

TRI-COUNTY HUMAN SERVICES, INC.

REPORT ON FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2011 AND 2010

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Tri-County Human Services, Inc.
Lakeland, Florida

We have audited the accompanying statement of financial position of **Tri-County Human Services, Inc.**, (the "Agency", a not-for-profit organization) as of June 30, 2011 and the related statements of activities, changes in net assets, and cash flows for the year then ended. These financial statements are the responsibility of the Agency's management. Our responsibility is to express an opinion on these financial statements based on our audit.

The prior year summarized comparative information included in the statement of functional expenses has been derived from the Agency's 2010 financial statements and, in our report dated September 2, 2010 we expressed an unqualified opinion on those financial statements.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **Tri-County Human 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 September 30, 2011 on our consideration of **Tri-County Human Services, Inc.**'s internal control and its compliance with laws, regulations, contracts, and grants. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.



Our audit was performed for the purpose of forming an opinion on the financial statements of the Agency 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 the U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and Chapter 10.650, Rules of the Auditor General, and is not a required part of the financial statements. Other supplemental schedules are shown on pages 19 - 27, and are presented for purposes of additional analysis. 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, 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 basic financial statements taken as a whole.

Baylis & Company PA

Certified Public Accountants
September 30, 2011



TRI-COUNTY HUMAN SERVICES, INC.

STATEMENT OF FINANCIAL POSITION

	<u>June 30,</u>	
	<u>2011</u>	<u>2010</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash and cash equivalents	\$2,159,526	\$1,515,256
Grants receivable	1,007,703	1,406,474
Accounts receivable, net, Note A	88,979	42,401
Inventory	167,436	130,063
Prepaid expenses	155,463	123,639
Other current assets	6,954	6,954
Total current assets	3,586,061	3,224,787
PROPERTY AND EQUIPMENT , net, Notes A and B	4,098,620	4,208,256
TOTAL ASSETS	<u>\$7,684,681</u>	<u>\$7,433,043</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 884,063	\$ 921,234
Line of credit, Note C	-	-
Mortgage note payable, current portion	128,873	127,823
Total current liabilities	1,012,936	1,049,057
LONG TERM LIABILITIES , Note C	1,348,327	1,479,755
Total liabilities	2,361,263	2,528,812
NET ASSETS		
Unrestricted, Note A		
Undesignated	2,701,998	2,303,553
Net investment in property and equipment	2,621,420	2,600,678
Total unrestricted	5,323,418	4,904,231
Temporarily restricted, Notes A and D	-	-
Permanently restricted, Note A	-	-
Total net assets	5,323,418	4,904,231
TOTAL LIABILITIES AND NET ASSETS	<u>\$7,684,681</u>	<u>\$7,433,043</u>

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

TRI-COUNTY HUMAN SERVICES, INC.

STATEMENT OF ACTIVITIES

	<u>Years Ended June 30,</u>	
	<u>2011</u>	<u>2010</u>
UNRESTRICTED SUPPORT AND REVENUE		
Support:		
Contributions	\$ 6,602	\$ 5,490
Contributions in kind, Note I	189,798	212,896
United Way	53,992	53,992
Special events	27,141	36,126
Net assets released from restrictions	-	-
Total support	<u>277,533</u>	<u>308,504</u>
Revenue:		
Net patient service revenue	387,553	213,147
State of Florida contract	6,920,491	7,144,905
Federal grants and contracts	176,615	118,781
Public grants and contracts	1,685,129	1,447,621
Interest	7,327	10,257
Business-like activities	983,547	618,067
Gain (loss) on disposal of assets	1,724	(2,401)
Miscellaneous	377,130	347,868
Total revenue	<u>10,539,516</u>	<u>9,898,245</u>
Total unrestricted support and revenue	<u>10,817,049</u>	<u>10,206,749</u>
UNRESTRICTED EXPENSES		
Program services:		
Adult mental health	880,925	288,240
Substance abuse – adult	5,163,598	5,343,971
Adolescent mental health	239,928	42,883
Substance abuse – adolescent	641,045	663,448
Other programs – adult	698,779	1,393,995
Total program	<u>7,624,275</u>	<u>7,732,537</u>
Supporting services:		
Business-like activities	1,484,626	1,146,725
Management and general	1,273,519	1,304,284
Fund raising	15,442	23,196
Total supporting services	<u>2,773,587</u>	<u>2,474,205</u>
Total unrestricted expenses	<u>10,379,862</u>	<u>10,206,742</u>
INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS	<u>\$ 419,187</u>	<u>\$ 7</u>
TEMPORARILY RESTRICTED REVENUE		
DWUI/DWI program	481,693	495,510
Total temporarily restricted revenue	481,693	495,510
TEMPORARILY RESTRICTED EXPENSES		
DWUI/DWI program	481,693	495,510
Net assets released from restrictions	-	-
Total temporarily restricted expenses	<u>481,693</u>	<u>495,510</u>
INCREASE (DECREASE) IN TEMPORARILY RESTRICTED NET ASSETS	<u>\$ -</u>	<u>\$ -</u>
INCREASE (DECREASE) IN PERMANENTLY RESTRICTED NET ASSETS	<u>\$ -</u>	<u>\$ -</u>
INCREASE (DECREASE) IN NET ASSETS	<u>\$ 419,187</u>	<u>\$ 7</u>

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

TRI-COUNTY HUMAN SERVICES, INC.
STATEMENT OF CHANGES IN NET ASSETS

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
BALANCE, June 30, 2009	\$4,904,224	\$ -	\$ -	\$4,904,224
Increase (decrease) in net assets	<u>7</u>	<u>-</u>	<u>-</u>	<u>7</u>
BALANCE, June 30, 2010	4,904,231	-	-	4,904,231
Increase (decrease) in net assets	<u>419,187</u>	<u>-</u>	<u>-</u>	<u>419,187</u>
BALANCE, June 30, 2011	<u>\$5,323,418</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$5,323,418</u>

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

TRI-COUNTY HUMAN SERVICES, INC.

STATEMENT OF CASH FLOWS

	<u>Years Ended June 30,</u>	
	<u>2011</u>	<u>2010</u>
OPERATING ACTIVITIES		
Increase (decrease) in net assets	\$ 419,187	\$ 7
Adjustments to reconcile increase (decrease) in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	194,947	193,631
(Gain) loss on disposal of assets	(1,724)	2,401
Allowance for uncollectible note receivable	-	-
Changes in operating assets and liabilities:		
(Increase) decrease in grants receivable	398,771	(50,249)
(Increase) decrease in accounts receivable	(46,578)	18,632
(Increase) decrease in inventory	(37,373)	58,524
(Increase) decrease in prepaid expenses and other current assets	(31,824)	(79,963)
Increase (decrease) in accounts payable and accrued expenses	(37,171)	55,872
	<u>858,235</u>	<u>198,855</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
INVESTING ACTIVITIES		
Purchase of property and equipment	(83,587)	(206,962)
	<u>(83,587)</u>	<u>(206,962)</u>
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES		
FINANCING ACTIVITIES		
Long term borrowings	-	1,525,000
Principal payments on long term borrowings	(130,378)	(1,607,841)
	<u>(130,378)</u>	<u>(82,841)</u>
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES		
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	644,270	(90,948)
CASH AND CASH EQUIVALENTS, beginning of year	<u>1,515,256</u>	<u>1,606,204</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$2,159,526</u>	<u>\$ 1,515,256</u>

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

TRI-COUNTY HUMAN SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Tri-County Human Services, Inc. (the "Agency") is a not-for-profit provider of evaluation, counseling and substance abuse treatment of individuals directly and under contract to various governmental and other third party payors. Tri-County Human Services, Inc. shall endeavor to provide an array of high quality human services consistent with the needs of the community. Services shall be provided in a cost effective, ethical, and professional manner and shall focus on improving the quality of life of persons served. The Board is self sustaining with members elected by existing members.

The Agency serves Polk, Hardee and Highlands counties. The Agency operates all of its programs with the philosophy that substance addiction is a primary, progressive, chronic, and ultimately fatal disease if left untreated. The Agency accepts the premise that substance addiction impacts all areas of an individual's life, including his/her interpersonal relationships, vocational/educational skills, emotional well-being, and physical health. The Agency does not adhere to any one etiological theory regarding substance addiction. On the contrary, our staff understands that addictive disorders are likely caused by a combination of several factors, including genetics, emotional/psychological influences, cultural attitudes, and behavioral reinforcement. The Agency's staff understands that substance addiction is a family illness in which each member of the affected individual's immediate and perhaps extended family is affected by the behaviors and attitudes of the addicted individual. In keeping with this philosophy, our treatment teams encourage family participation in the treatment process whenever possible.

The Agency recognizes that many of the individuals served by the Agency have a concurrent mental health problem. Like substance abuse disorders, mental health problems can cause severe dysfunction in an individual's life, especially in the areas of day-to-day living skills, interpersonal relationships, and vocational/educational skills. For these dually diagnosed clients, simultaneous treatment of both disorders is preferred. Residential treatment is available for dually diagnosed clients who have not responded favorably to outpatient treatment or whose symptom severity contraindicates outpatient care.

The Agency is licensed by the State of Florida as a provider of substance abuse prevention, intervention, and treatment services. Consistent with this licensure, agency programs and services are reviewed and audited annually by the State of Florida. The Agency's C.A.R.F. accreditation has been extended through 2013.

The Agency is funded through a variety of sources, including the United Way, Florida Department of Children and Families, State of Florida, The Community Foundation of Greater Lakeland, Polk, Hardee and Highlands counties, Central Florida Behavioral Health Network, Homeless Coalition, H.U.D. Funds, program fees, various fund raising events sponsored by the board of directors, federal and private grants, and private contributions.

TRI-COUNTY HUMAN SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

JUNE 30, 2011

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Basis of Accounting

The Agency utilizes the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. On January 30, 1991, the State of Florida, Department of Health and Rehabilitative Services published new alcohol, drug abuse and mental health services financial management standards. The standards indicated that accounting principles generally accepted in the United States of America should be followed in all reports filed with the department and in the annual audited financial statements and that most of the department's alcohol, drug abuse and mental health services providers should adopt the American Institute of Certified Public Accounting's guide, *Audits of Providers of Health Care Services*, as the primary source of specialized accounting principles. The guide and the department indicate the accrual basis of accounting is the only basis of accounting that is the generally accepted accounting principle for providers of health care services.

Unrestricted Net Assets

Unrestricted net assets consist of resources available for the various programs and administration of the Agency which have not been restricted by a donor or other outside party.

Net investment in property and equipment represents amounts expended for property and equipment used in the operations of the Agency, net of amounts borrowed, if any.

Undesignated net assets are available for the various programs and administration of the Agency.

Temporarily Restricted Net Assets

Temporarily restricted net assets consist of donor restricted contributions. Amounts restricted by the donor, grantor or other outside party for a particular purpose are deemed to be earned and are reported as temporarily restricted revenue when received and such unexpended amounts are reported as temporarily restricted net assets at year end. Donor restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted revenue.

When a donor restriction expires, that is, when a stipulated time or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as "net assets released from restrictions".

TRI-COUNTY HUMAN SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

JUNE 30, 2011

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Temporarily Restricted Net Assets - Continued

Restrictions on gifts of fixed assets or contributions restricted for the purchase of fixed assets expire when the asset is placed in service, unless otherwise stipulated by the donor.

Permanently Restricted Net Assets

Permanently restricted net assets consist of donor restricted contributions which are required to be held in perpetuity. Income from the assets held is available for either general operations or specific purposes in accordance with donor stipulations. The Agency does not imply a time restriction on gifts of long-lived assets.

There are no permanently restricted net assets at June 30, 2011 and 2010.

Income Taxes

The Agency is a not-for-profit organization that is exempt from income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code; therefore, no provision for income taxes has been made in these financial statements. The Agency has also been classified as an entity that is not a private foundation with the meaning of Section 509(a) and qualifies for deductible contributions as provided in Section 170(b)(1)(A)(vi).

In 2009, the Agency adopted Financial Accounting Standards Board (FASB) *Accounting Standards Codification* (ASC) No. 740-10 (formerly FASB Interpretation No. 48, Accounting for Uncertainty in Income Taxes), which prescribed a comprehensive model for how an organization should measure, recognize, present and disclose uncertain tax positions that it has taken or expects to take on a tax return. There was no impact to the Organization's financial statements as a result of the implementation. The Organization's open audit periods are 2008 through 2010.

Use of Estimates

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

TRI-COUNTY HUMAN SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

JUNE 30, 2011

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable are patient obligations due for services rendered. The allowance for doubtful accounts is based on a combination of identified patient accounts believed to be uncollectible and on a percentage of aged receivables, based on historical experience. If actual collections experience changes, revisions to the allowance percentage are made. After all attempts to collect a receivable have failed, the receivable is written off against the allowance. Based on the information available, management believes the allowance for doubtful accounts as of June 30, 2011 and 2010 are adequate. However, actual write-offs may exceed the recorded allowance.

Property and Equipment

The Agency follows the state guidelines of capitalizing all expenditures of \$1,000 or more for property and equipment at cost; the fair market value of donated fixed assets is similarly capitalized. Depreciation is provided over the estimated useful lives of the respective assets on a straight-line basis. Routine repairs and maintenance are expensed as incurred.

Net Patient Service Revenue and Charity

The Agency provides care to all patients without regard to their ability to pay. Patients are charged on a sliding scale based on their ability to pay as determined by the Florida Department of Children and Family Services. Net patient service revenue is reported at the estimated net realizable amounts from patients, third party payors and others for services rendered since there is no pursuit of collection for the charges in excess of ability to pay or contractual agreement.

Financial Instruments and Credit Risk

The carrying amounts approximate fair value based on quoted market prices or discounted cash flow analyses for cash equivalents and other financial instruments. The Agency is subject to some credit risk through short-term cash investments which are placed with high credit quality financial institutions. At times cash equivalents may exceed the F.D.I.C. limits and other insured limits. At June 30, 2011 and 2010, the Agency exceeded F.D.I.C. and other insured limits by \$-0- and \$-0-, respectively. The Agency has entered into an agreement with a bank whereby their account is collateralized with securities wholly owned by the Agency.

TRI-COUNTY HUMAN SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

JUNE 30, 2011

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Concentration of Revenue Sources

About 60% of the Agency's revenue is derived from direct and indirect federal and state grants through the State of Florida Department of Children and Families, which are renewed annually. The current level of the Agency's operations and program services may be impacted or segments discontinued if funding is not renewed.

Inventory

Inventories of pharmaceutical drugs are carried at the lower of cost or market, using the first-in, first-out method of costing.

Cash Equivalents

The Agency considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Interest received was \$7,327 and \$10,257 for the years ended June 30, 2011 and 2010, respectively.

Reclassification

Certain 2010 items may have been reclassified in order to conform with the 2011 financial statement presentation.

NOTE B - PROPERTY AND EQUIPMENT

A summary of property and equipment, at cost, as of June 30, 2011 and 2010, is as follows:

	<u>2011</u>	<u>2010</u>	<u>Estimated Useful Lives</u>
Land	\$ 528,938	\$ 528,938	-
Construction in progress	6,014	-	-
Buildings	2,503,052	2,503,052	5 - 30 years
Leasehold improvements	1,762,980	1,751,624	5 - 30 years
Machinery and equipment	928,563	864,168	5 - 10 years
Furniture and fixtures	22,588	22,588	5 - 10 years
	5,752,135	5,670,370	
Less accumulated depreciation	<u>(1,653,515)</u>	<u>(1,462,114)</u>	
Total	<u>\$ 4,098,620</u>	<u>\$ 4,208,256</u>	

TRI-COUNTY HUMAN SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

JUNE 30, 2011

NOTE B - PROPERTY AND EQUIPMENT - CONTINUED

Depreciation expense was \$194,947 and \$193,631 for the years ended June 30, 2011 and 2010, respectively.

Building improvements with a net book value of \$202,825 were acquired in 2008 with grant funds received from the Homeless Coalition of Polk County. Under terms of the grant agreement, any buildings/units constructed or rehabilitated using grant funds must be used to serve persons who are homeless for a minimum of 10 years. Any assets purchased or improved with grant funds must be reverted by the Agency to the Homeless Coalition if those assets are disposed of within 5 years of date of acquisition.

NOTE C - LONG TERM LIABILITIES

A summary of mortgage note payable as of June 30, 2011 and 2010, respectively, is as follows:

	<u>2011</u>	<u>2010</u>
Mortgage on New Administration Building – mortgage note payable to bank in 60 monthly installments of \$12,259, including interest at 4.25%, for the first year of the loan, and 5.25% for years 2-5, through September of 2014, collateralized by real estate with a book value of \$1,445,896. This loan was refinanced in 2010.	\$1,385,546	\$1,462,936
Mortgage on Renovation - mortgage note payable to bank in 60 monthly installments of \$4,825, including interest at 5.85%, through February of 2013, collateralized by real estate with a book value of \$210,362.	91,654	142,469
Vehicle loan payable to bank in 36 monthly installments of \$247, including interest at 6.00%, through March of 2011 collateralized by a vehicle with a book value of \$2,845.	-	2,173
	<u>1,477,200</u>	<u>1,607,578</u>
Less portion considered current	<u>(128,873)</u>	<u>(127,823)</u>
Total long term liabilities	<u>\$1,348,327</u>	<u>\$1,479,755</u>

TRI-COUNTY HUMAN SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

JUNE 30, 2011

NOTE C - LONG TERM LIABILITIES - CONTINUED

As of the date of this report, the Agency is substantially in compliance with all terms of the loan agreements.

Annual maturities of long term debt for the next five years and thereafter are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2012	\$ 128,873
2013	118,116
2014	84,540
2015	1,145,671
2016	-
Thereafter	<u>-</u>
Total	<u>\$1,477,200</u>

Line of Credit

The Agency has a line of credit up to \$500,000, secured by accounts receivable of which \$-0- was outstanding at June 30, 2011. Principal and interest would be due on demand, with interest based on the bank's prime rate.

Interest paid was \$78,677 and \$116,317 for the years ended June 30, 2011 and 2010, respectively.

TRI-COUNTY HUMAN SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

JUNE 30, 2011

**NOTE D - DWUI/DWI SCHEDULE OF ASSETS, LIABILITIES, NET ASSETS AND
ACTIVITY - TEMPORARILY RESTRICTED NET ASSETS**

	June 30,	
	2011	2010
ASSETS		
Current assets:		
Cash	\$ -	\$ -
Total current assets	-	-
Total assets	<u>\$ -</u>	<u>\$ -</u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Due to Agency operating funds	\$ 67,080	\$ 74,014
Total current liabilities	67,080	74,014
Total liabilities	<u>67,080</u>	<u>74,014</u>
Net assets, unrestricted	(67,080)	(74,014)
Net assets, temporarily restricted	-	-
Total net assets	<u>(67,080)</u>	<u>(74,014)</u>
Total liabilities and net assets	<u>\$ -</u>	<u>\$ -</u>
REVENUE, EXPENSES AND CHANGE IN NET ASSETS		
Revenue	\$ 481,693	\$ 495,510
Expenses	474,759	547,741
Increase (decrease) in net assets	6,934	(52,231)
Net assets, beginning of year	(74,014)	(21,783)
Net assets, end of year	<u>\$(67,080)</u>	<u>\$(74,014)</u>

During 2005, the Agency purchased a building for the use of administration and the DUI program. The DUI program was allocated a portion of the expenditures associated with the building. As required by Section 322.293, Florida Statutes, and Section 15A-10.012, Florida Administrative Code, the Agency collects a \$15 assessment fee on every client enrolling in its DUI program and remits the fee to the State of Florida. State assessment fees collected and distributed to the State of Florida are summarized as follows:

	June 30,	
	2011	2010
STATE ASSESSMENT FEES		
Fees due from prior year	\$ -	\$ -
Fees collected current year	25,500	25,948
Fee remitted current year	(25,500)	(25,948)
Fees due to state	<u>\$ -</u>	<u>\$ -</u>

TRI-COUNTY HUMAN SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

JUNE 30, 2011

**NOTE D - DWUI/DWI SCHEDULE OF ASSETS, LIABILITIES, NET ASSETS AND
ACTIVITY - TEMPORARILY RESTRICTED NET ASSETS - CONTINUED**

Procedures have been developed and followed which adequately account for all DUI fees received by the program and all receipts issued by the Agency's DUI program.

The cost standards are reasonable and equitable as defined in Section 15A-10.014, Florida Administrative Code and the method for allocating indirect costs as defined in Note J is fair and equitable as defined in Section 15A-10.014, Florida Administrative Code. Contributions to the employee's profit sharing plan were 2% of eligible participant's salaries. In accordance with Section 15A-10.014, Florida Administrative Code, this contribution did not exceed the percentage of gross compensation contributed by the employer of members of the regular class of Florida Retirement System.

NOTE E - COMMITMENTS AND CONTINGENCIES

Lease expense

The Agency has a number of multi-year lease commitments on buildings, vehicles, and office equipment. Buildings, or space in buildings, are used for the Agency's administration and its community service programs. Space is provided at various locations in Highlands and Hardee counties for counseling services. Free use of facilities and other assets are recorded as in-kind contributions and as equipment and facilities expenses based on market square footage rental rates or equipment rental rates in the communities where facilities are located. Some of the leases are noncancelable. The lease payments range from \$24 to \$1,427 per month for a period of 24 - 63 months. The lease expense under these leases was \$43,072 and \$256,925 for the years ended June 30, 2011 and 2010, respectively.

Future minimum lease payments under the lease are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2012	\$29,774
2013	4,232
2014	143
2015	-
2016	-
Thereafter	-
Total	<u>\$34,149</u>

TRI-COUNTY HUMAN SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

JUNE 30, 2011

NOTE E - COMMITMENTS AND CONTINGENCIES - CONTINUED

Lease income

During the year ended June 30, 2011, the Agency, as lessor, leased a portion of the administrative building under a multi-year operating lease agreement. The lease has two renewal options to renew for a period of five years each, with rental payment increases of the lesser of 3% or the increase in the Consumer Price Index, beginning the fourth lease year and for each year thereafter. The Agency has obtained a lien on certain real property owned by the lessee, as security for lease income under this agreement. The lease income under this lease is included in business-like activities, and was \$54,324 and \$34,957 for the years ended June 30, 2011 and 2010, respectively.

Future minimum lease income under this lease is as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2012	\$ 54,323
2013	55,003
2014	56,653
2015	58,352
2016	60,103
Thereafter	<u>230,318</u>
Total	<u>\$514,752</u>

Other

The Agency participates in a number of federal and state programs, which are subject to financial and compliance audits by the grantors or their representatives. The audits of all programs for or including the year ended June 30, 2011, have not been completed. The amount, if any, of expenditures which may be disallowed by the grantor agencies, cannot be determined at this time although the Agency expects such amounts, if any, to be immaterial.

Subsequent Events

Management has evaluated subsequent events through September 30, 2011, the date which the financial statements were available for issue and has determined that there are no additional adjustments and/or disclosures required.

TRI-COUNTY HUMAN SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

JUNE 30, 2011

NOTE F - COMPENSATED ABSENCES

The Agency's liability for compensated absences was \$372,724 and \$360,519 which was included in accounts payable and accrued expenses as of June 30, 2011 and 2010, respectively. This represents amounts owed to employees under the Agency's accrued time off (ATO) policy. The Agency revised its ATO policy during 2010. For employees hired prior to July 1, 2009, the employees may carryover up to a maximum of 40 days unused ATO each year. For employees hired from July 1, 2009 to the present, employees may carry up to 80 hours into the next calendar year. Excess hours as of December 31 are forfeited.

NOTE G - DEFINED CONTRIBUTION PLAN

The Agency has a The Tri-County Human Services, Inc. Profit Sharing Plan which is a defined contribution pension plan that was established by the Agency in 1999 to provide benefits at retirement to substantially all employees of the Agency. Employees become eligible for participation in the plan after attainment of age 18 and one year of full-time service. Plan benefits vest at a rate of 20% per year and become fully vested after 6 years of service. At June 30, 2011 and 2010 there were 249 and 210, respectively, plan participants. Employer contributions are discretionary and are determined annually by the board of directors. For the years ended June 30, 2011 and 2010, contributions totaled \$119,622 and \$119,820, respectively. At June 30, 2011 and 2010, the Agency has a payable to the Plan of \$-0- and \$4,094, respectively. For the years ended June 30, 2011 and 2010, fees incurred and paid for the Plan were \$-0- and \$-0-, respectively.

NOTE H - RELATED PARTIES

The Agency receives state grant funds from Central Florida Behavioral Health Network (CFBHN), for which the executive director serves on the board of directors. Receipts from CFBHN were \$72,423 and \$555,791, net of a 2.67% and 5% administration fee, for 2011 and 2010, respectively.

NOTE I - CONTRIBUTED MATERIALS, EQUIPMENT AND SERVICES

A number of volunteers have donated significant amounts of their time to the Agency's administrative services and fund raising campaigns during the year; however, these donated services are not reflected in the financial statements since the services are not professional in nature, and, as such, do not meet the criteria for recognition as contributed services.

TRI-COUNTY HUMAN SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

JUNE 30, 2011

NOTE I - CONTRIBUTED MATERIALS, EQUIPMENT AND SERVICES - CONTINUED

Donated materials and space received as donations, if any, are recorded and reflected in the accompanying financial statements at their fair values at the date of receipt. The Agency received \$189,797 and \$212,896 in donated material and space for the years ended June 30, 2011 and 2010, respectively.

NOTE J - ALLOCATION OF INDIRECT COSTS AND FUNCTIONAL ALLOCATION OF EXPENSES

The alcohol, drug abuse and mental health services financial management standards provided a new chart of accounts structure and allocation methodology designed to promote the fair and reasonable allocation of total costs to all functions or programs. All direct costs are allocated directly. Support costs and administrative costs (indirect costs) which cannot be directly allocated are allocated, by one or more distribution bases, appropriate to the costs and clearly represent a reasonable basis for allocating among the benefiting functions or programs. Administrative costs with no more reasonable basis for allocation are distributed based on the relationship of the cost center's total costs to all cost centers accumulated costs. Each provider must submit to the Department of Children and Family Services with its budget for prior approval a plan for cost allocations in the budget year. The statement of functional expenses is presented only for the year ended June 30, 2011, with comparative totals for the year ended June 30, 2010.

OTHER FINANCIAL INFORMATION

TRI-COUNTY HUMAN SERVICES, INC.

SCHEDULE OF FUNCTIONAL EXPENSES

**YEAR ENDED JUNE 30, 2011, WITH COMPARATIVE
TOTALS FOR THE YEAR ENDED JUNE 30, 2010**

Expenses	Adolescent Mental Health					Adult Mental Health				
	Information & Referral	FIS Outreach	Highlands CCST	Highlands Medical Services	Total Mental Health Adolescent	Information & Referral	Residential II	Jasa Evals Outreach	Path Outreach	Highlands CCST
Personnel services:										
Salaries	\$ 23,842	\$ 31,132	\$ 72,444	\$ 20,264	\$ 147,682	\$ 7,947	\$ 23,703	\$ 56,608	\$ 94,585	\$ 206,188
Fringes	7,067	8,285	10,662	1,608	27,622	2,356	2,464	3,396	14,918	30,345
Total personnel	<u>30,909</u>	<u>39,417</u>	<u>83,106</u>	<u>21,872</u>	<u>175,304</u>	<u>10,303</u>	<u>26,167</u>	<u>60,004</u>	<u>109,503</u>	<u>236,533</u>
Operating:										
Building occupancy	-	2,000	4,548	3,092	9,640	-	5,660	148	-	12,943
Professional services	-	-	650	29,350	30,000	-	-	-	-	1,850
Travel	3,062	2,340	1,450	1,715	8,567	1,021	-	-	1,651	4,126
Equipment costs	238	-	41	29	308	79	-	-	107	118
Food services	-	-	-	-	-	-	2,497	-	-	-
Medical & pharmacy	-	-	852	4,248	5,100	-	833	117	35	2,426
Subcontract services	-	-	894	1,247	2,141	-	2,000	(5)	-	2,543
Insurance	309	317	796	84	1,506	103	927	368	1,169	2,265
Interest	1,750	-	-	-	1,750	583	-	-	-	-
Operating supplies	541	250	3,162	1,616	5,569	180	1,375	245	2,429	9,000
Other	-	-	4	39	43	-	-	2,361	3,653	12
Donated items	-	-	-	-	-	-	-	-	-	-
	<u>5,900</u>	<u>4,907</u>	<u>12,397</u>	<u>41,420</u>	<u>64,624</u>	<u>1,966</u>	<u>13,292</u>	<u>3,234</u>	<u>9,044</u>	<u>35,283</u>
and operating	<u>36,809</u>	<u>44,324</u>	<u>95,503</u>	<u>63,292</u>	<u>239,928</u>	<u>12,269</u>	<u>39,459</u>	<u>63,238</u>	<u>118,547</u>	<u>271,816</u>
Indirect:										
Administration	<u>6,045</u>	<u>7,280</u>	<u>15,685</u>	<u>10,394</u>	<u>39,404</u>	<u>2,015</u>	<u>6,480</u>	<u>10,386</u>	<u>19,469</u>	<u>44,641</u>
	<u>\$ 42,854</u>	<u>\$ 51,604</u>	<u>\$ 111,188</u>	<u>\$ 73,686</u>	<u>\$ 279,332</u>	<u>\$ 14,284</u>	<u>\$ 45,939</u>	<u>\$ 73,624</u>	<u>\$ 138,016</u>	<u>\$ 316,457</u>

TRI-COUNTY HUMAN SERVICES, INC.

SCHEDULE OF FUNCTIONAL EXPENSES

**YEAR ENDED JUNE 30, 2011, WITH COMPARATIVE
TOTALS FOR THE YEAR ENDED JUNE 30, 2010**

Expenses	Adult Mental Health (cont.)			Substance Abuse - Adult						
	Highlands Medical Services	Highlands CSST	Total Mental Health Adult	Outpatient Individual	Case Management	Detox	Residential Level 2	Residential Level 2 R & B	Residential Level 3	Residential Level 3 R & B
Personnel services:										
Salaries	\$ 92,314	\$ 47,924	\$ 529,269	\$ 371,096	\$ 123,046	\$ 592,424	\$ 396,739	\$ 64,773	\$ 156,392	\$ 47,511
Fringes	7,324	8,006	68,809	96,181	9,800	90,116	55,159	16,115	25,841	12,094
Total person	99,638	55,930	598,078	467,277	132,846	682,540	451,898	80,888	182,233	59,605
Operating:										
Building occupancy	14,087	17,148	49,986	48,214	16,904	68,635	86,640	-	24,526	-
Professional services	133,705	-	135,555	-	-	20,233	21,660	-	-	-
Travel	7,812	1,264	15,874	3,244	977	4,477	960	-	1,110	-
Equipment costs	131	160	595	4,984	4,690	13,629	12,309	-	5,878	-
Food services	-	-	2,497	-	-	43,272	37,920	-	9,974	-
Medical & pharmacy	19,353	905	23,669	42,347	-	14,333	13,304	-	3,948	-
Subcontract services	5,679	2,784	13,001	10,869	4,230	31,191	31,712	-	3,936	-
Insurance	381	941	6,154	15,966	1,610	29,537	17,027	1,677	9,451	1,213
Interest	-	-	583	1,016	-	2,104	1,402	-	-	-
Operating supplies	7,364	8,121	28,714	13,248	7,370	15,711	14,948	20	7,897	-
Other	176	17	6,219	2,044	-	2,268	1,478	-	1,314	-
Donated items	-	-	-	11,792	-	-	-	-	-	-
	188,688	31,340	282,847	153,724	35,781	245,390	239,360	1,697	68,034	1,213
and operating	288,326	87,270	880,925	621,001	168,627	927,930	691,258	82,585	250,267	60,818
Indirect:										
Administration	47,353	14,332	144,676	101,989	27,855	152,396	113,527	13,563	41,102	9,988
	\$ 335,679	\$ 101,602	\$ 1,025,601	\$ 722,990	\$ 196,482	\$ 1,080,326	\$ 804,785	\$ 96,148	\$ 291,369	\$ 70,806

TRI-COUNTY HUMAN SERVICES, INC.

SCHEDULE OF FUNCTIONAL EXPENSES

**YEAR ENDED JUNE 30, 2011, WITH COMPARATIVE
TOTALS FOR THE YEAR ENDED JUNE 30, 2010**

Substance Abuse - Adult (cont.)								Substance Abuse - Adolescent		
Expenses	Residential Level 4	Outreach	Assessment	Intervention	Aftercare	Medical Services	TDL03 Florida Ctr Residential II	Total Substance Abuse-Adult	Outpatient	Case Management
Personnel services:										
Salaries	\$ 14,629	\$ 93,337	\$ 28,250	\$ 322,941	\$ 77,326	\$ 25,406	\$ 968,739	\$ 3,282,609	\$ 15,658	\$ 10,265
Fringes	1,221	11,224	4,055	77,903	20,128	1,883	146,384	568,104	4,360	785
Total personr	15,850	104,561	32,305	400,844	97,454	27,289	1,115,123	3,850,713	20,018	11,050
Operating:										
Building occupancy	15,883	7,637	9,598	27,612	11,154	-	102,488	419,291	17,147	1,272
Professional services	-	-	-	-	200	27,059	36,780	105,932	-	-
Travel	2,647	3,744	497	11,866	895	-	1,574	31,991	292	74
Equipment costs	2,082	1,308	835	2,270	2,799	-	12,668	63,452	1,049	353
Food services	-	-	-	-	-	-	57,272	148,438	-	-
Medical & pharmacy	-	66	-	6,414	1,620	28,419	30,361	140,812	7,462	-
Subcontract services	41	3,954	1,229	7,005	632	240	21,297	116,336	1,448	318
Insurance	2,248	940	257	4,167	1,628	174	27,285	113,180	801	121
Interest	-	-	-	-	-	-	593	5,115	206	-
Operating supplies	516	7,348	4,476	13,295	2,870	2	19,117	106,818	2,605	555
Other	20	3,863	-	15,453	58	25	23,205	49,728	521	-
Donated items	-	-	-	-	-	-	-	11,792	-	-
	23,437	28,860	16,892	88,082	21,856	55,919	332,640	1,312,885	31,531	2,693
and operating	39,287	133,421	49,197	488,926	119,310	83,208	1,447,763	5,163,598	51,549	13,743
Indirect:										
Administration	6,453	22,630	7,015	80,306	19,591	13,666	237,771	847,852	8,466	2,097
	\$ 45,740	\$ 156,051	\$ 56,212	\$ 569,232	\$ 138,901	\$ 96,874	\$ 1,685,534	\$ 6,011,450	\$ 60,015	\$ 15,840

TRI-COUNTY HUMAN SERVICES, INC.

SCHEDULE OF FUNCTIONAL EXPENSES

**YEAR ENDED JUNE 30, 2011, WITH COMPARATIVE
TOTALS FOR THE YEAR ENDED JUNE 30, 2010**

Expenses	Substance Abuse - Adolescent (cont.)						Total Substance Abuse Adolescent	Other Programs - Adult			
	Prevention	Prevention TDK07	Outreach	Assessment	Intervention	Aftercare		Challenge Grant TFZ13	HUD Contract 1	HUD Contract 2	HUD Contract 3
Personnel services:											
Salaries	\$ 167,584	\$ 80,109	\$ 9,816	\$ 13,599	\$ 27,383	\$ 230	\$ 324,644	\$ -	\$ 12,165	\$ 11,943	\$ 22,897
Fringes	46,180	7,051	751	1,040	2,095	18	62,280	-	3,497	3,578	2,519
Total personr	<u>213,764</u>	<u>87,160</u>	<u>10,567</u>	<u>14,639</u>	<u>29,478</u>	<u>248</u>	<u>386,924</u>	<u>-</u>	<u>15,662</u>	<u>15,521</u>	<u>25,416</u>
Operating:											
Building occupancy	224	-	741	7,853	3,684	47	30,968	-	-	-	-
Professional services	-	-	-	-	-	-	-	-	-	-	-
Travel	9,135	3,608	83	407	35	2	13,636	-	1,461	1,298	2,171
Equipment costs	291	-	129	683	310	3	2,818	81	61	-	-
Food services	-	-	-	-	-	-	-	-	-	-	-
Medical & pharmacy	37	-	-	-	839	6	8,344	-	-	-	364
Subcontract services	2,877	-	366	1,005	816	1	6,831	43,595	-	-	8
Insurance	1,940	1,016	48	211	318	4	4,459	-	280	278	599
Interest	-	-	-	-	-	-	206	-	-	-	-
Operating supplies	6,789	15	590	3,662	1,057	5	15,278	953	354	-	263
Other	-	-	-	-	-	-	521	11,236	45,467	38,234	54,290
Donated items	138,465	32,595	-	-	-	-	171,060	-	-	-	-
	<u>159,758</u>	<u>37,234</u>	<u>1,957</u>	<u>13,821</u>	<u>7,059</u>	<u>68</u>	<u>254,121</u>	<u>55,865</u>	<u>47,623</u>	<u>39,810</u>	<u>57,695</u>
and operating	373,522	124,394	12,524	28,460	36,537	316	641,045	55,865	63,285	55,331	83,111
Indirect:											
Administration	61,345	20,429	1,339	5,739	5,992	55	105,462	-	-	-	-
	<u>\$ 434,867</u>	<u>\$ 144,823</u>	<u>\$ 13,863</u>	<u>\$ 34,199</u>	<u>\$ 42,529</u>	<u>\$ 371</u>	<u>\$ 746,507</u>	<u>\$ 55,865</u>	<u>\$ 63,285</u>	<u>\$ 55,331</u>	<u>\$ 83,111</u>

TRI-COUNTY HUMAN SERVICES, INC.

SCHEDULE OF FUNCTIONAL EXPENSES

**YEAR ENDED JUNE 30, 2011, WITH COMPARATIVE
TOTALS FOR THE YEAR ENDED JUNE 30, 2010**

Other Programs - Adult (cont.)									
Expenses	The Rez	DUI	Non-ADM	Total Other Programs Adult	Business-like Activities	Management and General	Fund Raising	2011 Total Expenses	2010 Total Expenses
Personnel services:									
Salaries	\$ -	\$ 252,005	\$ 358,359	\$ 657,369	\$ 443,860	\$ 746,541	\$ -	\$ 6,131,974	\$ 5,670,593
Fringes	-	49,060	75,614	134,268	51,278	144,695	-	1,057,056	1,146,305
Total personnel	-	301,065	433,973	791,637	495,138	891,236	-	7,189,030	6,816,898
Operating:									
Building occupancy	10,387	37,580	763	48,730	67,607	56,925	-	683,147	686,682
Professional services	-	-	-	-	113	43,160	-	314,760	120,728
Travel	-	3,160	2,279	10,369	1,653	11,350	-	93,440	85,438
Equipment costs	2,145	7,769	3,862	13,918	55,120	45,705	-	181,916	175,159
Food services	-	-	-	-	228,856	-	-	379,791	355,148
Medical & pharmacy	-	37	40	441	534,391	43	-	712,800	511,121
Subcontract services	309	10,271	11,528	65,711	20,677	85,924	-	310,621	960,796
Insurance	1,408	6,955	4,629	14,149	22,183	25,276	-	186,907	182,698
Interest	-	8,609	-	8,609	33,746	29,028	-	79,037	113,147
Operating supplies	1,758	32,177	8,379	43,884	24,008	83,405	846	308,522	286,164
Other	-	164	33,633	183,024	1,134	1,467	14,596	256,732	196,235
Donated items	-	-	-	-	-	-	-	182,852	212,038
	16,007	106,722	65,113	388,835	989,488	382,283	15,442	3,690,525	3,885,354
and operating	16,007	407,787	499,086	1,180,472	1,484,626	1,273,519	15,442	10,879,555	10,702,252
Indirect:									
Administration	2,629	66,972	81,966	151,567	-	(1,273,519)	(15,442)	-	-
	\$ 18,636	\$ 474,759	\$ 581,052	\$ 1,332,039	\$ 1,484,626	\$ -	\$ -	\$ 10,879,555	\$ 10,702,252

TRI-COUNTY HUMAN SERVICES, INC.

SCHEDULE OF FUNDING AND REVENUE SOURCES

YEAR ENDED JUNE 30, 2011

Adult Mental Health

	Residential II	Information & Referral	DCF-Jasa Outreach	Path Outreach	Highlands CCST	Highlands Medical Services	Highlands CSST	Total Adult Mental Health
State ADM Funding								
General Revenue, ADM Trust								
Fund, G & D	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Services to Women	-	-	-	-	-	-	-	-
TANF	-	-	-	-	-	-	-	-
Mental Health	-	14,439	92,610	102,893	142,263	130,000	169,562	651,767
Intravenous Drug	-	-	-	-	-	-	-	-
Tobacco Settlement Trust Fund	-	-	-	-	-	-	-	-
CFBHN General Revenue	6,602	-	-	-	-	-	-	6,602
	<u>6,602</u>	<u>14,439</u>	<u>92,610</u>	<u>102,893</u>	<u>142,263</u>	<u>130,000</u>	<u>169,562</u>	<u>658,369</u>
Patient Service Revenue								
Other State Funding	-	-	-	-	-	-	-	-
Medicaid	-	-	-	-	9,121	9,205	556	18,882
Local Government	-	-	-	-	34,244	34,244	34,244	102,732
Federal Grants and Contracts	-	-	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>43,365</u>	<u>43,449</u>	<u>34,800</u>	<u>121,614</u>
All Other Funding and Revenue								
Alcohol/Drug Fees	(709)	-	-	-	33,856	52,554	651	86,352
Federated Campaigns	-	-	-	-	-	-	-	-
Laboratory Fees	-	-	-	-	-	-	20	20
DUI Fees	-	-	-	-	-	-	-	-
DATE Fees	-	-	-	-	-	-	-	-
Contributions and Donations	-	-	-	-	-	-	16	16
Rental Income	-	-	-	-	-	-	-	-
Interest Income	-	-	-	-	-	-	-	-
Other	-	-	-	224	-	-	-	224
In-Kind	-	-	-	-	-	-	-	-
	<u>(709)</u>	<u>-</u>	<u>-</u>	<u>224</u>	<u>33,856</u>	<u>52,554</u>	<u>687</u>	<u>86,612</u>
Total All Funding and Revenue	<u>\$ 5,893</u>	<u>\$ 14,439</u>	<u>\$ 92,610</u>	<u>\$ 103,117</u>	<u>\$ 219,484</u>	<u>\$ 226,003</u>	<u>\$ 205,049</u>	<u>\$ 866,595</u>

TRI-COUNTY HUMAN SERVICES, INC.

SCHEDULE OF FUNDING AND REVENUE SOURCES

YEAR ENDED JUNE 30, 2011

Substance Abuse - Adult

	<u>Outpatient</u>	<u>Case Management</u>	<u>Detox</u>	<u>Residential Level 2</u>	<u>Residential Level 2 R & B</u>	<u>Residential Level 3</u>	<u>Residential Level 3 R & B</u>	<u>Residential Level 4</u>	<u>Outreach</u>
State ADM Funding									
General Revenue, ADM Trust									
Fund, G & D	\$ 66,853	\$ 90,421	\$ 788,454	\$ 203,054	\$ 54,430	\$ 127,051	\$ 3,649	\$ 14,645	\$ 140,513
Services to Women	2,285	-	-	309,882	11,000	22,341	-	1,099	-
TANF	54,220	42,102	-	127,082	10,466	101,780	4,216	-	-
Mental Health	-	-	-	-	-	-	-	-	-
Intravenous Drug	78,159	-	-	-	-	-	-	-	-
Tobacco Settlement Trust Fund	113,979	119,741	-	108,399	16,000	57,980	-	-	-
CFBHN General Revenue	-	-	-	-	-	-	-	-	-
	<u>315,496</u>	<u>252,264</u>	<u>788,454</u>	<u>748,417</u>	<u>91,896</u>	<u>309,152</u>	<u>7,865</u>	<u>15,744</u>	<u>140,513</u>
Patient Service Revenue									
Other State Funding	-	-	-	-	-	-	-	-	-
Medicaid	22,312	-	-	57,972	-	(2,360)	-	-	-
Local Government	133,996	89,853	177,212	161,449	-	-	-	-	-
Federal Grants and Contracts	-	-	-	-	-	-	-	-	-
	<u>156,308</u>	<u>89,853</u>	<u>177,212</u>	<u>219,421</u>	<u>-</u>	<u>(2,360)</u>	<u>-</u>	<u>-</u>	<u>-</u>
All Other Funding and Revenue									
Alcohol/Drug Fees	6,472	-	1,669	4,191	-	1,841	-	1,628	-
Federated Campaigns	-	-	-	-	-	53,992	-	-	-
Laboratory Fees	31,192	-	-	-	-	-	-	-	-
DUI Fees	-	-	-	-	-	-	-	-	-
DATE Fees	-	-	-	-	-	-	-	-	-
Contributions and Donations	-	-	64	497	-	2,093	-	-	-
Rental Income	-	-	-	-	-	-	-	-	-
Interest Income	4,404	-	1,348	-	-	-	-	-	-
Other	3,731	-	1,585	4,341	-	1,236	-	-	-
In-Kind	18,737	-	-	-	-	-	-	-	-
	<u>64,536</u>	<u>-</u>	<u>4,666</u>	<u>9,029</u>	<u>-</u>	<u>59,162</u>	<u>-</u>	<u>1,628</u>	<u>-</u>
Total All Funding and Revenue	<u>\$ 536,340</u>	<u>\$ 342,117</u>	<u>\$ 970,332</u>	<u>\$ 976,867</u>	<u>\$ 91,896</u>	<u>\$ 365,954</u>	<u>\$ 7,865</u>	<u>\$ 17,372</u>	<u>\$ 140,513</u>

TRI-COUNTY HUMAN SERVICES, INC.

SCHEDULE OF FUNDING AND REVENUE SOURCES

YEAR ENDED JUNE 30, 2011

	Substance Abuse - Adult (cont.)						Mental Health - Adolescent		
	<u>Assessment</u>	<u>Intervention</u>	<u>FIS Incidentals</u>	<u>Aftercare</u>	<u>Pysch & Medical Services</u>	<u>Florida Ctr TDL03 Residential II</u>	<u>Total Substance Abuse-Adult</u>	<u>FIS Outreach</u>	<u>Information & Referral</u>
State ADM Funding									
General Revenue, ADM Trust									
Fund, G & D	\$ 70,997	\$ 298,620	\$ 17,976	\$ 78,931	\$ 42,840	\$ 1,096,744	\$ 3,095,178	\$ -	\$ -
Services to Women	-	-	-	-	-	230,825	577,432	-	-
TANF	15,486	1,196	-	183	-	-	356,731	-	-
Mental Health	-	-	-	-	-	-	-	47,727	44,388
Intravenous Drug	-	26,600	-	-	-	-	104,759	-	-
Tobacco Settlement Trust Fund	61,863	47,771	-	-	-	532,741	1,058,474	-	-
CFBHN General Revenue	-	-	-	65,821	-	-	65,821	-	-
	<u>148,346</u>	<u>374,187</u>	<u>17,976</u>	<u>144,935</u>	<u>42,840</u>	<u>1,860,310</u>	<u>5,258,395</u>	<u>47,727</u>	<u>44,388</u>
Patient Service Revenue									
Other State Funding	-	-	-	-	-	-	-	-	-
Medicaid	-	-	-	-	-	-	77,924	-	-
Local Government	-	-	-	9,975	-	14,825	587,310	-	-
Federal Grants and Contracts	-	-	-	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,975</u>	<u>-</u>	<u>14,825</u>	<u>665,234</u>	<u>-</u>	<u>-</u>
All Other Funding and Revenue									
Alcohol/Drug Fees	-	16,258	-	(424)	-	18,444	50,079	-	-
Federated Campaigns	-	-	-	-	-	-	53,992	-	-
Laboratory Fees	-	-	-	-	-	-	31,192	-	-
DUI Fees	-	-	-	-	-	-	-	-	-
DATE Fees	-	-	-	-	-	-	-	-	-
Contributions and Donations	-	-	-	-	-	3,046	5,700	-	-
Rental Income	-	-	-	-	-	-	-	-	-
Interest Income	-	-	-	-	-	-	5,752	-	-
Other	-	-	-	-	-	8,298	19,191	-	-
In-Kind	-	-	-	-	-	-	18,737	-	-
	<u>-</u>	<u>16,258</u>	<u>-</u>	<u>(424)</u>	<u>-</u>	<u>29,788</u>	<u>184,643</u>	<u>-</u>	<u>-</u>
Total All Funding and Revenue	<u>\$ 148,346</u>	<u>\$ 390,445</u>	<u>\$ 17,976</u>	<u>\$ 154,486</u>	<u>\$ 42,840</u>	<u>\$ 1,904,923</u>	<u>\$ 6,108,272</u>	<u>\$ 47,727</u>	<u>\$ 44,388</u>

TRI-COUNTY HUMAN SERVICES, INC.

SCHEDULE OF FUNDING AND REVENUE SOURCES

YEAR ENDED JUNE 30, 2011

	Mental Health - Adolescent (cont.)			Substance Abuse - Adolescent					
	Highlands CCST	Highlands Medical Services	Total Adolescent Mental Health	Outpatient	Case Management	Substance Abuse Residential	Residential Level 4	Prevention	Prevention TDK07
State ADM Funding									
General Revenue, ADM Trust									
Fund, G & D	\$ -	\$ -	\$ -	\$ 26,005	\$ 15,525	\$ -	\$ 7,015	\$ 315,308	\$ 120,000
Services to Women	-	-	-	-	-	-	-	-	-
TANF	-	-	-	-	-	-	-	-	-
Mental Health	44,110	45,949	182,174	-	-	-	-	-	-
Intravenous Drug	-	-	-	-	-	-	-	-	-
Tobacco Settlement Trust Fund	-	-	-	19,041	30,957	-	12,515	-	-
CFBHN General Revenue	-	-	-	-	-	-	-	-	-
	<u>44,110</u>	<u>45,949</u>	<u>182,174</u>	<u>45,046</u>	<u>46,482</u>	<u>-</u>	<u>19,530</u>	<u>315,308</u>	<u>120,000</u>
Patient Service Revenue									
Other State Funding	-	-	-	-	-	-	-	-	-
Medicaid	11,148	3,945	15,093	8,459	-	-	-	-	-
Local Government	-	-	-	-	-	-	-	-	-
Federal Grants and Contracts	-	-	-	-	-	-	-	-	-
	<u>11,148</u>	<u>3,945</u>	<u>15,093</u>	<u>8,459</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
All Other Funding and Revenue									
Alcohol/Drug Fees	41,380	22,523	63,903	(7,279)	-	-	-	-	-
Federated Campaigns	-	-	-	-	-	-	-	-	-
Laboratory Fees	60	-	60	5,475	-	-	-	-	-
DUI Fees	-	-	-	-	-	-	-	-	-
DATE Fees	-	-	-	-	-	-	-	-	-
Contributions and Donations	17	17	34	426	-	-	-	426	-
Rental Income	-	-	-	-	-	-	-	-	-
Interest Income	-	-	-	450	-	-	-	1,124	-
Other	-	-	-	1,120	-	-	-	3,182	-
In-Kind	-	-	-	-	-	-	-	138,465	32,595
	<u>41,457</u>	<u>22,540</u>	<u>63,997</u>	<u>192</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>143,197</u>	<u>32,595</u>
Total All Funding and Revenue	\$ 96,715	\$ 72,434	\$ 261,264	\$ 53,697	\$ 46,482	\$ -	\$ 19,530	\$ 458,505	\$ 152,595

TRI-COUNTY HUMAN SERVICES, INC.

SCHEDULE OF FUNDING AND REVENUE SOURCES

YEAR ENDED JUNE 30, 2011

	Substance Abuse -Adolescent (cont.)				Total Substance Abuse Adolescent	Other Programs - Adult		
	Outreach	Assessment	Intervention	Aftercare		Homeless TFZ13	HUD Contracts	The Rez
State ADM Funding								
General Revenue, ADM Trust								
Fund, G & D	\$ 28,622	\$ (7,886)	\$ (160)	\$ 1,079	\$ 505,508	\$ 57,003	\$ -	\$ -
Services to Women	-	-	-	-	-	-	-	-
TANF	-	-	-	-	-	-	-	-
Mental Health	-	-	-	-	-	-	-	-
Intravenous Drug	-	-	-	-	-	-	-	-
Tobacco Settlement Trust Fund	-	75,551	120,978	-	259,042	-	-	-
CFBHN General Revenue	-	-	-	-	-	-	-	-
	<u>28,622</u>	<u>67,665</u>	<u>120,818</u>	<u>1,079</u>	<u>764,550</u>	<u>57,003</u>	<u>-</u>	<u>-</u>
Patient Service Revenue								
Other State Funding	-	-	-	-	-	-	-	-
Medicaid	-	-	-	-	8,459	-	-	-
Local Government	-	-	-	-	-	-	-	-
Federal Grants and Contracts	-	-	-	-	-	-	176,615	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,459</u>	<u>-</u>	<u>176,615</u>	<u>-</u>
All Other Funding and Revenue								
Alcohol/Drug Fees	-	-	7,177	-	(102)	-	-	17,853
Federated Campaigns	-	-	-	-	-	-	-	-
Laboratory Fees	-	-	-	-	5,475	-	-	-
DUI Fees	-	-	-	-	-	-	-	-
DATE Fees	-	-	-	-	-	-	-	-
Contributions and Donations	-	-	-	-	852	-	-	-
Rental Income	-	-	-	-	-	-	-	-
Interest Income	-	-	-	-	1,574	-	-	-
Other	-	-	-	-	4,302	-	-	-
In-Kind	-	-	-	-	171,060	-	-	-
	<u>-</u>	<u>-</u>	<u>7,177</u>	<u>-</u>	<u>183,161</u>	<u>-</u>	<u>-</u>	<u>17,853</u>
Total All Funding and Revenue	<u>\$ 28,622</u>	<u>\$ 67,665</u>	<u>\$ 127,995</u>	<u>\$ 1,079</u>	<u>\$ 956,170</u>	<u>\$ 57,003</u>	<u>\$ 176,615</u>	<u>\$ 17,853</u>

TRI-COUNTY HUMAN SERVICES, INC.

SCHEDULE OF FUNDING AND REVENUE SOURCES

YEAR ENDED JUNE 30, 2011

	Other Programs - Adult (cont.)						
	DUI	Non-ADM	Total Other Programs Adult	Administration	Business-like Activities	Fund Raising	2011 Total Revenue
State ADM Funding							
General Revenue, ADM Trust							
Fund, G & D	\$ -	\$ -	\$ 57,003	\$ -	\$ -	\$ -	\$ 3,657,689
Services to Women	-	-	-	-	-	-	577,432
TANF	-	-	-	-	-	-	356,731
Mental Health	-	-	-	-	-	-	833,941
Intravenous Drug	-	-	-	-	-	-	104,759
Tobacco Settlement Trust Fund	-	-	-	-	-	-	1,317,516
CFBHN General Revenue	-	-	-	-	-	-	72,423
	<u>-</u>	<u>-</u>	<u>57,003</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,920,491</u>
Patient Service Revenue							
Other State Funding	-	354,933	354,933	-	-	-	354,933
Medicaid	-	-	-	-	-	-	120,358
Local Government	-	450,000	450,000	-	545,089	-	1,685,131
Federal Grants and Contracts	-	-	176,615	-	-	-	176,615
	<u>-</u>	<u>804,933</u>	<u>981,548</u>	<u>-</u>	<u>545,089</u>	<u>-</u>	<u>2,337,037</u>
All Other Funding and Revenue							
Alcohol/Drug Fees	-	850	18,703	-	703,999	-	922,934
Federated Campaigns	-	-	-	-	-	-	53,992
Laboratory Fees	-	-	-	-	-	-	36,747
DUI Fees	481,662	-	481,662	-	-	-	481,662
DATE Fees	-	6,374	6,374	-	-	-	6,374
Contributions and Donations	-	-	-	-	-	-	6,602
Rental Income	-	-	-	-	54,323	-	54,323
Interest Income	1	-	1	-	-	-	7,327
Other	30	271	301	1,724	228,573	20,034	274,349
In-Kind	-	-	-	-	-	7,107	196,904
	<u>481,693</u>	<u>7,495</u>	<u>507,041</u>	<u>1,724</u>	<u>986,895</u>	<u>27,141</u>	<u>2,041,214</u>
Total All Funding and Revenue	\$ 481,693	\$ 812,428	\$ 1,545,592	\$ 1,724	\$ 1,531,984	\$ 27,141	\$ 11,298,742

TRI-COUNTY HUMAN SERVICES, INC.
AUDIT SCHEDULE

**Schedule of State Earnings for
Fiscal Year 06/30/2011**

1	Total Expenditures	\$	10,879,555
2	Less Other State and Federal Funds	\$	(612,566)
3	Less Non-Match SAMH Funds	\$	(5,257,679)
4	Less Unallowable Costs per 65E-14, F.A.C.	\$	(1,525,181)
5	Total Allowable Expenditures (Sum of lines 1, 2, 3, and 4)	\$	3,484,129
6	Maximum Available Earnings (Line 5 times 75%)	\$	2,613,097
7	Amount of State Funds Requiring Match	\$	1,603,987
8	Amount Due to Department (Subtract line 7 from line 6)	\$	-

TRI-COUNTY HUMAN SERVICES, INC.
AUDIT SCHEDULE

Schedule of Related Party Transaction Adjustments
for the Fiscal Year Ending 06 / 30 / 2011

	Related Party	Allocation of Related Party Transactions Adjustment				
		State-Designated Cost Centers				Total
		1	2	3	
Revenues From Grantee						
Rent	0					
Services	0					
Interest	0					
Other	<u>0</u>					
Total Revenue From Grantee	0					
Expenses Associated with Grantee Transactions						
Personnel Services	0					
Depreciation	0					
Interest	0					
Other	<u>0</u>					
Total Associated Expenses	0					
Related Party Transaction Adjustment	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

TRI-COUNTY HUMAN SERVICES, INC.

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2011**

<u>Federal/State Agency Pass-Through Entity Federal Program/State Project</u>	<u>CFDA/ CFSA Number</u>	<u>Contract Number</u>	<u>Expenditures</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Indirect Programs			
PASSED THROUGH FLORIDA DEPARTMENT OF CHILDREN AND FAMILIES:			
Adult, adolescent and child substance abuse	93.959	* TDJ05	\$2,675,971
Adult, adolescent and child substance abuse	93.959	* TDL03	1,196,829
Primary care/AIDS	93.959	* TDJ05	104,759
Adult mental health	93.150	TDJ05	102,925
Adult mental health	93.958	TDJ05	35,036
Adolescent mental health	93.958	TDJ05	6,735
Adolescent substance abuse	93.959	* TDK07	120,000
PASSED THROUGH CENTRAL FLORIDA BEHAVIORAL HEALTH NETWORK:			
Adult mental health	93.958	QD1A9	44,674
Adult substance abuse	93.959	* QD1A9	1,949
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			<u>4,288,878</u>
U.S. DEPARTMENT OF JUSTICE			
Indirect Program			
PASSED THROUGH POLK COUNTY, FLORIDA	16.593	2011-RSAT-Polk-1-A9-003	50,000
PASSED THROUGH HIGHLANDS COUNTY, FLORIDA	16.593	2011-RSAT-High-1-A9-002	50,000
TOTAL U.S. DEPARTMENT OF JUSTICE			<u>100,000</u>
U.S. DEPARTMENT OF LABOR			
Indirect Program			
PASSED THROUGH HEARTLAND WORKFORCE			
ARRA – Workforce Investment Act – Adult	17.258	E0000132	124,197
TOTAL U.S. DEPARTMENT OF JUSTICE			<u>124,197</u>

*Major Federal Programs and State Projects

TRI-COUNTY HUMAN SERVICES, INC.

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2011**

Federal/State Agency Pass-Through Entity Federal Program/State Project	CFDA/ CFSA Number	Contract Number	Expenditures
U.S. DEPARTMENT OF HOUSING & URBAN DEVELOPMENT			
Direct Program			
Permanent housing for service group Residential assistance for prevention program female clients	14.235	FL0050B4H030801	10,301
Permanent housing for service group Residential assistance for prevention program female clients	14.235	FL0050B4H031003	8,763
Permanent housing for service group Residential assistance for prevention program female clients	14.235	FL0050B4H030800	72,467
Residential assistance for prevention program female clients	14.235	FL0057B4H030802	56,307
Residential assistance for prevention program female clients	14.235	FL0155B4H160802	44,930
Residential assistance for prevention program female clients	14.235	FL0155B4H161003	9,991
TOTAL U.S. DEPARTMENT OF HOUSING & URBAN DEVELOPMENT			<u>202,759</u>
TOTAL FEDERAL AWARDS			<u>4,715,834</u>
STATE FINANCIAL ASSISTANCE			
Direct Project			
FLORIDA DEPARTMENT OF CHILDREN AND FAMILIES:			
Adult mental health	60.053	TDJ05	214,405
Adult mental health	60.039	TDJ05	29,949
Adult mental health	60.006	TDJ05	74,607
Adult mental health	60.540	TDJ05	89,868
Adolescent mental health	60.055	TDJ05	175,438
Adult, adolescent and child substance abuse	60.030	TDL03	259,041
Adult, adolescent and child substance abuse	60.031	TDJ05	196,468
Adult, adolescent and child substance abuse	60.031	TDL03	110,244
Adult, adolescent and child substance abuse	60.033	TDJ05	525,732
Adult, adolescent and child substance abuse	60.033	TDL03	325,056
Adult mental health	60.114	TDJ05	104,977
Homeless Housing Assistance	60.014	TFZ13	57,003
Indirect Project			
PASSED THROUGH CENTRAL FLORIDA BEHAVIORAL HEALTH NETWORK:			
Adult substance abuse	60.033	QD1A9	25,800
TOTAL STATE FINANCIAL ASSISTANCE			<u>2,188,588</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE			<u><u>\$6,904,422</u></u>

*Major Federal Programs and State Projects

TRI-COUNTY HUMAN SERVICES, INC.

**NOTES TO SCHEDULE OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE**

JUNE 30, 2011

NOTE A - GENERAL

The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance presents the activity of all federal and state financial assistance programs of Tri-County Human Services, Inc. (the "Agency"). The reporting entity for the Agency is defined in Note A to the basic financial statements for the year ended June 30, 2011. All federal financial assistance received directly from federal agencies as well as federal financial assistance passed through other government agencies are included in the schedule.

NOTE B - BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance is presented using the accrual basis of accounting, which is described in Note A of the Agency's basic financial statements for the year ended June 30, 2011.

**INDEPENDENT AUDITOR'S 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
Tri-County Human Services, Inc.
Lakeland, Florida

We have audited the financial statements of **Tri-County Human Services, Inc.** (the "Agency"), as of and for the year ended June 30, 2011, and have issued our report thereon dated September 30, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Agency's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control over financial reporting.

A *control deficiency* 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 *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is reasonable possibility that a material misstatement of the Agency's financial statements will not be prevented, or detected and corrected, on a timely basis.

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



Tri-County Human Services, Inc.
Independent Auditor's Report on Internal
Control Over Financial Reporting and on
Compliance and on Other Matters
Based on an Audit of Financial
Statements Performed in Accordance
With *Government Auditing Standards*
Page Two

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Agency'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 statements 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 federal awarding agencies and the Florida Department of Children and Families, and is not intended to be and should not be used by anyone other than these specified parties.

Baylin & Company PA

Certified Public Accountants
September 30, 2011



**INDEPENDENT AUDITOR'S REPORT ON
COMPLIANCE WITH REQUIREMENTS APPLICABLE TO
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Board of Directors
Tri-County Human Services, Inc.
Lakeland, Florida

Compliance

We have audited the compliance of **Tri-County Human Services, Inc.** 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 Executive Office of the Governor's State Projects Compliance Supplement that are applicable to each of its major federal programs and state projects for the year ended June 30, 2011. **Tri-County Human 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 **Tri-County Human Services, Inc.'s** management. Our responsibility is to express an opinion on **Tri-County Human 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, 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 **Tri-County Human 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 **Tri-County Human Services, Inc.'s** compliance with those requirements.

In our opinion, **Tri-County Human Services, Inc.** complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs and state projects for the year ended June 30, 2011.



Tri-County Human Services, Inc.
Independent Auditor's Report on
Compliance With Requirements
Applicable to Each Major Program
and on Internal Control Over
Compliance in Accordance with
OMB Circular A-133
Page Two
September 30, 2011

Internal Control Over Compliance

The management of **Tri-County Human 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 **Tri-County Human Services, Inc.'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, but not for the purpose of expressing an opinion on the effectiveness of internal control over the compliance. Accordingly, we do not express an opinion on the effectiveness of **Tri-County Human 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 or a state project on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program or state project that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program or state project will not be prevented, or detected and corrected, on a timely basis.

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



Tri-County Human Services, Inc.
Independent Auditor's Report
on Compliance With Requirements
Applicable to Each Major Program
and on Internal Control Over
Compliance in Accordance with
OMB Circular A-133
Page Three

This report is intended solely for the information and use of the board of directors, management, Federal awarding agencies, and the Florida Department of Children and Families and is not intended to be and should not be used by anyone other than these specified parties.

Baylin & Company PA

Certified Public Accountants
September 30, 2011



TRI-COUNTY HUMAN SERVICES, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2011

PART I - SUMMARY OF AUDITORS' RESULTS

General Purpose Financial Statement Section

Type of auditors' report issued:	Unqualified Opinion
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified not considered to be material weakness(es)?	No
Noncompliance material to general purpose financial statements noted?	No

Federal and State Awards Section

Dollar threshold used to determine Type A program:	\$300,000
Auditee qualified as low-risk auditee for federal awards?	Yes
Type of auditors' report on compliance for major programs:	Unqualified Opinion
Internal control over compliance:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified not considered to be material weakness(es)?	No
Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133	No
Identification of major programs:	
See Schedule of Expenditures of Federal Awards and State Financial Assistance	
Findings relating to the financial statements reported in accordance with <i>Government Auditing Standards</i> :	No
Findings and questioned costs relating to federal programs and state projects for current fiscal year:	No
Findings and questioned costs related to federal programs and state projects for the prior fiscal year:	No

TRI-COUNTY HUMAN SERVICES, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2011 - CONTINUED

PART II - SCHEDULE OF FINDINGS

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the general purpose financial statements that are required to be reported in accordance with Chapter 5.18 of *Government Auditing Standards*.

No significant deficiencies, material weaknesses and instances of noncompliance, including questioned costs, related to the general purpose financial statements were noted.

PART III - SCHEDULE OF FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

This section identifies significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major federal programs as required to be reported by Section 510(a) of Circular A-133 and the State Projects Compliance Supplement.

No significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major federal programs were noted.

TRI-COUNTY HUMAN SERVICES, INC.

Report to the Board of Directors

June 30, 2011

Board of Directors
Tri-County Human Services, Inc.
Lakeland, Florida

We are pleased to report that we have completed our engagement to examine the financial statements of **Tri-County Human Services, Inc.** (the "Agency") and have issued our report thereon, dated September 12, 2011.

Our report has been completed without qualification or exception.

Baylis & Company PA is privileged to have the opportunity to assist the Agency in the important responsibility of reporting the financial results of its operations for the recent fiscal period. The information contained in the financial reports will assist the Board of Directors as it monitors and plans the financial activities of the Agency.

This report provides the members of the Board of Directors further insight into our audit processes and conclusions and is intended solely for its use internally.

Finally, we are proud of our working relationship with the Agency and appreciate the cooperation we received from the staff in the performance of this engagement and look forward to continuing our professional relationship in the future.

As always, we stand ready to answer any questions you may have regarding our report or any other matter.

Baylis & Company PA

Certified Public Accountants

September 12, 2011



TRI-COUNTY HUMAN SERVICES, INC.
Report to the Board of Directors
For the Year Ended June 30, 2011

SCOPE OF EXAMINATION

We have audited the financial statements of **Tri-County Human Services, Inc.** (the "Agency") as of and for the fiscal year ended June 30, 2011, and have issued our report thereon dated September 12, 2011.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and *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*. We have issued our Independent Auditor's 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*, Independent Auditors' Report on Compliance with Requirements Applicable to each Major Federal Program and State Project, and on Internal Control over Compliance in Accordance with OMB Circular A-133 and Schedule of Findings and Questioned Costs. Disclosures in these reports and schedule which are dated September 12, 2011, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with the provisions of Chapter 10.650, Rules of the Auditor General, which govern the conduct of local government and not for profit entity audits performed in the State of Florida and require that certain items be addressed in this letter. Our audit report on the financial statements, dated September 12, 2011, was rendered without qualification.

Management cooperated fully with our audit team and we had no disagreements concerning accounting or auditing procedures. We were provided access to all records, documents and other supporting data that we requested, and no restrictions were imposed on the method or extent of our work.

REQUIRED COMMENTS/DISCLOSURES

Professional standards require the auditor to determine that certain matters are communicated to the audit committee or its equivalent. Other comments are for the general use and consideration of the Board of Directors.

Auditor's Responsibility Under Generally Accepted Auditing Standards

We are responsible for performing an audit in accordance with auditing standards generally accepted in the United States of America which require that we plan and perform the audit to obtain reasonable, not absolute, assurance about whether the financial statements are free of material misstatement. An audit of the financial statements includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. An audit of financial statements, however, does not include a detail audit of transactions as would be necessary to disclose defalcations or other misappropriations that do not cause a material misstatement of the financial statements.

Significant Accounting Policies

There have not been any initial selections of, or changes in, significant accounting policies during the year. In addition, there have not been any controversial or emerging areas for which there is a lack of authoritative guidance or consensus for which the significant accounting policy selected would have a significant effect. The significant accounting policies of the Agency are discussed in the footnotes to the financial statements.



TRI-COUNTY HUMAN SERVICES, INC.
Report to the Board of Directors
For the Year Ended June 30, 2011

Management Judgment and Accounting Estimates

Estimates are an integral part of preparing the financial statements. These estimates are based upon management's current judgments, which include the knowledge and experience about past and current events.

Significant Audit Adjustments

There were no significant audit adjustments made to the financial statements of the Agency for the year ended June 30, 2011 as a result of our audit.

Disagreements with Management or Difficulties Encountered in Performing the Audit

Management cooperated fully with our audit team, and we had no disagreements concerning accounting matters or difficulties in dealing with management relating to the performance of auditing procedures.

Consultation with Other Independent Accountants

We are not aware that management consulted with other accountants regarding accounting, auditing or reporting issues relative to our audit of the June 30, 2011 financial statements of the Agency.

Major Issues Discussed with Management Prior to Engagement as Independent Accountants

No major accounting or reporting issues were discussed with management prior to our engagement as independent accountants for the Agency for the year ended June 30, 2011.

Significant Deficiencies in the Design or Operation of the Control Structure

Our review and evaluation of the internal control over financial reporting disclosed no condition that we believe to be a material weakness.

Difficulties Encountered in Performing the Audit

We did not encounter any serious difficulties in performing the audit. Management provided adequate and timely access to all necessary audit information.

Consideration of Fraud

Professional standards require the auditor to communicate to the audit committee any fraud involving senior management and fraud that causes a material misstatement of the financial statements. These standards clarify the auditor's responsibility for detection of fraud, which has been expanded in description to include both fraudulent financial reporting and misappropriations.

We did not note any incidence of fraud during the course of our audit. Further, we did not note any fraud risk factors, which would have continuing control implications.



TRI-COUNTY HUMAN SERVICES, INC.
Report to the Board of Directors
For the Year Ended June 30, 2011

Illegal Acts

Professional standards require the auditor to communicate to the audit committee any illegal acts involving senior management that come to the auditor's attention and to obtain assurance that the audit committee is adequately informed about any other illegal acts that come to the auditor's attention unless clearly inconsequential. Matters to be communicated in accordance with these standards are as follows:

We did not note any illegal acts during the course of our audit.

Consulting Services

Independent accounting and auditing firms often gain substantial insight into the "best practices" of many organizations, which they are privileged to provide professional services. To the extent these practices are general and non-proprietary in nature, they apply to all types of organizations. Business schools, trade associations and leadership groups often share this information in a continuous effort to improve and develop organizations.

These insights can be of substantial benefit to organizations seeking to improve their operations or financial results, particularly if they come from trusted advisors, such as independent certified public accountants.

During the course of the engagement period, management may engage our firm to perform consulting services, which are beyond the scope of the normal audit engagement.

We do not consider such services to be significant in scope nor to impair our independence or objectivity.

During the period ended June 30, 2011, consulting services performed were under \$800.

AUDITOR GENERAL REQUIRED COMMENTS/DISCLOSURES

Chapter 10.650, Rules of the Auditor General, requires disclosure in the management letter of violations of provisions of contracts or grant agreements, or abuse, that have an effect on the financial statements or State project amounts that is less than material but more than inconsequential. In addition, for matters that have an inconsequential effect on the financial statements or State project amounts, considering both quantitative and qualitative factors, the following may be reported based on professional judgment: (1) violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse, that have occurred, or are likely to have occurred, and (2) deficiencies in internal control that are not significant deficiencies. In connection with our audit, the following matters are required to be disclosed: None.

PRIOR YEAR IRREGULARITIES

None

CURRENT YEAR IRREGULARITIES

None

TRI-COUNTY HUMAN SERVICES, INC.
Report to the Board of Directors
For the Year Ended June 30, 2011

MANAGEMENT LETTER COMMENTS

In planning and performing our audit of the financial statements of Agency for the year ended June 30, 2011, in accordance with auditing standards generally accepted in the United States of America, we considered its internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses.

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 *significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Agency's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the following deficiencies to be significant deficiencies in internal control: None

We noted certain items of a general nature regarding operational matters that are presented for your consideration. Our comments are summarized as follows:

PRIOR YEAR RECOMMENDATIONS (current year comments in *italics*)

None noted

CURRENT YEAR RECOMMENDATIONS

None noted

Summary

Our comments and/or recommendations have been discussed with the appropriate members of management and we would be pleased to review these matters in further detail at your convenience. This report is intended solely for the information and use of the board of directors, management, and 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.

We would like to thank the staff and management for their support and assistance during our engagement and we look forward to continuing our working relationship in the future.

