

**NEW HORIZONS OF THE  
TREASURE COAST, INC.**

**Financial Statements  
with  
Independent Auditors' Report**

June 30, 2011  
(With Comparative Totals for June 30, 2010)

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KMETZ NUTTALL ELWELL GRAHAM, PLLC  
Certified Public Accountants

**Independent Auditors' Report**

To the Board of Directors  
New Horizons of the Treasure Coast, Inc.

We have audited the accompanying statement of financial position of New Horizons of the Treasure Coast, Inc. (New Horizons) (a nonprofit organization) as of June 30, 2011, and the related statements of activities and changes in net assets, statement of functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of New Horizon's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2011, on our consideration of New Horizons' internal control over financial reporting and on our tests of its compliance with certain provision 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 important for assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of New Horizons taken as a whole. The accompanying schedule of expenditures of federal awards and state financial assistance is presented for purposes of additional analysis as required by 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, and is not a required part of the basic financial statements. In addition, the accompanying program/cost center actual expenses and revenues schedule, schedule of revenues, schedule of state earnings, schedule of bed-day availability payments, schedule of related party transaction adjustments, and schedule of local financial assistance are also presented for 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 audit 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.

Kmetz, Nuttall, Elwell, Graham, PLLC  
Certified Public Accountants  
November 30, 2011

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**New Horizons of the Treasure Coast, Inc.**  
Statement of Financial Position  
June 30, 2011  
(With comparative totals for 2010)

	2011	2010
	Unrestricted	Total (memo only)
<b>Assets</b>		
<b>Current Assets:</b>		
Cash and cash equivalents	\$ 3,664,396	\$ 3,194,344
Patient accounts receivable, less allowance for uncollectible accounts of \$1,138,831	742,777	468,767
Public support receivable	592,287	1,055,391
Pledges receivable - current portion	179,112	113,861
Inventory - pharmaceuticals/supplies	89,894	110,339
Prepaid expenses and other current assets	194,365	144,889
<b>Total current assets</b>	<b>5,462,831</b>	<b>5,087,591</b>
<b>Other Assets:</b>		
Pledges receivable - less current portion	1,520	16,174
Deposits	80,016	90,034
Loan costs, net of amortization	75,273	79,435
Construction in progress	-	3,914,044
<b>Total other assets</b>	<b>156,809</b>	<b>4,099,687</b>
<b>Property and Equipment, net</b>	<b>10,928,944</b>	<b>6,715,956</b>
<b>Total assets</b>	<b>\$ 16,548,584</b>	<b>\$ 15,903,234</b>
<b>Liabilities and Unrestricted Net Assets</b>		
<b>Current Liabilities:</b>		
Accounts payable	\$ 318,599	\$ 418,611
Accrued expenses	646,461	543,393
Contract and retainage payable	-	581,866
Patient deposits and employee funds	63,827	72,843
Current portion of long-term debt	122,111	68,693
<b>Total current liabilities</b>	<b>1,150,998</b>	<b>1,685,406</b>
<b>Long-Term Liabilities:</b>		
Long-term debt less current portion	4,320,375	3,187,798
<b>Net Assets</b>		
Unrestricted	11,077,211	10,899,995
Temporarily restricted	-	130,035
<b>Total Net Assets</b>	<b>11,077,211</b>	<b>11,030,030</b>
<b>Total liabilities and net assets</b>	<b>\$ 16,548,584</b>	<b>\$ 15,903,234</b>

See accompanying notes to financial statements.

**New Horizons of the Treasure Coast, Inc.**

Statement of Activities and Changes in Net Assets

For the year ended June 30, 2011

(With comparative totals for 2010)

	2011			2010
	Unrestricted	Temporarily Restricted	Total	Total (memo only)
<b>Revenues and other support</b>				
Department of Children & Families				
Alcohol, Drug Abuse and Mental Health	\$ 12,064,752	\$ -	\$ 12,064,752	\$ 12,553,795
County and other government grants	3,060,856	-	3,060,856	3,084,758
Contributions and donations	314,114	-	314,114	232,626
Patient fees	5,577,292	-	5,577,292	5,061,509
In-kind contributions	1,146,069	-	1,146,069	1,075,830
Interest	3,769	-	3,769	-
Other income	31,460	-	31,460	8,922
Release of temporarily restricted net assets	130,035	(130,035)	-	-
<b>Total revenues and other support</b>	<b>22,328,347</b>	<b>(130,035)</b>	<b>22,198,312</b>	<b>22,017,440</b>
<b>Expenses</b>				
<b>Program services:</b>				
Case Management	703,811	-	703,811	661,703
Forensic Case Management	108,550	-	108,550	106,805
Intensive Case Management	535,724	-	535,724	589,697
Mobile crisis	349,922	-	349,922	360,213
Residential Level I - SRT	1,437,655	-	1,437,655	1,439,370
Residential IV - CSS	324,211	-	324,211	316,145
Crisis Stabilization	2,502,653	-	2,502,653	2,539,373
Outpatient Treatment	348,908	-	348,908	342,875
Crisis Support/Emergency	1,060,910	-	1,060,910	801,969
Outpatient Medical Services	2,925,852	-	2,925,852	2,719,342
Supported Community Services	698,917	-	698,917	742,416
Criminal Justice St. Lucie Co.	544,326	-	544,326	408,823
FACT	1,172,332	-	1,172,332	1,178,776
ASA Independence Recovery	291,832	-	291,832	264,454
ASA Outpatient Treatment	68,661	-	68,661	62,296
Detox Residential	848,159	-	848,159	872,277
Family Intervention	204,642	-	204,642	182,219
CMH Case Management	474,166	-	474,166	488,154
CMH Outpatient Treatment	766,580	-	766,580	824,839
CMH Medical Services	359,811	-	359,811	317,712
CMH Crisis Stabilization	1,514,490	-	1,514,490	65,203
Prevention-SAP	643,902	-	643,902	603,077
Non-State Funded SAMH Cost Centers	336,476	-	336,476	396,112
Non-SAMH cost centers	2,779	-	2,779	4,422
<b>Total program services</b>	<b>18,225,269</b>	<b>-</b>	<b>18,225,269</b>	<b>16,288,272</b>
<b>Supporting services:</b>				
Administration	2,307,730	-	2,307,730	2,441,389
Support services	1,618,132	-	1,618,132	1,522,029
<b>Total supporting services</b>	<b>3,925,862</b>	<b>-</b>	<b>3,925,862</b>	<b>3,963,418</b>
<b>Total expenses</b>	<b>22,151,131</b>	<b>-</b>	<b>22,151,131</b>	<b>20,251,690</b>
<b>Increase (decrease) in net assets</b>	<b>177,216</b>	<b>(130,035)</b>	<b>47,181</b>	<b>1,765,750</b>
<b>Net assets, beginning of year</b>	<b>10,899,995</b>	<b>130,035</b>	<b>11,030,030</b>	<b>9,264,280</b>
<b>Net assets, end of year</b>	<b>\$ 11,077,211</b>	<b>\$ -</b>	<b>\$ 11,077,211</b>	<b>\$ 11,030,030</b>

See accompanying notes to financial statements.

**New Horizons of the Treasure Coast, Inc.**

Statement of Functional Expenses

For the year ended June 30, 2011

(With comparative totals for 2010)

	Program Services							
	Case Management	Forensic Case Management	Intensive Case Management	Mobile Crisis	Residential Level I SRT	Residential IV CSS	Crisis Stabilization	Outpatient Treatment
<b>Personnel expenses:</b>								
Salaries	\$ 430,473	\$ 68,679	\$ 338,487	\$ 219,239	\$ 805,540	\$ -	\$ 1,195,853	\$ 243,286
Fringe benefits	111,648	19,524	87,573	52,470	184,935	-	313,872	55,030
<b>Total personnel expenses</b>	<b>542,121</b>	<b>88,203</b>	<b>426,060</b>	<b>271,709</b>	<b>990,475</b>	<b>-</b>	<b>1,509,725</b>	<b>298,316</b>
<b>Other Expenses:</b>								
Building occupancy	44,136	2,637	30,797	21,910	50,037	68	83,928	19,629
Professional services	-	-	-	-	44,533	-	400,750	-
Travel	9,305	8,194	6,260	1,588	1,987	-	5,545	1,411
Equipment costs	5,078	649	3,827	1,004	8,720	182	17,477	4,305
Food services	180	6	132	16	110,293	18	141,103	13
Medical and pharmacy	258	9	97	39	84,035	42	113,903	70
Subcontracted services	9,838	1,079	6,946	4,163	12,432	-	29,648	3,068
Depreciation	16,343	2,129	13,394	13,863	34,344	-	56,199	7,603
Insurance	14,750	2,878	15,226	16,473	37,832	-	63,098	6,993
Interest	-	-	-	13,781	28,385	-	46,972	1,443
Telephone	23,257	2,177	17,091	3,782	4,319	-	7,360	4,497
Operating supplies/expenses	3,893	209	1,737	1,438	5,937	42	14,578	1,083
Other expenses	34,652	380	14,157	156	24,326	323,859	12,367	477
<b>Total other expenses</b>	<b>161,690</b>	<b>20,347</b>	<b>109,664</b>	<b>78,213</b>	<b>447,180</b>	<b>324,211</b>	<b>992,928</b>	<b>50,592</b>
<b>Total expenses</b>	<b>\$ 703,811</b>	<b>\$ 108,550</b>	<b>\$ 535,724</b>	<b>\$ 349,922</b>	<b>\$ 1,437,655</b>	<b>\$ 324,211</b>	<b>\$ 2,502,653</b>	<b>\$ 348,908</b>

**New Horizons of the Treasure Coast, Inc.**

Statement of Functional Expenses (continued)

For the year ended June 30, 2011

(With comparative totals for 2010)

	Program Services							
	Crisis Support/ Emergency	Outpatient Medical Services	Supported Community Services	Criminal Justice St. Lucie Co.	FACT	ASA Independence Recovery	ASA Outpatient Treatment	Detox Residential
<b>Personnel expenses:</b>								
Salaries	\$ 762,016	\$ 830,081	\$ 421,577	\$ 225,933	\$ 612,040	\$ 156,249	\$ 39,538	\$ 480,731
Fringe benefits	146,808	207,428	105,690	54,311	137,731	38,722	6,974	110,694
<b>Total personnel expenses</b>	<b>908,824</b>	<b>1,037,509</b>	<b>527,267</b>	<b>280,244</b>	<b>749,771</b>	<b>194,971</b>	<b>46,512</b>	<b>591,425</b>
<b>Other Expenses:</b>								
Building occupancy	36,517	36,589	53,521	380	41,133	13,663	5,558	28,508
Professional services	-	480,899	-	-	-	205	-	58,422
Travel	1,416	3,801	11,785	2,108	13,693	3,328	3,201	1,477
Equipment costs	11,086	4,617	7,491	421	8,476	756	813	8,502
Food services	11,643	105	2,488	11	499	32,735	5	61,224
Medical and pharmacy	4,038	1,241,973	250	120,900	2,969	7,157	9	22,534
Subcontracted services	16,227	21,462	7,783	3,983	11,239	2,176	474	8,812
Depreciation	13,987	17,262	29,240	138	22,100	10,592	5,327	21,343
Insurance	22,936	62,563	27,328	8,499	41,322	12,273	2,741	18,337
Interest	22,440	7,937	-	-	-	7,908	-	15,830
Telephone	3,494	6,962	17,643	1,365	20,398	1,310	2,414	2,366
Operating supplies/expenses	7,337	3,001	3,657	10,393	5,249	2,952	1,068	4,702
Other expenses	965	1,172	10,464	115,884	255,483	1,806	539	4,677
<b>Total other expenses</b>	<b>152,086</b>	<b>1,888,343</b>	<b>171,650</b>	<b>264,082</b>	<b>422,561</b>	<b>96,861</b>	<b>22,149</b>	<b>256,734</b>
<b>Total expenses</b>	<b>\$ 1,060,910</b>	<b>\$ 2,925,852</b>	<b>\$ 698,917</b>	<b>\$ 544,326</b>	<b>\$ 1,172,332</b>	<b>\$ 291,832</b>	<b>\$ 68,661</b>	<b>\$ 848,159</b>

**New Horizons of the Treasure Coast, Inc.**  
Statement of Functional Expenses (continued)  
For the year ended June 30, 2011  
(With comparative totals for 2010)

	Program Services								
	Family Intervention	CMH Case Management	CMH Outpatient Treatment	CMH Medical Services	CMH Crisis Stabilization	Prevention SAP	Non-State Funded SAMH Cost Centers	Non-SAMH Cost Centers	Total Program Services
<b>Personnel expenses:</b>									
Salaries	\$ 102,600	\$ 262,422	\$ 399,190	\$ 267,613	\$ 802,424	\$ 427,259	\$ 226,458	\$ -	\$ 9,317,688
Fringe benefits	17,954	75,804	90,875	48,543	153,713	100,385	44,149	-	2,164,833
<b>Total personnel expenses</b>	<b>120,554</b>	<b>338,226</b>	<b>490,065</b>	<b>316,156</b>	<b>956,137</b>	<b>527,644</b>	<b>270,607</b>	<b>-</b>	<b>11,482,521</b>
<b>Other Expenses:</b>									
Building occupancy	7,636	19,056	40,358	4,748	72,177	28,957	15,461	-	657,404
Professional services	-	-	-	-	55,610	-	988	-	1,041,407
Travel	7,206	12,582	22,101	4,291	459	6,117	4,279	-	132,134
Equipment costs	318	2,167	3,950	623	22,660	17,628	1,731	-	132,481
Food services	6	31	34	14	51,064	23	6,499	-	418,142
Medical and pharmacy	16	42	140	32	48,314	57	46	2,779	1,649,709
Subcontracted services	34,515	44,095	160,388	18,763	47,975	7,188	3,087	-	455,341
Depreciation	3,471	8,064	13,166	2,910	110,285	241	7,855	-	409,856
Insurance	4,769	12,799	16,954	9,693	36,337	17,437	14,490	-	465,728
Interest	4,690	-	-	-	71,778	-	750	-	221,914
Telephone	4,301	17,000	17,148	2,189	8,022	13,361	3,711	-	184,167
Operating supplies/expenses	1,037	1,470	1,592	65	15,983	9,941	3,143	-	100,507
Other expenses	16,123	18,634	684	327	17,689	15,308	3,829	-	873,958
<b>Total other expenses</b>	<b>84,088</b>	<b>135,940</b>	<b>276,515</b>	<b>43,655</b>	<b>558,353</b>	<b>116,258</b>	<b>65,869</b>	<b>2,779</b>	<b>6,742,748</b>
<b>Total expenses</b>	<b>\$ 204,642</b>	<b>\$ 474,166</b>	<b>\$ 766,580</b>	<b>\$ 359,811</b>	<b>\$ 1,514,490</b>	<b>\$ 643,902</b>	<b>\$ 336,476</b>	<b>\$ 2,779</b>	<b>\$ 18,225,269</b>



**New Horizons of the Treasure Coast, Inc.**  
Statement of Functional Expenses (continued)  
For the year ended June 30, 2011  
(With comparative totals for 2010)

			2011	2010	
Supporting Services			Total	Total (memo only)	
	Administration	Support Services	Total		
<b>Personnel expenses:</b>					
Salaries	\$ 1,299,100	\$ 1,334,451	\$ 2,633,551	\$ 11,951,239	\$ 11,262,097
Fringe benefits	297,074	329,554	626,628	2,791,461	2,694,932
<b>Total personnel expenses</b>	<b>1,596,174</b>	<b>1,664,005</b>	<b>3,260,179</b>	<b>14,742,700</b>	<b>13,957,029</b>
<b>Other Expenses:</b>					
Building occupancy	19,058	35,360	54,418	711,822	800,591
Professional services	110,351	-	110,351	1,151,758	640,577
Travel	23,028	13,861	36,889	169,023	165,512
Equipment costs	55,610	32,965	88,575	221,056	201,225
Food services	4,383	(224,530)	(220,147)	197,995	168,129
Medical and pharmacy	6,107	(81,354)	(75,247)	1,574,462	1,396,958
Subcontracted services	142,371	69,482	211,853	667,194	521,133
Depreciation	99,872	879	100,751	510,607	450,084
Insurance	66,447	53,581	120,028	585,756	498,618
Interest	3,075	-	3,075	224,989	164,181
Telephone	18,188	6,430	24,618	208,785	153,937
Operating supplies/expenses	105,785	46,223	152,008	252,515	220,826
Other expenses	57,281	1,230	58,511	932,469	912,890
<b>Total other expenses</b>	<b>711,556</b>	<b>(45,873)</b>	<b>665,683</b>	<b>7,408,431</b>	<b>6,294,661</b>
<b>Total expenses</b>	<b>\$ 2,307,730</b>	<b>\$ 1,618,132</b>	<b>\$ 3,925,862</b>	<b>\$ 22,151,131</b>	<b>\$ 20,251,690</b>

See accompanying notes to financial statements.

**New Horizons of the Treasure Coast, Inc.**

## Statement of Cash Flows

For the year ended June 30, 2011

(With comparative totals for 2010)

	2011	2010
		Total (memo only)
<b>Cash flows from operating activities:</b>		
Increase in net assets	\$ 47,181	\$ 1,765,750
Adjustments to reconcile increase in unrestricted net assets to net cash flows provided by operating activities		
Depreciation	510,607	450,083
Amortization	4,163	4,201
Loss on disposal of property and equipment	2,461	20,821
Loss on bond/mortgage issue costs	-	43,965
(Increase) decrease in:		
Patient accounts receivable, net	(274,010)	57,704
Public support receivable	463,104	(645,487)
Pledges receivable	(50,597)	(71,036)
Inventory - pharmaceuticals/supplies	20,445	(6,158)
Prepaid expenses and other current assets	(49,476)	(3,218)
Deposits	10,018	(17,489)
Increase (decrease) in:		
Accounts payable	(100,012)	80,842
Accrued expenses	103,068	90,771
Contract and retainage payable	(581,866)	581,866
Deferred revenue	-	(52,020)
Patient deposits and employee funds	(9,016)	(36,870)
<b>Net cash provided by operating activities</b>	<b>96,071</b>	<b>2,263,725</b>
<b>Cash flows from investing activities:</b>		
Purchase of buildings and equipment	(812,012)	(61,296)
Payments made for construction in progress	-	(3,266,014)
<b>Net cash used for investing activities</b>	<b>(812,012)</b>	<b>(3,327,310)</b>
<b>Cash flows from financing activities:</b>		
Proceeds from line of credit	1,252,950	857,294
Proceeds from long-term debt	-	2,464,877
Payments on long-term debt	(66,957)	(2,572,350)
Payments on capital lease obligation	-	(2,917)
Payments for loan costs on new debt	-	(83,251)
<b>Net cash provided by financing activities</b>	<b>1,185,993</b>	<b>663,653</b>
<b>Net increase (decrease) in cash</b>	<b>470,052</b>	<b>(399,932)</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>3,194,344</b>	<b>3,594,276</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 3,664,396</b>	<b>\$ 3,194,344</b>
<i>See accompanying notes to financial statements.</i>		
Supplemental disclosures		
Cash paid for interest	\$ 276,373	\$ 164,181

**New Horizons of the Treasure Coast, Inc.**  
Notes to Financial Statements

**Note 1 – Nature of Organization and Summary of Significant Accounting Policies**

**Organization**

New Horizons of the Treasure Coast, Inc. (New Horizons) is a Florida nonprofit organization incorporated in September 1958 to provide treatment, counseling, and prevention for mental health, drug, and alcohol related problems to residents of St. Lucie, Indian River, Martin, and Okeechobee Counties, Florida.

**Method of Accounting**

The accompanying financial statements have been prepared on the accrual basis of accounting.

**Basis of Presentation**

In accordance with ASC 958-205-05-6 (formerly SFAS No. 117, *Financial Statements of Not-For-Profit Organizations*), New Horizons 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. New Horizons has no temporarily or permanently restricted net assets.

**Contributions**

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires, that is, when a stipulated time restriction ends or purpose of restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

New Horizons receives contributed services, including counseling, instruction, and other volunteer services related to each of its programs. These services do not meet ASC 958-605-25-16 (formerly SFAS 116) criteria for recognizing donated services, and accordingly, are not recognized as revenue in the accompanying financial statements.

Costs incurred for soliciting contributions and for promotional materials, as well as costs of holding fundraising events, are recorded as fundraising expenses and are included in general and administrative expenses in the accompanying financial statements.

**Public Support**

Public support revenue from government grants is recorded based upon the terms of the grantor allotment which generally provides that revenue is earned when the allowable costs or units of service of the specific grant provisions have been incurred or provided. Such revenue is subject to audit by the grantor and, if the examination results in a non-allowance of units of service or expenses, New Horizons will be required to reimburse any overpayments.

**New Horizons of the Treasure Coast, Inc.**

Notes to Financial Statements (continued)

**Note 1 – Summary of Significant Accounting Policies** (continued)**Public Support, Revenues and Expenses**

For purposes of presentation, all transactions are deemed by management to be ongoing, major, or central to the provision of health care services and, accordingly, are recorded as public support, revenues and expenses.

**Cash and Cash Equivalents**

New Horizons classifies all highly liquid investments with a maturity of 90 days or less when purchased as cash equivalents. At June 30, 2011, cash included patient custodial accounts of \$52,120.

**Property and Equipment**

Property and equipment acquisitions greater than \$1,000 are capitalized and are stated at cost. Donated property and equipment is recorded at the fair market value at the date of the gift. Depreciation is provided on a straight-line basis over the estimated useful life of the related assets. Amortization of equipment under capital leases is included in depreciation expense and accumulated depreciation.

Estimated useful lives of property and equipment range as follows:

Land and improvements	5 - 25 years
Building and improvements	5 - 40 years
Furniture and equipment	3 - 20 years
Leasehold improvements	3 - 20 years

Fixed assets acquired by New Horizons with state monies are considered to be owned by New Horizons. Florida administrative code provides that real property purchased, constructed, or expanded with state funds shall be used for the originally authorized purpose for a period of twenty years. If the property is not used for the originally authorized purpose for twenty years, the state maintains an equitable interest in the property purchased as well as the right to determine the use of any proceeds from the sale of these assets. New Horizons obtains approval from the state when the use of such property is changed. The following is a schedule of fixed assets, which have a twenty-year limitation:

Year	Description	
2010	Childrens Crisis and Stabilization Unit	\$ 1,590,000
2001	SRT renovations	315,800
2000	Land-Midway Road	550,000
1997	Crisis Stabilization Unit	4,350,000
		<b>\$ 6,805,800</b>

## **New Horizons of the Treasure Coast, Inc.**

Notes to Financial Statements (continued)

### **Note 1 – Summary of Significant Accounting Policies** (continued)

New Horizons has purchased certain equipment and beds with Federal and State funds in the amounts of \$111,109 and \$505,295, respectively. These assets are restricted for specific purpose and the grantor maintains the right to reclaim equipment at the end of the contract period or if the contract is terminated.

#### **Concentration of Credit Risk**

New Horizons grants credit without collateral to its patients. Credit losses are provided for in the accompanying financial statements as an allowance for uncollectible patient accounts receivable, and have consistently been within management's expectations.

#### **Income Tax Status**

New Horizons is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes on related income pursuant to section 501(a) of the internal Revenue Code and Chapter 220.13 of the Florida Statutes. In addition New Horizons has been determined not to be a private foundation within the meaning of Section 509(a) of the Code.

#### **Functional Allocation of Expenses**

The cost of providing the various programs and other activities has been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

#### **Use of Estimates**

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

#### **Subsequent Events**

Management has evaluated subsequent events through November 30, 2011, the date the financial statements were available to be issued.

### **Note 2 – Uninsured Cash and Cash Equivalent Balances**

Cash accounts at banking institutions and credit unions are insured by the Federal Deposit Insurance Corporation (FDIC) or the National Credit Union Administration (NCUA) up to \$250,000 and money market funds maintained with brokerage firms are insured by the Securities Investor Protection Corporation (SIPC) up to \$250,000. The credit union accounts were protected by private insurance up to \$500,000. In addition, New Horizons held cash used for operating purposes in non-interest bearing accounts that were participating in the FDIC Transaction Account Guarantee Program which fully guarantees the entire account balance. There were no amounts in excess of combined insured limits at June 30, 2011.

**New Horizons of the Treasure Coast, Inc.**

Notes to Financial Statements (continued)

**Note 3 – Pledges Receivable**

Pledges receivable consist of the following at June 30, 2011:

	Due in 1 Year	Due in 1 - 5 Years	Total
Capital campaign pledges receivable	\$ 179,112	\$ 1,520	\$ 180,632
Less:			
Allowance for uncollectible pledges	-	-	-
Net pledges receivable	\$ 179,112	\$ 1,520	\$ 180,632

The effect of a discount rate on the pledges receivable has been determined to be immaterial to these financial statements. Uncollectible pledges are expected to be insignificant. The capital campaign pledges receivable were restricted in use for construction related costs and expenses of the new facility, however because the costs have already been incurred, the restriction has been met.

**Note 4 – Property and Equipment, net**

	Balance June 30, 2010	Additions	Deletions	Balance June 30, 2011
Land and improvements	\$ 1,519,900	\$ 239,165	\$ -	\$ 1,759,065
Building and improvements	8,045,026	4,194,910	-	12,239,936
Furniture and equipment	1,754,817	291,981	(68,931)	1,977,867
Leasehold improvements	35,417	-	-	35,417
	11,355,160	4,726,056	(68,931)	16,012,285
Accumulated depreciation	(4,639,204)	(510,607)	66,470	(5,083,341)
	\$ 6,715,956	\$ 4,215,449	\$ (2,461)	\$ 10,928,944

**New Horizons of the Treasure Coast, Inc.**

Notes to Financial Statements (continued)

**Note 5 – Line of Credit**

New Horizons opened a bank line of credit on August 19, 2009 for \$1,000,000 with an initial term of one year. On October 19, 2010, the term of the line was extended through January 19, 2012. The interest rate is equal to the Wall Street Journal Prime Rate or 6%, whichever is higher. Interest is payable monthly. The line of credit is secured by a Security Agreement and UCC Financing Statement which encumbers personal property, inventory and receivables situated in St. Lucie County, Florida. The loan balance at June 30, 2011 was \$0.

**Note 6 – Long-Term Debt**

On August 19, 2009, New Horizons entered into a construction loan agreement with Delta Community Credit Union. The \$5,000,000 loan is evidenced by two separate promissory notes. The first promissory note with an original principal of \$2,464,877 was used to refinance an existing mortgage. The second promissory note is structured as a construction line of credit to be used in the construction of the Children’s Crisis Unit.

The Construction line of credit advances are based upon verified project costs. Upon completion of the project, the two promissory notes will be combined with the terms equal to that of the first promissory note. This event occurred subsequent to June 30, 2011.

Long-term debt consists of the following at June 30, 2011:

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Construction line of credit, secured by land, building and construction in progress, due August 2011 with interest only payments of varying amounts based on outstanding principal balance at an interest rate of 6.0%.	\$ 2,110,247
Mortgage payable, secured by real estate and fixtures situated in St. Lucie County, Florida, due August 2029, monthly principal and interest payments of \$18,091, at a fixed interest rate of 6.25% for the first five years, and then adjusted to an index rate plus 375 basis points with a minimum interest rate of 6.5% and adjusted every five years until maturity in this manner.	2,332,239
	<hr/> 4,442,486
Less amounts due within one year	(122,111)
	<hr/> \$ 4,320,375 <hr/>

**New Horizons of the Treasure Coast, Inc.**

Notes to Financial Statements (continued)

**Note 6 – Long-Term Debt** (continued)

The following schedule represents aggregate maturities on long-term debt:

Year Ending June 30,	
2012	\$ 122,111
2013	146,814
2014	156,257
2015	166,308
2016	177,055
Thereafter	3,673,941
	<hr/>
	\$4,442,486
	<hr/>

New Horizons must comply with the provisions and covenants of the promissory notes or face default. New Horizons met the required financial ratios for the year ended June 30, 2011.

Interest expense, which approximated interest paid, was \$276,373 for the year ended June 30, 2011. Of this amount, \$51,383 has been capitalized related to the construction of the Children's Stabilization Unit and \$224,990 has been recorded as interest expense.

**Note 7 – Patient Fees for Services**

New Horizons provides services to patients regardless of their ability to pay or access to third-party medical insurance coverage. Patient fees for services are recorded from sliding fee scales and other reimbursement methods which are based on an assessment of the patient's ability to pay. New Horizons provides care to patients who meet certain criteria under its charity care policy at amounts less than its established rates. Since New Horizons does not pursue collection of amounts determined to qualify as charity care, it is not reported as revenue. Unreimbursed charity care provided is excluded from gross patient service revenue.

Patient fees for services are stated net of contractual adjustments and bad debts. Charity services provided were \$14,905,767 for the year ended June 30, 2011. This amount is excluded from gross patient revenues.

Patient fees for services consist of the following:

Gross patient revenue	\$ 10,110,342
Less:	
Provision for contractual adjustments	3,743,421
Provision for bad debts	789,629
	<hr/>
	\$ 5,577,292
	<hr/>



**New Horizons of the Treasure Coast, Inc.**

Notes to Financial Statements (continued)

**Note 8 – In-Kind Contributions**

New Horizons receives donated medication from pharmaceutical companies for eligible needy clients and has estimated the value to be \$1,138,568 for the year ended June 30, 2011. This amount has been recognized in the accompanying financial statements as an in-kind contribution and as medical and pharmacy expense.

**Note 9 – Retirement Plan**

New Horizons participates in a defined contribution retirement plan covering substantially all eligible employees, which is based on a minimum length of service. New Horizons' contribution to the Plan is equal to a percentage of the compensation of participants. Effective May 25, 2006, contribution rates decreased from a range of 2% to 6% to the new range of 1% to 3%. However, participants must make contributions representing percentages of their gross salary, ranging from 1% to 3%, in order to obtain employer matching benefits. New Horizons' contribution to the retirement plan for the year ended June 30, 2011, was \$183,093.

**Note 10 – Operating Leases**

New Horizons leases various facilities from third parties. Rental expense incurred under operating leases for the year ending June 30, 2011, amounted to \$181,093. The future minimum rental payments are as follows:

June 30, 2012	\$ 141,072
June 30, 2013	123,826
June 30, 2014	65,806
June 30, 2015	29,681
	<hr/> <hr/> <b>\$ 360,385</b>

**Note 11 – Malpractice and Professional Liability Insurance**

New Horizons has an occurrence-based medical malpractice and professional liability policy. The policy coverage is limited to \$1,000,000 per occurrence and \$3,000,000 in aggregate, with no self-insured retention.

Management is unaware of any claim against New Horizons not covered by insurance requiring accrual in the accompanying financial statements. Incurred but not reported losses cannot be estimated by management and therefore, no accrual has been included in the accompanying financial statements

**New Horizons of the Treasure Coast, Inc.**

Notes to Financial Statements (continued)

**Note 12 – Dependency on Governmental Support**

New Horizons receives a substantial amount of support from state and local governmental agencies for specific programs supporting poor and indigent clients. A reduction in the level of future support from the state and local governmental agencies could have a substantial effect on these programs and activities.

**ADDITIONAL INFORMATION**

**New Horizons of the Treasure Coast, Inc.**  
Program/Cost Center Actual Expenses and Revenues Schedule  
For the year ended June 30, 2011

	Program Services				
	Case Management	Forensic Case Management	Intensive Case Management	Mobile Crisis	Residential Level I SRT
<b>Funding Sources and Revenues</b>					
<b>State SAMH Funding:</b>					
District 15	\$ 321,464	\$ 131,353	\$ 203,043	\$ 270,138	\$ 1,732,721
<b>Other Gov't Funding:</b>					
Other State Agency funding	-	-	-	-	-
Medicaid	192,392	24	136,870	-	15
Other government	87,749	-	166,500	29,191	-
<b>Total other gov't funding</b>	<b>280,141</b>	<b>24</b>	<b>303,370</b>	<b>29,191</b>	<b>15</b>
<b>All Other Revenues</b>					
1st and 2nd party payments	(7,177)	1	(11,400)	-	(7,400)
3rd party pymts (except Medicare)	332,641	26	148,777	-	-
Medicare	-	-	-	-	125
Contributions and donations	2,112	-	100	-	50
Other income	-	-	-	-	-
In-kind	-	-	-	-	-
<b>Total all other revenues</b>	<b>327,576</b>	<b>27</b>	<b>137,477</b>	<b>-</b>	<b>(7,225)</b>
<b>Total funding</b>	<b>\$ 929,181</b>	<b>\$ 131,404</b>	<b>\$ 643,890</b>	<b>\$ 299,329</b>	<b>\$ 1,725,511</b>
<b>Expense Categories</b>					
<b>Personnel expenses:</b>					
Salaries	\$ 430,473	\$ 68,679	\$ 338,487	\$ 219,239	\$ 805,540
Fringe benefits	111,648	19,524	87,573	52,470	184,935
<b>Total personnel expenses</b>	<b>542,121</b>	<b>88,203</b>	<b>426,060</b>	<b>271,709</b>	<b>990,475</b>
<b>Other Expenses:</b>					
Building occupancy	44,136	2,637	30,797	21,910	50,037
Professional services	-	-	-	-	44,533
Travel	9,305	8,194	6,260	1,588	1,987
Equipment costs	5,078	649	3,827	1,004	8,720
Food services	180	6	132	16	110,293
Medical and pharmacy	258	9	97	39	84,035
Subcontracted services	9,838	1,079	6,946	4,163	12,432
Depreciation	16,343	2,129	13,394	13,863	34,344
Insurance	14,750	2,878	15,226	16,473	37,832
Interest	-	-	-	13,781	28,385
Telephone	23,257	2,177	17,091	3,782	4,319
Operating supplies/expenses	3,893	209	1,737	1,438	5,937
Other expenses	34,652	380	14,157	156	24,326
<b>Total other expenses</b>	<b>161,690</b>	<b>20,347</b>	<b>109,664</b>	<b>78,213</b>	<b>447,180</b>
<b>Total personnel and other expenses</b>	<b>703,811</b>	<b>108,550</b>	<b>535,724</b>	<b>349,922</b>	<b>1,437,655</b>
<b>Distributed Indirect Costs:</b>					
Administration	72,215	15,134	70,114	54,228	186,734
Other support	43,644	10,195	37,917	57,822	166,206
<b>Total distr'd indirect costs</b>	<b>115,859</b>	<b>25,329</b>	<b>108,031</b>	<b>112,050</b>	<b>352,940</b>
<b>Total Actual Operating Expenses</b>	<b>819,670</b>	<b>133,879</b>	<b>643,755</b>	<b>461,972</b>	<b>1,790,595</b>
Unallowable Costs	5,572	726	4,574	4,754	11,771
<b>Total allowable oper expenses</b>	<b>\$ 814,098</b>	<b>\$ 133,153</b>	<b>\$ 639,181</b>	<b>\$ 457,218</b>	<b>\$ 1,778,824</b>
<b>Capital expenditures</b>	<b>\$ 1,357</b>	<b>\$ 377</b>	<b>\$ 1,866</b>	<b>\$ 4,782</b>	<b>\$ 9,849</b>

**New Horizons of the Treasure Coast, Inc.**

Program/Cost Center Actual Expenses and Revenues Schedule (continued)

For the year ended June 30, 2011

	Program Services				
	Residential IV CSS	Crisis Stabilization	Outpatient Treatment	Crisis Support/ Emergency	Outpatient Medical Services
<b>Funding Sources and Revenues</b>					
<b>State SAMH Funding:</b>					
District 15	\$ 377,669	\$ 2,196,123	\$ -	\$ 1,251,206	\$ 1,668,924
<b>Other Gov't Funding:</b>					
Other State Agency funding	-	-	-	-	-
Medicaid	-	-	99,087	-	216,981
Other government	-	294,549	9,823	186,363	151,541
<b>Total other gov't funding</b>	<b>-</b>	<b>294,549</b>	<b>108,910</b>	<b>186,363</b>	<b>368,522</b>
<b>All Other Revenues</b>					
1st and 2nd party payments	105,263	37,576	(30,165)	(373)	(3,131)
3rd party pymts (except Medicare)	-	723,236	305,556	18,676	658,465
Medicare	-	-	80,107	-	172,874
Contributions and donations	-	-	-	-	-
Other income	-	-	-	-	-
In-kind	-	-	-	-	1,138,542
<b>Total all other revenues</b>	<b>105,263</b>	<b>760,812</b>	<b>355,498</b>	<b>18,303</b>	<b>1,966,750</b>
<b>Total funding</b>	<b>\$ 482,932</b>	<b>\$ 3,251,484</b>	<b>\$ 464,408</b>	<b>\$ 1,455,872</b>	<b>\$ 4,004,196</b>
<b>Expense Categories</b>					
<b>Personnel expenses:</b>					
Salaries	\$ -	\$ 1,195,853	\$ 243,286	\$ 762,016	\$ 830,081
Fringe benefits	-	313,872	55,030	146,808	207,428
<b>Total personnel expenses</b>	<b>-</b>	<b>1,509,725</b>	<b>298,316</b>	<b>908,824</b>	<b>1,037,509</b>
<b>Other Expenses:</b>					
Building occupancy	68	83,928	19,629	36,517	36,589
Professional services	-	400,750	-	-	480,899
Travel	-	5,545	1,411	1,416	3,801
Equipment costs	182	17,477	4,305	11,086	4,617
Food services	18	141,103	13	11,643	105
Medical and pharmacy	42	113,903	70	4,038	1,241,973
Subcontracted services	-	29,648	3,068	16,227	21,462
Depreciation	-	56,199	7,603	13,987	17,262
Insurance	-	63,098	6,993	22,936	62,563
Interest	-	46,972	1,443	22,440	7,937
Telephone	-	7,360	4,497	3,494	6,962
Operating supplies/expenses	42	14,578	1,083	7,337	3,001
Other expenses	323,859	12,367	477	965	1,172
<b>Total other expenses</b>	<b>324,211</b>	<b>992,928</b>	<b>50,592</b>	<b>152,086</b>	<b>1,888,343</b>
<b>Total personnel and other expenses</b>	<b>324,211</b>	<b>2,502,653</b>	<b>348,908</b>	<b>1,060,910</b>	<b>2,925,852</b>
<b>Distributed Indirect Costs:</b>					
Administration	58,578	337,730	55,196	144,307	278,224
Other support	2,046	308,659	65,982	177,143	217,590
<b>Total distr'd indirect costs</b>	<b>60,624</b>	<b>646,389</b>	<b>121,178</b>	<b>321,450</b>	<b>495,814</b>
<b>Total Actual Operating Expenses</b>	<b>384,835</b>	<b>3,149,042</b>	<b>470,086</b>	<b>1,382,360</b>	<b>3,421,666</b>
Unallowable Costs	-	19,186	2,586	4,690	5,914
<b>Total allowable oper expenses</b>	<b>\$ 384,835</b>	<b>\$ 3,129,856</b>	<b>\$ 467,500</b>	<b>\$ 1,377,670</b>	<b>\$ 3,415,752</b>
<b>Capital expenditures</b>	<b>\$ -</b>	<b>\$ 16,298</b>	<b>\$ 586</b>	<b>\$ 8,902</b>	<b>\$ 3,187</b>

**New Horizons of the Treasure Coast, Inc.**

Program/Cost Center Actual Expenses and Revenues Schedule (continued)

For the year ended June 30, 2011

	Supported Community Services	Criminal Justice St. Lucie Co.	FACT	Total AMH Revenues	ASA Independence Recovery
<b>Funding Sources and Revenues</b>					
<b>State SAMH Funding:</b>					
District 15	\$ 523,580	\$ 70,000	\$ 1,254,272	\$ 10,000,493	\$ 110,692
<b>Other Gov't Funding:</b>					
Other State Agency funding	-	-	-	-	-
Medicaid	139,182	8,842	150	793,543	-
Other government	82,185	500,044	-	1,507,945	138,113
<b>Total other gov't funding</b>	<b>221,367</b>	<b>508,886</b>	<b>150</b>	<b>2,301,488</b>	<b>138,113</b>
<b>All Other Revenues</b>					
1st and 2nd party payments	(18,444)	320	(7)	65,063	109,990
3rd party pymts (except Medicare)	164,019	-	158	2,351,554	-
Medicare	-	(35)	(2)	253,069	-
Contributions and donations	150	-	-	2,412	250
Other income	1,139	-	-	1,139	-
In-kind	-	-	-	1,138,542	-
<b>Total all other revenues</b>	<b>146,864</b>	<b>285</b>	<b>149</b>	<b>3,811,779</b>	<b>110,240</b>
<b>Total funding</b>	<b>\$ 891,811</b>	<b>\$ 579,171</b>	<b>\$ 1,254,571</b>	<b>\$ 16,113,760</b>	<b>\$ 359,045</b>
<b>Expense Categories</b>					
<b>Personnel expenses:</b>					
Salaries	\$ 421,577	\$ 225,933	\$ 612,040	\$ 6,153,204	\$ 156,249
Fringe benefits	105,690	54,311	137,731	1,477,020	38,722
<b>Total personnel expenses</b>	<b>527,267</b>	<b>280,244</b>	<b>749,771</b>	<b>7,630,224</b>	<b>194,971</b>
<b>Other Expenses:</b>					
Building occupancy	53,521	380	41,133	421,282	13,663
Professional services	-	-	-	926,182	205
Travel	11,785	2,108	13,693	67,093	3,328
Equipment costs	7,491	421	8,476	73,333	756
Food services	2,488	11	499	266,507	32,735
Medical and pharmacy	250	120,900	2,969	1,568,583	7,157
Subcontracted services	7,783	3,983	11,239	127,868	2,176
Depreciation	29,240	138	22,100	226,602	10,592
Insurance	27,328	8,499	41,322	319,898	12,273
Interest	-	-	-	120,958	7,908
Telephone	17,643	1,365	20,398	112,345	1,310
Operating supplies/expenses	3,657	10,393	5,249	58,554	2,952
Other expenses	10,464	115,884	255,483	794,342	1,806
<b>Total other expenses</b>	<b>171,650</b>	<b>264,082</b>	<b>422,561</b>	<b>5,083,547</b>	<b>96,861</b>
<b>Total personnel and other expenses</b>	<b>698,917</b>	<b>544,326</b>	<b>1,172,332</b>	<b>12,713,771</b>	<b>291,832</b>
<b>Distributed Indirect Costs:</b>					
Administration	92,898	37,183	112,746	1,515,287	59,747
Other support	53,072	56	57,049	1,197,381	57,198
<b>Total distr'd indirect costs</b>	<b>145,970</b>	<b>37,239</b>	<b>169,795</b>	<b>2,712,668</b>	<b>116,945</b>
<b>Total Actual Operating Expenses</b>	<b>844,887</b>	<b>581,565</b>	<b>1,342,127</b>	<b>15,426,439</b>	<b>408,777</b>
Unallowable Costs	10,051	-	7,572	77,396	3,633
<b>Total allowable oper expenses</b>	<b>\$ 834,836</b>	<b>\$ 581,565</b>	<b>\$ 1,334,555</b>	<b>\$ 15,349,043</b>	<b>\$ 405,144</b>
<b>Capital expenditures</b>	<b>\$ 3,610</b>	<b>\$ -</b>	<b>\$ 3,849</b>	<b>\$ 54,663</b>	<b>\$ 2,744</b>

**New Horizons of the Treasure Coast, Inc.**

Program/Cost Center Actual Expenses and Revenues Schedule (continued)

For the year ended June 30, 2011

	Program Services				
	ASA Outpatient Treatment	Detox Residential	Family Intervention	Total ASA Revenues	CMH Case Management
<b>Funding Sources and Revenues</b>					
<b>State SAMH Funding:</b>					
District 15	\$ -	\$ 722,251	\$ 233,877	\$ 1,066,820	\$ 93,482
<b>Other Gov't Funding:</b>					
Other State Agency funding	-	-	-	-	-
Medicaid	10,274	(100)	-	10,174	22,152
Other government	-	281,008	-	419,121	56,914
<b>Total other gov't funding</b>	<b>10,274</b>	<b>280,908</b>	<b>-</b>	<b>429,295</b>	<b>79,066</b>
<b>All Other Revenues</b>					
1st and 2nd party payments	39,540	(14,697)	(80)	134,753	(8,022)
3rd party pymts (except Medicare)	11,993	99,713	-	111,706	340,078
Medicare	2,018	-	-	2,018	-
Contributions and donations	-	105	-	355	966
Other income	-	-	-	-	-
In-kind	-	-	-	-	-
<b>Total all other revenues</b>	<b>53,551</b>	<b>85,121</b>	<b>(80)</b>	<b>248,832</b>	<b>333,022</b>
<b>Total funding</b>	<b>\$ 63,825</b>	<b>\$1,088,280</b>	<b>\$ 233,797</b>	<b>\$ 1,744,947</b>	<b>\$ 505,570</b>
<b>Expense Categories</b>					
<b>Personnel expenses:</b>					
Salaries	\$ 39,538	\$ 480,731	\$ 102,600	\$ 779,118	\$ 262,422
Fringe benefits	6,974	110,694	17,954	174,344	75,804
<b>Total personnel expenses</b>	<b>46,512</b>	<b>591,425</b>	<b>120,554</b>	<b>953,462</b>	<b>338,226</b>
<b>Other Expenses:</b>					
Building occupancy	5,558	28,508	7,636	55,365	19,056
Professional services	-	58,422	-	58,627	-
Travel	3,201	1,477	7,206	15,212	12,582
Equipment costs	813	8,502	318	10,389	2,167
Food services	5	61,224	6	93,970	31
Medical and pharmacy	9	22,534	16	29,716	42
Subcontracted services	474	8,812	34,515	45,977	44,095
Depreciation	5,327	21,343	3,471	40,733	8,064
Insurance	2,741	18,337	4,769	38,120	12,799
Interest	-	15,830	4,690	28,428	-
Telephone	2,414	2,366	4,301	10,391	17,000
Operating supplies/expenses	1,068	4,702	1,037	9,759	1,470
Other expenses	539	4,677	16,123	23,145	18,634
<b>Total other expenses</b>	<b>22,149</b>	<b>256,734</b>	<b>84,088</b>	<b>459,832</b>	<b>135,940</b>
<b>Total personnel and other expenses</b>	<b>68,661</b>	<b>848,159</b>	<b>204,642</b>	<b>1,413,294</b>	<b>474,166</b>
<b>Distributed Indirect Costs:</b>					
Administration	18,741	119,510	23,858	221,856	58,807
Other support	16,663	114,354	24,801	213,016	31,663
<b>Total distr'd indirect costs</b>	<b>35,404</b>	<b>233,864</b>	<b>48,659</b>	<b>434,872</b>	<b>90,470</b>
<b>Total Actual Operating Expenses</b>	<b>104,065</b>	<b>1,082,023</b>	<b>253,301</b>	<b>1,848,166</b>	<b>564,636</b>
Unallowable Costs	1,845	7,268	1,184	13,930	2,721
<b>Total allowable oper expenses</b>	<b>\$ 102,220</b>	<b>\$1,074,755</b>	<b>\$ 252,117</b>	<b>\$ 1,834,236</b>	<b>\$ 561,915</b>
<b>Capital expenditures</b>	<b>\$ 188</b>	<b>\$ 9,485</b>	<b>\$ 1,627</b>	<b>\$ 14,044</b>	<b>\$ -</b>

**New Horizons of the Treasure Coast, Inc.**

Program/Cost Center Actual Expenses and Revenues Schedule (continued)

For the year ended June 30, 2011

	Program Services				
	CMH Outpatient Treatment	CMH Medical Services	CMH Crisis Stabilization	Prevention SAP	Total Childrens Services
<b>Funding Sources and Revenues</b>					
<b>State SAMH Funding:</b>					
District 15	\$ 200,320	\$ 70,828	\$ 342,685	\$ 290,124	\$ 997,439
<b>Other Gov't Funding:</b>					
Other State Agency funding	145,859	-	-	-	145,859
Medicaid	33,299	12,056	-	-	67,507
Other government	69,191	-	112,083	387,965	626,153
<b>Total other gov't funding</b>	<b>248,349</b>	<b>12,056</b>	<b>112,083</b>	<b>387,965</b>	<b>839,519</b>
<b>All Other Revenues</b>					
1st and 2nd party payments	(5,456)	4,595	29,908	-	21,025
3rd party pymts (except Medicare)	449,431	257,144	714,752	-	1,761,405
Medicare	-	-	-	-	-
Contributions and donations	-	-	309,911	-	310,877
Other income	-	-	-	-	-
In-kind	-	-	7,527	-	7,527
<b>Total all other revenues</b>	<b>443,975</b>	<b>261,739</b>	<b>1,062,098</b>	<b>-</b>	<b>2,100,834</b>
<b>Total funding</b>	<b>\$ 892,644</b>	<b>\$ 344,623</b>	<b>\$ 1,516,866</b>	<b>\$ 678,089</b>	<b>\$ 3,937,792</b>
<b>Expense Categories</b>					
<b>Personnel expenses:</b>					
Salaries	\$ 399,190	\$ 267,613	\$ 802,424	\$ 427,259	\$ 2,158,908
Fringe benefits	90,875	48,543	153,713	100,385	469,320
<b>Total personnel expenses</b>	<b>490,065</b>	<b>316,156</b>	<b>956,137</b>	<b>527,644</b>	<b>2,628,228</b>
<b>Other Expenses:</b>					
Building occupancy	40,358	4,748	72,177	28,957	165,296
Professional services	-	-	55,610	-	55,610
Travel	22,101	4,291	459	6,117	45,550
Equipment costs	3,950	623	22,660	17,628	47,028
Food services	34	14	51,064	23	51,166
Medical and pharmacy	140	32	48,314	57	48,585
Subcontracted services	160,388	18,763	47,975	7,188	278,409
Depreciation	13,166	2,910	110,285	241	134,666
Insurance	16,954	9,693	36,337	17,437	93,220
Interest	-	-	71,778	-	71,778
Telephone	17,148	2,189	8,022	13,361	57,720
Operating supplies/expenses	1,592	65	15,983	9,941	29,051
Other expenses	684	327	17,689	15,308	52,642
<b>Total other expenses</b>	<b>276,515</b>	<b>43,655</b>	<b>558,353</b>	<b>116,258</b>	<b>1,130,721</b>
<b>Total personnel and other expenses</b>	<b>766,580</b>	<b>359,811</b>	<b>1,514,490</b>	<b>643,902</b>	<b>3,758,949</b>
<b>Distributed Indirect Costs:</b>					
Administration	82,816	49,232	147,069	76,285	414,209
Other support	35,935	14,741	110,549	-	192,888
<b>Total distr'd indirect costs</b>	<b>118,751</b>	<b>63,973</b>	<b>257,618</b>	<b>76,285</b>	<b>607,097</b>
<b>Total Actual Operating Expenses</b>	<b>885,331</b>	<b>423,784</b>	<b>1,772,108</b>	<b>720,187</b>	<b>4,366,046</b>
Unallowable Costs	4,513	1,002	29,813	-	38,049
<b>Total allowable oper expenses</b>	<b>\$ 880,818</b>	<b>\$ 422,782</b>	<b>\$ 1,742,295</b>	<b>\$ 720,187</b>	<b>\$ 4,327,997</b>
<b>Capital expenditures</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 4,629,458</b>	<b>\$ -</b>	<b>\$ 4,629,458</b>



**New Horizons of the Treasure Coast, Inc.**

Program/Cost Center Actual Expenses and Revenues Schedule (continued)

For the year ended June 30, 2011

	Program Services				Total
	Total for State SAMH Funded Cost Centers	Non-State Funded SAMH Cost Centers	Total for all State Designated SAMH Cost Centers	Non-SAMH Cost Centers	
<b>Funding Sources and Revenues</b>					
<b>State SAMH Funding:</b>					
District 15	\$ 12,064,752	\$ -	\$ 12,064,752	\$ -	\$ 12,064,752
<b>Other Gov't Funding:</b>					
Other State Agency funding	145,859	-	145,859	-	145,859
Medicaid	871,224	-	871,224	-	871,224
Other government	2,553,219	361,778	2,914,997	-	2,914,997
<b>Total other gov't funding</b>	<b>3,570,302</b>	<b>361,778</b>	<b>3,932,080</b>	<b>-</b>	<b>3,932,080</b>
<b>All Other Revenues</b>					
1st and 2nd party payments	220,841	-	220,841	5,415	226,256
3rd party pymts (except Medicare)	4,224,665	60	4,224,725	-	4,224,725
Medicare	255,087	-	255,087	-	255,087
Contributions and donations	313,644	-	313,644	-	313,644
Other income	1,139	-	1,139	-	1,139
In-kind	1,146,069	-	1,146,069	-	1,146,069
<b>Total all other revenues</b>	<b>6,161,445</b>	<b>60</b>	<b>6,161,505</b>	<b>5,415</b>	<b>6,166,920</b>
<b>Total funding</b>	<b>\$ 21,796,499</b>	<b>\$ 361,838</b>	<b>\$ 22,158,337</b>	<b>\$ 5,415</b>	<b>\$ 22,163,752</b>
<b>Expense Categories</b>					
<b>Personnel expenses:</b>					
Salaries	\$ 9,091,230	\$ 226,458	\$ 9,317,688	\$ -	\$ 9,317,688
Fringe benefits	2,120,684	44,149	2,164,833	-	2,164,833
<b>Total personnel expenses</b>	<b>11,211,914</b>	<b>270,607</b>	<b>11,482,521</b>	<b>-</b>	<b>11,482,521</b>
<b>Other Expenses:</b>					
Building occupancy	641,943	15,461	657,404	-	657,404
Professional services	1,040,419	988	1,041,407	-	1,041,407
Travel	127,855	4,279	132,134	-	132,134
Equipment costs	130,750	1,731	132,481	-	132,481
Food services	411,643	6,499	418,142	-	418,142
Medical and pharmacy	1,646,884	46	1,646,930	2,779	1,649,709
Subcontracted services	452,254	3,087	455,341	-	455,341
Depreciation	402,001	7,855	409,856	-	409,856
Insurance	451,238	14,490	465,728	-	465,728
Interest	221,164	750	221,914	-	221,914
Telephone	180,456	3,711	184,167	-	184,167
Operating supplies/expenses	97,364	3,143	100,507	-	100,507
Other expenses	870,129	3,829	873,958	-	873,958
<b>Total other expenses</b>	<b>6,674,100</b>	<b>65,869</b>	<b>6,739,969</b>	<b>2,779</b>	<b>6,742,748</b>
<b>Total personnel and other expenses</b>	<b>17,886,014</b>	<b>336,476</b>	<b>18,222,490</b>	<b>2,779</b>	<b>18,225,269</b>
<b>Distributed Indirect Costs:</b>					
Administration	2,151,352	32,196	2,183,548	-	2,183,548
Other support	1,603,285	14,847	1,618,132	-	1,618,132
<b>Total distr'd indirect costs</b>	<b>3,754,637</b>	<b>47,043</b>	<b>3,801,680</b>	<b>-</b>	<b>3,801,680</b>
<b>Total Actual Operating Expenses</b>	<b>21,640,651</b>	<b>383,519</b>	<b>22,024,170</b>	<b>2,779</b>	<b>22,026,949</b>
Unallowable Costs	129,375	1,350	130,725	-	130,725
<b>Total allowable oper expenses</b>	<b>\$ 21,511,276</b>	<b>\$ 382,169</b>	<b>\$ 21,893,445</b>	<b>\$ 2,779</b>	<b>\$ 21,896,224</b>
<b>Capital expenditures</b>	<b>\$ 4,698,165</b>	<b>\$ 260</b>	<b>\$ 4,698,425</b>	<b>\$ -</b>	<b>\$ 4,698,425</b>

**New Horizons of the Treasure Coast, Inc.**

Program/Cost Center Actual Expenses and Revenues Schedule (continued)

For the year ended June 30, 2011

	Supporting Services			Total
	Administration	Support Services	Total	
<b>Funding Sources and Revenues</b>				
<b>State SAMH Funding:</b>				
District 15	\$ -	\$ -	\$ -	\$ 12,064,752
<b>Other Gov't Funding:</b>				
Other State Agency funding	-	-	-	145,859
Medicaid	-	-	-	871,224
Other government	-	-	-	2,914,997
<b>Total other gov't funding</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,932,080</b>
<b>All Other Revenues</b>				
1st and 2nd party payments	-	-	-	226,256
3rd party pymts (except Medicare)	-	-	-	4,224,725
Medicare	-	-	-	255,087
Contributions and donations	470	-	470	314,114
Other income	20,804	13,286	34,090	35,229
In-kind	-	-	-	1,146,069
<b>Total all other revenues</b>	<b>21,274</b>	<b>13,284</b>	<b>34,560</b>	<b>6,201,480</b>
<b>Total funding</b>	<b>\$ 21,274</b>	<b>\$ 13,284</b>	<b>\$ 34,560</b>	<b>\$ 22,198,312</b>
<b>Expense Categories</b>				
<b>Personnel expenses:</b>				
Salaries	\$ 1,299,100	\$ 1,334,451	\$ 2,633,551	\$ 11,951,239
Fringe benefits	297,074	329,554	626,628	2,791,461
<b>Total personnel expenses</b>	<b>1,596,174</b>	<b>1,664,005</b>	<b>3,260,179</b>	<b>14,742,700</b>
<b>Other Expenses:</b>				
Building occupancy	19,058	35,360	54,418	711,822
Professional services	110,351	-	110,351	1,151,758
Travel	23,028	13,861	36,889	169,023
Equipment costs	55,610	32,965	88,575	221,056
Food services	4,383	(224,530)	(220,147)	197,995
Medical and pharmacy	6,107	(81,354)	(75,247)	1,574,462
Subcontracted services	142,371	69,482	211,853	667,194
Depreciation	99,872	879	100,751	510,607
Insurance	66,447	53,581	120,028	585,756
Interest	3,075	-	3,075	224,989
Telephone	18,188	6,430	24,618	208,785
Operating supplies/expenses	105,785	46,223	152,008	252,515
Other expenses	57,281	1,230	58,511	932,469
<b>Total other expenses</b>	<b>711,556</b>	<b>(45,873)</b>	<b>665,683</b>	<b>7,408,431</b>
<b>Total personnel and other expenses</b>	<b>2,307,730</b>	<b>1,618,132</b>	<b>3,925,862</b>	<b>22,151,131</b>
<b>Distributed Indirect Costs:</b>				
Administration	(2,183,548)	-	(2,183,548)	-
Other support	-	(1,618,132)	(1,618,132)	-
<b>Total distr'd indirect costs</b>	<b>(2,183,548)</b>	<b>(1,618,132)</b>	<b>(3,801,680)</b>	<b>-</b>
<b>Total Actual Operating Expenses</b>	<b>124,182</b>	<b>-</b>	<b>124,182</b>	<b>22,151,131</b>
Unallowable Costs	124,182	-	124,182	254,907
<b>Total allowable oper expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 21,896,224</b>
<b>Capital expenditures</b>	<b>\$ 23,007</b>	<b>\$ 4,625</b>	<b>\$ 27,632</b>	<b>\$ 4,726,057</b>

**New Horizons of the Treasure Coast, Inc.**

Schedule of Revenues

For the year ended June 30, 2011

(With comparative totals for 2010)

	2011	2010
	Total	Total (memo only)
<b>State ADM Grants:</b>		
State of Florida, Department of Children & Families Alcohol, Drug Abuse and Mental Health	\$ 12,064,752	\$ 12,553,795
<b>Government and Other Local Funding:</b>		
Other Government funding	285,071	344,910
Local government grants:		
St. Lucie County	1,710,795	1,616,895
Indian River County	636,294	683,747
Martin County	360,382	359,731
Okeechobee County	68,314	79,475
<b>Total government and other local funding</b>	<b>3,060,856</b>	<b>3,084,758</b>
<b>All other Funding and Revenues:</b>		
Medicaid	871,224	812,210
Medicare	255,087	191,868
First and third party fees	4,450,981	4,057,431
Contributions and donations	314,114	232,626
In-kind contributions	1,146,069	1,075,830
Interest	3,769	6,600
Other income	31,460	2,322
<b>Total all other funding and revenues</b>	<b>7,072,704</b>	<b>6,378,887</b>
<b>Total revenues</b>	<b>\$ 22,198,312</b>	<b>\$ 22,017,440</b>

**New Horizons of the Treasure Coast, 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	CFDA/ CSFA Number	Grant Contract Number	Expenditures
<b>U.S. Department of Health and Human Services:</b>			
Pass Through from Florida Department of Children & Families:			
Projects for Assistance in Transition from Homelessness (PATH)	93.150	ZHJ40	\$ 102,924
Medical Assistance Program	93.778	ZHK47	296,667
Block Grants for Community Mental Health Services	93.958	ZHJ40/ZHK47	312,634
Block Grants for Prevention and Treatment of Substance Abuse	93.959	ZHJ40/ZDZL2	905,416
<b>Total federal expenditures</b>			<b>\$ 1,617,641</b>
<b>Florida Department of Children &amp; Families:</b>			
Children's Baker Act Services	60.001	ZHJ40/ZHL52	\$ 625,808
Baker Act	60.006	ZHJ40	1,601,909
Substance Abuse Treatment and Aftercare Services for Children	60.030	ZHJ40	145,129
Substance Detoxification Services for Adults	60.031	ZHJ40	444,409
Substance Abuse Treatment and Aftercare Services for Adults	60.033	ZHJ40	138,708
Indigent Psychiatric Outpatient Services	60.039	ZHJ40	157,866
Adult Community Mental Health Florida Assertive	60.042	ZHK47	254,272
Mental Health Adult Community Support Services	60.053	ZHJ40	4,572,170
Adult Community Mental Health Emergency Stabilization	60.054	ZHJ40	1,490,596
Children's Mental Health Community Support Services	60.055	ZHJ40	259,132
Community Forensic Beds	60.114	N/A	15,905
<b>United for Families</b>			
Community Based Care Support	60.094	UA756/966/977	139,212
<b>Total state expenditures</b>			<b>\$ 9,845,116</b>

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

**New Horizons of the Treasure Coast, Inc.**

Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance

**Note A – Basis of Presentation**

The accompanying schedule of expenditures of federal awards and state financial assistance was prepared to include the activity of all Federal and State awards of New Horizons 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*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**Note B – Matching Requirements**

New Horizons receives a substantial portion of its support from grants passed through the Department of Children and Families. Some of these grants require local match in the form of cash and/or in-kind resources.

Current match received includes local county revenues and in-kind contributions.

During the year ended June 30, 2011, the expenses on grants requiring a local match were as follows:

Contract Number	ZHJ40	Total
Required local match	\$ 1,643,338	\$ 1,643,338
Current match received	2,539,178	2,539,178
Excess match	\$ 895,840	\$ 895,840

The above match amounts are applied to the following cost centers:

Cost Center	
Case Management	\$ 69,795
Intensive Case Management	158,434
Crisis Stabilization	294,548
Mobile Crisis	29,191
Outpatient Medical Services	1,143,858
Supported Community Services	70,346
Crisis Support/Emergency	186,363
Residential Level I SRT	50
FACT	-
Independence Recovery	60,250
Detox Residential	281,113
Childrens Case Management	57,880
Childrens Outpatient Services	69,191
Childrens Crisis Stabilization	112,159
Childrens Medical Services	-
Student Assistance Program	6,000
	\$ 2,539,178

**New Horizons of the Treasure Coast, Inc.**  
Schedule of State Earnings  
For the year ended June 30, 2011

Total Expenditures	\$ 22,151,131
Less:	
Other State and Federal funds	(1,411,382)
Non-Match SAMH funds	(5,641,181)
Unallowable costs	(254,907)
Net allowable expenditures	14,843,661
Maximum available earnings (75% of allowable expenditures)	11,132,746
Amount of State funds requiring match	4,930,014
Amount due to Department of Children and Families	\$ -

**New Horizons of the Treasure Coast, Inc.**  
 Schedule of Bed-Day Availability Payments  
 For the year ended June 30, 2011

Program	Cost Center	State Contracted Rate	Total Units of Service Provided	Total Units of Service Paid for by 3rd Party Contracts, Local Gov't 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 (FxC)	Amount Owed to Department (G-H) or \$0, whichever is greater
A	B	C	D	E	F	G	H	I
Adult MH	Crisis stabilization unit	\$ 291.24	10,950	1,508	9,442	\$ 2,196,123	\$ 2,749,888	\$ -
Adult SA	Substance abuse detox	197.30	4,380	564	3,816	722,251	752,897	-
Children's SA/MH	Children's crisis stabilization unit	291.24	5,780	1,225	4,555	342,685	1,326,598	
Adult MH	Short term residential treatment	247.28	7,300	-	7,300	1,732,721	1,805,144	-
Total amount owed to Department								\$ -

**New Horizons of the Treasure Coast, Inc.**  
 Schedule of Related Party Transaction Adjustments  
 For the year ended June 30, 2011

	Related * Party	Allocation of Related Party Transactions Adjustment			
		Cost Centers			Total
		1	2	3	
<b>Revenues from Grantees:</b>					
Rent	\$	-			
Services		-			
Interest		-			
Other income		-			
<b>Total revenues from grantees</b>		<b>-</b>			
<b>Expenses Associated with Grantee Transactions:</b>					
Personnel services		-			
Depreciation		-			
Interest		-			
Other expenses		-			
<b>Total associated expenses</b>		<b>-</b>			
<b>Related party transaction adjustment</b>		<b>\$</b>	<b>-</b>		

\* This schedule is not applicable for the current year. No related party transactions were identified.



**New Horizons of the Treasure Coast, Inc.**  
 Schedule of Local Financial Assistance  
 For the year ended June 30, 2011

	Accrued or (Deferred) Revenue at July 1, 2010	Cash Received	Reimbursable Expenditures	Accrued or (Deferred) Revenue at June 30, 2011
<b>Local Grants:</b>				
St. Lucie County Match	\$ -	\$ 673,606	\$ 673,606	\$ -
Martin County Match	-	220,963	220,963	-
Indian River County Match	16,269	348,265	348,848	16,852
Okeechobee County Match	9,584	46,709	44,708	7,583
Indian River County Forensic Contract	8,692	105,697	105,871	8,866
Indian River County Steps to Freedom	4,238	51,536	51,621	4,323
Indian River County Healthcare District	19,180	138,160	129,954	10,974
Martin County Steps to Recovery	2,376	28,889	28,936	2,423
St. Lucie County Children's Services Council	31,817	405,606	406,433	32,644
St. Lucie County Jail Diversion	31,395	303,496	274,924	2,823
St. Lucie County Mental Health Court	66,426	338,332	357,436	85,530
Okeechobee County Children's Service Council	4,352	26,141	25,856	4,067
<b>Total local assistance</b>	<b>\$ 194,329</b>	<b>\$ 2,687,400</b>	<b>\$ 2,669,156</b>	<b>\$ 176,085</b>



KMETZ NUTTALL ELWELL GRAHAM, PLLC  
*Certified Public Accountants*

**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  
New Horizons of the Treasure Coast, Inc.

We have audited the financial statements of New Horizons of the Treasure Coast, Inc. (New Horizons) (a nonprofit organization) as of and for the year ended June 30, 2011, and have issued our report thereon dated November 30, 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 New Horizons' 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 New Horizons' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of New Horizon'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 the 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 New Horizons' 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 management, the Board of Directors, 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. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in cursive script that reads "Kmetz, Nuttall, Elwell, Graham".

Kmetz, Nuttall, Elwell, Graham, PLLC  
Certified Public Accountants

November 30, 2011



**KMETZ • NUTTALL • ELWELL • GRAHAM, PLLC**  
*Certified Public Accountants*

**Independent Auditors' Report on Compliance with Requirements that could have a Direct and Material Effect on Each Major Federal Program and State Financial Assistance 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  
New Horizons of the Treasure Coast, Inc.

Compliance

We have audited the compliance of New Horizons of the Treasure Coast, Inc. (New Horizons) (a nonprofit organization) 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 are applicable to each of its major federal programs and state financial assistance projects for the year ended June 30, 2011. New Horizons' major federal programs and state financial assistance projects are identified in the summary of auditor's 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 financial assistance projects is the responsibility of New Horizons' management. Our responsibility is to express an opinion on New Horizons' compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and Chapter 10.650, Rules of the Auditor General. Those standards, OMB Circular A-133 and Chapter 10.650, 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 financial assistance project occurred. An audit includes examining, on a test basis, evidence about New Horizons' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on New Horizons' compliance with those requirements.

In our opinion, New Horizons complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs and state financial assistance projects for the year ended June 30, 2011.

### Internal Control over Compliance

Management of New Horizons 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 financial assistance projects. In planning and performing our audit, we considered New Horizon's internal control over compliance with the requirements that could have a direct and material effect on a major federal program or state financial assistance project in order 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 our opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of New Horizons' 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 and state financial assistance project on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a 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 financial assistance 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, 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. However, this report is a matter of public record and its distribution is not limited.



Kmetz, Nuttall, Elwell, Graham, PLLC  
Certified Public Accountants

November 30, 2011

**New Horizons of the Treasure Coast, Inc.  
Schedule of Findings and Questioned Costs  
Federal Awards Programs and State Financial Assistance Projects  
Year Ended June 30, 2011**

**A. Summary of Audit Results**

1. The auditor's report expresses an unqualified opinion on the financial statements of New Horizons of the Treasure Coast, Inc.
2. No significant deficiencies relating to the audit of the financial statements are reported in the Independent Auditors' Report.
3. No instances of noncompliance material to the financial statements of New Horizons of the Treasure Coast, Inc. were disclosed during our audit.
4. No significant deficiencies relating to the audit of the major federal award program and/or state financial assistance projects is reported in the Independent Auditors' Report on Compliance with Requirements Applicable to Each Major Federal Program and State Financial Assistance Project and on Internal Control over Compliance in Accordance with OMB Circular A-133 and Chapter 10.650, Rules of the Auditor General.
5. The auditor's report on compliance for the major federal award program and state financial assistance projects for New Horizons of the Treasure Coast, Inc. expresses an unqualified opinion.
6. No audit findings or questioned costs relative to major federal award programs and state financial assistance projects, as are required to be reported under OMB Circular A-133 and Chapter 10.650, Rules of the Auditor General, are reported in Part C of this schedule.
7. The program/projects tested as major program/projects include:

<u>Federal Program</u>	<u>Federal CFDA No.</u>
Block Grants for Prevention and Treatment of Substance Abuse	93.959
<u>State Project</u>	<u>State CSFA No.</u>
Children's Baker Act Services	60.001
Mental Health Adult Community Support Services	60.053
8. The threshold for distinguishing Type A and B programs was \$300,000 for major federal award programs and major state financial assistance projects.
9. New Horizons of the Treasure Coast, Inc. was determined to be a low-risk auditee pursuant to OMB Circular A-133.

**B. Findings - Financial Statements Audit - None**

**C. Findings and Questioned Costs - Major Federal Award Program and/or Major State Financial Assistance Project Audits - None**

**New Horizons of the Treasure Coast, Inc.  
Summary Schedule of Prior Audit Findings  
Year Ended June 30, 2011**

There were no instances of findings or questioned costs for major federal award programs or major state financial assistance projects in prior years.



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Certified Public Accountants

### Management Letter

To the Board of Directors and  
Senior Management  
New Horizons of the Treasure Coast, Inc.  
Fort Pierce, Florida

We have completed our audit of the financial statements of New Horizons of the Treasure Coast, Inc. (New Horizons) for the year ended June 30, 2011, and issued our reports thereon dated November 30, 2011.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-profit Organizations*. We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and other Matters, Independent Auditor's report on Compliance with Requirements Applicable to each Major Federal Program and State Financial Assistance Project and on Internal Control over Compliance, and Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule, which are dated November 30, 2011, should be considered in conjunction with this management letter.

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

### CURRENT YEAR FINDINGS AND RECOMMENDATIONS

No current year findings.

### STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS

No prior year findings.

This management letter is intended for the information of the Board of Directors, management, federal and state awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

Kmetz, Nuttall, Elwell, Graham, PLLC  
Certified Public Accountants

November 30, 2011