 | 106,690 |
| Total Current Liabilities | <u>344,130</u> | <u>326,950</u> |
| Long term debt (Note E) | <u>670,359</u> | <u>781,954</u> |
| Total Liabilities | 1,014,489 | 1,108,904 |
| Net assets - unrestricted | <u>1,951,013</u> | <u>2,070,459</u> |
| Total Liabilities and Net Assets | <u>\$ 2,965,502</u> | <u>\$ 3,179,363</u> |

See Notes to Financial Statements.

CLAY BEHAVIORAL HEALTH CENTER, INC.
(A Nonprofit Corporation)
STATEMENTS OF ACTIVITIES
Years Ended June 30, 2011 and 2010

| | <u>2011</u> | <u>2010</u> |
|---|--------------|--------------|
| CHANGES IN UNRESTRICTED NET ASSETS | | |
| Unrestricted Public Support and Revenue: | | |
| Support: | | |
| Contributions | \$ 4,130 | \$ 9,559 |
| State of Florida: | | |
| Department of Children and Families: | | |
| Mental Health | 1,221,284 | 1,240,462 |
| Substance Abuse | 1,120,183 | 1,093,723 |
| Other Programs | 153,694 | 52,902 |
| Department of Juvenile Justice: | | |
| Prevention/Diversion | 44,388 | 24,240 |
| Department of Education: | | |
| Vocational Rehabilitation Services | 29,815 | 46,605 |
| U.S. Department of Health and Human Services | 75,233 | - |
| Clay County School Board | 116,894 | 303,278 |
| Clay County | 210,000 | 420,116 |
| Clay County Drug Court | 204,349 | 136,958 |
| United Way of Northeast Florida | 26,472 | 26,873 |
| | <hr/> | <hr/> |
| Total Unrestricted Public Support | 3,206,442 | 3,354,716 |
| Revenue: | | |
| Medicaid | 1,493,504 | 1,359,285 |
| Medicare | 74,098 | 105,545 |
| Client Fees | 117,345 | 221,122 |
| Client Insurance | 138,921 | 116,836 |
| Rental Revenue | 15,310 | 17,647 |
| Other Miscellaneous | 228,227 | 240,489 |
| Interest | 189 | 1,773 |
| | <hr/> | <hr/> |
| Total Unrestricted Revenue | 2,067,594 | 2,062,697 |
| | <hr/> | <hr/> |
| Total Unrestricted Public Support and Revenue | 5,274,036 | 5,417,413 |
| EXPENSES | | |
| Program Service Expenses | 4,588,546 | 4,458,182 |
| Supporting Services Expenses | 804,936 | 882,163 |
| | <hr/> | <hr/> |
| Total Expenses | 5,393,482 | 5,340,345 |
| Increase (decrease) in Net Assets | (119,446) | 77,068 |
| Net Assets, Beginning of Year | <hr/> | <hr/> |
| | 2,070,459 | 1,993,391 |
| Net Assets, End of Year | <hr/> <hr/> | <hr/> <hr/> |
| | \$ 1,951,013 | \$ 2,070,459 |

See Notes to Financial Statements.

CLAY BEHAVIORAL HEALTH CENTER, INC.
(A Nonprofit Corporation)
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2011

| | Case Management | Crisis Support Emergency | Drop In/ Self-Help Day/Night Center | In Home/ On-Site Services | Intensive Case Mgmt | Medical Services | Medical Services | Methadone Maintenance | Outpatient Individual | Outpatient Prevention | Residential | Respite | Substance Abuse Detox | Supportive Employment | Aftercare | Outpatient Group | Room & Bd W/ Supv 2 | Other Incidentals | Clinical Support | TOTAL CLINICAL | Support Staff | Administrative | TOTAL | |
|------------------------------------|-----------------|-----------------------------|--|---------------------------------|------------------------|---------------------|---------------------|--------------------------|--------------------------|--------------------------|-------------|-----------|-----------------------------|--------------------------|------------|---------------------|------------------------|----------------------|---------------------|-------------------|---------------|----------------|------------|--------------|
| Salaries | \$ 245,526 | \$ 130,526 | \$ 125,184 | \$ 17,284 | \$ 284,788 | \$ 62,782 | \$ 92,395 | \$ 441,080 | \$ - | \$ 329,755 | \$ 143,989 | \$ - | \$ 1,760 | \$ - | \$ 80,370 | \$ 36,580 | \$ 316,066 | \$ 145,715 | \$ - | \$ 375,896 | \$ 2,829,696 | \$ 211,561 | \$ 136,477 | \$ 3,177,734 |
| Fringe Benefits | 29,766 | 15,824 | 15,185 | 2,095 | 34,526 | 7,611 | 11,202 | 53,465 | - | 39,978 | 17,456 | - | 214 | - | 9,743 | 4,435 | 38,318 | 17,666 | - | 45,571 | 343,055 | 25,649 | 16,545 | 385,249 |
| Payroll Taxes | 19,413 | 10,320 | 9,889 | 1,367 | 22,517 | 4,964 | 7,305 | 34,883 | - | 26,072 | 11,385 | - | 139 | - | 6,355 | 2,892 | 24,990 | 11,521 | - | 29,721 | 223,733 | 16,727 | 10,791 | 251,251 |
| | 294,705 | 156,670 | 150,258 | 20,746 | 341,831 | 75,357 | 110,902 | 529,428 | - | 395,805 | 172,830 | - | 2,113 | - | 96,468 | 43,907 | 379,374 | 174,902 | - | 451,188 | 3,396,484 | 253,937 | 163,813 | 3,814,234 |
| Building Occupancy | 9,668 | 5,140 | 4,929 | 681 | 11,214 | 2,472 | 3,638 | 17,368 | - | 12,984 | 5,670 | - | 69 | - | 3,165 | 1,440 | 12,445 | 5,738 | - | 14,801 | 111,422 | 8,330 | 5,374 | 125,126 |
| Professional Services | 19,215 | 10,215 | 9,797 | 1,353 | 22,288 | 4,913 | 7,231 | 34,520 | - | 25,807 | 11,269 | - | 138 | - | 6,290 | 2,863 | 24,736 | 11,404 | - | 29,418 | 221,457 | 16,557 | 10,681 | 248,695 |
| Travel | 7,365 | 3,915 | 3,755 | 518 | 8,543 | 1,883 | 2,772 | 13,231 | - | 9,892 | 4,319 | - | 53 | - | 2,411 | 1,097 | 9,481 | 4,371 | - | 11,276 | 84,882 | 6,346 | 4,094 | 95,322 |
| Equipment Costs | 4,531 | 2,409 | 2,310 | 319 | 5,255 | 1,159 | 1,705 | 8,139 | - | 6,085 | 2,657 | - | 32 | - | 1,483 | 675 | 5,832 | 2,689 | - | 6,936 | 52,216 | 3,904 | 2,518 | 58,638 |
| Medical and Pharmacy | 1,872 | 995 | 954 | 132 | 2,171 | 479 | 704 | 3,362 | - | 2,514 | 1,098 | - | 13 | - | 613 | 279 | 2,409 | 1,111 | - | 2,865 | 21,571 | 1,613 | 1,040 | 24,224 |
| Subcontracted Services | 35,841 | 19,054 | 18,274 | 2,523 | 41,572 | 9,165 | 13,487 | 64,387 | 15,600 | 48,136 | 21,018 | 84,442 | 257 | - | 11,731 | 5,340 | 46,138 | 21,270 | - | 54,871 | 513,106 | 30,883 | 19,922 | 563,911 |
| Insurance | 3,534 | 1,879 | 1,802 | 249 | 4,099 | 904 | 1,330 | 6,348 | - | 4,746 | 2,072 | - | 25 | - | 1,157 | 526 | 4,549 | 2,097 | - | 5,410 | 40,727 | 3,045 | 1,964 | 45,736 |
| Operating Supplies and Expenses | 12,023 | 6,391 | 6,130 | 845 | 13,945 | 3,074 | 4,525 | 21,599 | - | 16,148 | 7,052 | - | 86 | - | 3,936 | 1,791 | 15,477 | 7,136 | - | 18,406 | 146,681 | 10,360 | 6,684 | 163,725 |
| | 94,049 | 49,998 | 47,951 | 6,620 | 109,087 | 24,049 | 35,392 | 168,954 | 15,600 | 126,312 | 55,155 | 84,442 | 673 | - | 30,786 | 14,011 | 121,067 | 55,816 | - | 143,983 | 1,192,062 | 81,038 | 52,277 | 1,325,377 |
| Total Personnel and Expense: | 388,754 | 206,668 | 198,209 | 27,366 | 450,918 | 99,406 | 146,294 | 698,382 | 15,600 | 522,117 | 227,985 | 84,442 | 2,786 | - | 127,254 | 57,918 | 500,441 | 230,718 | 8,117 | 595,171 | 4,588,546 | 334,975 | 216,090 | 5,139,611 |
| Other Support | 29,065 | 15,451 | 14,819 | 2,046 | 33,713 | 7,432 | 10,938 | 52,214 | - | 39,036 | 17,045 | - | 208 | - | 9,514 | 4,330 | 37,415 | 17,250 | - | 44,499 | 334,975 | (334,975) | - | - |
| Administration | 18,750 | 9,968 | 9,560 | 1,320 | 21,748 | 4,794 | 7,056 | 33,683 | - | 25,182 | 10,996 | - | 134 | - | 6,137 | 2,793 | 24,136 | 11,128 | - | 28,705 | 216,090 | - | (216,090) | - |
| Interest | 3,589 | 1,909 | 1,830 | 253 | 4,164 | 918 | 1,351 | 6,450 | - | 4,822 | 2,105 | - | 26 | - | 1,175 | 535 | 4,622 | 2,131 | - | 5,496 | 41,376 | 3,094 | 1,996 | 46,466 |
| Depreciation | 6,742 | 3,584 | 3,438 | 475 | 7,820 | 1,724 | 2,537 | 12,112 | - | 9,055 | 3,954 | - | 48 | - | 2,207 | 1,004 | 8,679 | 4,001 | - | 10,322 | 77,702 | 5,809 | 3,748 | 87,259 |
| Bad Debt Expense | 7,340 | 3,902 | 3,742 | 517 | 8,514 | 1,877 | 2,762 | 13,186 | - | 9,858 | 4,305 | - | 53 | - | 2,403 | 1,094 | 9,449 | 4,356 | - | 11,238 | 84,596 | 6,324 | 4,080 | 95,000 |
| Unallowable Expense | 1,943 | 1,033 | 991 | 137 | 2,254 | 497 | 731 | 3,490 | - | 2,609 | 1,139 | - | 14 | - | 636 | 289 | 2,501 | 1,153 | - | 2,975 | 22,392 | 1,674 | 1,080 | 25,146 |
| Grand Total | \$ 456,183 | \$ 242,515 | \$ 232,589 | \$ 32,114 | \$ 529,131 | \$ 116,648 | \$ 171,669 | \$ 819,517 | \$ 15,600 | \$ 612,679 | \$ 267,529 | \$ 84,442 | \$ 3,269 | \$ - | \$ 149,326 | \$ 67,963 | \$ 587,243 | \$ 270,737 | \$ 8,117 | \$ 698,406 | \$ 5,365,677 | \$ 16,901 | \$ 10,904 | \$ 5,393,482 |

See Notes to Financial Statements.

CLAY BEHAVIORAL HEALTH CENTER, INC.
(A Nonprofit Corporation)
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2010

| | Case Management | Crisis Support Emergency | Drop In/ Self-Help Day/Night Center | In Home/ On-Site Services | Intensive Case Mgmt | Intervention | Medical Services | Methadone Maintenance | Outpatient Individual | Prevention | Residential | Respite | Substance Abuse Detox | Supportive Employment | Aftercare | Outpatient Group | Room & Bd W/ Supv 2 | Other Incidentals | Clinical Support | TOTAL CLINICAL | Support Staff | Administrative | TOTAL | |
|------------------------------------|-------------------|-----------------------------|---|---------------------------------|------------------------|-------------------|---------------------|--------------------------|--------------------------|-------------------|------------------|------------------|-----------------------------|--------------------------|-------------------|---------------------|------------------------|----------------------|---------------------|-------------------|---------------------|------------------|------------------|---------------------|
| Salaries | \$ 232,697 | \$ 129,813 | \$ 94,977 | \$ 7,884 | \$ 251,409 | \$ 70,511 | \$ 54,059 | \$ 441,208 | \$ - | \$ 376,708 | \$238,187 | \$ - | \$ 164 | \$ - | \$ 62,734 | \$ 10,811 | \$ 293,438 | \$ 123,329 | \$ - | \$ 364,983 | \$ 2,752,912 | \$ 189,731 | \$ 137,588 | \$ 3,080,231 |
| Fringe Benefits | 24,686 | 13,772 | 10,076 | 836 | 26,672 | 7,480 | 5,735 | 46,808 | - | 39,964 | 25,269 | - | 18 | - | 6,656 | 1,147 | 31,131 | 13,083 | - | 38,720 | 292,053 | 20,128 | 14,597 | 326,778 |
| Payroll Taxes | 17,702 | 9,875 | 7,225 | 600 | 19,125 | 5,364 | 4,112 | 33,563 | - | 28,657 | 18,119 | - | 12 | - | 4,772 | 822 | 22,322 | 9,382 | - | 27,765 | 209,417 | 14,433 | 10,466 | 234,316 |
| | <u>275,085</u> | <u>153,460</u> | <u>112,278</u> | <u>9,320</u> | <u>297,206</u> | <u>83,355</u> | <u>63,906</u> | <u>521,579</u> | <u>-</u> | <u>445,329</u> | <u>281,575</u> | <u>-</u> | <u>194</u> | <u>-</u> | <u>74,162</u> | <u>12,780</u> | <u>346,891</u> | <u>145,794</u> | <u>-</u> | <u>431,468</u> | <u>3,254,382</u> | <u>224,292</u> | <u>162,651</u> | <u>3,641,325</u> |
| Building Occupancy | 15,460 | 8,625 | 6,310 | 524 | 16,703 | 4,685 | 3,592 | 29,313 | - | 25,028 | 15,825 | - | 11 | - | 4,168 | 718 | 19,496 | 8,194 | - | 24,249 | 182,901 | 12,605 | 9,141 | 204,647 |
| Professional Services | 22,005 | 12,276 | 8,981 | 746 | 23,774 | 6,668 | 5,112 | 41,722 | - | 35,623 | 22,524 | - | 16 | - | 5,932 | 1,022 | 27,748 | 11,662 | - | 34,514 | 260,325 | 17,942 | 13,011 | 291,278 |
| Travel | 5,855 | 3,266 | 2,390 | 198 | 6,326 | 1,774 | 1,360 | 11,101 | - | 9,478 | 5,993 | - | 4 | - | 1,578 | 272 | 7,383 | 3,103 | - | 9,183 | 69,264 | 4,774 | 3,462 | 77,500 |
| Equipment Costs | 727 | 406 | 297 | 25 | 785 | 220 | 169 | 1,378 | - | 1,177 | 744 | - | 1 | - | 196 | 34 | 917 | 385 | - | 1,140 | 8,601 | 593 | 430 | 9,624 |
| Medical and Pharmacy | 1,887 | 1,053 | 770 | 64 | 2,039 | 572 | 438 | 3,578 | - | 3,055 | 1,932 | - | 1 | - | 509 | 88 | 2,380 | 1,000 | - | 2,960 | 22,326 | 1,539 | 1,116 | 24,981 |
| Subcontracted Services | 29,110 | 16,239 | 11,881 | 986 | 31,451 | 8,821 | 6,763 | 55,194 | 14,400 | 47,125 | 29,797 | 71,581 | 21 | 11,606 | 7,848 | 1,352 | 36,708 | 15,428 | - | 45,658 | 441,969 | 23,735 | 17,212 | 482,916 |
| Insurance | 3,339 | 1,863 | 1,363 | 113 | 3,607 | 1,012 | 776 | 6,331 | - | 5,405 | 3,418 | - | 2 | - | 900 | 155 | 4,211 | 1,770 | - | 5,237 | 39,502 | 2,722 | 1,974 | 44,198 |
| Operating Supplies and Expenses | 14,270 | 7,961 | 5,824 | 483 | 15,418 | 4,324 | 3,315 | 27,058 | - | 23,102 | 14,607 | - | 10 | - | 3,847 | 662 | 17,996 | 7,563 | 10,089 | 22,383 | 178,912 | 11,635 | 8,437 | 198,984 |
| | <u>92,653</u> | <u>51,689</u> | <u>37,816</u> | <u>3,139</u> | <u>100,103</u> | <u>28,076</u> | <u>21,525</u> | <u>175,675</u> | <u>14,400</u> | <u>149,993</u> | <u>94,840</u> | <u>71,581</u> | <u>66</u> | <u>11,606</u> | <u>24,978</u> | <u>4,303</u> | <u>116,839</u> | <u>49,105</u> | <u>10,089</u> | <u>145,324</u> | <u>1,203,800</u> | <u>75,545</u> | <u>54,783</u> | <u>1,334,128</u> |
| Total Personnel and Expense: | 367,738 | 205,149 | 150,094 | 12,459 | 397,309 | 111,431 | 85,431 | 697,254 | 14,400 | 595,322 | 376,415 | 71,581 | 260 | 11,606 | 99,140 | 17,083 | 463,730 | 194,899 | 10,089 | 576,792 | 4,458,182 | 299,837 | 217,434 | 4,975,453 |
| Other Support | 25,344 | 14,139 | 10,345 | 859 | 27,383 | 7,680 | 5,888 | 48,054 | - | 41,030 | 25,942 | - | 18 | - | 6,833 | 1,177 | 31,960 | 13,432 | - | 39,753 | 299,837 | (299,837) | - | - |
| Administration | 18,379 | 10,253 | 7,502 | 623 | 19,857 | 5,569 | 4,270 | 34,847 | - | 29,754 | 18,813 | - | 13 | - | 4,955 | 854 | 23,177 | 9,741 | - | 28,827 | 217,434 | - | (217,434) | - |
| Interest | 3,849 | 2,147 | 1,571 | 130 | 4,158 | 1,166 | 894 | 7,296 | - | 6,230 | 3,939 | - | 3 | - | 1,038 | 179 | 4,853 | 2,040 | - | 6,036 | 45,529 | 3,138 | 2,276 | 50,943 |
| Depreciation | 5,779 | 3,224 | 2,359 | 196 | 6,244 | 1,751 | 1,343 | 10,956 | - | 9,355 | 5,915 | - | 4 | - | 1,558 | 268 | 7,287 | 3,063 | - | 9,064 | 68,366 | 4,712 | 3,417 | 76,495 |
| Bad Debt Expense | 16,050 | 8,954 | 6,551 | 544 | 17,341 | 4,863 | 3,729 | 30,431 | - | 25,983 | 16,429 | - | 11 | - | 4,327 | 746 | 20,240 | 8,507 | - | 25,175 | 189,881 | 13,087 | 9,490 | 212,458 |
| Unallowable Expense | 1,888 | 1,053 | 771 | 64 | 2,040 | 572 | 439 | 3,580 | - | 3,057 | 1,933 | - | 1 | - | 509 | 88 | 2,381 | 1,001 | - | 2,962 | 22,339 | 1,540 | 1,117 | 24,996 |
| Grand Total | <u>\$ 439,027</u> | <u>\$ 244,919</u> | <u>\$ 179,193</u> | <u>\$ 14,875</u> | <u>\$ 474,332</u> | <u>\$ 133,032</u> | <u>\$ 101,994</u> | <u>\$ 832,418</u> | <u>\$ 14,400</u> | <u>\$ 710,731</u> | <u>\$449,386</u> | <u>\$ 71,581</u> | <u>\$ 310</u> | <u>\$ 11,606</u> | <u>\$ 118,360</u> | <u>\$ 20,395</u> | <u>\$ 553,628</u> | <u>\$ 232,683</u> | <u>\$ 10,089</u> | <u>\$ 688,609</u> | <u>\$ 5,301,568</u> | <u>\$ 22,477</u> | <u>\$ 16,300</u> | <u>\$ 5,340,345</u> |

See Notes to Financial Statements.

CLAY BEHAVIORAL HEALTH CENTER, INC.
(A Nonprofit Corporation)
STATEMENTS OF CASH FLOWS
Years Ended June 30, 2011 and 2010

| | <u>2011</u> | <u>2010</u> |
|---|-------------------------|-------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Increase in net assets | \$ (119,446) | \$ 77,068 |
| Adjustments to reconcile increase in net assets to net cash provided by operating activities: | | |
| Depreciation | 87,259 | 76,495 |
| (Increase) decrease in: | | |
| Accounts receivable | (287,096) | 400,609 |
| Prepaid expenses | 206 | 20,844 |
| Restricted cash | - | 35,479 |
| Increase (decrease) in: | | |
| Accounts payable | (5,240) | 3,091 |
| Accrued expenses | 14,991 | 30,426 |
| | <hr/> | <hr/> |
| NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | (309,326) | 644,012 |
| CASH FLOWS FROM INVESTING ACTIVITIES; | | |
| Purchase of furniture, equipment and building construction | (18,847) | (268,761) |
| Redemption (purchase) of investments | (35,199) | 33,763 |
| | <hr/> | <hr/> |
| NET CASH USED BY INVESTING ACTIVITIES | (54,046) | (234,998) |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | |
| Proceeds of loans | 2,000 | - |
| Repayment of loans | (106,165) | (101,538) |
| | <hr/> | <hr/> |
| NET CASH USED BY FINANCING ACTIVITIES | (104,165) | (101,538) |
| NET INCREASE (DECREASE) IN CASH | (467,537) | 307,476 |
| CASH AT BEGINNING OF PERIOD | <hr/> 685,030 | <hr/> 377,554 |
| CASH AT END OF PERIOD | <hr/> <u>\$ 217,493</u> | <hr/> <u>\$ 685,030</u> |
| SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION: | | |
| Cash paid during year: | | |
| Interest | <hr/> \$ 46,466 | <hr/> \$ 50,943 |

See Notes to Financial Statements.

CLAY BEHAVIORAL HEALTH CENTER, INC.
(A Nonprofit Corporation)
NOTES TO FINANCIAL STATEMENTS
June 30, 2011 and 2010

A. Summary of Significant Accounting Policies:

- (1) Nature of Organization – Clay Behavioral Health Center, Inc. (The Center), formerly known as Clay County Community Services, Inc. and Clay County Mental Health, Drug and Alcohol Services, Inc., was incorporated August 3, 1982 to provide coordinated mental health, alcohol, and drug abuse treatment and prevention services for the residents of Clay County, Florida. The largest programs are adult and children mental health and substance abuse. The largest funding source for the Center is the Florida Department of Children and Families.
- (2) Basis of Presentation – The financial statements are prepared in accordance with the recommendations of the Financial Accounting Standards Board (FASB) in its Accounting Standards Codification 958 (formerly SFAS No. 117, “*Financial Statements of Not-For-Profit Organizations*”).
- (3) Basis of Accounting – The financial statements are prepared using the accrual basis of accounting and accordingly, reflect all significant receivables, payables, and other liabilities.
- (4) Investments - Investments are bank certificates of deposit, with maturities of more than three months.
- (5) Public Support and Revenue – Revenue is reported at the estimated net realizable amounts due from third-party payers and others for services rendered. Client fees are recognized upon receipt.
- (6) Property, Plant and Equipment – Property, plant and equipment are recorded at cost for purchased items. Donated items are recorded at fair market value at the date of gift. Asset purchases of \$500 or more are capitalized.
- (7) Income Taxes – The Organization is tax exempt under Section 501(c)(3) of the Internal Revenue code and is not a private foundation. Accordingly, no provision for income tax is required.
- (8) Depreciation – Building and equipment are being depreciated over the estimated useful lives of the individual assets by the straight-line method.

CLAY BEHAVIORAL HEALTH CENTER, INC.
(A Nonprofit Corporation)
NOTES TO FINANCIAL STATEMENTS
June 30, 2011 and 2010
-continued-

- (9) Use of Estimates – The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions, primarily related to the collectibility of receivables and the depreciable lives of buildings and improvements that affect certain amounts and disclosures. Accordingly, actual results could differ from those estimates.
- (10) Restricted and Unrestricted Revenue and Support - Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.
- (11) Advertising – Advertising costs of \$5,859 and \$6,605 for the years ended June 30, 2011 and 2010, respectively, were expensed as incurred.

B. Accounts Receivable:

Revenue due under third-party payor agreements is subject to audit and retroactive adjustment. The Center maintains an allowance for doubtful accounts of \$173,086 and \$155,801 for June 30, 2011 and 2010, respectively.

C. Property, Plant and Equipment:

The Center purchased a quadplex on April 30, 1999 for \$120,000 to provide supportive housing rental units. The purchase was subject to a mortgage more particularly described in Footnote F. The Center purchased property and three buildings at 89 Knight Boxx Road on March 3, 2003 for \$265,000 to provide treatment facilities. The purchase was subject to a \$240,000 mortgage more particularly described in Footnote E.

| | <u>Life</u> | <u>2011</u> | <u>2010</u> |
|------------------------------------|---------------|---------------------|---------------------|
| Land | - | \$ 204,891 | \$ 204,891 |
| Building and building improvements | 15 to 30 yrs. | 2,112,767 | 2,112,642 |
| Furniture and fixtures | 5 yrs. | 156,108 | 153,558 |
| Equipment | 5 yrs. | 922,841 | 906,669 |
| Leasehold improvement | 15 yrs. | <u>2,665</u> | <u>2,665</u> |
| | | 3,399,272 | 3,380,425 |
| Accumulated depreciation | | <u>(1,694,273)</u> | <u>(1,607,012)</u> |
| | | <u>\$ 1,704,999</u> | <u>\$ 1,773,413</u> |

CLAY BEHAVIORAL HEALTH CENTER, INC.
(A Nonprofit Corporation)
NOTES TO FINANCIAL STATEMENTS
June 30, 2011 and 2010
-continued-

D. Line of Credit:

The Center secured a bank line of credit to provide for working capital needs. The line of credit is for \$400,000, priced at Prime Rate Index, currently 3.250%, plus 1.750%. The principal balance on the line was \$2,000 and \$0 at June 30, 2011 and 2010, respectively.

E. Long-Term Debt:

In May, 2006 the Center refinanced the mortgage debt by assigning the County Road 220 and Knight Boxx Road properties to the Clay County Development Authority subject to financing and leaseback from the funding bank. The financing agreement was for \$1,300,000 with the County Road 220 property subject to an \$800,000 note with monthly principal and interest payments of \$5,395, priced at a fixed rate of 5.26% with a twenty year amortization and ten year balloon payment. The Knight Boxx Road property was subject to a \$500,000 note with monthly principal and interest payments of \$3,400, priced at a fixed rate of 5.36% with a twenty year amortization and ten year balloon payment. The total balance at June 30, 2011 and 2010 was \$763,579 and \$863,969, respectively.

The Center purchased a quadplex on April 30, 1999 subject to a \$94,500 mortgage, priced at 7.90%, payable monthly over 15 years for \$525 monthly, plus accrued interest. The principal balance was \$18,900 and \$24,675 at June 30, 2011 and 2010. The future principal maturities of long-term debt as of June 30, 2011 are as follows:

| | |
|----------------------|-------------------|
| 2012 | \$ 112,120 |
| 2013 | 117,843 |
| 2014 | 123,875 |
| 2015 | 115,348 |
| 2016 | <u>313,293</u> |
| Total | 782,479 |
| Less current portion | <u>112,120</u> |
| Long term portion | <u>\$ 670,359</u> |

CLAY BEHAVIORAL HEALTH CENTER, INC.
(A Nonprofit Corporation)
NOTES TO FINANCIAL STATEMENTS
June 30, 2011 and 2010
-continued-

F. Related Entities:

Clay Behavioral Health Center, Inc. and Clay & Baker Kids Net, Inc. are controlled by the Institute for Growth & Development, Inc. through board of directors' appointments and management agreements. The Center had accounts receivable of \$19,858 and \$36,673 due from Clay & Baker Kids Net, Inc. and accounts payable of \$10,709 and \$11,853 due to the Institute for Growth & Development, Inc. at June 30, 2011 and 2010, respectively. The Center paid the Institute for Growth & Development, Inc. \$296,670 and \$300,290 for management services during the years ending June 30, 2011 and 2010, respectively. The Center received \$202,758 and \$174,069 from Clay & Baker Kids Net, Inc. for services during the years ending June 30, 2011 and 2010, respectively.

G. Support from the State of Florida which Required Match:

Clay Behavioral Health Center, Inc. had several contracts that required cost sharing or match. The Center met the matching requirements of these contracts as shown below:

Contracts requiring match:

| | |
|---|---------------------|
| Florida Department of Children and Families DH666 | \$ 446,291 |
| Florida Department of Children and Families DDZ02 | <u>238,072</u> |
| Match required | <u>\$ 684,363</u> |
| Total Revenue | \$ 5,274,036 |
| Less nonmatching revenues: | |
| Federal and State grants | \$ 2,644,597 |
| Medicaid | 1,493,504 |
| Medicare | <u>74,098</u> |
| | <u>4,212,199</u> |
| Locally generated revenue available for match | <u>\$ 1,061,837</u> |

Additionally, the U.S. Department of Health and Human Services' Drug Free Communities grant required match, which was provided in the form of professional services from the Clay County School Board, in-kind use of facilities and volunteer services.

CLAY BEHAVIORAL HEALTH CENTER, INC.
(A Nonprofit Corporation)
NOTES TO FINANCIAL STATEMENTS
June 30, 2011 and 2010

-continued-

H. Operating Leases:

The Center leases office suites on Kingsley Avenue in Orange Park, Florida, and office equipment. Lease expense for offices was \$20,433 and \$26,075 for the years ending June 30, 2011 and 2010. Future minimum lease payments due under office and equipment lease agreements as of June 30 are as follows:

| | |
|-------|-------------------|
| 2012 | \$ 34,380 |
| 2013 | 34,380 |
| 2014 | 18,969 |
| 2015 | 18,969 |
| 2016 | <u>18,969</u> |
| Total | <u>\$ 125,667</u> |

I. Concentrations:

The Center maintains a bank account with FDIC insured banks and exceeded depository insurance limits. The uninsured exposure at June 30, 2011 and 2010 was \$0 and \$378,604. The uninsured exposure at June 30, 2010 represents 55% and 28% of the total cash and cash equivalents, respectively. The Center received 45% and 44% of its revenue from a contract with the Florida Department of Children and Families for the years ending June 30, 2011 and 2010, respectively.

J. Fair Value of Financial Instruments:

The following methods and assumptions were used by the Center in estimating the fair value of its financial instruments:

Cash: The carrying amount reported in the Statements of Financial Position for cash approximates its fair value.

Investments: The carrying amount reported in the Statements of Financial Position for investments approximates the fair value.

Accounts payable and accrued expenses: The carrying amount reported in the Statements of Financial Position for accounts payable and accrued expenses approximates the fair value.

Estimated third-party payer settlements: The carrying amount reported in the Statements of Financial Position for estimated third-party payer settlements approximates the fair value.

CLAY BEHAVIORAL HEALTH CENTER, INC.
(A Nonprofit Corporation)
NOTES TO FINANCIAL STATEMENTS
June 30, 2011 and 2010
-continued-

J. Fair Value of Financial Instruments:, continued

Long-term debt: The Center's debt is not publicly traded and its level of borrowing is not sufficient to estimate a fair value based on cash flow analysis. See note E for a summary of the Center's long-term debt.

K. Contingencies:

Revenue from the Medicaid program was 28% and 25% of total public support and revenue in the years ending June 30, 2011 and 2010. Laws and regulations governing the Medicaid program are complex and subject to interpretation. The Center believes that it is in compliance with all applicable laws and regulations and is not aware of any pending or threatened investigations involving allegations of potential wrongdoing. While no such regulatory inquiries have been made, compliance with such laws and regulations can be subject to future government review and interpretation, as well as significant regulatory action, including fines, penalties and exclusion from the Medicaid program.

L. Subsequent Events:

In preparing this financial statement, the Center evaluated events and transactions for potential recognition or disclosure through August 26, 2011, the date the financial statement was available to be issued.

CLAY BEHAVIORAL HEALTH CENTER, INC.
(A Nonprofit Corporation)
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
Year Ended June 30, 2011

| <u>Federal Grantor/Pass-Through Grantor/Program Title</u> | <u>CFDA CSFA Number</u> | <u>Contract/Grant Number</u> | <u>Expenditures</u> | <u>Transfers to Subrecipients</u> |
|---|---------------------------------|----------------------------------|---------------------|---------------------------------------|
| U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES | | | | |
| Direct Program | | | | |
| Drug Free Communities | 93.276 | 5H79SP013658-05 | \$ 75,233 | \$ - |
| Subtotal of U.S. Department of Health and Human Services Direct Awards | | | \$ 75,233 | \$ - |
| Passed Through State of Florida | | | | |
| Department of Children and Families: | | | | |
| Community Mental Health Services | 93.958 | DH666 | 122,135 | - |
| Temporary Assistance for Needy Families | 93.558 | DH666 | 46,653 | - |
| Prevention and Treatment of Substance Abuse | 93.959 | DH666 | 689,702 | - |
| Prevention and Treatment of Substance Abuse | 93.959 | DDZ02 | 110,088 | - |
| Subtotal of U.S. Department of Health and Human Services Pass Through Awards | | | \$ 968,578 | \$ - |
| U. S. DEPARTMENT OF EDUCATION | | | | |
| Passed Through State of Florida | | | | |
| Department of Education: | | | | |
| ARRA - Vocational Rehabilitation Services | 84.390 | VJ-268 | 29,815 | - |
| Subtotal of U.S. Department of Education Pass Through Awards | | | \$ 29,815 | \$ - |
| TOTAL EXPENDITURES OF FEDERAL AWARDS | | | <u>\$ 1,073,626</u> | <u>\$ -</u> |
| STATE OF FLORIDA | | | | |
| Direct Projects of Department of Children and Families | | | | |
| Substance Abuse Treatment and Aftercare Services for Children | 60.030 | DH666 | \$ 287,880 | \$ - |
| Substance Abuse Treatment and Aftercare Services for Adults | 60.033 | DH666 | 142,601 | - |
| Indigent Psychiatric Medication Services | 60.039 | DH666 | 5,810 | - |
| Adult Community Mental Health Community Support Services | 60.053 | DH666 | 885,264 | - |
| Adult Community Mental Health Emergency Stabilization | 60.054 | DH666 | 89,690 | - |
| Children's Mental Health Community Support Services | 60.055 | DH666 | 79,492 | - |
| Children's Mental Health Emergency Stabilization | 60.057 | DH666 | 24,746 | - |
| TOTAL EXPENDITURES OF STATE FINANCIAL ASSISTANCE | | | <u>\$ 1,515,483</u> | <u>\$ -</u> |

CLAY BEHAVIORAL HEALTH CENTER, INC.
(A Nonprofit Corporation)

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
Year Ended June 30, 2011

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards and state financial assistance includes the federal and state grant activity of Clay Behavioral Health Center, Inc. and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and Chapter 10.650, "Rules of the Auditor General." Because the Schedule presents only a selected portion of the operations of Clay Behavioral Health Center, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of Clay Behavioral Health Center, Inc.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-122, *Cost Principles for Non-Profit Organizations*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

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Margaret R. Dodson, C.P.A.
Timothy P. Raines, C.P.A., M. Acc.

MEMBER OF
AMERICAN AND FLORIDA
INSTITUTES OF
CERTIFIED PUBLIC ACCOUNTANTS

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

Board of Directors
Clay Behavioral Health Center, Inc.
Orange Park, Florida

We have audited the financial statements of Clay Behavioral Health Center, Inc. (a nonprofit corporation) as of and for the year ended June 30, 2011, and have issued our report thereon dated August 26, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Clay Behavioral Health Center, Inc.'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Clay Behavioral Health Center, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness Clay Behavioral Health Center, Inc.'s internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other matters

As part of obtaining reasonable assurance about whether Clay Behavioral Health Center, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we have reported to management of Clay Behavioral Health Center, Inc. in a separate letter dated August 26, 2011.

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



James Knutzen & Associates, C.P.A.'s, P.A.
Jacksonville, Florida
August 26, 2011

JAMES KNUTZEN & ASSOCIATES, C.P.A.'s, P.A.

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MEMBER OF
AMERICAN AND FLORIDA
INSTITUTES OF
CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH
REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON
EACH MAJOR FEDERAL PROGRAM AND STATE PROJECT
AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133
AND STATE PROJECTS COMPLIANCE SUPPLEMENT**

Board of Directors
Clay Behavioral Health Center, Inc.
Orange Park, Florida

Compliance

We have audited Clay Behavioral Health Center, Inc.'s (a nonprofit organization) 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 its major federal programs and state projects for the year ended June 30, 2011. Clay Behavioral Health Center, Inc.'s major federal programs and state projects are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs and state projects is the responsibility of Clay Behavioral Health Center, Inc.'s management. Our responsibility is to express an opinion on Clay Behavioral Health Center, Inc.'s compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and Chapter 10.650, Rules of the Auditor General. Those standards, OMB Circular A-133, and Chapter 10.650, Rules of the Auditor General require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program, or state project occurred. An audit includes examining, on a test basis, evidence about Clay Behavioral Health Center, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Clay Behavioral Health Center's compliance with those requirements.

In our opinion, Clay Behavioral Health Center, Inc. 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, 2011.

Internal Control Over Compliance

Management of Clay Behavioral Health Center, Inc. is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs and state projects. In planning and performing our audit, we considered Clay Behavioral Health Center, Inc.'s internal control over compliance with the requirements that could have a direct and material effect on a major federal program or state project to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and Chapter 10.650, Rules of the Auditor General, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Clay Behavioral Health Center, Inc.'s internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, noncompliance with a type of compliance requirement of a federal program 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 was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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



James Knutzen & Associates, C.P.A.'s, P.A.
Jacksonville, Florida
August 26, 2011

CLAY BEHAVIORAL HEALTH CENTER
(A Nonprofit Corporation)

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FEDERAL PROGRAMS AND STATE PROJECTS

Year Ended June 30, 2011

Section I--Summary of Auditors' Results

Financial Statements:

Unqualified auditors' report issued

Internal control over financial reporting:

| | | | | |
|---|-------|-----|---------------|----|
| Material weakness(es) identified? | _____ | YES | _____ X _____ | NO |
| Significant deficiency(ies) identified? | _____ | YES | _____ X _____ | NO |
| Noncompliance material to financial statements noted? | _____ | YES | _____ X _____ | NO |

Federal Awards:

Internal control over major programs:

| | | | | |
|---|-------|-----|---------------|----|
| Material weakness(es) identified? | _____ | YES | _____ X _____ | NO |
| Significant deficiency(ies) identified? | _____ | YES | _____ X _____ | NO |

Unqualified auditors' report issued on compliance for major programs:

| | | | | |
|--|-------|-----|---------------|----|
| Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133? | _____ | YES | _____ X _____ | NO |
|--|-------|-----|---------------|----|

Identification of major programs:

| | <u>CFDA #'s</u> | <u>Name of Federal Program and State Project or Cluster</u> |
|--|-----------------|---|
| Prevention and Treatment of Substance Abuse | 93.959 | N/A |
| | <u>CSFA #'s</u> | |
| Adult Community Mental Health Community Support Services | 60.053 | N/A |

Dollar threshold used to distinguish between type A and type B programs:

\$300,000

Auditee qualified as low risk auditee?

| | | | |
|---------------|-----|-------|----|
| _____ X _____ | YES | _____ | NO |
|---------------|-----|-------|----|

Section II--Financial Statement Findings

None

CLAY BEHAVIORAL HEALTH CENTER, INC.
(A Nonprofit Corporation)

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FEDERAL PROGRAMS AND STATE PROJECTS

Year Ended June 30, 2011

Section III--Federal Award Findings and Questioned Costs

Major Federal Award Programs/Major State Projects Audit:

None

Section IV--Summary Schedule of Prior Audit Findings

No Summary Schedule of Prior Audit Findings is required because there were no prior audit findings related to Federal Programs or State Projects.

Section V--Corrective Action Plan

No Corrective Action Plan is required because there were no findings required to be reported under the Federal or Florida Single Audit Act.

Section VI--Management Letter

No management letter as defined in State of Florida, Rules of the Auditor General 10.656(3)(e) is required because there were no findings related to State Financial Assistance required to be reported.