

**SEMINOLE COMMUNITY
MENTAL HEALTH CENTER, INC.
DBA SEMINOLE BEHAVIORAL HEALTHCARE**

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

As of and for the years ended June 30, 2011 and 2010

and

INDEPENDENT AUDITORS' REPORT

**SEMINOLE COMMUNITY MENTAL HEALTH CENTER, INC.
DBA SEMINOLE BEHAVIORAL HEALTHCARE**

FERN PARK, FLORIDA

June 30, 2011

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DAVIES, HOUSER & SECREST, CPA, P.A.

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INDEPENDENT AUDITORS' COMBINED REPORT ON THE BASIC FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

Board of Directors
Seminole Community Mental Health Center, Inc.
DBA Seminole Behavioral Healthcare
Fern Park, Florida

We have audited the accompanying statements of financial position of Seminole Community Mental Health Center, Inc., DBA Seminole Behavioral Healthcare (SBH), (a nonprofit organization), as of June 30, 2011 and 2010, and the related statements of operations and changes in net assets, and cash flows for the years then ended. These financial statements are the responsibility of SBH's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe 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 SBH as of June 30, 2011 and 2010, and the results of its operations and changes in net assets, and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report, dated October 19, 2011, on our consideration of SBH's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits.

Our audits were performed for the purpose of forming an opinion on the basic financial statements 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 the Rules of the Florida Department of Financial Services. The accompanying schedules of revenues, program/cost center actual expenses and revenues, state earnings for substance abuse and mental health services, bed-day availability payments, and related party transactions adjustments are required by the Florida Department of Children and Families. These schedules are presented for purposes of supplementary analysis, and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements, and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



Davies, Houser & Secrest, CPA, P.A.
October 19, 2011

SEMINOLE COMMUNITY MENTAL HEALTH CENTER, INC.
DBA SEMINOLE BEHAVIORAL HEALTHCARE

STATEMENTS OF FINANCIAL POSITION
June 30, 2011 and 2010

<u>ASSETS</u>	<u>2011</u>	<u>2010</u>
Current assets:		
Cash and cash equivalents	\$ 1,441,353	\$ 1,843,489
Investments	2,525,765	2,275,345
Awards, contracts, and advance receivables	1,263,703	635,943
Patient receivables, net of allowance for contractual adjustments and uncollectible accounts of \$386,890 in 2011, and \$152,453 in 2010	268,205	126,463
Prepaid expenses	112,614	133,084
	<hr/>	<hr/>
Total current assets	5,611,640	5,014,324
Assets limited as to use:		
Internally designated for capital improvements	500,000	500,000
	<hr/>	<hr/>
Property and equipment, at cost or fair market value if donated, net of accumulated depreciation:		
Land, buildings, and improvements	4,989,599	5,006,926
Furniture and equipment	246,513	251,729
Vehicles	41,449	37,160
Leasehold improvements	160,010	179,288
	<hr/>	<hr/>
Property and equipment, at depreciated cost	5,437,571	5,475,103
	<hr/>	<hr/>
Total assets	\$ 11,549,211	\$ 10,989,427

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

<u>LIABILITIES AND NET ASSETS</u>	<u>2011</u>	<u>2010</u>
Current liabilities:		
Accounts payable	\$ 274,954	\$ 324,469
Accrued salaries and other liabilities	487,447	466,698
Other accrued liabilities	230,311	205,681
Current portion of long-term debt and capital lease obligation	<u>51,503</u>	<u>59,315</u>
Total current liabilities	<u>1,044,215</u>	<u>1,056,163</u>
Long-term debt, less current portion	<u>1,809,912</u>	<u>1,850,454</u>
Total liabilities	<u>2,854,127</u>	<u>2,906,617</u>
Contingencies and commitments (Note 12)		
Unrestricted net assets	<u>8,695,084</u>	<u>8,082,810</u>
Total liabilities and net assets	<u>\$ 11,549,211</u>	<u>\$ 10,989,427</u>

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

SEMINOLE COMMUNITY MENTAL HEALTH CENTER, INC.
DBA SEMINOLE BEHAVIORAL HEALTHCARE

STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS
For the years ended June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Changes in unrestricted net assets:		
Revenues and support:		
Net patient service revenue (Note 3)	\$ 2,637,091	\$ 3,183,642
Net Medicaid revenue (Note 3)	900,590	574,462
Government contracts and other support:		
Federal and state	6,649,547	6,614,880
Local	330,034	797,411
In-kind pharmaceuticals	1,456,553	698,655
Other support	636,932	558,952
	12,610,747	12,428,002
Donations	17,558	7,177
Investment income	11,859	18,907
	12,640,164	12,454,086
Expenses:		
Program services	10,954,188	10,004,187
Administration and general	1,073,702	1,216,159
	12,027,890	11,220,346
Change in net assets	612,274	1,233,740
Net assets at beginning of year	8,082,810	6,849,070
Net assets at end of year	\$ 8,695,084	\$ 8,082,810

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

SEMINOLE COMMUNITY MENTAL HEALTH CENTER, INC.
DBA SEMINOLE BEHAVIORAL HEALTHCARE

STATEMENTS OF CASH FLOWS
For the years ended June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Cash flows from operating activities:		
Change in net assets	\$ <u>612,274</u>	\$ <u>1,233,740</u>
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	341,967	271,247
Change in assets and liabilities:		
(Increase) decrease in net patient receivables	(141,742)	37,733
(Increase) decrease in awards, contracts, and advance receivables	(627,760)	53,741
(Decrease) increase in prepaid expenses	20,470	(12,414)
(Decrease) increase in accounts payable	(49,515)	191,175
Increase in accrued salaries and other liabilities	<u>45,379</u>	<u>60,949</u>
Total adjustments	<u>(411,201)</u>	<u>602,431</u>
Net cash provided by operating activities	<u>201,073</u>	<u>1,836,171</u>
Cash flows from investing activities:		
Purchase of investments	(250,420)	(1,274,989)
Purchase of property and equipment	<u>(304,435)</u>	<u>(999,537)</u>
Net cash used in investing activities	<u>(554,855)</u>	<u>(2,274,526)</u>
Cash flows from financing activities:		
Principal paid on debt	<u>(48,354)</u>	<u>(647,402)</u>
Net cash used in financing activities	<u>(48,354)</u>	<u>(647,402)</u>
Net decrease in cash and cash equivalents	(402,136)	(1,085,757)
Cash and cash equivalents at beginning of year	<u>1,843,489</u>	<u>2,929,246</u>
Cash and cash equivalents at end of year	\$ <u><u>1,441,353</u></u>	\$ <u><u>1,843,489</u></u>
Supplementary information:		
Cash paid for interest	\$ <u><u>117,045</u></u>	\$ <u><u>155,931</u></u>

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

SEMINOLE COMMUNITY MENTAL HEALTH CENTER, INC.
DBA SEMINOLE BEHAVIORAL HEALTHCARE

NOTES TO FINANCIAL STATEMENTS
As of and for the years ended June 30, 2011 and 2010

NOTE 1 - REPORTING ENTITY

Seminole Community Mental Health Center, Inc., DBA Seminole Behavioral Healthcare (SBH), provides comprehensive mental health and substance abuse treatment services to Seminole County, Florida, residents who are not financially able to obtain them elsewhere. SBH is supported primarily by federal and state grants, health maintenance organizations, Medicare, Medicaid, and client fees.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Accounting

SBH prepares its financial statements in accordance with guidelines established in the American Institute of Certified Public Accountants Audit and Accounting Guide, "Health Care Organizations."

B. Display of Net Assets by Class

The accompanying financial statements have been prepared in conformity with the disclosure and display requirements set forth in the "Not-for-Profit Entities" topic of the Financial Accounting Standards Board (FASB) Accounting Codifications. Accordingly, the net assets of SBH are reported in each of the following three classes: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The nature of the restrictions results from donor-imposed restrictions; otherwise, the assets are unrestricted. SBH has elected to report donor-restricted contributions whose restrictions are met in the same reporting period as unrestricted support. In addition, SBH is required to present the statements of cash flows.

C. Contributions

As set forth in the "Not-for-Profit Entities" topic of the FASB Accounting Codifications, SBH records contributions received as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and nature of any donor restrictions. In the absence of donor-imposed time restrictions on the use of the assets, gifts of long-lived assets are reported as unrestricted support. Program and time-restricted contributions are required to be reported as temporarily restricted support and then reclassified to unrestricted net assets upon expiration of the restrictions.

D. Net Patient Service Revenue

Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payers, and others, excluding Medicaid, for services rendered. Clients are charged fees for services received and are eligible for reductions based on a sliding scale, which is determined by their financial status.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Allowance for doubtful accounts

Management determines an allowance for doubtful accounts based on age-weighted collection percentages, historical collection experience and source of payment for services rendered (i.e. private-pay patients, Medicaid, Medicare and other third-party payers). Private-pay receivables are charged off when payment options are exhausted or in the case of Medicaid the receivable balances exceed 12 months. All other account balances are reserved 87 percent once they exceed 90 days.

F. Charity Care

Charity care services are provided to clients who qualify under the criteria established by the State Substance Abuse and Mental Health (SAMH) contract. The value of charity care is determined by the excess of allowable state earnings over the amount reimbursed by the state contract, other federal awards, Medicaid, and local match. Such amounts are not reported as gross revenue.

G. Property and Equipment

Property and equipment in excess of \$1,000 are recorded at cost, including capitalized interest, if purchased or constructed, and estimated fair market value, if donated.

Depreciation is computed on the straight-line basis for all depreciable assets. Depreciation expense, for the years ended June 30, 2011 and 2010, was \$341,967 and \$271,247, respectively. Expected useful lives for various asset classes are as follows:

Buildings and improvements	10 - 40 years
Furniture, equipment, and vehicles	3 - 10 years
Leasehold improvements	3 - 30 years

H. Donated Goods and Services

Donated services are recorded at fair market value as contributions and capital additions when either of the following conditions is met:

- The donated services create or enhance nonfinancial assets (such as a building).
- The donated services are provided by entities that normally provide specialized services for compensation and those services are normally purchased by SBH.

Donations of property, equipment, and utilities are recorded as in-kind support at their estimated fair value. Such donations are reported as unrestricted support, unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. In the absence of donor-imposed time restrictions on the use of the asset, SBH reports expirations of donor restrictions when the donated or acquired asset is placed in service, as instructed by the donor. SBH reclassifies temporarily restricted net assets to unrestricted net assets at that time.

I. Income Taxes

SBH is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code as a charitable organization. SBH's federal income tax returns are subject to examination by the IRS, generally three years after they are filed.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. Expenditure Allocation

SBH allocates indirect expenditures to the various programs based on space used or the number of personnel involved, as appropriate.

K. Cash and Cash Equivalents

For the purpose of cash flows, SBH considers all highly liquid debt instruments purchased with maturities of three months or less to be cash equivalents. Cash and cash equivalents, which are part of assets limited as to use, are not considered to be cash or cash equivalents for purposes of the cash flows presentation.

L. Estimates

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

M. Investments and Investment Income

As set forth in the "Not-for-Profit Entities" topic of the FASB Accounting Codifications, subtopic "Investments Debt & Equity Securities," investments in all debt securities and equity securities with readily determinable fair values are reported at fair market value in the statements of financial position. Investments other than debt and equity securities with readily determinable fair values are reported at cost, if purchased, or estimated fair value at the date of gift, if donated. Investment income or loss (including realized gains and losses on investments, if any, interest, and dividends) is included in the excess of revenues and support over expenses, unless the income or loss is restricted by donor or law. Unrealized gains and losses on investments are excluded from the excess of revenues and support over expenses, unless the investments are trading securities.

NOTE 3 - PATIENT SERVICE AND MEDICAID REVENUES REPORTED - NET

Revenues and Deductions

Gross patient service and Medicaid revenues are recorded on the accrual basis in the period in which services are provided at established rates. Contractual and sliding scale adjustments are recorded as deductions from gross revenue to determine net revenue. Medicaid revenue is recorded at net realizable amounts, rather than gross patient charge, less adjustments, for fiscal years ended June 30, 2011 and 2010.

Net revenue consists of the following:

	<u>2011</u>	
	<u>Patient Service</u>	<u>Medicaid</u>
Gross revenue	\$ 11,096,823	\$ 1,210,042
Less provisions for contractual and sliding scale adjustments	<u>8,459,732</u>	<u>309,452</u>
Net revenue	<u>\$ 2,637,091</u>	<u>\$ 900,590</u>

NOTE 3 - PATIENT SERVICE AND MEDICAID REVENUES REPORTED - NET

(continued)

	2010	
	<u>Patient Service</u>	<u>Medicaid</u>
Gross revenue	\$ 10,202,896	\$ 1,070,574
Less provisions for contractual and sliding scale adjustments	<u>7,019,254</u>	<u>496,112</u>
Net revenue	<u>\$ 3,183,642</u>	<u>\$ 574,462</u>

NOTE 4 - CHARITY CARE

The charges foregone for services and supplies furnished under the charity care methodology of SBH for the years ended June 30, 2011 and 2010, were \$697,000 and \$641,000, respectively.

NOTE 5 - PROPERTY AND EQUIPMENT

	2011		
	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net</u>
Land	\$ 571,882	\$ 0	\$ 571,882
Buildings and improvements	5,957,655	1,539,938	4,417,717
Furniture and equipment	1,909,990	1,663,477	246,513
Vehicles	257,796	216,347	41,449
Leasehold improvements	<u>700,883</u>	<u>540,873</u>	<u>160,010</u>
	<u>\$ 9,398,206</u>	<u>\$ 3,960,635</u>	<u>\$ 5,437,571</u>
	2010		
	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net</u>
Land	\$ 571,882	\$ 0	\$ 571,882
Buildings and improvements	5,766,505	1,331,461	4,435,044
Furniture and equipment	1,809,234	1,557,505	251,729
Vehicles	245,267	208,107	37,160
Leasehold improvements	<u>700,883</u>	<u>521,595</u>	<u>179,288</u>
	<u>\$ 9,093,771</u>	<u>\$ 3,618,668</u>	<u>\$ 5,475,103</u>

During fiscal years ended June 30, 2011 and 2010, the federal government and the State of Florida have imposed certain use restrictions on a portion of the vehicles. The net value of the assets subject to those restrictions is \$0 and \$946, as of June 30, 2011 and 2010, respectively.

NOTE 6 - INVESTMENTS

Investments consist of the following:

	<u>2011</u>	<u>2010</u>
Certificates of deposit	\$ 2,500,765	\$ 2,250,345
Equity investment in non-publicly traded companies	<u>25,000</u>	<u>25,000</u>
	<u>\$ 2,525,765</u>	<u>\$ 2,275,345</u>

There were no realized or unrealized gains or losses on investments for the years ended June 30, 2011 and 2010. Investment income consists of interest from certificates of deposit of \$11,859 and \$18,907 for fiscal years ended June 30, 2011 and 2010.

NOTE 7 - FAIR VALUE MEASUREMENTS

FASB ASC 820-10-20 defines fair value as the exit price that would be received to sell an asset or paid to transfer a liability in the principal or most advantageous market in an orderly transaction between market participants on the measurement date. FASB ASC 820-10-50 requires investments to be grouped into three categories based on certain criteria as noted below.

Level 1: Fair value is determined by using quoted prices for identical assets or liabilities in active markets.

Level 2: Fair value is determined by using other than quoted prices that are observable for the asset or liability (e.g., quoted prices for identical assets or liabilities in inactive markets, quoted prices for similar assets or liabilities in active markets, observable inputs other than quoted prices, and inputs derived principally from or corroborated by observable market data by correlation or other means).

Level 3: Fair value is determined by using inputs based on management assumptions that are not directly observable. Fair values of assets measured on a recurring basis at June 30, 2011 and 2010 are as follows:

	Fair Value	Fair Value Measurements at Reporting Date Using		
		Quoted in Active Markets for Identical (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<u>June 30, 2011</u>				
Certificates of deposit	\$ 2,500,765	\$ 2,500,765	\$ 0	\$ 0
Equity investment in non-publicly traded companies	<u>25,000</u>	<u>0</u>	<u>0</u>	<u>25,000</u>
Total investments	<u>\$ 2,525,765</u>	<u>\$ 2,500,765</u>	<u>\$ 0</u>	<u>\$ 25,000</u>
<u>June 30, 2010</u>				
Certificates of deposit	\$ 2,250,345	\$ 2,250,345	\$ 0	\$ 0
Equity investment in non-publicly traded companies	<u>25,000</u>	<u>0</u>	<u>0</u>	<u>25,000</u>
Total investments	<u>\$ 2,275,345</u>	<u>\$ 2,250,345</u>	<u>\$ 0</u>	<u>\$ 25,000</u>

The equity investment in non-publicly traded companies is stated at cost. Management believes that cost is a reasonable estimate of fair value.

NOTE 8 - DEFERRED SALARY PLAN

SBH participates in a tax deferred investment plan under Section 403(b) of the Internal Revenue Code. Eligible employees may contribute 20% of their salary, up to the statutory limit, to the plan. SBH contributes an amount equal to 5% of the annual salary of each plan participant. SBH's contributions for the years ended June 30, 2011 and 2010, were \$220,895 and \$209,828, respectively.

NOTE 9 - LEASE OBLIGATIONS

During the year ended June 30, 2002, SBH entered into a 5-year lease for a copier with Copyco for \$3,420 per month. In 2005, SBH entered into a new copier lease for 60 months at \$2,997 per month. In 2010, the contract was cancelled and replaced with a new lease for 60 months at \$2,390 per month.

During the year ended June 30, 2005, SBH entered into an agreement with Facemyer Air Conditioning & Heating to lease a Trane furnace for 60 months at \$1,119 per month.

During the year ended June 30, 2007, SBH entered into an agreement with Arena Square, LLC, to lease facilities for 36 months at \$4,800 per month.

During the year ended June 30, 2007, SBH entered into an agreement to lease computer equipment from Technology Solutions of America for 60 months at \$2,625 per month.

During the year ended June 30, 2008, SBH leased a new Ford Taurus from Ford Motor Credit Company for 36 months with payments of \$314 per month.

During the year ended June 30, 2009, SBH leased 4 new Ford Fusions from Ford Motor Credit Company for 36 months with payments of \$1,164 per month.

During the year ended June 30, 2010, SBH leased a new Ford Fusion from Ford Motor Credit for 36 months with payments of \$304 per month; leased 2 customer satisfaction computers from Touchrate, Inc. for 18 months with payments of \$300 per month; leased a music system from Muzac for 60 months with payments of \$114 per month; and leased an air conditioning unit from Facemyer Air Conditioning & Heating for 24 months with payments of \$2,654 per month.

During the year ended June 30, 2011, SBH terminated the lease agreements with Technology Solutions and purchased the computer system.

Minimum future rental payments under operating leases, which have remaining non-cancelable lease terms in excess of one year, as of June 30, 2011, are as follows:

	<u>Vehicles</u>	<u>Equipment</u>	<u>Total</u>
For the years ending June 30:			
2012	\$ 8,306	\$ 35,689	\$ 43,995
2013	2,128	30,048	32,176
2014	0	30,048	30,048
2015	0	20,146	20,146
2016	0	0	0
Totals	<u>\$ 10,434</u>	<u>\$115,931</u>	<u>\$126,365</u>

Lease expense, for the years ended June 30, 2011 and 2010, was \$188,130 and \$200,821, respectively.

NOTE 10 - DONATED SPACE, UTILITIES, AND PHARMACEUTICALS

SBH received facilities and utilities, with a total fair market value of \$159,930, for each of the fiscal years ended June 30, 2011 and 2010, respectively, from Seminole County as in-kind contributions, which have been reported in other support and program expenses.

SBH received pharmaceuticals, with a total fair market value of \$1,456,553 and \$698,655, during the fiscal years ended June 30, 2011 and 2010, respectively, from pharmaceutical vendors and a patient assistance program. These contributions have been recorded as in-kind revenue and program expenses in the financial statements.

NOTE 11 - LONG-TERM DEBT

In October 2005, SBH executed its option to purchase the Lakeview Nursing Center facility (currently known as the Miller facility) for \$2,500,000. The purchase was executed with a \$400,000 down payment and a five-year note for \$2,100,000, bearing interest at 6.2%, with monthly payments of \$13,788 through October 2010, at which time a balloon payment was due. In August 2009, the note was extended for an additional two years with a maturity date of October 2012.

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

Mortgage note payable:	
Secured by the Sanford, Florida, land, building, and improvements, payable in monthly installments of \$13,788, including interest at 6.2% through October 2012, at which time a balloon payment is due	\$ 1,861,415
Less current maturities of long-term debt	<u>51,503</u>
Long-term debt	<u>\$ 1,809,912</u>
Maturities of long-term debt for the years ending June 30:	
2012	\$ 51,503
2013	<u>1,809,912</u>
Total	<u>\$ 1,861,415</u>

Total interest expense, for the years ended June 30, 2011 and 2010, was \$117,045 and \$155,931, respectively.

NOTE 12 - CONTINGENCIES AND COMMITMENTS

A. Concentration of Credit Risk

SBH places its temporary cash investments with financial institutions. The amount of credit exposure in excess of federally insured limits was \$0 at June 30, 2011 and 2010.

B. Support Received From Medicaid and Federal and State Funding

Amounts due from Medicaid comprised approximately 44% and 2% of net patient receivables, for fiscal years ended June 30, 2011 and 2010, respectively, and Medicaid revenue amounts to approximately 7% and 5% of unrestricted revenue and support during the fiscal years ended June 30, 2011 and 2010, respectively. Furthermore, a substantial portion of total unrestricted revenues and support is received from federal, state, and local government grants. Accordingly, service levels provided by SBH are dependent upon future government funding decisions. Should the funding of these programs be discontinued, the operations of SBH would be significantly affected. Revenue received from Medicaid reimbursements is subject to audit and retroactive adjustments. Management has recorded an estimated reserve to cover potential audit findings. This reserve is based on Medicaid reimbursements received in prior years.

NOTE 13 - SUPPORT FROM THE STATE OF FLORIDA WHICH REQUIRED MATCH

SBH received a substantial portion of its support from the State of Florida Department of Children and Families, under grant contract numbers GHJ32 for the each of the fiscal years ended June 30, 2011 and 2010. This contract must be renegotiated annually and has been extended through December 31, 2011. Although a maximum amount is established during the negotiation process, income is earned on a unit of service basis; that is, income can be recognized only to the extent eligible services are performed. The contracts require a 25% local match for certain community mental health services. The matching requirement has been fulfilled for the years ended June 30, 2011 and 2010.

NOTE 14 - SUBSEQUENT EVENTS

SBH has evaluated subsequent events through October 19, 2011, the date which the financial statements are available to be issued.

SEMINOLE COMMUNITY MENTAL HEALTH CENTER, INC.
DBA SEMINOLE BEHAVIORAL HEALTHCARE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE

For the year ended June 30, 2011

Employer Identification Number: 59-1304471

<u>Grantor/Pass-through Grantor/Program Title</u>	<u>CFDA/ CSFA Number</u>	<u>Contract Number</u>	<u>Program or Award Amount</u>	<u>Amount Expended</u>
Federal awards passed through from the State of Florida:				
U.S. Department of HHS Public Health Service - II:				
Project for Assistance in Transition from Homelessness (PATH)	93.150	GHJ32	\$73,655	\$ 73,655
Block Grant for Community Mental Health Services	93.958	GHJ32	\$529,236	529,236
Administration for Children and Families:				
Block Grants for Prevention and Treatment of Substance Abuse	93.959	GHJ32	\$492,438	492,438
U.S. Department of Agriculture:				
Food and Nutrition Services:				
Child and Adult Care Food Program	10.558	Y0064	\$60,624	15,722
Child and Adult Care Food Program	10.558	Y1064	\$66,686	<u>46,532</u>
				62,254
Total expenditures of federal awards				<u>1,157,583</u>
State financial assistance:				
Department of Children and Families:				
Children's Baker Act Services	60.001	GHJ32	\$140,876	140,876
Baker Act	60.006	GHJ32	\$1,075,794	1,075,794
Substance Abuse Detoxification Services for Adults	60.031	GHJ32	\$85,554	85,554
Substance Abuse Treatment and Aftercare Services for Adults	60.033	GHJ32	\$275,736	275,736
Indigent Psychiatric Medication Services	60.039	GHJ32	\$10,779	10,779
Adult Community Mental Health Community Support Services	60.053	GHJ32	\$1,994,854	1,994,854
Adult Community Mental Health Emergency Stabilization	60.054	GHJ32	\$118,044	118,044
Children's Mental Health Community Support Services	60.055	GHJ32	\$11,447	11,447
Adult Mental Health - Special Projects - Emergency Stabilization	60.061	GHJ32	\$333,242	333,242
Community Forensics Beds and Competency Restoration Training	60.114	GHJ32	\$164,826	164,826
Total expenditures of state financial assistance				<u>4,211,152</u>
Total expenditures of federal awards and state financial assistance				<u>\$ 5,368,735</u>

Amounts expended were determined in accordance with generally accepted accounting principles (accrual basis), plus capital additions, if any, less depreciation expense. There were no noncash amounts included in amounts expended.

SEMINOLE COMMUNITY MENTAL HEALTH CENTER, INC.
DBA SEMINOLE BEHAVIORAL HEALTHCARE

SCHEDULE OF REVENUES
For the year ended June 30, 2011

State SAMH grants:		
Adult community mental health	\$	5,062,513
Adult substance abuse		1,072,391
Children's mental health		<u>283,843</u>
Total state SAMH grant GHJ32		6,418,747
IDP drug credit		<u>168,545</u>
Total state SAMH grant		<u>6,587,292</u>
Other government funding:		
Other state grants		62,255
Medicaid		900,590
Local government		330,034
In-kind facilities		<u>159,930</u>
Total other government funding		<u>1,452,809</u>
All other funding and revenues:		
Medicare		63,401 (1)
First- and third-party fees		2,573,690 (1)
Transportation revenue		302,949
Contributions and donations		17,558
In-kind pharmaceuticals		1,456,553
Investment income		11,859
Other revenues and support		<u>174,053</u>
Total nongovernment funding and revenues		<u>4,600,063</u>
Total all funding and revenues	\$	<u><u>12,640,164</u></u>

(1) First- and third-party fees are grossed up by \$234,436, which is offset by corresponding amounts of bad debt expense.

SEMINOLE COMMUNITY MENTAL HEALTH CENTER, INC.
DBA SEMINOLE BEHAVIORAL HEALTHCARE

SCHEDULE OF PROGRAM/COST CENTER ACTUAL EXPENSES AND REVENUES
For the year ended June 30, 2011

FUNDING SOURCES AND REVENUES	Adult Mental Health (AMH)				
	CSU	CS / ES	Residential Level II	Residential Lev II w/Sup	Case Management
Total state SAMH funding:					
District seven funding	\$ 1,674,678	\$ 690,138	\$ 574,789	\$ 452,122	\$ 121,331
Other government funding:					
Other state funding	13,073	0	9,027	1,868	0
Medicaid	0	15,624	0	0	44,473
Local government	112,190	0	0	0	0
Federal government	0	0	0	0	0
In-kind (local government)	150,213	9,717	0	0	0
Total other government funding	275,476	25,341	9,027	1,868	44,473
All other funding and revenues:					
Net first-party fees (1)	17,837	5,333	425	69,374	453
Net third-party fees (except Medicare) (1)	652,661	75,595	0	0	111,897
Medicare (1)	0	0	0	0	0
Donations and contributions	0	0	0	0	0
Other revenue	0	0	1,844	3,028	6,059
In-kind	436,966	0	0	0	0
Total all other funding and revenues	1,107,464	80,928	2,269	72,402	118,409
Total all funding and revenues	\$ 3,057,618	\$ 796,407	\$ 586,085	\$ 526,392	\$ 284,213
EXPENSE CATEGORIES					
Personnel expenses:					
Salaries and contractual services	\$ 1,353,479	\$ 417,453	\$ 389,313	\$ 205,428	\$ 173,458
Fringe benefits	275,705	71,974	74,431	35,068	29,358
Total personnel expenses	1,629,184	489,427	463,744	240,496	202,816
Operating expenses:					
Building occupancy	277,846	43,320	51,424	74,790	5,323
Professional services	72,424	7,006	35,266	1,780	1,407
Travel	7,116	2,560	1,501	4,929	6,945
Equipment costs	128,371	27,470	35,469	15,676	18,864
Food services	46,963	89	31,846	6,169	1
Medical and pharmacy	82,425	47	7,277	1,223	48
Subcontracted services	0	0	0	0	0
Insurance	42,325	19,055	11,898	10,307	7,804
Interest	40,987	1,026	19,980	579	257
Operating supplies	110,362	22,236	30,597	16,087	11,526
Other	8,444	189	155	591	6,754
Donated items	592,791	9,717	0	0	0
Total operating expenses	1,410,054	132,715	225,413	132,131	58,929
Total personnel and operating expenses	3,039,238	622,142	689,157	372,627	261,745
Distributed indirect cost:					
Administration	289,467	59,255	65,638	35,490	24,929
Total allowable operating expenses	3,328,705	681,397	754,795	408,117	286,674
Unallowable costs	44,433	6,398	28	4,597	10,392
Total actual operating expenses	\$ 3,373,138	\$ 687,795	\$ 754,823	\$ 412,714	\$ 297,066
Capital expenditures	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

(1) Amounts grossed up by \$234,436 which is offset by corresponding amounts of bad debt expense.

Adult Mental Health (AMH)

Medical Services	Outpatient	Outreach	Clubhouse	Total AMH
\$ 649,851	\$ 520,182	\$ 182,866	\$ 365,101	\$ 5,231,058
0	15,564	0	11,828	51,360
53,443	556,761	0	214,517	884,818
67,810	0	0	0	180,000
0	0	0	0	0
0	0	0	0	159,930
<u>121,253</u>	<u>572,325</u>	<u>0</u>	<u>226,345</u>	<u>1,276,108</u>
12,859	27,378	0	1,371	135,030
172,683	972,631	0	85,333	2,070,800
63,401	0	0	0	63,401
0	0	0	17,493	17,493
0	178,042	3,029	130,269	322,271
<u>1,019,587</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,456,553</u>
<u>1,268,530</u>	<u>1,178,051</u>	<u>3,029</u>	<u>234,466</u>	<u>4,065,548</u>
\$ <u>2,039,634</u>	\$ <u>2,270,558</u>	\$ <u>185,895</u>	\$ <u>825,912</u>	\$ <u>10,572,714</u>
\$ 721,372	\$ 416,048	\$ 96,229	\$ 303,363	\$ 4,076,143
<u>154,708</u>	<u>92,005</u>	<u>11,383</u>	<u>61,218</u>	<u>805,850</u>
<u>876,080</u>	<u>508,053</u>	<u>107,612</u>	<u>364,581</u>	<u>4,881,993</u>
87,693	43,255	7,741	105,227	696,619
31,430	18,053	1,183	3,409	171,958
2,665	2,984	4,305	1,641	34,646
46,712	68,966	13,081	46,725	401,334
820	55,956	21	47,017	188,882
193,033	0	62	0	284,115
0	0	0	0	0
20,285	18,652	8,550	12,013	150,889
4,256	12,463	714	2,517	82,779
40,028	92,135	8,856	65,354	397,181
1,121	2,333	940	177	20,704
<u>1,013,976</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,616,484</u>
<u>1,442,019</u>	<u>314,797</u>	<u>45,453</u>	<u>284,080</u>	<u>4,045,591</u>
2,318,099	822,850	153,065	648,661	8,927,584
205,661	78,371	14,578	61,781	835,170
<u>2,523,760</u>	<u>901,221</u>	<u>167,643</u>	<u>710,442</u>	<u>9,762,754</u>
<u>20,039</u>	<u>103,164</u>	<u>0</u>	<u>19,961</u>	<u>209,012</u>
\$ <u>2,543,799</u>	\$ <u>1,004,385</u>	\$ <u>167,643</u>	\$ <u>730,403</u>	\$ <u>9,971,766</u>
\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>

SEMINOLE COMMUNITY MENTAL HEALTH CENTER, INC.
DBA SEMINOLE BEHAVIORAL HEALTHCARE

SCHEDULE OF PROGRAM/COST CENTER ACTUAL EXPENSES AND REVENUES
For the year ended June 30, 2011
(continued)

FUNDING SOURCES AND REVENUES	Children's Mental Health (CMH)			Adult Substance Abuse (ASA)		
	CS / ES	Medical Services	Outreach	Total CMH	Residential Level II	Detox
Total state SAMH funding:						
District seven funding	\$ 183,396	\$ 10,039	\$ 90,408	\$ 283,843	\$ 578,774	\$ 270,100
Other government funding:						
Other state funding	0	0	0	0	9,027	1,868
Medicaid	11,025	4,747	0	15,772	0	0
Local government	0	0	0	0	0	0
Federal government	0	0	0	0	0	0
In-kind (local government)	0	0	0	0	0	0
Total other government funding	11,025	4,747	0	15,772	9,027	1,868
All other funding and revenues:						
Net first-party fees (1)	1,612	774	0	2,386	1,309	1,568
Net third-party fees (except Medicare) (1)	51,363	66,361	0	117,724	242,975	1,850
Medicare (1)	0	0	0	0	0	0
Donations and contributions	0	0	0	0	0	0
Other revenue	0	0	0	0	0	0
In-kind	0	0	0	0	0	0
Total all other funding and revenues	52,975	67,135	0	120,110	244,284	3,418
Total all funding and revenues	\$ 247,396	\$ 81,921	\$ 90,408	\$ 419,725	\$ 832,085	\$ 275,386
EXPENSE CATEGORIES						
Personnel expenses:						
Salaries and contractual services	\$ 295,938	\$ 99,551	\$ 64,697	\$ 460,186	\$ 191,737	\$ 100,346
Fringe benefits	38,630	20,886	26,707	86,223	41,592	16,349
Total personnel expenses	334,568	120,437	91,404	546,409	233,329	116,695
Operating expenses:						
Building occupancy	21,710	5,590	20,198	47,498	60,538	59,336
Professional services	1,998	920	883	3,801	2,060	31,438
Travel	3,350	112	913	4,375	959	556
Equipment costs	16,234	5,749	5,816	27,799	26,704	16,192
Food services	0	81	0	81	32,063	6,516
Medical and pharmacy	0	156	0	156	14,711	417
Subcontracted services	0	0	0	0	0	0
Insurance	8,633	2,605	5,888	17,126	9,000	6,949
Interest	15,002	3	0	15,005	11,260	7,505
Operating supplies	22,574	3,391	7,112	33,077	28,436	9,087
Other	4,820	110	61	4,991	2,585	62
Donated items	0	0	0	0	0	0
Total operating expenses	94,321	18,717	40,871	153,909	188,316	138,058
Total personnel and operating expenses	428,889	139,154	132,275	700,318	421,645	254,753
Distributed indirect cost:						
Administration	40,849	12,623	12,598	66,070	40,159	24,264
Total allowable operating expenses	469,738	151,777	144,873	766,388	461,804	279,017
Unallowable costs	4,241	4,763	0	9,004	16,188	229
Total actual operating expenses	\$ 473,979	\$ 156,540	\$ 144,873	\$ 775,392	\$ 477,992	\$ 279,246
Capital expenditures	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

(1) Amounts grossed up by \$234,436 which is offset by corresponding amounts of bad debt expense.

Adult Substance Abuse (ASA)		Total for State SAMH Funded	Total for Non-state Funded SAMH	Total for All State Designated SAMH	Non-SAMH	ADMIN	Total Funding
Outreach	Total ASA						
\$ 223,517	\$ 1,072,391	\$ 6,587,292	\$ 0	\$ 6,587,292	\$ 0	\$ 0	\$ 6,587,292
0	10,895	62,255	0	62,255	0	0	62,255
0	0	900,590	0	900,590	0	0	900,590
	0	180,000	0	180,000	150,034	0	330,034
	0	0	0	0	0	0	0
	0	159,930	0	159,930	0	0	159,930
	10,895	1,302,775	0	1,302,775	150,034	0	1,452,809
0	2,877	140,293	0	140,293	0	0	140,293
0	244,825	2,433,349	0	2,433,349	0	0	2,433,349
0	0	63,401	0	63,401	48	0	63,449
0	0	17,493	0	17,493	0	65	17,558
0	0	322,271	0	322,271	142,430	24,160	488,861
0	0	1,456,553	0	1,456,553	0	0	1,456,553
0	247,702	4,433,360	0	4,433,360	142,478	24,225	4,600,063
\$ 223,517	\$ 1,330,988	\$ 12,323,427	\$ 0	\$ 12,323,427	\$ 292,512	\$ 24,225	\$ 12,640,164
\$ 162,890	\$ 454,973	\$ 4,991,302	\$ 0	\$ 4,991,302	\$ 72,176	\$ 717,321	\$ 5,780,799
30,186	88,127	980,200	0	980,200	20,623	97,608	1,098,431
193,076	543,100	5,971,502	0	5,971,502	92,799	814,929	6,879,230
2,566	122,440	866,557	0	866,557	30,486	51,213	948,256
1,181	34,679	210,438	0	210,438	12,092	68,572	291,102
17,430	18,945	57,966	0	57,966	4,239	14,789	76,994
9,510	52,406	481,539	0	481,539	6,948	11,953	500,440
243	38,822	227,785	0	227,785	371	303	228,459
0	15,128	299,399	0	299,399	13	0	299,412
0	0	0	0	0	0	0	0
1,722	17,671	185,686	0	185,686	3,084	7,518	196,288
0	18,765	116,549	0	116,549	59	437	117,045
7,254	44,777	475,035	0	475,035	23,983	29,658	528,676
5,928	8,575	34,270	0	34,270	2,468	5,860	42,598
0	0	1,616,484	0	1,616,484	0	0	1,616,484
45,834	372,208	4,571,708	0	4,571,708	83,743	190,303	4,845,754
238,910	915,308	10,543,210	0	10,543,210	176,542	1,005,232	11,724,984
22,755	87,178	988,418	0	988,418	16,814	(1,005,232)	0
261,665	1,002,486	11,531,628	0	11,531,628	193,356	0	11,724,984
0	16,417	234,433	0	234,433	3	68,470	302,906
\$ 261,665	\$ 1,018,903	\$ 11,766,061	\$ 0	\$ 11,766,061	\$ 193,359	\$ 68,470	\$ 12,027,890
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 304,435	\$ 304,435

SEMINOLE COMMUNITY MENTAL HEALTH CENTER, INC.
DBA SEMINOLE BEHAVIORAL HEALTHCARESCHEDULE OF STATE EARNINGS FOR SUBSTANCE
ABUSE AND MENTAL HEALTH SERVICES - MATCH CALCULATION
For the year ended June 30, 2011

Total expenditures	\$ 11,990,358
Less:	
Medicaid and other state and federal funds	(962,845)
Non-match SAMH funds	(1,740,432)
Unallowable costs per 65E-14, FAC	(302,906)
Unallowable patient fees	<u>0</u>
Total allowable expenditures	\$ <u>8,984,175</u>
Total amount of state earnings (\$8,984,175 x 75%)	\$ <u>6,738,131</u>
Amount of state performance contract funds received, excluding non-match portion	\$ <u>4,680,281</u>
Amount due to department	\$ <u>0</u>

SEMINOLE COMMUNITY MENTAL HEALTH CENTER, INC.
DBA SEMINOLE BEHAVIORAL HEALTHCARE

SCHEDULE OF BED-DAY AVAILABILITY PAYMENTS
For the year ended June 30, 2011

<u>Program</u>	<u>Cost Center</u>	<u>State Contracted Rate</u>	<u>Total Units of Service Provided</u>	<u>Total Units of Service Paid for by Third-party Contracts, Local Government or Other State Agencies</u>	<u>Maximum Number of Units Eligible for Payment by Department</u>	<u>Amount Paid for Services by Department</u>	<u>Maximum Value of Units in Column F</u>	<u>Amount Owed to Department (G-H or \$0, whichever is greater)</u>
A	B	C	D	E	(D - E) F	G	(F x C) H	I
AMH ASA	Crisis Stabilization Detox	\$312.46 \$214.02	10,950 1,825	1,769 69	9,181 1,756	\$1,723,324 \$270,100	\$2,868,773 \$375,819	\$0 \$0
Total Amount Owed to Department =								\$0

SEMINOLE COMMUNITY MENTAL HEALTH CENTER, INC.
DBA SEMINOLE BEHAVIORAL HEALTHCARE

SCHEDULE OF RELATED PARTY TRANSACTIONS ADJUSTMENTS
For the year ended June 30, 2011

There were no related party transactions adjustments during the year ended June 30, 2011.



DAVIES, HOUSER & SECREST, CPA, P.A.

BUSINESS CONSULTANTS AND FAMILY WEALTH PLANNERS

Shareholders/Directors

*Edward R. Christensen
Stephen A. Ellis
Todd M. Russell*

Directors Emeritus

*Floyd C. Lemmon
William R. Kidd*

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

Board of Directors
Seminole Community Mental Health Center, Inc.
DBA Seminole Behavioral Healthcare
Fern Park, Florida

We have audited the financial statements of Seminole Community Mental Health Center, Inc., DBA Seminole Behavioral Healthcare (SBH), (a nonprofit organization), as of and for the year ended June 30, 2011, and have issued our report thereon, dated October 19, 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 SBH's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion of the effectiveness of SBH's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of SBH's internal control over financial reporting.

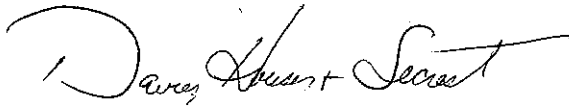
A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination 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 SBH's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Board of Directors, management and others within the organization, and federal awarding agencies and pass-through entities, and is not intended to be, and should not be, used by anyone other than these specified parties.



Davies, Houser & Secret, CPA, P.A.
October 19, 2011



DAVIES, HOUSER & SECREST, CPA, P.A.

BUSINESS CONSULTANTS AND FAMILY WEALTH PLANNERS

Shareholders/Directors

*Edward R. Christensen
Stephen A. Ellis
Todd M. Russell*

Directors Emeritus

*Floyd C. Lemmon
William R. Kidd*

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

Board of Directors
Seminole Community Mental Health Center, Inc.
DBA Seminole Behavioral Healthcare
Fern Park, Florida

Compliance

We have audited the compliance of Seminole Community Mental Health Center, Inc., DBA Seminole Behavioral Healthcare (SBH), (a nonprofit organization), with the types of compliance requirements described in the OMB *Circular A-133 Compliance Supplement* and the requirements described in the Department of Financial Services State Projects Compliance Supplement, that could have a direct and material effect on each of SBH's major federal programs and state projects for the year ended June 30, 2011. SBH's major federal programs and state projects are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs and state projects is the responsibility of SBH's management. Our responsibility is to express an opinion on SBH'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; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and Chapter 10.650, Rules of the Auditor General. Those standards, OMB Circular A-133, and Chapter 10.650, Rules of the Auditor General, require that 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 SBH'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 on SBH's compliance with those requirements.

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

Internal Control Over Compliance

The management of SBH 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 SBH's internal control over compliance with 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, 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 SBH's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program or state project on a timely basis. A material weakness in internal control over compliance is a deficiency, or 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 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 for the information and use of the Board of Directors, management, federal and state awarding agencies and pass-through entities, and the Auditor General of the State of Florida, and it is not intended to be, and should not be, used by anyone other than these specified parties.



Davies, Houser & Secrest, CPA, P.A.
October 19, 2011

SEMINOLE COMMUNITY MENTAL HEALTH CENTER, INC.
DBA SEMINOLE BEHAVIORAL HEALTHCARE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FEDERAL AWARD PROGRAMS
For the year ended June 30, 2011

I. Summary of Auditors' Results	Answers
1. Type of report issued on financial statements	Unqualified
2. Significant deficiencies in internal control disclosed by the audit of the financial statements	None
3. Noncompliance which is material to the audited financial statements	None
4. Significant deficiencies in internal control over major programs disclosed by the audit	None
5. Type of report on compliance for major programs	Unqualified
6. Audit findings required to be reported by Paragraph .510 of OMB Circular A-133	None
7. Identification of Major Federal Programs U.S. Department of Health and Human Services - Substance Abuse and Mental Health Services Administration: Block Grants for Community Mental Health Services	CFDA #93.958
8. Dollar threshold for type A programs	\$300,000
9. Low risk auditee	Yes
II. Findings required to be reported in accordance with generally accepted <i>Government Auditing Standards</i>	None
III. Findings and questioned costs for federal awards as defined in paragraph .510 of OMB Circular A-133 for the current year	None

SEMINOLE COMMUNITY MENTAL HEALTH CENTER, INC.
DBA SEMINOLE BEHAVIORAL HEALTHCARE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
STATE FINANCIAL ASSISTANCE PROJECTS
For the year ended June 30, 2011

I . Summary of Auditors' Results	Answers
1. Type of report issued on financial statements	Unqualified
2. Significant deficiencies in internal control disclosed by the audit of the financial statements	None
3. Noncompliance which is material to the audited financial statements	None
4. Significant deficiencies in internal control over major projects disclosed by the audit	None
5. Type of report on compliance for major projects	Unqualified
6. Audit findings required to be reported by Auditor General's Rule 10.656	None No management letter issued
7. Identification of Major State Projects Department of Children and Families: Adult Community Mental Health - Community Support Services Adult Mental Health – Special Projects – Emergency Stabilization	CSFA #60.053 CSFA #60.061
8. Dollar threshold for type A projects	\$300,000
II . Findings required to be reported in accordance with generally accepted <i>Government Auditing Standards</i>	None
III. Findings and questioned costs for state financial assistance defined by Auditor General's Rule 10.654(1)(h)4	None
IV. Prior year audit findings	None

SEMINOLE COMMUNITY MENTAL HEALTH CENTER, INC.
DBA SEMINOLE BEHAVIORAL HEALTHCARE

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FEDERAL AWARD PROGRAMS
For the year ended June 30, 2011

No prior year findings.