

THE GROVE COUNSELING CENTER, INC.
AS OF AND FOR THE YEAR ENDED JUNE 30, 2011

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BRUCE D. SOULE, CPA, P.A.

CERTIFIED PUBLIC ACCOUNTANT

7075 GRENVILLE ROAD
TALLAHASSEE, FL 32309
TELEPHONE: (850) 894-3135
FAX: (850) 894-3155
TOLL FREE: (800) 957-9686
E-MAIL: bdscpa@prodigy.net

INDEPENDENT AUDITOR'S REPORT

Board of Directors
The Grove Counseling Center, Inc.
Longwood, Florida

I have audited the accompanying statement of financial position of The Grove Counseling Center, Inc. as of June 30, 2011, and the related statements of activities, cash flows and functional expenses for the year then ended. These financial statements are the responsibility of The Grove Counseling Center, Inc.'s management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my 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 I 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. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Grove Counseling Center, Inc. as of June 30, 2011, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, I have also issued my report dated October 21, 2011 on my consideration of The Grove Counseling Center, Inc.'s internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of my audit.

Board of Directors
The Grove Counseling Center, Inc.

My audit was conducted for the purpose of forming an opinion on the basic financial statements of The Grove Counseling Center, Inc. taken as a whole. The accompanying schedule of expenditures of federal awards and state financial assistance is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and Chapter 10.650, Rules of the Auditor General, State of Florida and is not a required part of the basic financial statements. The Supplemental information on pages 25 to 27 as required by the Florida Department of Children and Families is provided for additional analysis and is not a required part of the basic financial statements of The Grove Counseling Center, Inc. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion is fairly stated in all material respects, in relation to the basic financial statements taken as a whole.

BRUCE D. SOULE, CPA, P.A.

A handwritten signature in black ink, appearing to read "Bruce D. Soule, CPA, P.A.", written in a cursive style.

Certified Public Accountant

October 21, 2011

THE GROVE COUNSELING CENTER, INC.

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2011

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTAL</u>
<u>ASSETS</u>			
CURRENT ASSETS:			
Cash and cash equivalents	\$ 714,772	\$ -	\$ 714,772
Accounts receivable	416,250		416,250
Prepaid expenses	48,363	-	48,363
TOTAL CURRENT ASSETS	1,179,385	-	1,179,385
 LAND, BUILDINGS AND EQUIPMENT, net	 3,418,737	 -	 3,418,737
 OTHER ASSETS:			
Other assets	14,322		14,322
Deposits	3,956	-	3,956
TOTAL OTHER ASSETS	18,278	-	18,278
 TOTAL ASSETS	 \$ 4,616,400	 \$ -	 \$ 4,616,400
 <u>LIABILITIES AND NET ASSETS</u>			
CURRENT LIABILITIES:			
Accounts payable	\$ 64,933	\$ -	\$ 64,933
Accrued expenses	119,611		119,611
Current portion of long term debt	29,946		29,946
Unearned revenue	50,197	-	50,197
TOTAL CURRENT LIABILITIES	264,687	-	264,687
 LONG-TERM LIABILITIES:			
Notes payable	1,187,318		1,187,318
Less current portion	29,946	-	29,946
Long-term debt	1,157,372	-	1,157,372
 NET ASSETS:			
Unrestricted	3,194,341		3,194,341
Temporarily restricted	-		-
Permanently restricted	-	-	-
 TOTAL NET ASSETS	 3,194,341	 -	 3,194,341
 TOTAL LIABILITIES AND NET ASSETS	 \$ 4,616,400	 \$ -	 \$ 4,616,400

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

THE GROVE COUNSELING CENTER, INC.

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2011

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>PERMANENTLY RESTRICTED</u>	<u>TOTAL</u>
SUPPORT:				
Government financial assistance	\$ 2,471,334	\$	\$	\$2,471,334
Medicaid	51,772			51,772
Contributions and donations	42,789			42,789
Program service fees	521,149			521,149
Other income	46,324	-	-	46,324
Total support	<u>3,133,368</u>	<u>-</u>	<u>-</u>	<u>3,133,368</u>
Net Assets Released From Donor Restrictions That Were Satisfied	<u>45,160</u>	<u>(45,160)</u>	<u>-</u>	<u>-</u>
Total support and reclassifications	<u>3,178,528</u>	<u>(45,160)</u>	<u>-</u>	<u>3,133,368</u>
EXPENSES:				
Program services:				
Residential level 2	1,579,510			1,579,510
Outpatient treatment	846,450			846,450
Prevention	<u>497,938</u>			<u>497,938</u>
Total program services	2,923,898			2,923,898
Supporting services:				
General and administrative	<u>307,403</u>	<u>-</u>	<u>-</u>	<u>307,403</u>
Total expenses	<u>3,231,301</u>	<u>-</u>	<u>-</u>	<u>3,231,301</u>
CHANGE IN NET ASSETS	(52,773)	(45,160)		(97,933)
BEGINNING OF YEAR NET ASSETS	<u>3,247,114</u>	<u>45,160</u>	<u>-</u>	<u>3,292,274</u>
END OF YEAR NET ASSETS	<u>\$ 3,194,341</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$3,194,341</u>

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

THE GROVE COUNSELING CENTER, INC.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2011

CASH FLOW FROM OPERATING ACTIVITIES:

Change in net assets \$ (97,933)

**ADJUSTMENTS TO RECONCILE CHANGE IN NET ASSETS TO
NET CASH PROVIDED BY OPERATING ACTIVITIES:**

Depreciation	188,004
Increase in accounts receivable	(234,953)
Increase in prepaid expenses	(17,618)
Decrease in deposits	5,178
Increase in other assets	(1,894)
Increase in accounts payable	16,851
Increase in accrued expenses	58,876
Increase in unearned revenue	50,197

Net cash provided by operating activities (33,292)

CASH FLOW FROM INVESTING ACTIVITIES:

Purchase of property and equipment (176,821)

Net cash flow provided by (used in) investing activity (176,821)

CASH FLOW FROM FINANCING ACTIVITIES:

Increase in notes payable	13,533
Repayments of long-term debt	19,893

Net cash flow provided by (used in) financing activity (6,360)

NET INCREASE (DECREASE) IN CASH (216,473)

BEGINNING OF YEAR CASH 931,245

END OF YEAR CASH \$ 714,772

Supplemental Cash Flow Information:

Interest and income taxes:

Cash paid during the fiscal year ended June 30, 2011 for interest was \$ 99,147.

No cash was paid for income taxes during the fiscal year.

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

THE GROVE COUNSELING CENTER, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2011

	<u>PROGRAM SERVICES</u>		
	<u>RESIDENTIAL LEVEL 2</u>	<u>OUTPATIENT TREATMENT</u>	<u>PREVENTION</u>
Direct Expenses:			
Personnel expenses:			
Salaries	\$ 694,013	\$ 205,294	\$ 271,777
Fringe benefits	175,050	70,613	93,604
Total personnel expense	<u>869,063</u>	<u>275,907</u>	<u>365,381</u>
Operating expenses:			
Building occupancy	170,322	133,058	20,586
Professional services	124,190	188,274	61,908
Travel	4,266	2,930	-
Training and conferences	4,814	538	-
Equipment costs	35,293	35,119	2,547
Food services	111,584	-	-
Medical and pharmacy	28,993	21,535	-
Insurance	30,401	26,923	3,598
Interest	1,089	544	-
Postage	2,634	1,604	843
Printing	1,136	680	2,028
Office supplies	44,774	26,223	4,325
Advertising	9,200	13,681	2,909
Dues and subscriptions	5,822	9,452	-
Telephone	34,277	31,136	1,307
Bad debts	12,500	12,500	-
Total operating expense	<u>621,295</u>	<u>504,197</u>	<u>100,051</u>
Depreciation expense	<u>89,152</u>	<u>66,346</u>	<u>32,506</u>
Total direct expense	<u>710,447</u>	<u>570,543</u>	<u>132,557</u>
TOTAL EXPENSES	<u>\$ 1,579,510</u>	<u>\$ 846,450</u>	<u>\$ 497,938</u>

<u>TOTAL PROGRAMS</u>	<u>SUPPORTING SERVICES MANAGE- MENT AND GENERAL</u>	<u>TOTAL</u>
\$ 1,171,084	\$ 213,920	\$ 1,385,004
339,267	75,503	414,770
<u>1,510,351</u>	<u>289,423</u>	<u>1,799,774</u>
323,966	-	323,966
374,372	-	374,372
7,196	12,851	20,047
5,352	360	5,712
72,959	-	72,959
111,584	-	111,584
50,528	-	50,528
60,922	-	60,922
1,633	-	1,633
5,081	-	5,081
3,844	-	3,844
75,322	3,312	78,634
25,790	-	25,790
15,274	-	15,274
66,720	1,457	68,177
25,000	-	25,000
<u>1,225,543</u>	<u>17,980</u>	<u>1,243,523</u>
188,004	-	188,004
<u>1,413,547</u>	<u>17,980</u>	<u>1,431,527</u>
<u>\$ 2,923,898</u>	<u>\$ 307,403</u>	<u>\$ 3,231,301</u>

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

THE GROVE COUNSELING CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2011

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES AND OTHER MATTERS

NATURE OF ACTIVITIES

The Grove Counseling Center, Inc. (the Center) was established in 1971 to provide counseling assessment and evaluation for substance abusers. Over the years the Center has added programs for prevention and outpatient treatment as well as several residential programs that offer intensive treatment to build a foundation for long-term recovery. The Center offers the following programs:

Residential Level 2 – The Residential Level 2 program is designed to build a foundation for long-term recovery by addressing the physical, psychological, social and spiritual needs of adolescents who have a serious problem with alcohol and other drugs.

Outpatient Treatment – The Outpatient Treatment program is a group program for individuals who have been identified as substance abusers or chemically dependent. The program creates a treatment plan for each individual to help with their recovery needs.

Prevention --The Prevention program is designed to interrupt the process of delinquency and substance abuse among Central Florida's youth.

BASIS OF PREPARATION

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Under FASB ASC 958, Not-For-Profit Entities, net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Center and changes therein are classified and reported as temporarily restricted or unrestricted net assets.

CASH AND CASH EQUIVALENTS

The balance of cash consists of checking and money market accounts. The Center considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

THE GROVE COUNSELING CENTER, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2011

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES AND OTHER MATTERS (CONTINUED)

CONTRIBUTIONS

Contributions, including unconditional promises to give, are recorded as made. All contributions are available for unrestricted use unless specifically restricted by the donor. Restricted contributions received in the same year the donor's restriction is met are recorded as unrestricted contributions. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Unconditional promises to give due in the next year are recorded at their net realizable value. Unconditional promises to give due in subsequent years are reported at the present value, using risk-free interest rates applicable to the years in which the promises are to be received.

USE OF ESTIMATES

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

LAND, BUILDINGS AND EQUIPMENT

Land, buildings and equipment are stated at cost, if purchased or at market value at date of receipt if acquired by gift. Depreciation is calculated using the straight-line method over the estimated useful lives of the respective assets as follows:

Buildings and improvements	16-25 years
Furniture and equipment	2-7 years
Leasehold improvements	5-15 years
Vehicles	3-5 years
Land improvements	25 years

The cost of additions or improvements which substantially extend the useful life of a particular asset is capitalized. Repair and maintenance costs are charged to expense. Upon sale or other disposition, the cost and related accumulated depreciation are removed from the accounts and any gain or loss is included in activities.

Donations of property and equipment are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those restrictions must be maintained, the Center reports expirations of donor restrictions when the donated or acquired assets are used as instructed by the donor. The Center reclassifies temporarily restricted net assets to unrestricted net assets at that time.

THE GROVE COUNSELING CENTER, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2011

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES AND OTHER MATTERS (CONTINUED)

LAND, BUILDINGS AND EQUIPMENT (CONTINUED)

Land, buildings and equipment acquired through federal or state grants will revert to the Grantor if the assets are no longer used for the original purpose. Likewise, the proceeds from the sale of assets acquired through federal or state grants will go to the grantor agency if the assets are sold.

COMPENSATED ABSENCES

Vacation pay is accrued as earned by the employees. Unused accumulated vacation pay is paid upon an employee's termination.

SUPPORT AND REVENUE

The Center receives its grants and contract support primarily from the U. S. Department of Health and Human Services, the Florida Department of Children and Families and various other agencies.

The Center receives program service fees and Medicaid income for billable client services and recognizes these fees and income when earned. The Center also receives support and revenue from various federal, state and local government services based grants and contracts, and contributions from the general public.

The schedule of expenditures of federal awards and state financial assistance is prepared by corresponding with all providers of funds, requesting detail on the amount of federal and state funds with the appropriate CFDA and CSFA numbers for the funds received. No financial assistance has been transferred to sub recipients for the purpose of carrying out any programs.

FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among program and supporting services as follows. Salaries and other expenses associated with a specific program are charged directly to that program. Salaries and other expenses which benefit more than one program are allocated to the various programs based on the number of full-time equivalent employees in a particular program and other methods of allocation such as floor space usage, as appropriate.

THE GROVE COUNSELING CENTER, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2011

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES AND OTHER MATTERS (CONTINUED)

CONTRIBUTED SERVICES AND FACILITIES

Donated services are recognized as contributions in accordance with FASB ASC 958 Not-for-Profit Entities if the services (a) create or enhance non financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Center.

Contributed services and facilities are recognized as support and expenses in the statement of activities at their estimated fair values at the date of donation.

INCOME TAXES

The Center is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, and is classified as an other than private foundation within the meaning of Section 509(a) of the Internal Revenue Code. However, income from certain activities not directly related to the Center's tax-exempt purpose is subject to taxation as unrelated business income. No provision for income taxes has been included in the accompanying financial statements.

NOTE 2 – ACCOUNTS RECEIVABLE

Of the accounts receivable at June 30, 2011, \$365,057 consist of amounts due from governmental agencies. An allowance for doubtful accounts has been provided for in the amount of \$25,000 at June 30, 2011.

NOTE 3 – LAND, BUILDINGS AND EQUIPMENT

Land, buildings and equipment at cost at June 30, 2011 are as follows:

Land	\$631,232
Buildings and improvements	4,091,772
Furniture and equipment	696,026
Vehicles	44,049
Land improvements	<u>17,119</u>
Total at cost	5,480,198
Less accumulated depreciation	<u>2,061,461</u>
Net property and equipment	<u>\$3,418,737</u>

THE GROVE COUNSELING CENTER, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2011

NOTE 3 – LAND, BUILDINGS AND EQUIPMENT (CONTINUED)

Included in idle facilities at June 30, 2010 was \$1,078,569 which was funded by a government contract from the Florida Department of Juvenile Justice ("FDJJ"). As part of the funding, the Center entered into a contract with FDJJ whereby the Center agreed to operate a 32-bed juvenile residential facility for 20 years. If, prior to the expiration of the 20-year term, the property is disposed of by the Center or if the Center ceases to operate a juvenile residential program with the facility, the pro-rata value of the contract at termination would be required to be repaid to FDJJ. This agreement expires in 2019. This facility has not been utilized as a juvenile residential facility since November 2007. The Center has offered a payment of \$25,000 to satisfy and set aside the 20 year contract and any liens so it can continue to negotiate a potential sale of the property.

During the fiscal year ended June 30, 2011, the contract for the potential sale of the property expired. Also, during this past year, the use of the facility has changed from idle to active. The Center conducts programs for the Department of Corrections, outpatient appointments with counselors are held and the building was being prepared beginning in March 2011 for a summer camp program that began in June 2011. Therefore, the facility is no longer considered an idle facility.

NOTE 4 – OTHER ASSETS

Other assets consist of a contribution made by the Center to Community Foundation of Central Florida subject to FASB ASC 958, Not-for-Profit Entities. Under FASB ASC 958, the contribution is recorded as an asset to the Center; however, the legal ownership of the contribution remains with the community foundation. At June 30, 2011, the Center has contributed \$14,322 to a community foundation. The fair market value of the contribution approximates its recorded value.

NOTE 5 – LONG-TERM DEBT

The Grove Counseling Center, Inc. has a mortgage obligation to Fairwinds Credit Union. The loan is payable in monthly installments of \$9,784 including interest at 8.14% through September 2012. Beginning October 2012, principal and interest is payable in monthly installments computed at a variable rate equal to the London Interbank Offered Rate (LIBOR) plus 3.5% computed using a 25 year amortization.

The mortgage is collateralized by the real estate on Magnolia Avenue in Longwood, Florida and all furniture, equipment, machinery, fixtures, inventory, accounts, pledges, general intangibles, software and books and records in connection with the property located in Longwood, Florida and all proceeds and products and profits of any collateral.

THE GROVE COUNSELING CENTER, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2011

NOTE 5 – LONG-TERM DEBT (CONTINUED)

In July 2010, the Center purchased a telephone system under a lease purchase program. The cost of \$20,300 has been financed over three years with monthly payments of \$700 at an interest rate of 14.6%. The note matures on May 6, 2013.

Loan maturities for each of the next five years are as follows:

Year ending June 30, 2012	\$ 29,946
Year ending June 30, 2013	31,904
Year ending June 30, 2014	27,262
Year ending June 30, 2015	29,566
Year ending June 30, 2016	32,064
Thereafter	<u>1,036,576</u>
	<u>\$1,187,318</u>

The Center must maintain a global debt service coverage ratio of not less than 1.25:1 in accordance with the provisions of the Loan and Security Agreement with Fairwinds Credit Union. In addition, the Center must maintain a minimum capital surplus of \$3,000,000 at all times while the loan is outstanding. At June 30, 2011, the Center is in compliance with these covenants.

NOTE 6 – MATCHING REQUIREMENTS

The Center has a contract with the Florida Department of Children and Families which required \$ 207,855 of local matching funds.

The Center included the following amounts as available for meeting local match requirements in conjunction with government grants and contracts:

Contributions	\$ 42,789
Program service fees	521,149
Other income	<u>46,324</u>
Total match	<u>\$ 610,262</u>

THE GROVE COUNSELING CENTER, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2011

NOTE 7 – COMMITMENTS

The Center leases office space to tenants under an operating lease that expires September 11, 2011. Rental income for the year was \$40,892.

The Center is obligated under non cancelable operating leases for certain equipment expiring through April 2014. All office space leases on facilities have been terminated and the operations have been consolidated in the administration building. Total rent expense for the year ended June 30, 2011 was \$92,938.

The total amounts of the commitments for the next five years are as follows:

<u>June 30,</u>	<u>Amount</u>
2012	\$ 33,122
2013	33,122
2014	24,856
2015	-0-
2016	-0-

NOTE 8 -- BENEFITS PLAN

The Center established a cafeteria plan for the benefit of employees who have met certain age and length of service requirements which provides 25% of the salary of eligible employees into this plan. The employees then have the option of purchasing benefits such as health insurance, life insurance, disability insurance or a defined contribution retirement plan under Internal Revenue Code Section 401(k). During the current year the Center contributed \$ 268,985 to this plan.

NOTE 9 – CONTINGENCIES

Included in buildings and improvements in Note 4 is \$497,109 which was funded by a government contract from the Florida Department of Juvenile Justice. As part of the funding, the Center entered into a ten year agreement with FDJJ whereby the Center utilizes the facility for operation of a program that is expressly approved by the FDJJ. If the Center discontinues providing approved program services in the building, the pro-rata value of the contract at termination would be required to be repaid to FDJJ. The agreement originally expired in July 2011. As of November 2007, the Center discontinued using the facility, referred to as Building D by the Grove, for a FDJJ program due to a cut in funding.

The FDJJ has approved the current use of the facility but extended the lease until February 28, 2012 which accounts for the short time that the property was vacant between 2007 and May 2008.

THE GROVE COUNSELING CENTER, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2011

NOTE 10 – CONCENTRATION OF CREDIT RISK

Financial instruments which potentially expose the Center to concentrations of credit risk, as defined by accounting principles generally accepted in the United States of America, consist primarily of bank accounts with bank balances in excess of amounts insured by the Federal Deposit Insurance Corporation and accounts receivable. The amount of cash in excess of the FDIC amount that is insured is \$ 172,578 at June 30, 2011. Management evaluates the financial stability of its depositories and considers the risk of loss to be remote.

NOTE 11 – ECONOMIC DEPENDENCE

The Center received approximately 32% and 46% of its government financial assistance from federal and state governments, respectively, in fiscal year ended June 30, 2011. Since the Center receives a substantial amount of its support from grants and contracts, a significant reduction in the level of this support, if it were to occur, may have an effect on the Center's activities.

Grants and contracts require the fulfillment of certain conditions set forth in the agreements. Failure to fulfill or comply with the conditions could result in the return of funds to the grantee. Although it is a possibility, the Board considers the contingency remote, since by accepting the grants; it has accommodated the objectives of the Center to the provisions of the grant.

NOTE 12 – SUBSEQUENT EVENTS

Subsequent events have been considered through the date of the report.

THE GROVE COUNSELING CENTER, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

FOR THE YEAR ENDED JUNE 30, 2011

Federal/ State Agency, Pass-Through Entity Federal Program/State Project	CFDA/ CSFA Number	Contract/ Grant Number	EXpenditures
Federal Agency Name:			
U.S. Department of Health and Human Services			
Passed through Florida Department of			
Children and Families:			
Block Grants for Prevention and Treatment of Substance Abuse	93.959	GDK09 **	\$ 534,679
U.S. Department of Health and Human Services			
Substance Abuse and Mental Health			
Services Administration			
Seminole County			
Seminole County Adult Treatment Drug Court Program	93.243	NONE	22,917
Foster Care Services:			
Foster Care - Title IV-E	93.658	* NONE	227,195
Social Services Block Grant	93.667	* NONE	164,482
			391,677
U.S. Department of Agriculture:			
Passed through Florida Department of			
Children and Families:			
SNAP (Food Stamp) Program	10.561	NONE	29,430
Passed through Florida Department of Education			
School Breakfast Program	10.553	01-0370	16,578
National School Lunch Program	10.555	01-0370	24,904
			41,482
Total expenditures of federal awards			\$ 1,020,185

* Denotes major program/project

** This contract required local matching funds of \$ 207,855. The Center met this requirement.

THE GROVE COUNSELING CENTER, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
(CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2011

Federal/ State Agency, Pass-Through Entity Federal Program/State Project	CFDA/ CSFA Number	Contract/ Grant Number	Expenditures
State Agency Name:			
Direct Projects:			
State of Florida, Department of Children and Families:			
Substance Abuse Prevention Services for Children	60.029	GDK09	\$ 228,033
Substance Abuse Treatment and Aftercare Services for Children	60.030	*	GDK09 951,876
Substance Abuse Treatment and Aftercare Services for Adults	60.033	GDK09	105,545
Community Based Care Supports	60.094		137,654
			<u>1,423,108</u>
State of Florida, Department of Corrections:			
Outpatient Substance Abuse Treatment	70.016	C2403	12,871
			<u>12,871</u>
Total expenditures of state financial assistance			<u>\$ 1,435,979</u>

* Denotes major program/project

BRUCE D. SOULE, CPA, P.A.

CERTIFIED PUBLIC ACCOUNTANT

7075 GRENVILLE ROAD
TALLAHASSEE, FL 32309
TELEPHONE: (850) 894-3135
FAX: (850) 894-3155
TOLL FREE: (800) 957-9686
E-MAIL: bds CPA@prodigy.net

REPORT ON COMPLIANCE AND INTERNAL CONTROL OVER COMPLIANCE APPLICABLE TO EACH MAJOR FEDERAL AWARDS PROGRAM AND STATE FINANCIAL ASSISTANCE PROJECT

Board of Directors
The Grove Counseling Center, Inc.
Longwood, Florida

Compliance

I have audited the compliance of The Grove Counseling Center, Inc. with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement and the requirements described in the Executive Office of the Governor's State Projects Compliance Supplement that are applicable to each of its major federal programs and state financial assistance projects for the year ended June 30, 2011. The Grove Counseling Center, Inc.'s major federal programs and state financial assistance projects are identified in the summary of auditor's results sections of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs and state financial assistance projects is the responsibility of The Grove Counseling Center, Inc.'s management. My responsibility is to express an opinion on The Grove Counseling Center, Inc.'s compliance based on my audit.

I have conducted my audit in accordance with 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" 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 I 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 award program or state financial assistance project occurred. An audit includes examining, on a test basis, evidence about The Grove Counseling Center, Inc. compliance with those requirements and performing such other procedures as I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination on The Grove Counseling Center, Inc.'s compliance with those requirements.

In my opinion The Grove Counseling Center, Inc. complied in all material respects, with the requirements referred to above that are applicable to each of its major federal programs and state financial assistance projects for the year ended June 30, 2011.

Internal Control Over Compliance

The management of The Grove Counseling Center, Inc. is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal awards programs and state financial assistance projects. In planning and performing my audit, I considered The Grove Counseling Center, Inc.'s internal control over compliance with requirements that could have a direct and material effect on a major federal award program or state financial assistance project in order to determine my auditing procedures for the purpose of expressing my 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.

My consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal awards program or state financial assistance project being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over compliance and its operation that I consider to be material weaknesses.

This report is intended for the information of the management, others within the organization 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.

BRUCE D. SOULE, CPA ,P.A.

A handwritten signature in black ink that reads "Bruce D. Soule, CPA, P.A." in a cursive style.

Certified Public Accountant

October 21, 2011

BRUCE D. SOULE, CPA, P.A.

CERTIFIED PUBLIC ACCOUNTANT

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TALLAHASSEE, FL 32309
TELEPHONE: (850) 894-3135
FAX: (850) 894-3155
TOLL FREE: (800) 957-9686
E-MAIL: bds CPA@prodigy.net

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

Board of Directors
The Grove Counseling Center, Inc.
Longwood, Florida

I have audited the financial statements of The Grove Counseling Center, Inc. as of and for the year ended June 30, 2011, and have issued my report thereon dated October 21, 2011. I conducted my audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

COMPLIANCE - As part of obtaining reasonable assurance about whether The Grove Counseling Center, Inc.'s financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

INTERNAL CONTROL OVER FINANCIAL REPORTING - In planning and performing my audit, I considered The Grove Counseling Center, Inc.'s internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

This report is intended for the information and use of the audit committee, management, others within the organization 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.

BRUCE D. SOULE, CPA ,P.A.

A handwritten signature in black ink, appearing to read "Bruce D. Soule, CPA, P.A.", written in a cursive style.

Certified Public Accountant

October 21, 2011

THE GROVE COUNSELING CENTER, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS -
FEDERAL AWARDS PROGRAMS AND STATE FINANCIAL
ASSISTANCE PROJECTS
Year Ended June 30, 2011

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unqualified	
Internal control over financial reporting:		
Material weaknesses identified?	☐ Yes	☒ No
Reportable conditions identified not considered to be material weaknesses?	☐ Yes	☒ None Reported
Noncompliance material to financial statements noted?	☐ Yes	☒ No

Federal Awards and State Financial Assistance Projects:

Internal control over major programs:		
Material weaknesses identified?	☐ Yes	☒ No
Reportable conditions identified not considered to be material weaknesses?	☐ Yes	☒ None Reported

Type of auditor's report issued on compliance for major programs:	Unqualified
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Any audit findings disclosed that are required to be reported in accordance with the Federal and Florida Single Audit Acts?	☐ Yes	☒ No
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Identification of Major Programs/Projects:

	Federal CFDA Number
<u>Federal Programs</u>	
U.S. Department of Health and Human Services	
Foster Care Program	
Foster Care - Title IV-E	93.658
Social Services Block Grant	93.667

Passed through/

N/A

THE GROVE COUNSELING CENTER, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS –
FEDERAL AWARDS PROGRAMS AND STATE FINANCIAL
ASSISTANCE PROJECTS
Year Ended June 30, 2011

State Projects

State Department of Children and Families:
Substance Abuse Treatment and Aftercare
Services for Children

**State CSFA
Number**

60.030

	<u>Federal</u>	<u>State</u>
Dollar threshold used to distinguish between Types A Type B programs	<u>\$ 300 000</u>	<u>\$ 300 000</u>
Auditee qualified as low-risk auditee pursuant to OMB circular A-133	<u>X</u> Yes	<u> </u> No

SECTION II – Financial Statement Findings

There are no reportable conditions, material weaknesses, or instances of noncompliance related to the financial statements that are required to be reported in accordance with Government Auditing Standards.

Section III – Major Federal Award Findings and Questioned Costs

There are no reportable conditions, material weaknesses, or instances of noncompliance including questioned costs that are required to be reported in accordance with circular A-133.

Section IV – Major State Financial Assistance Projects Findings and Questioned Costs

There are no reportable conditions, material weaknesses, or instances of noncompliance including questioned costs that are required to be reported in accordance with the Florida Single Audit Act.

THE GROVE COUNSELING CENTER, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS –
FEDERAL AWARDS PROGRAMS AND STATE FINANCIAL
ASSISTANCE PROJECTS
Year Ended June 30, 2011

Other Issues

The Summary Schedule of Prior Audit Findings is not included in the report because there were no prior audit findings related to federal awards programs or state financial assistance projects.

A Corrective Action Plan is not required because there were no findings required to be reported under the Federal or Florida Single Audit Acts.

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Board of Directors
The Grove Counseling Center, Inc.
Longwood, Florida

I have audited the financial statements of The Grove Counseling Center; Inc. as of and for the fiscal year ended June 30, 2011 and have issued my report thereon dated October 21, 2011.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. I have issued my Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters, Independent Auditor's 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 October 21, 2011, should be considered in conjunction with this management letter.

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

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 me to indicate that this letter is intended solely for the information of The Grove Counseling Center, Inc. and management, and the Florida Auditor General and is not intended to be and should not be used by anyone other than these specified parties.

Bruce D. Soule, CPA, P.A.



October 21, 2011

THE GROVE COUNSELING CENTER, INC.

SCHEDULE OF STATE EARNINGS

FOR THE YEAR ENDED JUNE 30, 2011

1	Total expenditures	\$	3,231,301
2	Less other state and federal funds		-
3	Less non-match SAMH funds		(534,679)
4	Less unallowable cost (65E-14, F.A.C.)		<u>-</u>
5	Net allowable expenditures (Sum of lines 1, 2, 3, and 4)	\$	<u>2,696,622</u>
6	Maximum available earnings (Line 5 times 75%)	\$	2,022,467
7	Amount of state funds requiring match		<u>1,285,454</u>
8	Amount due to department (Subtract line 6 from line 7. (If negative, the amount of the difference is due the department up to the amount of line 7)	\$	<u>737,013</u>

THE GROVE COUNSELING CENTER, INC.

DCF/COST CENTER REVENUE SCHEDULE

FOR THE YEAR ENDED JUNE 30, 2011

	<u>Residential Level 2</u>	<u>Outpatient Treatment</u>	<u>Prevention</u>	<u>Total Funding</u>
State SAMH Funding	\$ <u>938,686</u>	\$ <u>428,670</u>	\$ <u>452,778</u>	\$ <u>1,820,134</u>
Other Government Funding:				
Other state agency fundings	529,331	35,788	-	565,119
Medicaid	-	51,772	-	51,772
Federal grants and contracts	<u>41,483</u>	<u>12,893</u>	<u>-</u>	<u>54,376</u>
Total other government funding	<u>570,814</u>	<u>100,453</u>	<u>-</u>	<u>671,267</u>
All Other Revenues:				
Contributions and donations	19,158	22,699	41,026	82,883
Other	<u>260,473</u>	<u>339,639</u>	<u>4,134</u>	<u>604,246</u>
Total all other revenues	<u>279,631</u>	<u>362,338</u>	<u>45,160</u>	<u>687,129</u>
Total funding	\$ <u><u>1,789,131</u></u>	\$ <u><u>891,461</u></u>	\$ <u><u>497,938</u></u>	\$ <u><u>3,178,530</u></u>

THE GROVE COUNSELING CENTER, INC.

PROGRAM COST CENTER ACTUAL EXPENSES SCHEDULE

FOR THE YEAR ENDED JUNE 30, 2011

	<u>PROGRAM SERVICES</u>		
	<u>RESIDENTIAL LEVEL 2</u>	<u>OUTPATIENT TREATMENT</u>	<u>PREVENTION</u>
Personnel expenses:			
Salaries	\$ 694,013	\$ 205,294	\$ 271,777
Fringe benefits	175,050	70,613	93,604
Total personnel expenses	<u>869,063</u>	<u>275,907</u>	<u>365,381</u>
Other expenses:			
Building occupancy	236,679	177,415	53,092
Professional services	124,190	188,274	61,908
Travel	9,080	3,468	-
Equipment costs	58,087	57,109	2,547
Food services	111,584	-	-
Medical and pharmacy	28,993	21,535	-
Insurance	30,401	26,923	3,598
Interest	1,089	544	-
Operating supplies and expenses	<u>110,343</u>	<u>95,276</u>	<u>11,412</u>
Total other expenses	<u>710,446</u>	<u>570,544</u>	<u>132,557</u>
Total personnel and other expenses	1,579,509	846,451	497,938
Distributed Indirect Costs:			
Administration	<u>-</u>	<u>-</u>	<u>-</u>
Total actual operating expenses	1,579,509	846,451	497,938
Unallowable Costs	<u>-</u>	<u>-</u>	<u>-</u>
Total allowable operating expenses	<u>\$ 1,579,509</u>	<u>\$ 846,451</u>	<u>\$ 497,938</u>
Capital Expenditures	<u>\$ 134,050</u>	<u>\$ 42,773</u>	<u>\$ -</u>

<u>TOTAL PROGRAMS</u>	<u>SUPPORTING SERVICES MANAGE- MENT AND GENERAL</u>	<u>TOTAL</u>
\$ 1,171,084	\$ 213,920	\$ 1,385,004
339,267	75,503	414,770
<u>1,510,351</u>	<u>289,423</u>	<u>1,799,774</u>
467,186	-	467,186
374,372	-	374,372
12,548	13,211	25,759
117,743	-	117,743
111,584	-	111,584
50,528	-	50,528
60,922	-	60,922
1,633	-	1,633
217,031	4,769	221,800
<u>1,413,547</u>	<u>17,980</u>	<u>1,431,527</u>
2,923,898	307,403	3,231,301
-	-	-
2,923,898	307,403	3,231,301
-	-	-
<u>\$ 2,923,898</u>	<u>\$ 307,403</u>	<u>\$ 3,231,301</u>
<u>\$ 176,822</u>	<u>\$ -</u>	<u>\$ 176,822</u>