

**NEW HORIZONS COMMUNITY
MENTAL HEALTH CENTER, INC.**

FINANCIAL STATEMENTS,
SUPPLEMENTAL INFORMATION, AND
INDEPENDENT AUDITORS' REPORT

FOR THE YEARS ENDED
JUNE 30, 2011 AND 2010

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
New Horizons Community Mental Health Center, Inc.
Miami, Florida

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ANDRES ALFONSO, C.P.A.
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OCTAVIO F. VERDEJA, C.P.A.
TAB VERDEJA, C.P.A.

We have audited the accompanying statements of financial position of New Horizons Community Mental Health Center, Inc. (the "Center"), a nonprofit organization, 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 Center'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 of America. Those standards require that we plan and perform the audits 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.

As discussed in Note 2, the Center is dependent upon governmental and public support for its operation. The amount and timeliness in which the support from government and local agency grants are collected are essential to meet the normal cash flow needs of the Center.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2011, on our consideration of the Center's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements of the Center taken as a whole. The accompanying schedule of expenditures of federal awards and state financial assistance as required by 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 of the State of Florida, and the schedules of state earnings, cost center actual expenses and revenues, and bed day availability payments as required by the Florida Department of Children and Families (the "Department"), *Guide to Performance Contracting for Alcohol, Drug Abuse and Mental Health Services*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements, and in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Verdeja & De Armas, CP

CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
December 22, 2011

NEW HORIZONS COMMUNITY MENTAL HEALTH CENTER, INC.
STATEMENTS OF FINANCIAL POSITION

	June 30,	
	2011	2010
ASSETS		
CURRENT ASSETS		
Cash	\$ 235,734	\$ 214,750
Funds for clients - social security benefits	29,499	25,464
Receivables (pledged):		
Grants	1,121,992	1,295,526
Medicaid and Medicare, net	1,393,153	1,154,424
Other receivables	99,480	74,643
Prepaid and other assets	32,075	57,142
TOTAL CURRENT ASSETS	<u>2,911,933</u>	<u>2,821,949</u>
 PROPERTY AND EQUIPMENT, at cost less accumulated depreciation and amortization	 5,884,924	 6,124,744
 OTHER ASSETS		
Pledges receivable - long-term	1,376	4,534
Long term investments	163,860	146,135
TOTAL OTHER ASSETS	<u>165,236</u>	<u>150,669</u>
 TOTAL ASSETS	 <u><u>\$ 8,962,093</u></u>	 <u><u>\$ 9,097,362</u></u>
 LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 259,824	\$ 492,544
Accrued expenses and other liabilities	688,894	564,238
Line of credit	926,000	991,000
Loan payable - current portion	32,700	30,119
TOTAL CURRENT LIABILITIES	<u>1,907,418</u>	<u>2,077,901</u>
 Loan payable - long-term portion	 501,166	 533,896
TOTAL LIABILITIES	<u>2,408,584</u>	<u>2,611,797</u>
 NET ASSETS - UNRESTRICTED		
Undesignated	6,353,509	6,285,565
Board designated	200,000	200,000
TOTAL NET ASSETS-UNRESTRICTED	<u>6,553,509</u>	<u>6,485,565</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 8,962,093</u></u>	<u><u>\$ 9,097,362</u></u>

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

NEW HORIZONS COMMUNITY MENTAL HEALTH CENTER, INC.
STATEMENTS OF ACTIVITIES

	For the Year Ended June 30,	
	2011	2010
SUPPORT		
Governmental and local agency grants, including United Way support of \$52,861 and \$56,320 in 2011 and 2010, respectively	\$ 8,901,906	\$ 8,658,478
Contributions and other support	57,278	1,303,413
TOTAL SUPPORT	<u>8,959,184</u>	<u>9,961,891</u>
REVENUE		
Patient, net	3,742,424	3,558,656
In-kind revenue	223,732	223,732
TOTAL REVENUE	<u>3,966,156</u>	<u>3,782,388</u>
TOTAL SUPPORT AND REVENUE	<u>\$ 12,925,340</u>	<u>\$ 13,744,279</u>
EXPENSES		
Program services		
Mental health and substance abuse services	\$ 9,597,446	\$ 9,844,081
Other services	1,485,244	1,552,238
Supporting services		
Administration	1,774,706	1,739,623
TOTAL EXPENSES	<u>12,857,396</u>	<u>13,135,942</u>
INCREASE IN NET ASSETS	67,944	608,337
NET ASSETS, at beginning of year	<u>6,485,565</u>	<u>5,877,228</u>
NET ASSETS, at end of year	<u>\$ 6,553,509</u>	<u>\$ 6,485,565</u>

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

NEW HORIZONS COMMUNITY MENTAL HEALTH CENTER, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2011

	Mental Health and Substance Abuse Services	Other Services	Administration	Total
PERSONNEL EXPENSES				
Salaries	\$ 6,184,617	\$ 1,087,193	\$ 817,250	\$ 8,089,060
Fringe benefits	1,002,494	209,929	168,372	1,380,795
TOTAL PERSONNEL EXPENSES	7,187,111	1,297,122	985,622	9,469,855
OPERATING EXPENSES				
Professional services	224,810	2,080	204,611	431,501
Building occupancy	417,924	8,081	118,045	544,050
Operating supplies and expenses	393,821	129,458	246,152	769,431
Food services	475,633	-	-	475,633
Insurance	202,320	8,874	26,523	237,717
Donated items (IDP Line of Credit)	223,732	-	-	223,732
Travel	47,200	12,160	25,065	84,425
Depreciation and amortization	228,908	27,469	48,835	305,212
Equipment cost	121,100	-	21,075	142,175
Interest	-	-	98,778	98,778
Medical and pharmacy	74,887	-	-	74,887
TOTAL OPERATING EXPENSES	2,410,335	188,122	789,084	3,387,541
TOTAL EXPENSES	\$ 9,597,446	\$ 1,485,244	\$ 1,774,706	\$ 12,857,396

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

NEW HORIZONS COMMUNITY MENTAL HEALTH CENTER, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2010

	Mental Health and Substance Abuse Services	Other Services	Administration	Total
PERSONNEL EXPENSES				
Salaries	\$ 6,358,106	\$ 1,077,246	\$ 749,330	\$ 8,184,682
Fringe benefits	942,271	183,731	116,479	1,242,481
TOTAL PERSONNEL EXPENSES	7,300,377	1,260,977	865,809	9,427,163
OPERATING EXPENSES				
Professional services	244,302	-	217,156	461,458
Building occupancy	455,481	14,668	127,267	597,416
Operating supplies and expenses	369,685	146,292	318,334	834,311
Food services	486,064	5,803	-	491,867
Insurance	209,860	8,669	11,709	230,238
Donated items (IDP Line of Credit)	223,732	-	-	223,732
Travel	128,619	80,059	29,697	238,375
Depreciation and amortization	255,977	30,717	54,608	341,302
Equipment cost	111,554	5,053	20,647	137,254
Interest	-	-	94,396	94,396
Medical and pharmacy	58,430	-	-	58,430
TOTAL OPERATING EXPENSES	2,543,704	291,261	873,814	3,708,779
TOTAL EXPENSES	\$ 9,844,081	\$ 1,552,238	\$ 1,739,623	\$ 13,135,942

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

NEW HORIZONS COMMUNITY MENTAL HEALTH CENTER INC.
STATEMENTS OF CASH FLOWS

	For the Year Ended June 30,	
	2011	2010
OPERATING ACTIVITIES		
Increase in net assets	\$ 67,944	\$ 608,337
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation and amortization	305,212	341,302
Donated land and building	-	(811,370)
Changes in operating assets and liabilities:		
(Increase) in funds for clients - social security benefits	(4,035)	(9,228)
(Increase) decrease in receivables	(90,032)	36,941
Decrease in prepaid and other assets	25,067	57,824
Decrease in pledges receivable	3,158	2,761
(Decrease) increase in accounts payable	(232,720)	141,158
Increase (decrease) in accrued expenses and other liabilities	124,656	(14,082)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>199,250</u>	<u>353,643</u>
INVESTING ACTIVITIES		
Purchases of long term investments	(17,725)	(37,135)
Purchases of fixed assets	(65,392)	(176,148)
NET CASH USED IN INVESTING ACTIVITIES	<u>(83,117)</u>	<u>(213,283)</u>
FINANCING ACTIVITIES		
Net (payments to) borrowings from line of credit	(65,000)	6,000
Payments to notes payable	(30,149)	(27,736)
NET CASH USED IN FINANCING ACTIVITIES	<u>(95,149)</u>	<u>(21,736)</u>
NET INCREASE IN CASH	20,984	118,624
CASH, at beginning of year	<u>214,750</u>	<u>96,126</u>
CASH, at end of year	<u>\$ 235,734</u>	<u>\$ 214,750</u>
SUPPLEMENTAL DISCLOSURES		
Cash paid for interest	<u>\$ 98,778</u>	<u>\$ 94,397</u>

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

NEW HORIZONS COMMUNITY MENTAL HEALTH CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011 AND 2010

NOTE 1 – SUMMARY OF ACCOUNTING POLICIES

Organization

New Horizons Community Mental Health Center, Inc. (the “Center”) commenced operations in March 1974, as the University of Miami Jackson Memorial Community Mental Health Center (“Jackson Memorial”). The Center started operating independently of Jackson Memorial in March 1981. The Center provides clinical care and therapy care for residents of Miami-Dade County and also provides training for mental health professionals and other practitioners who serve diverse cultural groups.

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting and in accordance with generally accepted accounting principles in the United States of America (“U.S. GAAP”). In September 2010, the Financial Accounting Standards Board (“FASB”) implemented the Accounting Standards Codification (“ASC”) which establishes FASB ASC as the source of authoritative U.S. accounting and reporting standards for nongovernmental entities. Presented below is a summary of significant accounting principles followed in the preparation of the accompanying financial statements.

The Center has adopted the provisions of FASB ASC, "Accounting for Contributions Received and Contributions Made" and FASB ASC, "Financial Statements of Not-for-Profit Organizations". FASB ASC requires the recognition of unconditional promises. FASB ASC establishes external financial reporting for not-for-profit organizations which includes three basic financial statements and the classification of resources into three separate classes of net assets. At June 30, 2011 and 2010, all net assets were considered unrestricted.

Unrestricted

Net assets which are free of donor-imposed restrictions; all revenues, expenses, gains, and losses that are not changes in permanently or temporarily restricted net assets.

Temporarily Restricted

Net assets whose use by the Center is limited by donor-imposed stipulations that either expire by passage of time or that can be fulfilled or removed by actions of the Center pursuant to those stipulations.

Permanently Restricted

Net assets whose use by the Center is limited by donor-imposed stipulations that neither expire with the passage of time nor can be fulfilled or otherwise removed by actions of the Center.

Restricted Contributions Whose Restrictions Are Met in the Same Reporting Period

Donor restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted within the unrestricted fund.

Fair Value Measurement

The Center adopted FASB ASC, *Fair Value Measurements*, which establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of observable inputs other than quoted prices for identical assets, and Level 3 inputs have the lowest priority. The Center uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Center measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs were used only when Level 1 or Level 2 inputs were not available.

NEW HORIZONS COMMUNITY MENTAL HEALTH CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011 AND 2010

NOTE 1 – SUMMARY OF ACCOUNTING POLICIES (Continued)

SFAS 157 establishes a three-level valuation hierarchy for measurement and disclosure of fair value. The valuation hierarchy is based upon the transparency of inputs used to measure fair value. The three levels are as follows:

Level 1 – asset value is based on actual quoted prices in active markets for identical securities (mark-to-market).

Level 2 – other significant observable inputs are used to arrive at fair value (including yield, quality, coupon rate, maturity, issue type, quoted prices for similar securities, prepayment speeds, trading characteristics, etc.).

Level 3 – significant unobservable inputs (including management’s own assumptions in determining the fair value of investments). The Center’s management believes that the fair value of these investments approximates its cost.

Property and Equipment

Property and equipment are recorded at cost. Repairs and maintenance costs are expensed as incurred. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the respective assets.

The lives used for computing depreciation and amortization are as follows:

Furniture and office equipment	5 years
Transportation improvements	3-5 years
Leasehold improvements	Term of lease

Contributions

All contributions are considered to be available for unrestricted use unless specifically restricted by donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. However, if a restriction is fulfilled in the same time period in which the contribution is received, the entity reports the support as unrestricted.

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are reported at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met.

Contributed property and equipment are recorded at fair value at the date of the donation. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as restricted support; otherwise, the contributions are recorded as unrestricted support.

Contributed Services

Contributed services are reflected in the financial statements at the fair value of the services received. The contributions of services are recognized if the services received (a) create or enhance nonfinancial assets, or (b) require specialized skills that are provided by individual possessing those skills and would typically need to be purchased if not provided by donation.

NEW HORIZONS COMMUNITY MENTAL HEALTH CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011 AND 2010

NOTE 1 – SUMMARY OF ACCOUNTING POLICIES (Continued)

Third-Party Reimbursements

Net patient service revenue is reported at the estimated net realizable amounts from third-party payors. The Center participates in the Medicare Part A Partial Hospitalization Program. In connection with this program, the Center is required to file a Medicare cost report, which is subject to audit. Any adjustments to the cost report are recorded in the year they become known.

Allocation of Administrative and Indirect Costs

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of functional expenses. Significant expenses are allocated to program and supporting services on the following bases:

- Rental costs are allocated on the basis of square footage when programs share space.
- Insurance expense is allocated on the basis of number and category of employee.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumption that affect the reported amounts and assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Income Taxes

The Center is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code and therefore, has made no provision for federal income taxes in the accompanying financial statements. In addition, the Center qualifies for the charitable contribution deduction under Section 170 (b)(1)(A) and has been classified as an Center other than a private foundation under Section 509(a)(2).

The Center adopted the provisions of an accounting standard, which clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements in accordance with existing accounting guidance on income taxes, and prescribes a recognition threshold and measurement process for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. This standard also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. Interest and penalties on tax liabilities, if any, would be recorded as an expense in the statement of activities. No liability for unrecognized tax benefits was recorded as a result of implementing this standard.

Subsequent Events

The Center has evaluated subsequent events through December 22, 2011, which is the date the financial statements were available to be issued.

NEW HORIZONS COMMUNITY MENTAL HEALTH CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011 AND 2010

NOTE 2 – SUPPORT AND REVENUE

Financial resources are provided by government and local agency grants, patient care and public support revenues. The Center is dependent upon government support for its operation and the timeliness in which the grants are collected is essential to meet the normal cash flow needs of the Center. For financial statement purposes, revenue is recognized either pro rata based on the periods covered by the grants or based on expenses incurred for reimbursable grants, dependent on the type of grant. Deferred support represents cash received in advance of the related expenditure.

The Center provides clinical care and therapy services to residents of Miami-Dade County. Most of those patients are classified as indigent and are covered by Medicaid.

NOTE 3 – CONCENTRATION OF CREDIT RISK FOR CASH HELD AT BANKS

Financial instruments which potentially subject the Center to concentrations of credit risk, consist primarily of cash maintained in financial institutions in excess of federally insured limits. The Center generally limits the amount of credit exposure by maintaining its cash balances under these limits. Although cash balances may exceed federally insured limits at times during the year, the Center has not experienced and does not expect to incur any losses in such amounts.

NOTE 4 – RESTRICTED CASH

The Center receives social security benefits on behalf of patients. These funds are available to the patients for withdrawal at any time and are disbursed upon request. At June 30, 2011 and 2010, the restricted cash totaled \$29,499 and \$25,464, respectively.

NOTE 5 – PLEDGES RECEIVABLE

Unconditional promises are expected to be realized as follows:

	2011	2010
Less than one year	\$ -	\$ -
One to five years	1,376	4,534
	<u>\$ 1,376</u>	<u>\$ 4,534</u>

The discount rate used was 5 percent.

NOTE 6 – MEDICAID AND MEDICARE, GRANTS, AND OTHER RECEIVABLES

As of June 30, 2011 and 2010, Medicaid and Medicare receivables were \$2,348,153 and \$1,659,424, net of an allowance for doubtful accounts of \$955,000 and \$505,000, respectively. Grants and other receivables at June 30, 2011 and 2010 were \$1,222,848 and \$1,374,703, respectively. Management believes that all grants and other receivables are fully collectible as of June 30, 2011 and 2010, respectively, and therefore, has not provided a related valuation allowance on these amounts.

NEW HORIZONS COMMUNITY MENTAL HEALTH CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011 AND 2010

NOTE 7 – PROPERTY AND EQUIPMENT, NET

	2011	2010
Land	\$ 1,697,986	1,697,986
Furniture and equipment	1,377,906	1,344,290
Leasehold improvements	4,889,459	4,889,459
Buildings	2,703,143	2,671,369
	<u>\$ 10,668,494</u>	<u>\$ 10,603,104</u>
Less accumulated depreciation and amortization	<u>(4,783,570)</u>	<u>(4,478,360)</u>
	<u>\$ 5,884,924</u>	<u>\$ 6,124,744</u>

Depreciation and amortization expense as of June 30, 2011 and 2010 was \$305,212 and \$341,302, respectively.

NOTE 8 – LINE OF CREDIT

During the year ended June 30, 2011 and 2010, the Center had available a bank line of credit in the amount of \$1,000,000. Advances on this line of credit bear interest at 4%. Balances outstanding on this line of credit at June 30, 2011 and 2010 were \$926,000 and \$991,000, respectively. The accounts receivables of the Center are pledged as security on the line of credit. The line of credit is currently under negotiation.

NOTE 9 – LOAN PAYABLE

During the year ended June 30, 2007, the Center borrowed \$650,000 from a financial institution to pay for building improvements. The loan bears interest at a rate of 8.25% and is payable in monthly installments of principal and interest of \$6,306. The note's maturity date is January 25, 2022. The terms of the loan require maintenance of various covenants.

Aggregate maturities of the loan payable for years subsequent to June 30, 2011 are as follows:

Year ending June 30,	Amount
2012	\$ 32,700
2013	35,502
2014	38,544
2015	41,847
2016	45,433
Thereafter	339,840
	<u>\$ 533,866</u>

NEW HORIZONS COMMUNITY MENTAL HEALTH CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011 AND 2010

NOTE 10 – ACCRUED EXPENSES AND OTHER LIABILITIES

Accrued expenses and other liabilities consisted of:

	<u>2011</u>	<u>2010</u>
Accrued salaries and payroll taxes	\$ 657,283	\$ 536,662
Other (including funds received on behalf of patients, Note 4)	<u>31,611</u>	<u>27,576</u>
Total	<u>\$ 688,894</u>	<u>\$ 564,238</u>

NOTE 11 – COMMITMENTS AND CONTINGENCIES

The Center operates in various leased premises. Lease terms generally range from monthly to ten years and, in some cases, provide options to renew for additional periods.

The following is a schedule of future minimum lease payments required under non-cancelable operating leases that have initial lease terms of one year or more as of June 30, 2011:

Years Ending <u>June 30,</u>	<u>Amount</u>
2012	\$ 4,800
2013	4,800
2014	4,800
2015	4,800
2016	<u>4,800</u>
Total	<u>\$ 24,000</u>

Total rental expense amounted to \$19,666 and \$67,026 for the years ended June 30, 2011 and 2010, respectively.

The Center is subject to federal, state and local government audit. These audits could result in the questioning of expenditures relating to certain grants under various technical compliance provisions of the individual grants. Adjustments, if any, from these audits will be recognized in the year they become known.

NOTE 12 – DEFINED CONTRIBUTION PLAN

The Center has established a tax-deferred group annuity plan for the benefit of employees under Section 403(b) of the Internal Revenue Code. Employees that meet certain criteria are eligible to participate in the Plan. Employees may elect to contribute to the Plan up to a certain percentage of their compensation; however the Center does not match any contributions. Accordingly, no expense for contributions has been recorded on the accompanying statement of activities for the years ended June 30, 2011 and 2010.

NOTE 13 – STATEMENT OF CASH FLOWS DISCLOSURE

The Center paid approximately \$99,000 and \$94,000 in interest during the years ended June 30, 2011 and 2010, respectively.

NEW HORIZONS COMMUNITY MENTAL HEALTH CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011 AND 2010

NOTE 14 – LONG-TERM INVESTMENTS

During the year ended June 30, 2008, the Center entered into agreements to purchase percentages in limited liability companies. As of June 30, 2011 and 2010, the percentage owned by the Center was approximately 1-2% of the limited liability company. Management estimates the value of this investment at June 30, 2011 was approximately \$128,000.

NOTE 15 – FAIR VALUE MEASUREMENTS

The following table represents the Center's financial instruments measured at fair value on a recurring basis at June 30, 2011 for each of the fair value hierarchy levels:

	Fair Value	Fair Value Measurements Using:		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Limited Liability Companies	\$ 127,894	\$ -	\$ -	\$ 127,894
Fixed income securities	31,382	31,382	-	-
Cash and short term investments	4,584	4,584	-	-
Total	\$ 163,860	\$ 35,966	\$ -	\$ 127,894

The following tables present additional information about Level 3 assets measured at fair value.

Changes in Level 3 assets measured at fair value are as follows for the year ended June 30, 2011:

Investment Category	Beginning Balance	Total Gains or Losses	Interest Credited	Purchases, Issuances, Settlements	Ending Balance	Unrealized Gains or Losses
Limited Liability Companies	\$ 114,000	\$ -	\$ -	\$ 13,894	\$ 127,894	\$ -
Total	\$ 114,000	\$ -	\$ -	\$ 13,894	\$ 127,894	\$ -

The following table represents the Center's financial instruments measured at fair value on a recurring basis at June 30, 2010 for each of the fair value hierarchy levels:

	Fair Value	Fair Value Measurements Using:		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash and short term investments	\$ 7,048	\$ 7,048	\$ -	\$ -
Fixed income securities	25,087	25,087	-	-
Limited Liability Companies	114,000	-	-	114,000
Total	\$ 146,135	\$ 32,135	\$ -	\$ 114,000

NEW HORIZONS COMMUNITY MENTAL HEALTH CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011 AND 2010

NOTE 15 – FAIR VALUE MEASUREMENTS (Continued)

Changes in Level 3 assets measured at fair value are as follows for the year ended June 30, 2010:

Investment Category	Beginning Balance	Total Gains or Losses	Interest Credited	Purchases, Issuances, Settlements	Ending Balance	Unrealized Gains or Losses
Limited Liability Companies	\$ 109,000	\$ -	\$ -	\$ 5,000	\$ 114,000	\$ -
Total	<u>\$ 109,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,000</u>	<u>\$ 114,000</u>	<u>\$ -</u>

The investment in the limited liability companies are recorded at cost. The Center's management believes that the fair value of this investment approximates its cost.

SUPPLEMENTAL INFORMATION

NEW HORIZONS COMMUNITY MENTAL HEALTH CENTER INC.
SCHEDULE OF STATE EARNINGS
FOR THE YEAR ENDED JUNE 30, 2011

1. Total Expenditures	\$ 12,857,396
2. Less Other State and Federal Funds	(4,148,637)
3. Less Non-Match SAMH Funds	(2,201,930)
4. Less Unallowable Costs per 65E-14, F.A.C.	<u>(1,505,545)</u>
5. Total Allowable Expenditures (Sum of lines 1, 2, 3 and 4)	\$ 5,001,284
6. Maximum Available Earnings (Line 5 times 75%)	\$ 3,750,963
7. Amount of State Funds Requiring Match	<u>\$ 3,362,531</u>
8. Amount Due to Department, if negative (Subtract Line 7 from Line 6)	<u><u>NONE</u></u>

See accompanying note to the schedules of state earnings, cost center actual expenses and revenues, and bed-day availability payments.

NEW HORIZONS COMMUNITY MENTAL HEALTH CENTER INC.
 SCHEDULE OF COST CENTER ACTUAL EXPENSES AND REVENUES
 FOR THE YEAR ENDING JUNE 30, 2011

Part I: Actual Funding Sources and Revenues

FUNDING SOURCES & REVENUES	Output/Inpatient	Medical Services	Residential Level 3	Day/Night	Crisis Support Emergency	Crisis Stabilization	CCST	Case Management	Intensive Case Management	Prevention	Inhome & On-Site Services	Supported Housing	Outreach	Incidental Expenses	Assessment	Total ADM	Non-ADM	Total all Cost Centers	
IA. State ADM Funding																			
1. 19ME4 General Revenue					64,000											64,000		64,000	
2. 19004 ADAMH Trust Fund					104,000											104,000		104,000	
3. 19018 General Revenue		102,800														102,800		102,800	
4. GX018 PATH		438,100														438,100		438,100	
5. 19ME4 Baker Act						954,100										954,100		954,100	
6. 19M13 General Revenue	13,490	13,752					181,297	21,428		2,053	2,330					232,297		232,297	
7. 27PR6 Prevention																2,053		2,053	
8. 27PR2 Prevention																76,783		76,783	
9. 19M18		363,297	66,028				925,061			76,783			703,970	43,494		2,101,850		2,101,850	
10. 19M18 Special Provision		13,785														13,785		13,785	
11. CFBAS			256,992													256,992		256,992	
12. 27ME3	58,879															58,879		58,879	
13. 27OG7	10,232	95,875		39,607				3,880		9,000						149,594		149,594	
14. 27ME7	42,174															42,174		42,174	
15. ADTRT General Revenue																2,079		2,079	
16. SP615	90,000															90,000		90,000	
17. DFG08		18,691														18,691		18,691	
18. CCH11							211,007									211,007		211,007	
19. ADRT			863,920	39,607	168,000	954,100	\$1,317,365	25,308		78,836	2,330		703,970	52,494		4,928,184		4,928,184	
SUBTOTAL STATE ADM FUNDING	\$ 216,834	\$ 505,400	\$ 863,920	\$ 99,125	\$ 168,000	\$ 954,100	\$ 1,317,365	\$ 172,710	\$ 78,836	\$ 78,836	\$ 2,330	\$ 703,970	\$ 52,494	\$ 52,494	\$ -	\$ 4,928,184	\$ -	\$ 4,928,184	
20. TANE 39A18	238,626			89,125				20,541					55,534			565,995		565,995	
21. 39TCO FANF	12,264			28,235				193,251					4,018			65,058		65,058	
SUBTOTAL TANF FUNDS	250,890			117,360				193,251					59,552			631,053		631,053	
TOTAL STATE ADM FUNDING	\$ 467,724	\$ 505,400	\$ 863,920	\$ 166,967	\$ 168,000	\$ 954,100	\$ 1,317,365	\$ 218,559	\$ 78,836	\$ 78,836	\$ 2,330	\$ 703,970	\$ 763,322	\$ 52,494	\$ -	\$ 5,559,237	\$ -	\$ 5,559,237	
IB. Other Government Funding																			
1. Other State Funding																			
IDP																			
Elderly		223,732														223,732		223,732	
Juvenile Justice				137,014												137,014		137,014	
Department of Corrections				184,317												184,317		184,317	
Alliance of Aging																			
Family Preservation																			
2. Medicaid	373,561	330,724	231	309,455	1,081			2,322,405			206,014				60,103	3,603,574	146,949	3,603,574	
3. Local Government	126,104		188,456	126,104				126,104								566,768	540,871	566,768	
4. Federal Grants and Contracts																			
5. Childrens Trust																			
In-Kind Expenditures										211,196						211,196	913,471	1,124,667	
TOTAL OTHER GOVERNMENT FUNDING	\$ 499,665	\$ 554,456	\$ 188,687	\$ 756,890	\$ 1,081	\$ -	\$ -	\$ 2,448,509	\$ 211,196	\$ -	\$ 206,014	\$ -	\$ -	\$ -	\$ 60,103	\$ 4,926,601	\$ 1,761,316	\$ 6,687,917	
IC. All Other Revenues																			
First and Third Party Fees, Medicare			138,812													138,812		138,812	
Contributions and Donations			6,419		51,261	292,709										350,389	6,962	357,351	
Other	85,231			52,861												138,092	43,931	182,023	
In-Kind Expenditures																			
TOTAL NON-GOVERNMENT FUNDING	\$ 85,231	\$ -	\$ 145,231	\$ 52,861	\$ 51,261	\$ 292,709	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 627,293	\$ 50,893	\$ 678,186	
TOTAL ALL FUNDING AND REVENUES	\$ 1,032,640	\$ 1,059,856	\$ 1,197,838	\$ 976,718	\$ 220,342	\$ 1,246,809	\$ 1,317,365	\$ 2,667,068	\$ 290,032	\$ 290,032	\$ 208,344	\$ -	\$ 763,522	\$ 52,494	\$ 60,103	\$ 11,113,131	\$ 1,812,209	\$ 12,925,340	

See accompanying notes to the schedule of state activities, cost center actual expenses and revenues, cost-benefit availability permits.

**NEW HORIZONS COMMUNITY MENTAL HEALTH CENTER INC.
SCHEDULE OF COST CENTER ACTUAL EXPENSES AND REVENUES
FOR THE YEAR ENDED JUNE 30, 2011**

Part II: Actual Expenses

EXPENSE CATEGORIES

IIA. Personnel Expenses

	Outpatient	Outpatient Medical Services	Residential Level 3	Day/Night	Crisis Support Emergency	C.S.U.	CCST	Case Management	Prevention	Income & On-Site Services	Outreach	Incidental expenses	Assessment	Total ADM	Non-ADM	Other Support	Administration	Total
(a) Salaries	\$ 612,371	\$ 471,304	\$ 396,619	\$ 406,179	\$ 145,579	\$ 609,785	\$ 494,777	\$ 1,694,252	\$ 166,851	\$ 210,407	\$ 487,719	\$ -	\$ 162,302	\$ 5,838,145	\$ 1,087,193	\$ 326,472	\$ 817,230	\$ 8,089,060
(b) Fringe	103,505	73,393	71,997	79,833	20,130	114,815	103,338	178,082	26,798	26,538	92,042	-	39,195	929,666	209,929	72,828	168,372	1,380,795
Total Personnel Expenses	715,876	544,697	468,616	486,012	165,709	724,600	598,115	1,872,334	193,649	236,945	579,761	-	201,497	6,787,811	1,297,122	399,300	985,622	9,469,855

IIIB. Other Expenses

(a) Building Occupancy	33,488	20,330	169,352	130,777	4,134	102,766	68,993	47,875	5,089	6,064	6,941	-	6,247	602,056	35,550	44,776	166,880	849,262
(b) Professional Services	50,468	59,353	-	-	-	44,618	28,227	-	-	-	11,700	-	-	194,366	2,080	30,444	204,611	431,501
(c) Travel	9,058	-	4,331	12,215	-	30	1,989	-	3,002	-	14,143	-	-	44,768	12,160	2,432	23,065	84,425
(d) Equipment Cost	-	-	3,738	49,251	-	17,197	4,584	-	-	-	74,770	-	-	74,770	-	46,330	21,075	142,175
(e) Food Service	-	-	140,057	190,268	-	64,434	80,874	-	-	-	-	-	-	475,633	-	-	-	475,633
(f) Medical and Pharmacy	15,073	-	1,774	-	-	57,879	161	-	-	-	-	-	-	74,887	-	-	-	74,887
(g) Subcontracted Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(h) Insurance	18,156	6,000	35,556	2,004	3,996	21,000	6,996	81,873	6,420	14,823	5,496	-	-	202,320	8,874	-	26,523	237,717
(i) Interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(j) Operating Supplies and Expenses	24,940	2,119	99,218	4,947	270	68,266	21,985	14,267	6,167	-	3,229	52,494	2,842	300,744	129,459	93,076	246,152	769,431
(k) Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(l) Donated Items	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(DDP Line of Credit)	-	223,732	-	-	-	-	-	-	-	-	-	-	-	223,732	-	-	-	223,732
Total Other Expenses	151,183	311,534	454,026	389,462	8,400	376,190	213,809	144,015	20,678	20,887	41,509	52,494	9,089	2,193,276	188,123	217,058	789,084	3,387,541
Total Personnel and Expenses	867,059	856,231	922,642	875,474	174,109	1,100,790	811,924	2,016,349	214,327	257,832	621,270	52,494	210,586	8,981,087	1,485,245	616,358	1,774,706	12,857,396

IIIC. Distributed Indirect Costs

(a) Other Support (Optional)	56,061	50,824	59,425	51,557	10,254	64,825	47,814	118,742	10,622	15,184	36,587	-	7,401	528,896	87,462	(616,358)	-	-
(b) Administration	146,788	169,855	169,781	148,213	29,475	186,338	137,455	341,357	31,284	43,649	80,177	-	35,651	1,520,143	254,563	-	(1,774,706)	-
Total distributed indirect cost	202,849	220,379	229,206	199,770	39,729	251,163	185,269	460,099	41,906	58,833	116,764	-	43,052	2,049,039	342,025	-	-	-
Total Actual Operating Expenses	1,069,908	1,076,610	1,151,848	1,075,244	213,838	1,351,973	997,193	2,476,448	256,233	316,665	738,034	52,494	253,638	11,030,126	1,827,270	-	-	12,857,396
IID. Unallowable Cost	3,682	1,661	1,790	1,698	338	2,135	1,475	4,894	416	500	1,205	-	408	20,302	-	-	-	20,302
Total Allowable	\$ 1,066,226	\$ 1,074,949	\$ 1,150,058	\$ 1,073,546	\$ 213,500	\$ 1,349,838	\$ 995,618	\$ 2,471,554	\$ 255,817	\$ 316,165	\$ 736,829	\$ 52,494	\$ 253,230	\$ 11,009,824	\$ 1,827,270	\$ -	\$ -	\$ 12,837,094

IIIE. Capital Expenditures

Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total	\$ 65,392	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 65,392

See accompanying note to the schedules of state earnings, cost center actual expenses and revenues, and bed-day availability payments.

**NEW HORIZONS COMMUNITY MENTAL HEALTH CENTER, INC.
SCHEDULE OF BED-DAY AVAILABILITY PAYMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

Program A	Cost Center B	State Contracted Rate C	Total Units of Service Provided D	Total Units of Service Paid for by 3rd Party Contracts, Local Govt. or Other State Agencies E	Maximum # of Units Eligible for Payment by Department (D-E) F	Amount Paid for Services by the Department G	Maximum \$ Value of Units in Column F (F x C) H	Amount Owed to Department (G-H or \$0, whichever is greater) I
Children's MH	Crisis Stabilization Unit	-	-	-	-	-	-	-
Adult MH	Crisis Stabilization Unit	\$ 213.50	5,840	1,371	4,469	\$ 954,100	\$ 954,132	-
Children's SA	Substance Abuse Detox	-	-	-	-	-	-	-
Adult SA	Substance Abuse Detox	-	-	-	-	-	-	-
Adult MH	Short-term Residential Treatment	-	-	-	-	-	-	-
Total Amount Owed to Department								\$ -

See accompanying note to the schedules of state earnings, cost center actual expenses and revenues, and bed-day availability payments.

**NEW HORIZONS COMMUNITY MENTAL HEALTH CENTER, INC.
NOTE TO THE SCHEDULES OF STATE EARNINGS, COST CENTER ACTUAL EXPENSES
AND REVENUES AND BED-DAY AVAILABILITY PAYMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

General

The Schedules of State Earnings, Cost Center Actual Expenses and Revenues and Bed-Day Availability Payments were prepared in accordance with the requirements included in the South Florida Behavioral Health Network Contract KH 225-15.

The Schedule of Cost Center Actual Expenses and Revenues includes the line of credit for drugs for the indigent in the amount of \$223,732.

NEW HORIZONS COMMUNITY MENTAL HEALTH CENTER, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2011

Federal Grantor Pass-through Grantor/ Program Title	Federal CFDA Number	Contract or Pass-Through Number	Expenditures	Transfers to Subrecipients
Department of Health and Human Services				
<i>Pass-through South Florida Behavioral Health Network</i>				
Block Grants for Community Mental Health Services	93.958	KH225-15	\$ 211,573	\$ -
Projects for Assistance in Transition from Homelessness (PATH)	93.150	KH225-15	438,100	-
Temporary Assistance for Needy Families	93.558	KH225-15	631,052	-
Comprehensive Community Mental Health Services for Children	93.104	KH225-15	46,647	-
Block Grants for Prevention & Treatment of Substance Abuse	93.959	KH225-15	345,994	-
Public Health and Social Services Emergency Fund	93.003	KH225-15	211,007	-
<i>Pass-through Alliance for Aging</i>				
Neighborhood Family Service	93.044	AA921	66,127	-
Neighborhood Family Service	93.044	AA1121	80,822	-
Promoting Safe and Stable Families	93.669	OKOP175-16	44,020	-
Department of Agriculture				
<i>Pass-through Florida Department of Elder Affairs</i>				
Pass-through Florida Department of Elder Affairs	10.558	Y0044	34,254	-
Pass-through Florida Department of Elder Affairs	10.558	Y1044	102,760	-
<i>Total Federal Awards</i>			\$ 2,212,356	\$ -
South Florida Behavioral Health Network				
Temporary Assistance for Needy Families	60.030	KH225-15	\$ 68,791	\$ -
Block Grants for Prevention & Treatment of Substance Abuse	60.006	KH225-15	1,004,821	-
Block Grants for Community Mental Health Services	60.053	KH225-15	2,158,960	-
Block Grants for Community Mental Health Services	60.114	KH225-15	262,534	-
Block Grants for Community Mental Health Services	60.039	KH225-15	13,779	-
Block Grants for Community Mental Health Services	60.055	KH225-15	192,829	-
Block Grants for Prevention & Treatment of Substance Abuse	60.033	KH225-15	42,382	-
Block Grants for Community Mental Health Services	60.054	KH225-15	15,999	-
Promoting Safe and Stable Families	60.094	OKOP175-16	496,851	-
Florida Department of Juvenile Justice System				
Children and Adolescent - DJJ Day treatment	80.011	X1669	184,317	-
<i>Total State Financial Assistance</i>			\$ 4,441,263	\$ -

See accompanying note to the schedule of expenditures of federal awards and state financial assistance.

**NEW HORIZONS COMMUNITY MENTAL HEALTH CENTER, INC.
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2011**

General

The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance (the "Schedule") presents the activity of all federal and state award programs of New Horizons Community Health Center, Inc. for the year ended June 30, 2011 on the accrual basis of accounting. All federal and state awards received directly from federal and state agencies, as well as federal and state awards received from other government agencies are included in the Schedule. The information in this schedule is in accordance with U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and with State of Florida Rules of the Auditor General Chapter 10.650, *State Single Audits Non-Profit and For-Profit Organizations*. Therefore, some amounts presented in the Schedule may differ from amounts presented in, or used in the preparation of, the general-purpose financial statements.

The Schedule does not include the line of credit for drugs for the indigent in the amount of \$223,732.

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
New Horizons Community Mental Health Center, Inc.

We have audited the financial statements of New Horizons Community Mental Health Center, Inc. (the "Center"), a nonprofit organization, as of and for the year ended June 30, 2011, and have issued our report thereon dated December 22, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in the 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 the Center'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*.

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



CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
December 22, 2011

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

PEDRO M. DE ARMAS, C.P.A.
ALEJANDRO M. TRUJILLO, C.P.A.
OCTAVIO A. VERDEJA, C.P.A.
ANDRES ALFONSO, C.P.A.
YESLIE CASTRO, C.P.A.
MARIA C. PEREZ-ABREU, C.P.A.
RICHARD F. PUERTO, C.P.A.
OCTAVIO F. VERDEJA, C.P.A.
TAB VERDEJA, C.P.A.

To the Board of Directors of
New Horizons Community Mental Health Center, Inc.

Compliance

We have audited New Horizons Community Mental Health Center, Inc.'s (the "Center"), a nonprofit organization, compliance 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 *Department of Financial Services' State Projects Compliance Supplement*, that could have a direct and material effect on each of its major federal programs and state projects for the year ended June 30, 2011. The Center's major federal programs and state projects are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs and state projects is the responsibility of the Center's management. Our responsibility is to express an opinion on the Center's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and Chapter 10.650, *Rules of the Auditor General of the State of Florida*. Those standards, OMB Circular A-133, and Chapter 10.650, *Rules of the Auditor General of the State of Florida*, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program or state project occurred. An audit includes examining, on a test basis, evidence about the Center'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 Center's compliance with those requirements.

In our opinion, the Center complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs and state projects for the year ended June 30, 2011.

Internal Control Over Compliance

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



CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
December 22, 2011

**NEW HORIZONS COMMUNITY MENTAL HEALTH CENTER, INC.
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS -
 FEDERAL AWARDS PROGRAMS AND STATE FINANCIAL ASSISTANCE PROJECTS
 FOR THE 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 weakness(es) identified? yes no
- Significant deficiencies identified that are not considered to be material weaknesses? yes none reported

Noncompliance material to financial statements noted? yes no

Federal Awards

Type of auditor's report issued on compliance for major program: *Unqualified*

Internal control over major programs:

- Material weakness(es) identified? yes no
- Significant deficiencies identified that are not considered to be material weaknesses? yes none reported

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133? yes no

Identification of major programs:

Federal Program or Cluster	CFDA Number	Expenditures
Projects for Assistance in Transition from Homelessness	93.150	\$ 438,100
Temporary Assistance for Needy Families	93.558	\$ 631,052
Block Grants for Prevention and Treatment of Substance Abuse	93.959	\$ 345,994

Dollar threshold used to distinguish between type A and type B programs. \$ 300,000

Auditee qualified as low-risk auditee? yes no

**NEW HORIZONS COMMUNITY MENTAL HEALTH CENTER, INC.
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS -
 FEDERAL AWARDS PROGRAMS AND STATE FINANCIAL ASSISTANCE PROJECTS
 FOR THE YEAR ENDED JUNE 30, 2011**

SECTION I - SUMMARY OF AUDITOR'S RESULTS (Continued)

State Financial Assistance

Type of auditor's report issued on compliance for major projects:

Unqualified

Internal control over major projects:

- Material weakness(es) identified? yes no
- Significant deficiencies identified that are not considered to be material weaknesses? yes no

Any audit findings disclosed that are required to be reported in accordance with Chapter 10.650 "Rules of the Auditor General?"

yes no

Identification of major projects:

Name of State Project or Cluster	CSFA Number	Expenditures
Block Grants for Prevention and Treatment of Substance Abuse	60.006	\$ 1,044,821
Block Grants for Community Mental Health Services	60.053	\$ 2,158,960

Dollar threshold used to distinguish between type A and type B projects.

\$ 300,000

Auditee qualified as low-risk auditee?

N/A

**NEW HORIZONS COMMUNITY MENTAL HEALTH CENTER, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS -
FEDERAL AWARDS PROGRAMS AND STATE FINANCIAL ASSISTANCE PROJECTS
FOR THE YEAR ENDED JUNE 30, 2011**

SECTION II - FINANCIAL STATEMENT FINDINGS

The audit disclosed no matters that are reportable for the current year.

SECTION III – FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARDS PROGRAMS

The audit disclosed no matters that are reportable.

SECTION IV - FINDINGS AND QUESTIONED COSTS - MAJOR STATE FINANCIAL ASSISTANCE PROJECTS

The audit disclosed no matters that are reportable.

SECTION V - OTHER ISSUES

1. No management letter was issued for the year ending June 30, 2011.
2. No Summary Schedule of Prior Audit Findings is required because there were no prior audit findings related to Federal award programs or state financial assistance projects.
3. No Corrective Action Plan is required because there were no findings required to be reported under the Federal or Florida Single Audit Acts.