

**Personal Enrichment through
Mental Health Services, Inc.**

**Financial Statements and
Supplementary Financial Information**

**For the Years Ended
June 30, 2011 and 2010**



Certified Public Accountants
Business Consultants
Limited Liability Company

Personal Enrichment through Mental Health Services, Inc.
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June 30, 2011 and 2010

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INDEPENDENT ACCOUNTANTS' REPORT



Carr, Riggs & Ingram, LLC
2111 Drew Street
Clearwater, Florida 33765

(727) 446-0504
(727) 461-7384 (fax)
www.cricpa.com

INDEPENDENT ACCOUNTANTS' REPORT

Board of Directors
Personal Enrichment through Mental Health Services, Inc.
Pinellas Park, Florida

We have audited the accompanying statements of financial position of Personal Enrichment through Mental Health Services, Inc. (a Florida nonprofit organization) as of June 30, 2011, and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits. The financial statements of Personal Enrichment through Mental Health Services, Inc. as of June 30, 2010, were audited by other auditors whose report dated December 3, 2010, expressed an unqualified opinion on those statements.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 14, 2011 on our consideration of the Organization's internal control over financial reporting and 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 audit.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements of Personal Enrichment through Mental Health Services, Inc. taken as a whole. The accompanying Schedules of Expenditures of Federal and State Awards and Findings on Questioned Costs are presented for the purpose of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations* and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and other additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is

fairly stated in all material respects in relation to the financial statements taken as a whole.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements of Personal Enrichment through Mental Health Services, Inc. taken as a whole. The accompanying Schedules of State Earnings for Alcohol, Drug Abuse, and Mental Health Services; Bed Day Availability; and Related Party Transactions are presented for the purpose of additional analysis as required by the various funding agencies and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and other additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, LLC
Certified Public Accountants

October 14, 2011

FINANCIAL STATEMENTS

**Personal Enrichment through Mental Health Services, Inc.
Statements of Financial Position**

<i>June 30,</i>	2011	2010
Assets:		
Cash and cash equivalents	\$ 1,186,872	\$ 2,217,165
Restricted cash	10,308	9,908
Patient receivables, less allowance for doubtful accounts of \$75,000 and \$100,000	501,972	436,937
Purchase of service and other receivables	1,524,334	1,064,979
Prepaid expenses and other assets	346,683	304,881
Property and equipment, net	5,314,523	5,079,044
Total assets	\$ 8,884,692	\$ 9,112,914
Liabilities and net assets:		
Liabilities:		
Accounts payable	\$ 182,314	\$ 216,949
Accrued payroll and related liabilities	482,258	740,090
Note payable	66,125	59,559
Long-term debt	2,065,798	1,754,221
Total liabilities	2,796,495	2,770,819
Unrestricted net assets	6,088,197	6,342,095
Total liabilities and net assets	\$ 8,884,692	\$ 9,112,914

**Personal Enrichment through Mental Health Services, Inc.
Statements of Activities**

<i>Year ending June 30,</i>	2011	2010
Revenues:		
Florida Department of Children and Families	\$ 6,697,001	\$ 6,836,160
Patient fees	51,372	9,490
Third party fees	2,747,957	3,118,819
Juvenile Welfare Board of Pinellas County	1,545,038	1,514,294
Pinellas County Board of County Commissioners	1,698,398	1,736,566
Central Florida Behavioral Health Network	2,211,266	1,380,496
Florida Department of Transportation	-	33,852
Florida Department of Education	-	32,851
Eckerd Youth Alternatives	979,786	903,512
Baycare	300,000	300,000
Heartland Emergency Shelter	-	14,636
Municipalities	39,497	1,600
Hillsborough Kids	2,300	275
Medicaid client fees	330,498	866,417
Interest income	896	1,696
Other income	105,188	109,588
In-kind donations	104,335	26,386
Total revenues	16,813,532	16,886,638
Expenses:		
Program services	17,067,430	16,809,706
Total expenses	17,067,430	16,809,706
Increase (decrease) in net assets	(253,898)	76,932
Net assets at beginning of year	6,342,095	6,265,163
Net assets at end of year	\$ 6,088,197	\$ 6,342,095

Personal Enrichment through Mental Health Services, Inc.
Statements of Functional Expenses

Year ended June 30, 2011

	Program Services					
	Crisis Stabilization			Community Support Team	Crisis Stabilization Child	Crisis Support Child
	Adult	BNET				
Payroll and related expenses:						
Salaries	\$ 3,072,791	\$ 266,623	\$ -	\$ 698,395	\$ 96,563	
Fringe Benefits	617,769	53,070	-	140,291	19,198	
Temporary Staff	32,408	-	-	3,110	-	
Total payroll and related expenses	3,722,968	319,693	-	841,796	115,761	
Operating expenses:						
Building Occupancy	263,005	44,342	-	53,622	1,727	
Professional Services	570,114	34,558	-	128,784	1,796	
Travel and Transportation	968	8,992	-	224	164	
Equipment Costs	47,216	3,513	-	9,091	510	
Food Services	400,612	-	-	62,627	-	
Medical and Pharmacy	470,466	101,205	-	64,447	12,802	
Subcontracted Services	-	-	-	-	-	
Insurance	74,617	1,656	-	17,436	2,706	
Interest Expense	-	-	-	-	-	
Fundraising Expenses	58	150	-	-	-	
Operating Supplies and Expenses	871,221	45,254	-	75,970	3,314	
Total operating expenses	2,698,277	239,670	-	412,201	23,019	
Administration allocation	864,380	71,333	-	184,342	19,420	
Total expenses	\$ 7,285,625	\$ 630,696	\$ -	\$ 1,438,339	\$ 158,200	

**Personal Enrichment through Mental Health Services, Inc.
Statements of Functional Expenses**

Program Services							
Crisis Support Adult	S/A Intervention Adult	S/A Detox Child	Residential Level I Child	Residential Level II Child	Residential Level III Child	Non-SAMH Services	Total Program Services
\$ 804,948	\$ 69,923	\$ 195,496	\$ -	\$ 429,357	\$ 105,633	\$ 2,052,254	7,791,983
161,813	14,827	39,100	-	86,286	21,765	407,030	1,561,149
-	-	1,200	-	-	-	-	36,718
966,761	84,750	235,796	-	515,643	127,398	2,459,284	9,389,850
75,431	-	14,273	-	32,674	11,556	338,467	835,097
99,161	-	36,850	-	44,605	12,974	1,581	930,423
2,300	137	55	-	2,613	5,240	82,955	103,648
11,153	-	2,283	-	3,316	2,021	85,303	164,406
-	-	16,914	-	67,723	-	69	547,945
127,898	-	15,961	-	45,034	5	26	837,844
21,424	-	-	-	-	-	445,779	467,203
21,485	1,860	4,784	-	10,195	3,184	31,044	168,967
-	-	-	-	-	-	-	-
-	-	-	-	-	-	50	258
32,996	50	20,805	-	87,072	18,336	363,838	1,518,856
391,848	2,047	111,925	-	293,232	53,316	1,349,112	5,574,647
209,272	14,457	51,289	-	109,696	32,171	546,573	2,102,933
\$ 1,567,881	\$ 101,254	\$ 399,010	\$ -	\$ 918,571	\$ 212,885	\$ 4,354,969	\$ 17,067,430

**Personal Enrichment through Mental Health Services, Inc.
Statements of Functional Expenses**

Year ended June 30, 2011

Support Services		Total
Other Support	Administration	Grand Total
\$ 637,448	\$ 953,567	\$ 9,382,998
128,273	212,666	1,902,088
-	726	37,444
765,721	1,166,959	11,322,530
88,723	99,686	1,023,506
225	112,833	1,043,481
41,146	23,100	167,894
65,082	205,447	434,935
(26,081)	1,043	522,907
(24,765)	158	813,237
-	66,396	533,599
18,024	27,041	214,032
-	158,736	158,736
-	19,619	19,877
(868,695)	162,535	812,696
(706,341)	876,594	5,744,900
(59,380)	(2,043,553)	-
\$ -	\$ -	\$ 17,067,430

**Personal Enrichment through Mental Health Services, Inc.
Statements of Functional Expenses**

	Program Services				
	Crisis Stabilization Adult	BNET	Community Support Team	Crisis Stabilization Child	Crisis Support Child
Payroll and related expenses:					
Salaries	\$ 2,830,795	\$ 257,182	\$ 2,429	\$ 638,058	\$ 72,483
Fringe Benefits	565,595	50,258	462	126,748	14,617
Temporary Staff	30,019	-	-	14,266	-
Total payroll and related expenses	3,426,409	307,440	2,891	779,072	87,100
Operating expenses:					
Building Occupancy	577,329	29,967	-	78,763	1,177
Professional Services	562,109	22,371	-	128,015	1,163
Travel and Transportation	304,112	9,187	93	64	418
Equipment Costs	53,573	4,344	18	7,108	340
Food Services	400,272	55	-	52,044	-
Medical and Pharmacy	614,380	52,668	-	46,289	7,620
Subcontracted Services	26	-	-	-	2,493
Insurance	63,932	3,418	-	13,559	1,794
Interest Expense	-	-	-	-	-
Fundraising Expenses	-	-	-	-	-
Operating Supplies and Expenses	86,972	41,668	4	12,990	1,959
Total operating expenses	2,662,705	163,678	115	338,832	16,964
Administration allocation	887,978	81,298	545	176,111	17,412
Total expenses	\$ 6,977,092	\$ 552,416	\$ 3,551	\$ 1,294,015	\$ 121,476

**Personal Enrichment through Mental Health Services, Inc.
Statements of Functional Expenses**

Program Services							
Crisis Support Adult	S/A Intervention Adult	S/A Detox Child	Residential Level I Child	Residential Level II Child	Residential Level III Child	Non-ADM Services	Total Program Services
\$ 890,180	\$ 182,302	\$ 68,040	\$ 587,869	\$ 372,598	\$ 108,271	\$ 1,530,508	7,540,715
177,711	36,556	15,245	121,310	72,447	22,687	303,640	1,507,276
-	4,077	-	61,087	2,059	-	322	111,830
1,067,891	222,935	83,285	770,266	447,104	130,958	1,834,470	9,159,821
52,520	21,239	-	72,564	73,133	14,422	295,873	1,216,987
101,224	36,576	-	110,610	40,824	12,974	-	1,015,866
3,313	18	110	2,285	592	4,645	67,303	392,140
6,364	1,784	-	6,503	4,581	2,349	23,516	110,480
-	14,869	-	25,479	51,531	91	18,761	563,102
94,961	12,083	-	63,186	65,216	3	4,940	961,346
28,994	-	-	-	-	128,611	494,729	654,853
18,381	4,784	1,529	29,304	8,425	2,206	29,601	176,933
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
30,771	4,747	16	15,834	15,585	3,506	145,500	359,552
336,528	96,100	1,655	325,765	259,887	168,807	1,080,223	5,451,259
238,791	52,331	15,357	172,717	104,374	52,988	398,724	2,198,626
\$ 1,643,210	\$ 371,366	\$ 100,297	\$ 1,268,748	\$ 811,365	\$ 352,753	\$ 3,313,417	\$ 16,809,706

**Personal Enrichment through Mental Health Services, Inc.
Statements of Functional Expenses**

Year ended June 30, 2010

Support Services		Total
Other Support	Administration	Grand Total
\$ 672,943	\$ 1,013,905	\$ 9,227,563
137,915	214,448	1,859,639
-	1,236	113,066
810,858	1,229,589	11,200,268
(374,752)	127,840	970,075
-	131,466	1,147,332
(266,353)	13,709	139,496
51,064	178,953	340,497
(15,756)	144	547,490
(151,696)	(2,313)	807,337
1,800	5,097	661,750
14,862	29,425	221,220
-	105,356	105,356
-	11,097	11,097
43,959	254,277	657,788
(696,872)	855,051	5,609,438
(113,986)	(2,084,640)	-
\$ -	\$ -	\$ 16,809,706

Personal Enrichment through Mental Health Services, Inc.
Statements of Cash Flows

<i>Year ending June 30,</i>	2011	2010
Cash flows from operating activities:		
Increase (decrease) in net assets	\$ (253,898)	\$ 76,929
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:		
Depreciation	420,271	478,974
Bad debt expense	(25,000)	(100,000)
Change in operating assets and liabilities:		
Receivables	(499,390)	482,011
Prepaid expenses and other assets	(41,802)	16,417
Accounts payable	(34,635)	(114,449)
Accrued payroll and related liabilities	(257,832)	10,682
Net cash provided by (used in) operating activities	(692,286)	850,564
Cash flows from investing activities:		
Purchase of property and equipment	(280,115)	(215,707)
Net cash used by investing activities	(280,115)	(215,707)
Cash flows from financing activities:		
Payments on notes payable and long-term debt	(123,617)	(255,494)
Proceeds from notes payable and long-term debt	66,125	322,897
Cash flows provided by (used in) financing activities:	(57,492)	67,403
Net increase (decrease) in cash, cash equivalents and restricted cash	(1,029,893)	702,260
Cash, cash equivalents and restricted cash, beginning of year	2,227,073	1,524,813
Cash, cash equivalents and restricted cash, end of year	\$ 1,197,180	\$ 2,227,073
Supplemental Disclosures:		
Cash paid for interest	\$ 158,736	\$ 105,356
Noncash Investing Activities:		
Assets acquired under long-term debt	\$ 375,635	\$ -

Personal Enrichment through Mental Health Services, Inc.

Notes to Financial Statements

NOTE 1 – NATURE OF OPERATIONS

Personal Enrichment through Mental Health Services, Inc. (“PEMHS”) is chartered as a Florida corporation, not-for-profit, under Chapter 617 of the Florida statutes, operating out of its facilities in Pinellas County. PEMHS provides residential mental health care and emergency mental health care to adults and children, as well as other services that focus on families, residential treatment and therapeutic services. The major source of funding for PEMHS is provided by state and local governments through performance contracts. Unless specifically restricted by the terms of a grant or contract, all funds received are considered to be available for unrestricted use.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Statement Presentation

PEMHS has followed Financial Accounting Standards Board Accounting Standards Codification (“ASC”) 958, Not-for-Profit Entities. Under ASC 958, PEMHS is required to report 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. As permitted by ASC 820, PEMHS does not use fund accounting.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates. It is at least reasonably possible that PEMHS’ estimates will change in the near term.

Cash and Cash Equivalents

PEMHS considers cash on hand and amounts on deposit with financial institutions that have original maturities of three months or less to be cash and cash equivalents. The restrictions on cash are primarily limited to the purchase of children’s clothing and suicide programs.

Patient Receivables

Patient receivables consist of amounts due from patients, Medicare, Medicaid, and third-party insurance carriers arising from program services provided in the ordinary course of business. During the year, PEMHS analyzes the patient receivables to estimate its allowance for doubtful accounts. The factors that influence management’s judgment include the services provided, historical losses, existing economic conditions, contractual agreements with payors and risk elements specific to particular service recipients. When patient receivables are considered uncollectible, they are charged off against the allowance for doubtful accounts. The allowance for doubtful accounts as of June 30, 2011 and 2010 was \$75,000 and \$100,000, respectively.

Purchase of Service and Other Receivables

Purchase of service and other receivables consist of amounts due from the Department of Children and Families; the Juvenile Welfare Board of Pinellas County; other department, county, and city grants; and fee for service contracts arising from program services provided in the ordinary course of business. When these receivables are considered uncollectible, they are charged off against the allowance for doubtful accounts.

Personal Enrichment through Mental Health Services, Inc.

Notes to Financial Statements

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment, Net

Property and equipment is stated at cost, net of accumulated depreciation. PEMHS follows the practice of capitalizing all expenditures for buildings and equipment with a unit cost in excess of \$1,000 and a useful life in excess of 2 years. Depreciation of property, plant, and equipment is computed using the straight-line method over the assets' estimated useful lives. In accordance with Florida statutes, the state has a vested interest in the assets acquired with state funds allocated specifically for real property acquisitions for 20 years and tangible personal property acquisitions for a period of 7 years. Property acquired with governmental funds is considered to be owned by PEMHS while used in the program for which it was purchased or in other future authorized programs. However, the granting agency has a reversionary interest in the property; its disposition, as well as the ownership of any proceeds there from, are subject to government regulations.

Deferred Financing Costs

Capitalized costs associated with obtaining long-term financing for asset acquisitions are amortized using the straight-line method over the life of the loan obligation and are presented in property and equipment in the Statement of Financial Position. Net deferred financing costs were \$12,410 and \$-0- at June 30, 2011 and 2010. Amortization expense for the year ended June 30, 2011 and 2010 amounted to \$3,782 and \$50,776, respectively.

Revenue Recognition

Grant funds for reimbursement type grants are deemed to be earned and reported as revenue when expenditures are incurred in compliance with specific grant requirements.

Grant funds for units of service type grants are deemed to be earned and reported as revenue when a unit of service is provided in compliance with specific grant requirements.

Amounts due from Medicaid, third-party payors and clients are deemed to be earned and reported as revenue when the service is provided. Revenue is presented on the statement of activities net of any contractual adjustments from governmental or third-party payors.

Contributed Goods and Services

During the years ended June 30, 2011 and 2010, the value of contributed goods and services, mostly composed of in-kind medication donations, amounting to \$104,335 and \$26,386, respectively, were recorded in the financial statements.

Allocation of Indirect Costs

The costs of providing the various programs and other activities have been detailed in the Statement of Functional Expenses and summarized on a functional basis in the Statement of Activities. Salaries and other expenses that are associated with a specific program are charged directly to that program. Salaries and other expenses that benefit more than one program are allocated to the various programs based on the relative benefit provided. Administrative and other support expenses are allocated to the various programs based on a formula established by management to reflect relative benefit.

Personal Enrichment through Mental Health Services, Inc. Notes to Financial Statements

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

PEMHS has been recognized by the Internal Revenue Service as a tax-exempt organization described in Section 501(c)(3) of the Internal Revenue Code of 1986 and has been classified as an organization that is not a private foundation under Section 509(a).

Under Financial Accounting Standards Board's (the "FASB") Accounting Standards Codification 740, an entity's income tax returns are subject to examination by the applicable taxing authorities. The time period during which a return may be selected by a taxing authority for examination generally ends at the later of three years after the initial due date of the return or three years after the return is filed. At June 30, 2011, PEMHS' tax years that remain subject to examination are 2010, 2009, and 2008.

Reclassifications

Certain reclassifications have been made to the prior year financial statement presentation to correspond to the current year's format. Net assets and changes in net assets are unchanged due to these reclassifications.

Date of Management's Review

Management has evaluated events and transactions for potential recognition or disclosure through October 14, 2011, which is the date the financial statements were available to be issued.

NOTE 3 – PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

<i>June 30,</i>	2011	2010
Land	\$ 1,184,645	\$ 1,184,645
Land improvements	220,099	213,363
Buildings	7,067,817	6,871,451
Leasehold Improvements	289,676	289,676
Office furniture and equipment	2,346,185	2,298,129
Vehicles	344,321	344,321
Capitalized costs	16,192	56,568
Construction in progress	389,397	995
	11,858,332	11,259,148
Less: accumulated depreciation	(6,543,809)	(6,180,104)
Property and equipment, net	\$ 5,314,523	\$ 5,079,044

Depreciation and amortization expense for the year ended June 30, 2011 and 2010 was \$420,271 and \$481,856, respectively.

Personal Enrichment through Mental Health Services, Inc. Notes to Financial Statements

NOTE 4 – DEBT

Note payable and long-term debt consists of the following:

<i>Year ending June 30,</i>	2011	2010
Mortgage payable to a bank, monthly installments of \$14,184, including interest at 5.125%; due October 16, 2026; secured by real property	\$ 1,442,591	\$ 1,502,646
Mortgage payable to a bank, monthly installments of \$1,188, including interest at 6.75%; due July 29, 2014; secured by real property	147,572	151,575
Mortgage payable to the City of St. Petersburg, no payments required, mortgage forgiven on January 1, 2014 if terms and conditions of agreement are complied with; secured by real property	100,000	100,000
Term note to a financial institution, quarterly installments of \$31,321, including interest at 6.14%; due April 30, 2014; secured by real property	375,635	-
Note payable, insurance premium finance company; interest 7.2%; due February 28, 2012 ; unsecured	66,125	59,559
Total note payable and long-term debt	\$ 2,131,923	\$ 1,813,780
<hr/>		
<i>Year ending June 30,</i>		
2012		\$ 236,963
2013		177,547
2014		319,424
2015		64,058
2016		64,058
Thereafter		1,269,873
		\$ 2,131,923

Interest expense incurred for the years ended June 30, 2011 and 2010 totaled \$158,736 and \$105,356, respectively.

PEMHS also has a \$1.5 million line of credit with a bank. The interest rate is the prime rate plus 0.5% (3.25% at June 30, 2011) and the line matures February 28, 2013. There was no balance outstanding at June 30, 2011 and 2010. The line is collateralized by first and second mortgages on certain real estate, assignment of rents, furniture, fixtures, equipment, and accounts receivable.

Personal Enrichment through Mental Health Services, Inc.

Notes to Financial Statements

NOTE 5 – LEASE COMMITMENTS

PEMHS has cancelable and noncancelable operating leases for office equipment and facilities.

Future minimum lease payments required under the operating leases at June 30, 2011 are as follows:

<i>Year ending June 30,</i>	
2012	\$ 263,607
2013	262,668
2014	222,552
2015	229,229
2016	236,105
Thereafter	243,189
<hr/>	
Total minimum lease payments	\$ 1,457,350

Rental expense under the operating leases for buildings and equipment incurred for the years ended June 30, 2011 and 2010 totaled \$309,890 and \$312,918, respectively.

NOTE 6 – EMPLOYEE BENEFIT PLAN

Prior to December 31, 2003, PEMHS maintained a 401(k) plan for the benefit of its employees. That plan covered substantially all of PEMHS' employees. On December 31, 2003, the PEMHS 401(k) Plan was frozen and participants were no longer able to elect to contribute funds to the plan.

On January 1, 2004, PEMHS adopted a 403(b) plan for the benefit of its employees. The plan provides coverage for all employees and employees are able to participate upon employment. Matching contributions to the plan are provided to all participants at a rate equal to 50 percent of the elective deferrals of each employee who is eligible for employer contributions. An employee's elective deferrals in excess of 6 percent of the employee's compensation shall not be considered for purposes of the employer match. Pension expense for the years ended June 30, 2011 and 2010 was \$73,992 and \$75,245, respectively.

NOTE 7 – CONCENTRATIONS OF CREDIT RISK

PEMHS maintains cash and cash equivalent balances in one financial institution, which at times throughout the year may exceed the FDIC insured limits.

NOTE 8 – SUPPORT FROM THE STATE OF FLORIDA THAT REQUIRED MATCH

PEMHS received a substantial portion of its support from the State of Florida under a grant contract with the Department of Children & Families. This contract must be renegotiated annually. Although a maximum amount is established during the negotiation process, income is earned on a reimbursement basis; that is, income can be earned only to the extent of eligible expenses incurred. The contract has a match requirement for certain Community Mental Health Services. This matching requirement had been met as of June 30, 2011.

Personal Enrichment through Mental Health Services, Inc. Notes to Financial Statements

NOTE 9 – MAJOR FUNDING SOURCES

PEMHS is heavily dependent on continued financing from the State of Florida Department of Children & Families (“DCF”). Because of the current economic climate both federally and in the State of Florida, it is possible that there will be some reduction in the level of funding for some or all of PEMHS’ programs. However, it is management’s opinion that acute care mental health facilities are among the highest funding priorities of the above-mentioned agencies and any reductions in funding can be absorbed through the curtailment of program services.

During the year ended June 30, 2011 and 2010, PEMHS received approximately 53% and 49% of its total revenues from the DCF, 10% and 10% from Pinellas County Board of Commissioners, 9% and 9% from Pinellas County/Juvenile Welfare Board, and 6% and 5% from Eckerd Youth Alternatives, respectively. Those same funding sources also accounted for approximately 72% and 69% of the total patient, purchase of service, and other accounts receivable of PEMHS at June 30, 2011 and 2010, respectively.

**Personal Enrichment through Mental Health Services, Inc.
Schedule of State Earnings for Alcohol, Drug Abuse and
Mental Health Services
Year Ending June 30, 2011**

1	Total Expenditures	\$ 17,067,430
2	Less other State and Federal Funds	(1,961,600)
3	Less Non-Match SAMH Funds	(2,030,757)
4	Less Unallowable Costs	(144,161)
5	Less Unallowable Patient Fees	-
<hr/>		
6	Net Allowable Expenditures (Sum of lines 1,2,3,4, and 5)	12,930,912
<hr/>		
7	Maximum Available Earnings (Line 6 times 75%)	9,698,184
8	Amount of State Funds Received (Total of Invoices Paid and submitted to be paid less line 3.)	5,171,631
<hr/>		
9	Amount Due to Department (if negative) (Subtract line 8 from line 7. If negative, the amount of the difference is due the department up to the amount of line 8.)	\$ 4,526,553
<hr/> <hr/>		

**Personal Enrichment through Mental Health Services, Inc.
 Schedule of Bed Day Availability
 Year Ending June 30, 2011**

Program	Cost Center	State Contracted Rate	Total Units of Service Provided	Service Paid for by 3rd Party Contracts, Local Govt. or Other State Agencies	Maximum # of Units Eligible for Payment by Department	Amount Paid for Services by the Department	Maximum \$ Value of Units in Column F	Amount Owed to Department (G-H or \$0, whichever is greater)
A	B	C	D	E	(D-E) F	G	(F x C) H	I
Children's MH	Crisis Stabilization Unit	\$ 291.24	5,110	\$ 1,996	3,114	\$ 904,324	\$ 906,921	\$ -
Adult MH	Crisis Stabilization Unit	291.24	27,010	8,512	18,498	4,126,607	5,387,358	-
Children's SA	Substance Abuse Detox	291.24	1,460	2	1,458	420,320	424,628	-
Total Amount Owed to Department =								\$ -

**Personal Enrichment through Mental Health Services, Inc.
Schedule of Related Party Transactions**

SUMMARY OF RELATED PARTY TRANSACTIONS

No related party transactions were entered into during the 2011 fiscal year.

**Personal Enrichment through Mental Health Services, Inc.
Schedule of Expenditures of Federal and State Awards**

Federal/State Agency, Pass-through Entity, Federal Program/State Project	CSFA Number	CFDA Contract/ Grant Number	Expenditures
FEDERAL AGENCY NAME			
DEPARTMENT OF HEALTH & HUMAN SERVICES			
ADMINISTRATION FOR CHILDREN & FAMILIES			
Passed through State of Florida			
Operation PAR - Co-Occurring TX	93.243	-----	\$ 11,540
EYA - ERT/FRT	93.556	ECA-DFP/OHC-PEM-FY11	193,179
EYA - ERT/FRT	93.558	ECA-DFP/OHC-PEM-FY11	67,473
EYA - FRT/ERT	93.645	ECA-DFP/OHC-PEM-FY11	11,897
EYA - FRT/ERT	93.658	ECA-DFP/OHC-PEM-FY11	156,327
EYA - FRT/ERT - ARRA	93.658	ECA-DFP/OHC-PEM-FY11	16,597
EYA - FRT/ERT	93.659	ECA-DFP/OHC-PEM-FY11	24,737
EYA - FRT/ERT	93.667	ECA-OHC-PEM-FY11	38,485
EYA - FRT/ERT	93.669	ECA-DFP-PEM-FY11	12,653
Central FL BHN - BNET	93.767*	CF652-1008	613,000
Central FL BHN - ES	93.958	CF652-1008	385,501
Central FL BHN - S/A	93.959	CF652-1008	256,703
TOTAL FEDERAL ASSISTANCE			1,788,092
STATE AGENCY NAME			
STATE OF FLORIDA			
DEPARTMENT OF CHILDREN & FAMILIES			
SAMH Services - Children's Mental Health	60.001*	CF652-1008	578,355
SAMH Services - Adult Mental Health	60.006*	CF652-1008	3,441,987
SAMH Services - Adult Mental Health	60.039	CF652-1008	16,305
SAMH Services - Adult Mental Health	60.054	CF652-1008	1,040,585
SAMH Services - Children's Mental Health	60.057*	CF652-1008	301,509
SAMH Services - Adult Mental Health	60.061*	CF652-1008	306,564
Central FL BHN - JARF	60.028	CF652-1008	206,288
Central FL BHN - S/A	60.033	CF652-1008	51,447
EYA - Community Based Care Supports	60.094*	ECA-DFP-PEM-FY11	356,190
TOTAL STATE FINANCIAL ASSISTANCE			6,299,230
TOTAL FEDERAL AND STATE FINANCIAL ASSISTANCE			\$ 8,087,322

NOTE 1: This schedule is prepared on the accrual basis of accounting.

NOTE 2: Federal expenditures represent the fiscal year ended June 30, 2011, only.

* Denotes major programs/projects

Personal Enrichment through Mental Health Services, Inc. Schedule of Findings and Questioned Costs

A. Summary of Audit Results

1. The auditor's report expresses an unqualified opinion on the financial statements of Personal Enrichment through Mental Health Services, Inc.
2. No material weaknesses were disclosed during the audit of the financial statements.
3. No instances of noncompliance material to the financial statements of Personal Enrichment through Mental Health Services, Inc. were disclosed.
4. No material weaknesses were disclosed during the audit of the major federal award programs and state financial assistance projects.
5. The auditor's report on compliance for the major federal award programs and state financial assistance projects for Personal Enrichment through Mental Health Services, Inc. expresses an unqualified opinion.
6. There were no audit findings relative to the major federal award programs and state financial assistance projects for Personal Enrichment through Mental Health Services, Inc. to be reported in Part C of this Schedule.
7. The programs/projects tested as major programs/projects were as follows:

CFDA/CSFA #	Name of Program/Project
-------------	-------------------------

Federal Programs

U.S. Department of Health and Human Services

Passed through the Florida Department of Children and Families:

93.767 Children's Health Insurance Program

State Projects

State of Florida Department of Children and Families

60.001 Children's Baker Act Services

60.006 Baker Act

60.057 Children's Mental Health – Emergency Stabilization

60.061 Adult Mental Health – Emergency Stabilization

60.094 Community Based Care Supports

8. The threshold for distinguishing Types A and B programs was \$300,000 for major federal awards programs and \$300,000 for Florida State financial assistance projects.
9. Personal Enrichment through Mental Health Services, Inc. was determined to be a low-risk auditee for purposes of the major federal programs and state awards projects.

B. Findings – Financial Statements Audit

None

Personal Enrichment through Mental Health Services, Inc. Schedule of Findings and Questioned Costs

C. *Findings and Questioned Costs – Major Federal Award Program and Major State Project Awards Audit*

None

D. Other Issues

No management letter issued during the current year.

E. Prior Year Findings and Questioned Costs

None for Major Federal Award Programs

None for Florida State Financial Assistance Projects

**REPORT IN ACCORDANCE WITH
OMB CIRCULAR A-133**

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

Board of Directors
Personal Enrichment through Mental Health Services, Inc.
Pinellas Park, Florida

Compliance

We have audited the compliance of Personal Enrichment Through Mental Health Services, Inc. (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 could have a direct and material effect on Personal Enrichment Through Mental Health Services, Inc.'s major federal programs and state projects for the year ended June 30, 2011. Personal Enrichment Through Mental Health Services, Inc.'s major federal programs and state 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 is the responsibility of Personal Enrichment Through Mental Health Services, Inc.'s management. Our responsibility is to express an opinion on Personal Enrichment Through Mental Health Services, Inc.'s compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and Chapter 10.650, Rules of the Auditor General of the State of Florida. Those standards and 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 Personal Enrichment Through Mental Health Services, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Personal Enrichment Through Mental Health Services, Inc.'s compliance with those requirements.

In our opinion, Personal Enrichment Through Mental Health Services, Inc. complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs and major state projects for the year ended June 30, 2011.

Internal Control Over Compliance

Management of Personal Enrichment Through Mental Health Services, Inc. is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs and state projects. In planning and performing our audit, we considered Personal Enrichment Through Mental Health Services, Inc.'s internal control over compliance with the requirements that could have a direct and material effect on a major federal program or state project 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 of the State of Florida, 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 Personal Enrichment Through Mental Health Services, Inc.'s internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program 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 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.

Schedule of Expenditures of Federal Awards and State Projects

We have audited the financial statements of Personal Enrichment Through Mental Health Services, Inc. as of and for the year ended June 30, 2011, and have issued our report thereon dated October 14, 2011, which contained an unqualified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards and state financial assistance is presented for purposes of additional analysis as required by 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, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects in relation to the financial statements as a whole.

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

Carr, Riggs & Ingram, L.L.C.

Carr, Riggs & Ingram, LLC

October 14, 2011

**REPORT IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

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

Board of Directors
Personal Enrichment through Mental Health Services, Inc.
Pinellas Park, Florida

We have audited the financial statements of Personal Enrichment Through Mental Health Services, Inc. as of and for the year ended June 30, 2011, and have issued our report thereon dated October 14, 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 Personal Enrichment Through Mental Health Services, Inc.'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Personal Enrichment Through Mental Health Services, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Personal Enrichment Through Mental Health Services, Inc.'s internal control over financial reporting.

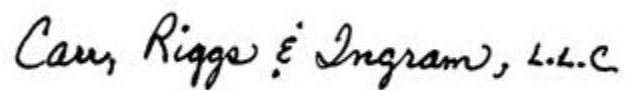
A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination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

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

Compliance and Other Matters

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

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

A handwritten signature in black ink that reads "Carr, Riggs & Ingram, L.L.C." in a cursive script.

Carr, Riggs & Ingram, LLC

October 14, 2011