

HAVEN RECOVERY CENTER, INC.

FINANCIAL STATEMENTS

JUNE 30, 2011 AND 2010

HAVEN RECOVERY CENTER, INC.
TABLE OF CONTENTS
JUNE 30, 2011 AND 2010

	<u>Page Number(s)</u>
Independent Auditors' Report	1
Financial Statements	
Statements of Financial Position	2
Statements of Activities	3
Statements of Functional Expenses	4 – 5
Statements of Cash Flows	6
Notes to Financial Statements	7 – 12
Schedule of Expenditures of Federal Awards, State Financial Assistance, and Matching of Federal Awards	14 - 16
Notes to Schedule of Expenditures of Federal Awards, State Financial Assistance, and Matching of Federal Awards	17
Independent Auditors' Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Federal Program and Each Major State Project and on Internal Control Over Compliance in Accordance with OMB Circular A-133 and Chapter 10.650, Rules of the Auditor General	18 – 19
Schedule of Findings and Questioned Costs	20 – 21
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 <i>Government Auditing Standards</i>	22 – 23
Independent Auditors' Report on Additional Information	24
Schedule of State Earnings	25
Schedule of Bed-Day Availability Payments	26
Program/cost Center Actual Expenses and Revenues Schedule	27 – 28

JAMES MOORE & CO., P.L.
CERTIFIED PUBLIC ACCOUNTANTS
AND CONSULTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Haven Recovery Center, Inc.:

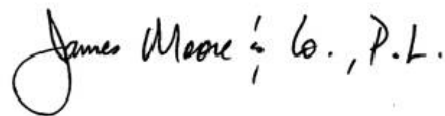
We have audited the accompanying statements of financial position of Haven Recovery Center, Inc. as of June 30, 2011 and 2010, and the related statements of activities, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of the Haven Recovery Center, Inc.'s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and 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 Haven Recovery 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 January 21, 2012, on our consideration of Haven Recovery 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audits were conducted for the purpose of forming an opinion on the financial statements of Haven Recovery Center, Inc. taken as a whole. The accompanying Schedule of Expenditures of Federal Awards and Schedule of Expenditures of State Financial Assistance and Matching of Federal Awards are presented for the purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and Section 215.97, Florida Statutes, and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits 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 procedure 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 taken as a whole.



Daytona Beach, Florida
January 21, 2012

HAVEN RECOVERY CENTER, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2011 AND 2010

	2011	2010
<u>ASSETS</u>		
Current assets		
Cash and cash equivalents	\$ 1,675,143	\$ 882,929
Certificates of deposit	-	98,027
Accounts receivable	325,461	343,437
Other receivables	3,805	6,285
Prepaid expenses and deposits	117,676	116,189
Total current assets	2,122,085	1,446,867
Property and equipment, net		
Land	1,484,929	1,444,084
Construction in progress	99,834	23,299
Building and improvements	7,327,106	6,070,198
Furniture and equipment	506,234	441,051
Vehicles	320,827	291,253
	9,738,930	8,269,885
Less: Accumulated depreciation	2,503,079	1,672,846
Total property and equipment, net	7,235,851	6,597,039
Total Assets	\$ 9,357,936	\$ 8,043,906
<u>LIABILITIES AND NET ASSETS</u>		
Current liabilities		
Accounts payable	\$ 48,061	\$ 42,062
Accrued expenses	240,246	208,526
Deferred revenue	261	980
Refundable advances	102,935	105,454
Security deposits	11,543	10,209
Mortgage payable	19,204	5,991
Total current liabilities	422,250	373,222
Long-term debt		
Mortgage payable	525,438	182,230
Total liabilities	947,688	555,452
Net assets		
Unrestricted:		
Undesignated	1,719,039	1,079,636
Invested in property and equipment, net of related debt	6,691,209	6,408,818
Total net assets	8,410,248	7,488,454
Total Liabilities and Net Assets	\$ 9,357,936	\$ 8,043,906

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

HAVEN RECOVERY CENTER, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2011 AND 2010

	2011	2010
UNRESTRICTED NET ASSETS		
Revenue, gains and other support		
Contributions		
Harley Davidson raffle	\$ 397,805	\$ 327,964
Other	53,730	74,297
In-kind donations		
Program materials and services	247,304	265,579
Harley Davidson raffle	73,880	73,530
Federal grants	2,848,068	2,694,264
State grants	1,835,678	1,817,541
Local grants	824,315	435,843
United Way allocation and special grants	114,620	87,300
Food stamps	236,974	152,690
Program service income	224,865	78,276
CHDO Rent	173,914	129,348
Interest income	7,055	6,639
Miscellaneous revenue	10,012	47,388
Total revenue, gains and other support	7,048,220	6,190,659
Expenses		
Program services:		
Residential programs	3,984,021	3,102,078
Other program services	2,101,354	1,762,701
Total program services	6,085,375	4,864,779
Management and general	365,704	341,932
Fundraising	368,296	362,034
Total expenses	6,819,375	5,568,745
Change in net assets	228,845	621,914
Net assets, beginning of year	7,488,454	6,866,540
Net assets acquired through merger	692,949	-
Net assets, end of year	\$ 8,410,248	\$ 7,488,454

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

HAVEN RECOVERY CENTER, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2011

	Program Services							Supporting Services				
	Residential Programs			Other Program Services				Total Program Services	Management and General	Fundraising	Program Administration	Total Expenses
	Men's Residential	Serenity West	Women with Dependent Children	Women's Residential	Case Management	Community Services & Assessments	Permanent Housing					
Expenses												
Salaries and wages	\$ 567,699	\$ 370,679	\$ 130,775	\$ 459,855	\$ 151,167	\$ 529,471	\$ 184,050	\$ 2,393,696	\$ 187,133	\$ 107,583	\$ 529,033	\$ 3,217,445
Employee benefits	155,298	100,504	37,073	109,833	44,686	132,165	62,545	642,104	62,250	25,055	126,038	855,447
Contracted services	11,735	7,126	2,558	8,679	42	6,147	2,120	38,407	11,873	250	40,922	91,452
Accounting and legal	-	-	-	12	-	-	-	12	37,513	-	-	37,525
Food, health, and comfort	178,082	180,187	54,535	146,442	545	28,168	14,969	602,928	951	24,991	10,578	639,448
Conference and meetings	2,617	2,970	513	3,478	808	5,894	520	16,800	2,131	18,306	7,395	44,632
Occupancy costs:												
Insurance	32,391	25,179	6,408	17,179	859	11,675	47,286	140,977	9,100	3,577	16,526	170,180
Maintenance and repairs	31,695	32,928	2,299	49,748	691	8,937	47,206	173,504	613	-	8,621	182,738
Utilities and phone	85,054	95,861	10,165	69,126	4,616	41,052	69,233	375,107	5,086	3,730	27,609	411,532
Rent	4,937	-	29,400	4,767	-	24,457	158,689	222,250	7,128	-	34,475	263,853
Licenses and permits	2,452	2,084	449	1,121	26	544	497	7,173	426	4,949	1,302	13,850
Office expense	16,629	16,394	5,568	22,629	612	16,765	12,919	91,516	26,152	2,655	58,397	178,720
Vehicle and equipment maintenance	17,464	22,735	2,485	3,776	154	1,487	-	48,101	1,455	21,244	12,487	83,287
Equipment rental	7,206	6,317	2,750	7,290	1,393	8,276	1,530	34,762	3,820	622	9,760	48,964
Miscellaneous	190	1,532	564	695	287	581	1,592	5,441	3,695	8,019	613	17,768
Fundraising prizes and awards	-	-	-	-	-	-	-	-	-	140,140	-	140,140
Total expenses before program administration allocation, interest and depreciation	<u>1,113,449</u>	<u>864,496</u>	<u>285,542</u>	<u>904,630</u>	<u>205,886</u>	<u>815,619</u>	<u>603,156</u>	<u>4,792,778</u>	<u>359,326</u>	<u>361,121</u>	<u>883,756</u>	<u>6,396,981</u>
Program administration allocation	211,840	138,322	48,800	171,598	56,409	197,576	68,680	893,225	-	-	(893,225)	-
Interest	11,436	-	-	21,379	-	-	-	32,815	-	-	-	32,815
Depreciation	110,488	44,881	10,595	46,565	-	6,950	147,078	366,557	6,378	7,175	9,469	389,579
Total program administration allocation, interest and depreciation	<u>333,764</u>	<u>183,203</u>	<u>59,395</u>	<u>239,542</u>	<u>56,409</u>	<u>204,526</u>	<u>215,758</u>	<u>1,292,597</u>	<u>6,378</u>	<u>7,175</u>	<u>(883,756)</u>	<u>422,394</u>
Total Expenses	<u>\$ 1,447,213</u>	<u>\$ 1,047,699</u>	<u>\$ 344,937</u>	<u>\$ 1,144,172</u>	<u>\$ 262,295</u>	<u>\$ 1,020,145</u>	<u>\$ 818,914</u>	<u>\$ 6,085,375</u>	<u>\$ 365,704</u>	<u>\$ 368,296</u>	<u>\$ -</u>	<u>\$ 6,819,375</u>

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

**HAVEN RECOVERY CENTER, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2010**

	Program Services									Supporting Services				
	Residential Programs				Other Program Services					Total Program Services	Management and General	Fundraising	Program Administration	Total Expenses
	Men's Residential	Serenity West	Women with Dependent Children	Passageways	Women's Residential	CHAMP	Case Management	Community Services & Assessments	Permanent Housing					
Expenses														
Salaries and wages	\$ 470,243	\$ 320,532	\$ 129,441	\$ 26,348	\$ 192,275	\$ 65,570	\$ 153,496	\$ 342,003	\$ 194,149	\$ 1,894,057	\$ 180,099	\$ 104,195	\$ 370,451	\$ 2,548,802
Employee benefits	141,834	94,445	35,767	7,936	50,224	18,345	49,660	82,742	53,582	534,535	58,468	25,867	76,190	695,060
Contracted services	11,203	8,225	2,892	126	4,442	126	504	9,846	4,308	41,672	5,055	-	30,269	76,996
Accounting and legal	-	668	889	-	-	-	-	-	1,761	3,318	23,682	-	-	27,000
Food, health, and comfort	186,792	163,879	62,733	2,108	89,173	2,604	210	21,438	21,033	549,970	8,109	27,336	11,798	597,213
Conference and meetings	2,269	2,072	452	230	707	284	913	2,898	425	10,250	2,938	16,939	5,331	35,458
Occupancy costs:														
Insurance	33,653	26,473	10,227	198	11,949	358	-	7,213	36,836	126,907	5,937	7,136	13,236	153,216
Maintenance and repairs	32,516	26,842	5,729	264	10,630	1,187	-	7,685	35,809	120,662	1,378	-	6,476	128,516
Utilities and phone	82,860	84,496	11,922	805	30,055	1,840	253	15,640	54,975	282,846	4,570	3,178	19,946	310,540
Rent	4,187	1,000	27,882	143	4,117	-	-	15,354	114,023	166,706	7,301	-	28,826	202,833
Licenses and permits	2,641	1,709	613	510	760	30	879	1,045	-	8,187	241	4,828	591	13,847
Office expense	11,719	20,550	12,348	222	15,408	1,272	364	15,195	4,578	81,656	25,634	6,515	35,369	149,174
Vehicle and equipment maintenance	12,138	18,640	1,700	262	4,556	1,284	489	2,248	6,434	47,751	1,440	21,198	11,011	81,400
Equipment rental	6,091	5,938	2,466	336	3,268	517	784	5,636	1,882	26,918	3,414	548	6,075	36,955
Miscellaneous	156	1,379	689	123	554	-	216	1,000	9,741	13,858	4,521	5,506	2,015	25,900
Fundraising prizes and awards	-	-	-	-	-	-	-	-	-	-	-	132,093	-	132,093
Total expenses before program administration allocation, interest and depreciation	998,302	776,848	305,750	39,611	418,118	93,417	207,768	529,943	539,536	3,909,293	332,787	355,339	617,584	5,215,003
Program administration allocation	159,300	108,584	43,850	8,926	65,136	22,213	51,999	115,858	65,771	641,637	-	-	(641,637)	-
Interest	11,793	-	-	-	-	-	-	-	-	11,793	-	-	-	11,793
Depreciation	108,815	43,209	9,193	173	4,470	440	-	1,225	134,531	302,056	9,145	6,695	24,053	341,949
Total program administration allocation, interest and depreciation	279,908	151,793	53,043	9,099	69,606	22,653	51,999	117,083	200,302	955,486	9,145	6,695	(617,584)	353,742
Total Expenses	\$ 1,278,210	\$ 928,641	\$ 358,793	\$ 48,710	\$ 487,724	\$ 116,070	\$ 259,767	\$ 647,026	\$ 739,838	\$ 4,864,779	\$ 341,932	\$ 362,034	\$ -	\$ 5,568,745

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

HAVEN RECOVERY CENTER, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
Cash flows from operating activities		
Change in net assets	\$ 228,845	\$ 621,914
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	389,579	341,949
Loss on disposal of equipment	-	3,007
(Increase) decrease in operating assets		
Accounts receivable	19,487	(81,964)
Other receivables	10,573	143
Prepaid expenses and deposits	1,870	(4,038)
Increase (decrease) in operating liabilities		
Accounts payable	(54,751)	2,583
Accrued expenses	31,720	21,154
Deferred revenue	(719)	(63,923)
Refundable advances	(2,519)	20,796
Security deposits	1,334	998
Net cash provided by operating activities	<u>625,419</u>	<u>862,619</u>
Cash flows from investing activities		
Purchase of property and equipment	(226,644)	(657,094)
Sale of certificates of deposit	98,027	73,322
Net cash used in investing activities	<u>(128,617)</u>	<u>(583,772)</u>
Cash flows from financing activities		
Principal payments on mortgage	(17,755)	(5,635)
Cash acquired through merger	313,167	-
Net cash provided by (used in) financing activities	<u>295,412</u>	<u>(5,635)</u>
Net increase in cash and cash equivalents	<u>792,214</u>	<u>273,212</u>
Cash and cash equivalents, beginning of year	882,929	609,717
Cash and cash equivalents, end of year	<u>\$ 1,675,143</u>	<u>\$ 882,929</u>
Supplemental disclosure of cash flow information		
Cash paid for interest	<u>\$ 32,815</u>	<u>\$ 11,793</u>
Noncash financing activities		
Noncash assets and liabilities acquired through merger		
Accounts receivable	\$ 1,511	\$ -
Other assets	8,093	-
Prepaid expenses	3,357	-
Property and equipment, net	801,747	-
Accounts payable	(60,750)	-
Long-term debt	(374,176)	-
	<u>\$ 379,782</u>	<u>\$ -</u>

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

HAVEN RECOVERY CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011 AND 2010

(1) **Summary of Significant Accounting Policies:**

The following is a summary of the more significant accounting policies and practices of Haven Recovery Center, Inc. (the Organization), which affect significant elements of the accompanying financial statements.

(a) **Organization**—Haven Recovery Center, Inc. was previously known as Serenity House of Volusia, Inc. Effective July 1, 2010, the assets and liabilities of Community Out-Reach Services, Inc. were merged into Serenity House of Volusia, Inc. to become Haven Recovery Center, Inc. The Organization is a not-for-profit corporation incorporated under the laws of the State of Florida whose mission is to provide residential and outpatient substance abuse and mental health treatment, counseling and rehabilitation. The Organization has eight locations throughout Volusia County providing these services. In addition, the Organization has twenty-five permanent housing locations in Volusia County. The main source of funding comes from Federal, State, and local grants and program services fees from services provided. The Organization also receives funding from United Way of Volusia/Flagler Counties, Inc. The major fundraising campaign consists of small cash donations and a drawing for a Harley Davidson motorcycle.

(b) **Basis of accounting**—The Organization follows standards of accounting and financial reporting prescribed for voluntary health and welfare agencies. It uses the accrual basis of accounting, which recognizes revenue when earned and expenses as incurred. Federal, State, and local government and public grants are recorded as support when performance occurs under the terms of the grant agreement.

The costs of providing the various programs and other activities have been detailed in the Statements of Functional Expenses and summarized on a functional basis in the Statements of Activities. Salaries and other expenses which are 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 relative benefit provided. Program administration is allocated to the various programs based on each program's salary expense.

(c) **Basis of presentation**—The Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Unrestricted net assets—Net assets that are not subject to donor-imposed stipulations and are currently available at the discretion of the Board of Directors for use in the Organization's operations.

Temporarily restricted net assets—Net assets subject to donor-imposed stipulations that will be met either by actions of the Organization and/or the passage of time. The Organization had no temporarily restricted net assets at June 30, 2011 and 2010.

Permanently restricted net assets—Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on related investments for general or specific purposes. The Organization had no permanently restricted net assets at June 30, 2011 and 2010.

HAVEN RECOVERY CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011 AND 2010

(1) **Summary of Significant Accounting Policies:** (Continued)

(d) **Cash and cash equivalents**—For purposes of the statement of cash flows, the Organization considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

(e) **Accounts receivable**—Accounts receivable consist primarily of grant and contract receivables and are stated at net realizable value. Grants receivable consist of amounts due to the Organization from governmental units and cultural agencies under the terms of various grant contracts. Due to the nature of these agencies, no allowance for uncollectible amounts has been established. Other accounts receivables are stated at the amount management expects to collect from balances outstanding at year-end. Management has concluded that realization of losses on balances outstanding at year-end will be immaterial.

(f) **Property and equipment**—The Organization capitalizes all expenditures and donations in excess of \$1,500 for property and equipment. However, funding sources may maintain an equitable interest in the property purchased with grant monies as well as the right to determine the use of any proceeds from the sale of these assets. The State of Florida has a reversionary interest in those assets purchased with its funds which have a cost of \$1,000 or more and an estimated useful life of at least one year. The Federal Government has a reversionary interest in any assets purchased with its funds which have a cost of \$5,000 or more and an estimated useful life of at least one year. The County of Volusia and the City of Daytona Beach have a reversionary interest for the next 15 to 20 years in land and buildings purchased with grant funds. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation expense of \$389,579 and \$341,949 was functionally allocated based on use by program services and supporting services for the years ended June 30, 2011 and 2010. Depreciation is computed using the straight-line method over the following estimated useful lives:

Buildings and improvements	7 – 30 years
Furniture and equipment	5 – 7 years
Vehicles	5 years

(g) **Deferred revenue**—Deferred revenue, if any, primarily consists of advances received for contracted programs that apply to future periods.

(h) **Contributions**—The Organization reports contributions of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted or permanently restricted net assets and reported in the statement of activities as net assets released from restrictions. If a restriction is fulfilled in the same period in which the contribution is received, the Organization reports that support as unrestricted.

(i) **Refundable advances (Harley raffle)**—The Organization solicits contributions for raffle tickets at various locations and special events during the year. For the years ended June 30, 2011 and 2010, one raffle drawing was held, in March of each year. Monies collected in advance from the sale of raffle tickets are recorded as a refundable advance in the accompanying statements of financial position and are recognized as raffle revenue when the related raffle drawing is held.

HAVEN RECOVERY CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011 AND 2010

(1) **Summary of Significant Accounting Policies:** (Continued)

(j) **Donated materials and services**—The Organization recognizes donated materials and services that create or enhance non-financial assets or that require skills, which are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donations. Donated materials and services that meet the above criteria are recognized as revenues and are reported in the accompanying financial statements at their estimated fair value at the time of receipt.

(k) **Charity care**—The Organization has a policy of providing charity care to patients who are unable to pay. Such patients are identified based on financial information obtained from the patient and subsequent analysis. Since the Organization does not expect payment, estimated charges for charity care are not included in revenue.

(l) **Health care service cost recognition**—The Organization contracts with a physician and an ARNP for certain medical care services to its clients. Operating expenses include all the amounts incurred by the Organization under these contracts.

(m) **Income taxes**— The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code, except for taxes on unrelated business income. Since the Organization had no taxable unrelated business income during the years ended June 30, 2011 and 2010, no provision for income taxes is provided in the financial statements.

The Organization files income tax returns in the U.S. federal jurisdiction. The Organization is no longer subject to U.S. Federal income tax examinations by tax authorities for years before 2007. The Organization has reviewed and evaluated the relevant technical merits of each of its tax positions in accordance with accounting principles generally accepted in the United States of America, and determined that there are no uncertain tax positions that would have a material impact on the financial statements of the Organization.

(n) **Impairment of long-lived assets**—The Organization periodically reviews its long-lived assets to be held and used in operations for impairment whenever events or changes in circumstances indicate the carrying value of an asset may not be recoverable. An impairment loss is recognized when the estimated undiscounted future cash flows from the assets are less than the carrying value of the assets.

(o) **Reclassifications**—Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financial statements.

(p) **Subsequent events**—The Organization has evaluated events and transactions for potential recognition or disclosure in the financial statements through January 21, 2012, the date the financial statements were available to be issued. No subsequent events are recognized or disclosed.

(q) **Use of estimates**—The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

HAVEN RECOVERY CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011 AND 2010

(2) **Certificates of Deposit:**

Certificates of deposit for the year ended June 30, 2010 totaled \$98,027. The certificates bore interest at 5.00%. These certificates matured during fiscal year ended June 30, 2011 and were not renewed. Certificates were valued at cost plus accrued interest, which approximates fair value.

(3) **Line of Credit:**

The Organization has a line of credit with a financial institution, expiring in August 2011. The line bears interest at the greater of 5% or Wall Street Journal prime rate plus 1% (4.25% at June 30, 2011), with interest due monthly. The line is collateralized by substantially all assets of the Organization. The line is available up to \$100,000 and no balance was outstanding at June 30, 2011 and 2010. This line was renewed for another year in August 2011, subsequent to year end.

The Organization also has a \$30,000 line of credit with another financial institution. The line bears interest at Wall Street Journal prime rate plus 3% (6.25% at June 30, 2011), with a 6% floor. The line is collateralized by substantially all assets of the Organization. There was no balance outstanding at June 30, 2011 and 2010.

(4) **Long-Term Debt:**

Long-term debt consisted of the following at year end:

	2011	2010
Mortgage payable to financial institution, due in monthly installments of \$1,452 including interest at 6.08%, final payment due April 4, 2018, collateralized by property located at 2775 Big John Drive, Deland, FL.	\$ 182,230	\$ 188,221
Mortgage payable to financial institution, due in monthly installments of \$2,762 including interest at 5.70%, balloon payment due July 2014, collateralized by property located at 245 S. Amelia Avenue, Deland, FL	362,412	-
Total long-term debt	544,642	188,221
Less: Current portion	19,204	5,991
Total long-term debt, less current portion	\$ 525,438	\$ 182,230

Following are maturities on long-term debt:

Year Ending June 30,	Amount
2011	\$ 19,204
2013	20,387
2014	343,138
2015	7,660
2016	8,120
Thereafter	146,133
	\$ 544,642

HAVEN RECOVERY CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011 AND 2010

(5) **Tax Deferred Annuity Plan:**

The Organization participates in a tax-deferred annuity plan qualified under Section 403(b) of the Internal Revenue Code. The plan covers full-time employees of the Organization. Employees may make contributions to the plan up to the maximum amount allowed by the Internal Revenue Code. The Organization's annual contribution rate is discretionary from plan year to plan year. The Organization made contributions to the plan on behalf of its employees for the years ended June 30, 2011 and 2010 totaling \$58,496 and \$50,193, respectively.

(6) **Donated Materials and Services:**

Donated materials and services received during the years ended June 30, 2011 and June 30, 2010 were, in the judgment of management, both significant and essential to the continuing programs of the Organization.

The following are the assigned values of donated materials and services reported in the financial statements:

	<u>2011</u>	<u>2010</u>
Contracted services	\$ 10,281	\$ 4,545
Food, health, and comfort	190,351	211,631
Conference and meetings	2,400	2,400
Occupancy costs – maintenance and repairs	18,231	2,432
Office expense	577	730
Equipment and maintenance	25,464	29,857
Capital acquisitions	-	13,984
	<u>\$ 247,304</u>	<u>\$ 265,579</u>
 Harley Davidson Raffle – giveaways and special event show space	 <u>\$ 73,880</u>	 <u>\$ 73,530</u>

(7) **Operating Lease Commitments:**

The Organization leases office space and other equipment under non-cancellable operating leases. The following is a schedule by years of future minimum lease payments required under operating leases that have initial or remaining non-cancellable lease terms in excess of one year at June 30, 2011.

<u>Year Ending June 30,</u>	
2012	\$ 75,167
2013	32,218
2014	27,328
2015	11,400
2016	8,835
Thereafter	63,000
	<u>\$ 217,948</u>

Rent expense for the years ended June 30, 2011 and 2010 was \$263,853 and \$202,883, respectively.

HAVEN RECOVERY CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011 AND 2010

(8) **Related Party:**

Haven Recovery Center, Inc. formed a separate not-for-profit Corporation, Serenity House Endowment, Inc. (the Foundation) to raise money on behalf of the Organization. All board members of the Foundation are appointed by the Organization and therefore qualify for consolidation due to control. However, during the years ended June 30, 2011 and 2010, there was no activity within the Foundation and therefore it has not been consolidated into these financial statements.

(9) **Concentrations of Risk:**

Revenue to support the Organization's programs is received primarily from federal, state and local government grants and awards, and accounts for a significant portion of total support. Thus, the Organization is subject to changes in government funding allocations. In the event these entities discontinue funding these programs, the Organization would have a difficult time achieving current program goals.

Credit risk with respect to receivables is limited due to the credit worthiness of the government entities and organizations from whom the amounts are due.

The Organization had demand deposits of \$1,807,499 with three banks at June 30, 2011. The Organization has no policy requiring collateral or other security to support its deposits, although all demand deposits with banks are federally insured up to FDIC limits. At June 30, 2011, the Organization had demand deposits of \$124,388, in excess of FDIC protection. At June 30, 2010, the Organization had demand deposits of \$678,981, in excess of FDIC protection. Additionally, at June 30, 2010 the Organization had certificates of deposit with one financial institution totaling \$98,027, of which the total balance was insured under FDIC protection.

(10) **Comparative Financial Statements:**

The financial information presented as of and for the year ended June 30, 2010 consists only of Serenity House of Volusia, Inc. and does not contain the financial information of Community Out-Reach Services, Inc.

SUPPLEMENTARY INFORMATION

HAVEN RECOVERY CENTER, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, STATE FINANCIAL ASSISTANCE,
AND STATE MATCHING OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2011

Federal/ State Grantor Agency Pass Through Grantor Federal Program/ State Project	CFDA/ CSFA Number	Funding Period	Agency or Pass-Through Number	Expenditures
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Direct				
HUD Supportive Housing Program	14.235	9/1/10-8/31/11	FL0073B4H040802	\$ 158,844
HUD Supportive Housing Program	14.235	9/1/09-8/31/10	FL0073B4H040801	8,011
HUD Supportive Housing Program	14.235	9/1/10-8/31/11	FL0068B4H040802	116,749
HUD Supportive Housing Program	14.235	9/1/09-8/31/10	FL0068B4H040801	14,597
HUD Supportive Housing Program	14.235	10/1/10-9/30/11	FL0061B4H040802	39,649
HUD Supportive Housing Program	14.235	10/1/09-9/30/10	FL0061B4H040801	16,123
HUD Supportive Housing Program	14.235	11/1/10-10/31/11	FL0063B4H040802	16,380
HUD Supportive Housing Program	14.235	11/1/09-10/31/10	FL0063B4H040801	6,625
HUD Supportive Housing Program	14.235	4/1/11-3/31/12	FL0064B4H041003	50,137
HUD Supportive Housing Program	14.235	4/1/10-3/31/11	FL0064B4H040802	150,770
HUD Supportive Housing Program	14.235	10/1/10-9/30/11	FL29B604001	31,280
HUD Supportive Housing Program	14.235	10/1/09-9/30/10	FL29B604001	10,310
HUD Supportive Housing Program	14.235	2/1/11-1/31/12	FL0059B4H040800	17,689
HUD Supportive Housing Program	14.235	2/1/10-1/31/11	FL0059B4H040800	24,632
HUD Supportive Housing Program	14.235	11/1/10-10/31/11	FL0326B4H040900	30,079
				<u>691,875</u>
Passed through City of Deltona, Florida Community Development Block Grant	14.218	7/1/2010-6/30/2011	Bi-lingual residents	<u>5,000</u>
Passed through County of Volusia Community Development Homeless Prevention and Rapid Re-housing (ARRA)	14.257	9/29/09-4/30/12	09-Q-175DS	<u>11,830</u>
Passed through County of Volusia Community Development Neighborhood Stabilization Program (ARRA)	14.256	1/1/10-12/31/10	946 15th St #201	6,514
Neighborhood Stabilization Program (ARRA)	14.256	1/1/10-12/31/10	533 E New York	105,564
Neighborhood Stabilization Program (ARRA)	14.256	1/1/10-12/31/10	946 15th St #103	13,632
Neighborhood Stabilization Program (ARRA)	14.256	1/1/10-12/31/10	636 LPGA Blvd	65,132
				<u>190,842</u>
Total Department of Housing and Urban Development				<u>899,547</u>
U.S. DEPARTMENT OF VETERANS AFFAIRS				
Direct				
VA Homeless Providers Grant and Per Diem Program	64.024	7/1/10-6/30/11	V573P-6035	48,510
VA Homeless Providers Grant and Per Diem Program	64.024	7/1/10-6/30/11	01-43-FL	172,595
VA Homeless Providers Grant and Per Diem Program	64.024	7/1/10-6/30/11	V573P-5738	483,850
Total U.S. Department of Veterans Affairs				<u>704,955</u>
U.S. DEPARTMENT OF HOMELAND SECURITY				
Passed through United Way of Volusia/Flagler Counties Emergency Food and Shelter	97.024	1/1/10-12/31/10	N/A	9,549
Total U.S Department of Homeland Security				<u>9,549</u>

HAVEN RECOVERY CENTER, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, STATE FINANCIAL ASSISTANCE,
AND STATE MATCHING OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2011
(Continued)

Federal/ State Grantor Agency Pass Through Grantor Federal Program/ State Project	CFDA/ CSFA Number	Funding Period	Agency or Pass-Through Number	Expenditures
U.S. DEPARTMENT OF JUSTICE				
Passed through County of Volusia Community Development Byrne Formula Grant Program - Family Intervention Treatment Services	16.738	10/1/09-9/30/10	2010-JAGC- VOLU-5-4X-	10,457
Byrne Formula Grant Program - Family Intervention Treatment Services	16.738	10/1/10-9/30/11	VOLU-3B2- 151	43,580
				<u>54,037</u>
Passed through County of Volusia Community Development Ed Byrne Memorial Justice Assistance - Correctional Treatment Diversion Program (ARRA)	16.803	10/1/09-9/30/10	2010-ARRC- VOLU-10-W7-	53,893
Ed Byrne Memorial Justice Assistance -Drug Court Community Program (ARRA)	16.803	10/1/09-9/30/10	2010-ARRC- VOLU-9-W7-	25,218
Passed through SMA Behavioral Healthcare Ed Byrne Memorial Justice Assistance - Drug Court Expansion (ARRA)	16.803	2/10/10-1/31/12	10-SQ-15JD	37,593
				<u>116,704</u>
Total U.S. Department of Justice/ JAG Program Cluster				<u>170,741</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Passed through Florida Department of Children and Families Temporary Assistance to Needy Families	93.558	7/1/10-6/30/11	ND-041/ 39A18	127,445
Temporary Assistance to Needy Families Total TANF Cluster	93.558	7/1/10-6/30/11	ND-041/ 39TCO	23,885
				<u>151,330</u>
Passed through Florida Department of Children and Families Block Grants for Prevention and Treatment of Substance Abuse	93.959	7/1/10-6/30/11	ND-041/ SP616	81,900
Block Grants for Prevention and Treatment of Substance Abuse	93.959	7/1/10-6/30/11	ND-041/ SP617	135,000
Block Grants for Prevention and Treatment of Substance Abuse	93.959	7/1/10-6/30/11	ND-041/ SP622	180,000
Block Grants for Prevention and Treatment of Substance Abuse	93.959	7/1/10-6/30/11	ND-041/ 27OG7	317,296
Block Grants for Prevention and Treatment of Substance Abuse	93.959	7/1/10-6/30/11	ND-041/ 27WOM	74,825
				<u>789,021</u>
Passed through Florida Department of Children and Families Projects for Assistance in Transition from Homelessness (PATH)	93.150	7/1/10-6/30/11	ND-041/ GX018	102,925
Passed through Florida Department of Children and Families Block Grants for Community Mental Health Services	93.958	7/1/10-6/30/11	ND-041/ 19018	20,000
Total U.S. Department of Health and Human Services				<u>1,063,276</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS				<u>\$ 2,848,068</u>

HAVEN RECOVERY CENTER, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, STATE FINANCIAL ASSISTANCE,
AND STATE MATCHING OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2011

(Continued)

Federal/ State Grantor Agency Pass Through Grantor Federal Program/ State Project	CFDA/ CSFA Number	Funding Period	Agency or Pass-Through Number	Expenditures
FLORIDA DEPARTMENT OF CHILDREN AND FAMILIES				
Direct				
Substance Abuse Treatment and Aftercare for Adults	60.033	7/1/10-6/30/11	ND-041/ 27ME7	\$ 1,032,306
Adult Community Mental Health - Community Support Services	60.053	7/1/10-6/30/11	ND-041/ 19M18	363,509
Passed through Community Partnership for Children				
Community Based Care (CBC) Supports	60.094	12/1/10-11/30/11	N/A	48,834
Total Florida Department of Children and Families				<u>1,444,649</u>
TOTAL EXPENDITURES OF STATE FINANCIAL ASSISTANCE				<u><u>\$ 1,444,649</u></u>
State Matching of Federal Awards - ADTRT (93.959)	N/A	7/1/10-6/30/11	ND-041	\$ 385,867
State Matching of Federal Awards - DPG08 (93.959)	N/A	7/1/10-6/30/11	ND-041	4,142
State Matching of Federal Awards - 39TCO (93.558)	N/A	7/1/10-6/30/11	ND-041	1,020
				<u>391,029</u>
TOTAL EXPENDITURES OF STATE FINANCIAL ASSISTANCE AND MATCHING OF FEDERAL AWARDS				<u><u>\$ 1,835,678</u></u>

The accompanying notes to the schedule of expenditures of federal awards, state financial assistance,
and matching of federal awards are an integral part of this statement.

HAVEN RECOVERY CENTER, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS,
STATE FINANCIAL ASSISTANCE, AND MATCHING OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2011

(1) **Basis of Presentation:**

The accompanying Schedule of Expenditures of Federal Awards, State Financial Assistance, and Matching of Federal Awards includes federal award and state financial assistance activity of Haven Recovery 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.

(2) **Subrecipients:**

Haven Recovery Center, Inc. did not pass any Federal awards or state financial assistance on to a sub recipient during the fiscal year ended June 30, 2011.

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT
COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR FEDERAL
PROGRAM AND EACH MAJOR STATE PROJECT AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND CHAPTER 10.650,
RULES OF THE AUDITOR GENERAL**

To the Board of Directors of
Haven Recovery Center, Inc.:

Compliance

We have audited Haven Recovery Center, Inc.'s (the Organization) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and the *Florida Executive Office of the Governor's State Projects Compliance Supplement* that could have a direct and material effect on each of its major federal programs and major state projects for the year ended June 30, 2011. The Organization's major federal programs and major 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 major state projects is the responsibility of the Organization's management. Our responsibility is to express an opinion on the Organization'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 Section 10.650, Rules of the Auditor General. Those standards and OMB Circular A-133 *Audits of States, Local Governments, and Non-Profit Organizations* and Section 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 major state project occurred. An audit includes examining, on a test basis, evidence about the Organization'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 of the Organization's compliance with those requirements.

In our opinion, Haven Recovery 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 major state projects for the year ended June 30, 2011.

Internal Control Over Compliance

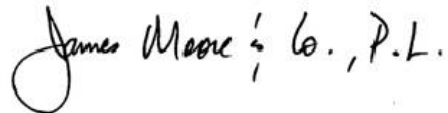
Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs and state projects. In planning and performing our audit, we considered the Organization's internal control over compliance with the requirements that could have a direct and material effect on a major federal program or major 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 Section 10.650, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 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 management, the Board of Directors, others within the entity, respective 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.

Daytona Beach, Florida
January 21, 2012

A handwritten signature in black ink that reads "James Moore & Co., P.L." The signature is written in a cursive style with a large, looped initial "J".

**HAVEN RECOVERY CENTER, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2011**

I. Summary of Auditors' Results:

Financial Statements:

- Type of audit report issued on the basic financial statements: Unqualified
- There were no material weaknesses related to internal control over financial reporting disclosed by the audit of the basic financial statements.
- No instances of noncompliance material to the basic financial statements were disclosed during the audit.

Federal Awards:

- There were no material weaknesses related to internal control over major federal programs disclosed by the audit.
- Type of report issued on compliance for major federal programs: Unqualified
- The audit disclosed no audit findings, which are required to be reported in accordance with Section 510(a) of Circular A-133.
- Major federal program identification:
CFDA Number 14.235 – HUD Supportive Housing Program
CFDA Number 14.256 – Neighborhood Stabilization Program (ARRA)
CFDA Number 16.803/ 16.738 –Ed Byrne Memorial Justice Assistance Grant Cluster
CFDA Number 64.024 – VA Home Providers Grant and Per Diem
- Dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- Haven Recovery Center, Inc. did not qualify as a low-risk auditee.

State Financial Assistance:

- There were no material weaknesses related to internal control over major state projects disclosed by the audit.
- Type of report issued on compliance for major state projects: Unqualified
- The audit did not disclose any audit findings, which are required to be reported under Chapter 10.650, Rules of the Auditor General.
- Major project identification:
CSFA Number 60.033 – Substance Abuse Treatment and Aftercare Services for Adults
- Dollar threshold used to distinguish between Type A and Type B projects was \$300,000.

II. Financial Statement Findings: None

III. **Federal Programs Findings and Questioned Costs:** None

IV. **State Projects Findings and Questioned Costs:** None

V. **Prior Audit Findings:**

2010-01 – 14.235 – HUD Supportive Housing – Eligibility Documentation – Corrective action taken.

2010-02 – 14.235 - HUD Supportive Housing – Allocation of Expenses Charged - Corrective action taken.

VI. **Corrective Action Plan:** There is no corrective action plan necessary for the year ended June 30, 2011 since there are no audit findings in the auditors' report.

VII. **Management Letter:**

No management letter pursuant to Sections 215.97(9)(f) and 215.97(10)(d), Florida Statutes, is required since there are no items related to state financial assistance required to be reported in the management letter.

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

To the Board of Directors of
Haven Recovery Center, Inc.:

We have audited the financial statements of Haven Recovery Center, Inc. (the Organization), as of and for the year ended June 30, 2011, and have issued our report thereon dated January 21, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Organization'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 Organization's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

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

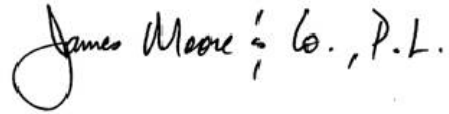
Compliance and Other Matters

As part of obtaining reasonable assurance about whether Haven Recovery 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 reported to the management of Haven Recovery Center, Inc., in a separate letter to those charged with governance (SAS No. 114, *The Auditor's Communication with Those Charged with Governance* SAS 114) dated January 21, 2012.

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

Daytona Beach, Florida
January 21, 2012

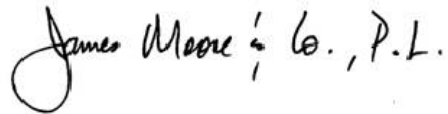
A handwritten signature in black ink that reads "James Moore & Co., P.L.". The signature is written in a cursive style with a large initial "J" and a stylized "M".

JAMES MOORE & CO., P.L.
CERTIFIED PUBLIC ACCOUNTANTS
AND CONSULTANTS

**INDEPENDENT AUDITORS' REPORT
ON ADDITIONAL INFORMATION**

To the Board of Directors of
Haven Recovery Center, Inc.:

We have audited the financial statements of Haven Recovery Center, Inc., as of and for the years ended June 30, 2011 and 2010, and have issued our report thereon dated January 21, 2012, which contained an unqualified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of State Earnings, Bed-Day Availability payments, Program/Cost Center Actual Expenses and Revenues on pages 25 – 28 are presented for purposes of additional analysis in accordance with the requirements of certain contracts with the Department of Children and Families, State of Florida, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. 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.



Daytona Beach, Florida
January 21, 2012

**Haven Recovery Center, Inc.
Schedule of State Earnings for
Fiscal Year 06/30/11**

1	Total Expenditures	\$	6,819,375.00
2	Less Other State and Federal Funds	\$	(3,584,310.00)
3	Less Non-Match SAMH Funds	\$	(1,099,436.00)
4	Less Unallowable Costs per 65E-14, F.A.C.	\$	(2,521.86)
5	Total Allowable Expenditures (Sum of lines 1, 2, 3, and 4)	\$	2,133,107.14
6	Maximum Available Earnings (Line 5 times 75%)	\$	1,599,830.36
7	Amount of State Funds Requiring Match	\$	1,750,684.00
8	Amount Due to Department (Subtract line 7 from line 6)	\$	(150,853.65) NO PAYBACK REQUIRED

Haven Recovery Center, Inc.
*****SCHEDULE NOT APPLICABLE*** - NO AVAILABILITY SERVICES, UTILIZATION ONLY**
Schedule of Bed-Day Availability Payments
For Fiscal Year Ending 06/30/11

Program	Cost Center	State Contracted Rate	Total Units of Service Provided	Total Units of Service Paid for by 3rd Party Contracts, Local Govt. or Other State Agencies	Maximum # of Units Eligible for Payment by Department (D-E)	Amount Paid for Services by the Department	Maximum \$ Value of Units in Column F (F x C)	Amount Owed to Department (G-H or \$0, whichever is greater)
A	B	C	D	E	F	G	H	I
Adult SA	Residential Level 2	\$147.84	11,144	2,362	8,782	\$1,118,420.15	\$1,298,330.88	\$0.00
Adult SA	Residential Level 3	\$81.99	6,547	227	6,320	\$411,047.00	\$518,176.80	\$0.00
Adult SA	Residential Level 4	\$45.00	3,622	843	2,779	\$113,220.00	\$125,055.00	\$0.00
Adult MH	Residential Level 2	\$147.84	359	0	359	\$53,074.56	\$53,074.56	\$0.00
Adult MH	Residential Level 3	\$108.35	4,369	700	3,669	\$292,374.97	\$397,536.15	\$0.00
Total Amount Owed to Department =								\$0.00

HAVEN RECOVERY CENTER, INC.
SUBSTANCE ABUSE & MENTAL HEALTH SERVICES
PROGRAM / COST CENTER ACTUAL EXPENSES AND REVENUES SCHEDULE

AGENCY: HAVEN RECOVERY CENTER, INC. DATE PREPARED: 1/21/2012

CONTRACT #: ND 041 BUDGET PERIOD: FROM 7/1/10-6/30/11

PART I: ACTUAL FUNDING SOURCES & REVENUE

FUNDING SOURCES & REVENUES A	STATE-DESIGNATED SAMH COST CENTERS					Total for State SAMH-Funded Cost Centers (C ₁ +...+C ₅) D	Total for Non- State-Funded SAMH Cost Centers E	Tot. for All State- Designated SAMH Cost Centers (D+E) F	Non-SAMH Cost Center G	Total Funding (F+G) H
	STATE SAMH-FUNDED COST CENTERS									
	Men's Residential at Stone Street B _{1-a}	Women's Residential Services B _{2-a}	Case Management B _{2-b}	Community Services & Assessments B _{3-a}						
IA. STATE SAMH FUNDING										
(1) District 12	\$ 1,086,740.84	\$ 1,109,618.91	\$ 382,951.40	\$ 270,808.85	\$ 2,850,120.00	xxxxxxx	\$ 2,850,120.00	xxxxxxx	\$ 2,850,120.00	
(2)	\$ -	\$ -	\$ -	\$ -	\$ -	xxxxxxx	\$ -	xxxxxxx	\$ -	
(3)	\$ -	\$ -	\$ -	\$ -	\$ -	xxxxxxx	\$ -	xxxxxxx	\$ -	
(4)	\$ -	\$ -	\$ -	\$ -	\$ -	xxxxxxx	\$ -	xxxxxxx	\$ -	
(5)	\$ -	\$ -	\$ -	\$ -	\$ -	xxxxxxx	\$ -	xxxxxxx	\$ -	
(6) From Other Districts	\$ -	\$ -	\$ -	\$ -	\$ -	\$	\$ -	xxxxxxx	\$ -	
TOTAL STATE SAMH FUNDING =	\$ 1,086,740.84	\$ 1,109,618.91	\$ 382,951.40	\$ 270,808.85	\$ 2,850,120.00	\$ -	\$ 2,850,120.00	xxxxxxx	\$ 2,850,120.00	
IB. OTHER GOVT. FUNDING										
(1) Other State Agency Funding	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
(2) Medicaid	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
(3) Local Government	\$ 384,055.35	\$ 234,003.47	\$ 12,880.00	\$ 17,382.50	\$ 648,321.32	\$ -	\$ 648,321.32	\$ 505,281.88	\$ 1,153,603.20	
(4) Federal Grants and Contracts	\$ 409,141.69	\$ 88,198.91	\$ -	\$ 20,934.00	\$ 518,274.60	\$ -	\$ 518,274.60	\$ 1,339,164.19	\$ 1,857,438.79	
(5) In-kind from local govt. only	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
TOT. OTHER GOVT. FUNDING =	\$ 793,197.04	\$ 322,202.38	\$ 12,880.00	\$ 38,316.50	\$ 1,166,595.92	\$ -	\$ 1,166,595.92	\$ 1,844,446.07	\$ 3,011,041.99	
IC. ALL OTHER REVENUES										
(1) 1st & 2nd Party Payments	\$ 45,342.13	\$ 14,964.35	\$ -	\$ 100,211.52	\$ 160,518.00	\$ -	\$ 160,518.00	\$ 238,461.78	\$ 398,979.78	
(2) 3rd Party Payments (except Medicare)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
(3) Medicare	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
(4) Contributions and Donations	\$ -	\$ 500.00	\$ -	\$ -	\$ 500.00	\$ -	\$ 500.00	\$ 451,035.24	\$ 451,535.24	
(5) Other	\$ 1,280.19	\$ 2,216.44	\$ 82.95	\$ 182.55	\$ 3,762.13	\$ -	\$ 3,762.13	\$ 13,222.88	\$ 16,985.01	
(6) In-kind	\$ 67,469.15	\$ 57,245.13	\$ -	\$ 3,574.95	\$ 128,289.23	\$ -	\$ 128,289.23	\$ 191,268.75	\$ 319,557.98	
TOT. ALL OTHER REVENUES =	\$ 114,091.47	\$ 74,925.92	\$ 82.95	\$ 103,969.02	\$ 293,069.36	\$ -	\$ 293,069.36	\$ 893,988.65	\$ 1,187,058.01	
TOTAL FUNDING =	\$ 1,994,029.35	\$ 1,506,747.21	\$ 395,914.35	\$ 413,094.37	\$ 4,309,785.28	\$ -	\$ 4,309,785.28	\$ 2,738,434.72	\$ 7,048,220.00	

HAVEN RECOVERY CENTER, INC.
SUBSTANCE ABUSE & MENTAL HEALTH SERVICES
PROGRAM / COST CENTER ACTUAL EXPENSES AND REVENUES SCHEDULE

AGENCY: HAVEN RECOVERY CENTER, INC. DATE PREPARED: 1/21/2012

CONTRACT #: ND 041 BUDGET PERIOD: FROM 7/1/10-6/30/11

PART II: ACTUAL EXPENSES

EXPENSE CATEGORIES A	STATE-DESIGNATED SAMH COST CENTERS							Non-SAMH Cost Center G	Other Support Costs (optional) H	Administration I	Total Expenses (F+G+H+I+J) J
	STATE SAMH-FUNDED COST CENTERS				Total for State-Funded AMH Cost Centers (C ₁ +...+C ₂) D	Total for Non-State-Funded SAMH Cost Centers E	Tot. for All State-Designated SAMH Cost Centers (D+E) F				
	Men's Residential at Stone Street B _{1-a}	Women's Residential Services B _{2-a}	Case Management B _{2-b}	Community Services & Assessments B _{3-a}							
*except IIC & IID											
IIA. PERSONNEL EXPENSES											
(1) Salaries	\$ 567,699.00	\$ 459,855.00	\$ 151,167.00	\$ 355,491.10	\$ 1,534,212.10	\$ 1,534,212.10	\$ 859,483.90	\$ 529,033.00	\$ 294,716.00	\$ 3,217,445.00	
(2) Fringe Benefits	\$ 155,298.00	\$ 109,833.00	\$ 44,686.00	\$ 89,359.63	\$ 399,176.63	\$ 399,176.63	\$ 242,927.37	\$ 126,038.00	\$ 87,305.00	\$ 855,447.00	
TOTAL PERSONNEL EXPENSES =	\$ 722,997.00	\$ 569,688.00	\$ 195,853.00	\$ 444,850.73	\$ 1,933,388.73	\$ 1,933,388.73	\$ 1,102,411.27	\$ 655,071.00	\$ 382,021.00	\$ 4,072,892.00	
IIIB. OTHER EXPENSES											
(1) Contracted Services	\$ 11,735.00	\$ 8,679.00	\$ 42.00	\$ 1,453.00	\$ 21,909.00	\$ 21,909.00	\$ 16,498.00	\$ 40,922.00	\$ 12,123.00	\$ 91,452.00	
(2) Accounting & Legal	\$ -	\$ 12.00	\$ -	\$ -	\$ 12.00	\$ 12.00	\$ -	\$ -	\$ 37,513.00	\$ 37,525.00	
(3) Food, Health & Comfort	\$ 178,082.00	\$ 146,442.00	\$ 545.00	\$ 18,127.00	\$ 343,196.00	\$ 343,196.00	\$ 259,732.00	\$ 10,578.00	\$ 25,942.00	\$ 639,448.00	
(4) Conferences and Meetings	\$ 2,617.00	\$ 3,478.00	\$ 808.00	\$ 5,894.00	\$ 12,797.00	\$ 12,797.00	\$ 4,003.00	\$ 7,395.00	\$ 20,437.00	\$ 44,632.00	
(5) Occupancy: Insurance	\$ 32,391.00	\$ 17,179.00	\$ 859.00	\$ 11,675.00	\$ 62,104.00	\$ 62,104.00	\$ 78,873.00	\$ 16,526.00	\$ 12,677.00	\$ 170,180.00	
(6) Occupancy: Maintenance & Repairs	\$ 31,695.00	\$ 49,748.00	\$ 691.00	\$ 1,776.53	\$ 83,910.53	\$ 83,910.53	\$ 89,593.47	\$ 8,621.00	\$ 613.00	\$ 182,738.00	
(7) Occupancy: Utilities and phone	\$ 85,054.00	\$ 69,126.00	\$ 4,616.00	\$ 36,726.00	\$ 195,522.00	\$ 195,522.00	\$ 179,585.00	\$ 27,609.00	\$ 8,816.00	\$ 411,532.00	
(8) Occupancy: Rent	\$ 4,937.00	\$ 4,767.00	\$ -	\$ 24,457.00	\$ 34,161.00	\$ 34,161.00	\$ 188,089.00	\$ 34,475.00	\$ 7,128.00	\$ 263,853.00	
(9) Occupancy: Licenses & Permits	\$ 2,452.00	\$ 1,121.00	\$ 26.00	\$ 544.00	\$ 4,143.00	\$ 4,143.00	\$ 3,030.00	\$ 1,302.00	\$ 5,375.00	\$ 13,850.00	
(10) Office Expenses	\$ 16,629.00	\$ 22,629.00	\$ 612.00	\$ 11,184.74	\$ 51,054.74	\$ 51,054.74	\$ 40,461.26	\$ 58,397.00	\$ 28,807.00	\$ 178,720.00	
(11) Vehicle & Equipment Maintenance	\$ 17,464.00	\$ 3,776.00	\$ 154.00	\$ 1,487.00	\$ 22,881.00	\$ 22,881.00	\$ 25,220.00	\$ 12,487.00	\$ 22,699.00	\$ 83,287.00	
(12) Equipment Rental	\$ 7,206.00	\$ 7,290.00	\$ 1,393.00	\$ 3,653.00	\$ 19,542.00	\$ 19,542.00	\$ 15,220.00	\$ 9,760.00	\$ 4,442.00	\$ 48,964.00	
(13) Miscellaneous	\$ 190.00	\$ 695.00	\$ 287.00	\$ 581.00	\$ 1,753.00	\$ 1,753.00	\$ 3,688.00	\$ 613.00	\$ 25,267.00	\$ 31,321.00	
(14) Fundraising Prizes & Awards	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 140,140.00	\$ 140,140.00	
TOTAL OTHER EXPENSES =	\$ 390,452.00	\$ 334,942.00	\$ 10,033.00	\$ 117,558.27	\$ 852,985.27	\$ 852,985.27	\$ 903,992.73	\$ 228,685.00	\$ 351,979.00	\$ 2,337,642.00	
TOT. PERSONNEL & OTH. EXP. =	\$ 1,113,449.00	\$ 904,630.00	\$ 205,886.00	\$ 562,409.00	\$ 2,786,374.00	\$ 2,786,374.00	\$ 2,006,404.00	\$ 883,756.00	\$ 734,000.00	\$ 6,410,534.00	
IIC. DISTRIBUTED INDIRECT COSTS											
(a) Other Support Costs (Optional)	\$ 333,764.00	\$ 239,542.00	\$ 56,409.00	\$ 204,526.00	\$ 834,241.00	\$ -	\$ 834,241.00	\$ 458,356.00	\$ (1,292,597.00)	\$ -	
(b) Administration	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
TOT. DISTR'D INDIRECT COSTS =	\$ 333,764.00	\$ 239,542.00	\$ 56,409.00	\$ 204,526.00	\$ 834,241.00	\$ -	\$ 834,241.00	\$ 458,356.00	XXXXXXXXXX	XXXXXXXXXX	
TOTAL ACTUAL OPER. EXPENSES =	\$ 1,447,213.00	\$ 1,144,172.00	\$ 262,295.00	\$ 766,935.00	\$ 3,620,615.00	\$ 3,620,615.00	\$ 2,464,760.00	\$ -	\$ 734,000.00	\$ 6,819,375.00	
IIID. UNALLOWABLE COSTS											
	\$ 535.19	\$ 423.12	\$ 97.00	\$ 283.62	\$ 1,338.93	\$ -	\$ 1,338.93	\$ 1,182.93	XXXXXXXXXX	XXXXXXXXXX	
TOT. ALLOWABLE OPER. EXP. =	\$ 1,446,677.81	\$ 1,143,748.88	\$ 262,198.00	\$ 766,651.38	\$ 3,619,276.07	\$ 3,619,276.07	\$ 2,463,577.07	XXXXXXXXXX	\$ 734,000.00	\$ 6,816,853.14	