

THE GROVE COUNSELING CENTER, INC.
AUDITED FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2012

BRUCE D. SOULE, CPA, P.A.
CERTIFIED PUBLIC ACCOUNTANT

THE GROVE COUNSELING CENTER, INC.
AS OF AND FOR THE YEAR ENDED JUNE 30, 2012

CONTENTS

	<u>PAGE</u>
Auditor's Report	1-2
Financial Statements:	
Statement of Financial Position	3
Statement of Activities	4
Statement of Cash Flows	5
Statement of Functional Expenses	6
Notes to Financial Statements	7-14
Schedule of Federal Financial Assistance:	
Schedule of Expenditures of Federal Awards and State Financial Assistance	15-16
Additional Reports:	
Report on Compliance and Internal Control over Compliance Applicable to each Major Federal Awards Program and State Financial Assistance Project	17-18
Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards	19-20
Schedule of Findings and Questioned Costs - Federal Awards Programs and State Financial Assistance Projects	2 1-22-23
Management Letter	24
Supplemental Information Required by Florida Department of Children and Families:	
Schedule of State Earnings	25
DCF/Cost Center Revenue Schedule	26
Program/Cost Center Actual Expenses Schedule	27

BRUCE D. SOULE, CPA, P.A.

CERTIFIED PUBLIC ACCOUNTANT

7075 GRENVILLE ROAD
TALLAHASSEE, FL 32309
TELEPHONE: (850) 894-3135
FAX: (850) 894-3155
TOLL FREE: (800) 957-9686
E-MAIL: bruce@bdscpapa.com

INDEPENDENT AUDITOR'S REPORT

Board of Directors
The Grove Counseling Center, Inc.
Longwood, Florida

I have audited the accompanying statement of financial position of The Grove Counseling Center, Inc. as of June 30, 2012, and the related statements of activities, cash flows and functional expenses for the year then ended. These financial statements are the responsibility of The Grove Counseling Center, Inc.'s management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my 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 I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

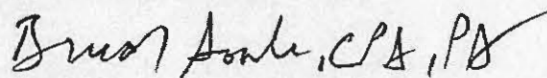
In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Grove Counseling Center, Inc. as of June 30, 2012, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, I have also issued my report dated November 8, 2012 on my consideration of The Grove Counseling Center, Inc.'s internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grants. That 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 my audit.

Board of Directors
The Grove Counseling Center, Inc.

My audit was conducted for the purpose of forming an opinion on the basic financial statements of The Grove Counseling Center, Inc. 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, State of Florida and is not a required part of the basic financial statements. The Supplemental information on pages 25 to 27 as required by the Florida Department of Children and Families is provided for additional analysis and is not a required part of the basic financial statements of The Grove Counseling Center, Inc. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion is fairly stated in all material respects, in relation to the basic financial statements taken as a whole.

BRUCE D. SOULE, CPA, P.A.



Certified Public Accountant

December 26, 2012

THE GROVE COUNSELING CENTER, INC.

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2012

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTAL</u>
<u>ASSETS</u>			
CURRENT ASSETS:			
Cash and cash equivalents	\$ 377,768	\$ -	\$ 377,768
Accounts receivable	392,705	-	392,705
Prepaid expenses	32,984	-	32,984
TOTAL CURRENT ASSETS	<u>803,457</u>	<u>-</u>	<u>803,457</u>
LAND, BUILDINGS AND EQUIPMENT, net	<u>3,270,007</u>	<u>-</u>	<u>3,270,007</u>
OTHER ASSETS:			
Other assets	13,464	-	13,464
Deposits	2,585	-	2,585
TOTAL OTHER ASSETS	<u>16,049</u>	<u>-</u>	<u>16,049</u>
TOTAL ASSETS	<u>\$ 4,089,513</u>	<u>\$ -</u>	<u>\$ 4,089,513</u>
<u>LIABILITIES AND NET ASSETS</u>			
CURRENT LIABILITIES:			
Accounts payable	\$ 76,912	\$ -	\$ 76,912
Accrued expenses	196,590	-	196,590
Current portion of long term debt	29,572	-	29,572
Unearned revenue	6,673	-	6,673
TOTAL CURRENT LIABILITIES	<u>309,747</u>	<u>-</u>	<u>309,747</u>
LONG-TERM LIABILITIES:			
Notes payable	1,157,443	-	1,157,443
Less current portion	29,572	-	29,572
Long-term debt	1,127,871	-	1,127,871
NET ASSETS:			
Unrestricted	2,651,895	-	2,651,895
Temporarily restricted	-	-	-
Permanently restricted	-	-	-
TOTAL NET ASSETS	<u>2,651,895</u>	<u>-</u>	<u>2,651,895</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 4,089,513</u>	<u>\$ -</u>	<u>\$ 4,089,513</u>

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

THE GROVE COUNSELING CENTER, INC.

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2012

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>PERMANENTLY RESTRICTED</u>	<u>TOTAL</u>
SUPPORT:				
Government financial assistance	\$ 2,328,213	\$	\$	\$2,328,213
Medicaid	34,968			34,968
Contributions and donations	20,980			20,980
Program service fees	440,536			440,536
Other income	18,418	-	-	18,418
Total support	<u>2,843,115</u>	<u>-</u>	<u>-</u>	<u>2,843,115</u>
EXPENSES:				
Program services:				
Residential level 2	1,878,146			1,878,146
Outpatient treatment	811,808			811,808
Prevention	452,979			452,979
Total program services	3,142,933			3,142,933
Supporting services:				
General and administrative	242,628	-	-	242,628
Total expenses	<u>3,385,561</u>	<u>-</u>	<u>-</u>	<u>3,385,561</u>
CHANGE IN NET ASSETS	(542,446)	-	-	(542,446)
BEGINNING OF YEAR NET ASSETS	<u>3,194,341</u>	<u>-</u>	<u>-</u>	<u>3,194,341</u>
END OF YEAR NET ASSETS	<u>\$ 2,651,895</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$2,651,895</u>

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

THE GROVE COUNSELING CENTER, INC.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2012

CASH FLOW FROM OPERATING ACTIVITIES:	
Change in net assets	\$ (542,446)
ADJUSTMENTS TO RECONCILE CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Depreciation	190,914
Decrease in accounts receivable	23,545
Decrease in prepaid expenses	15,379
Decrease in deposits	1,371
Decrease in other assets	858
Increase in accounts payable	11,980
Increase in accrued expenses	76,979
(Decrease) in unearned revenue	<u>(43,524)</u>
Net cash provided by operating activities	<u>(264,944)</u>
CASH FLOW FROM INVESTING ACTIVITIES:	
Purchase of property and equipment	<u>(42,184)</u>
Net cash flow provided by (used in) investing activity	<u>(42,184)</u>
CASH FLOW FROM FINANCING ACTIVITIES:	
Repayments of long-term debt	<u>(29,876)</u>
Net cash flow provided by (used in) financing activity	<u>(29,876)</u>
NET INCREASE (DECREASE) IN CASH	(337,004)
BEGINNING OF YEAR CASH	<u>714,772</u>
END OF YEAR CASH	<u>\$ 377,768</u>

Supplemental Cash Flow Information:

Interest and income taxes:

Cash paid during the fiscal year ended June 30, 2012 for interest was \$ 96,630.

No cash was paid for income taxes during the fiscal year.

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

THE GROVE COUNSELING CENTER, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2012

	<u>PROGRAM SERVICES</u>		
	<u>RESIDENTIAL</u>	<u>OUTPATIENT</u>	
	<u>LEVEL 2</u>	<u>TREATMENT</u>	<u>PREVENTION</u>
Direct Expenses:			
Personnel expenses:			
Salaries	\$ 822,531	\$ 320,048	\$ 204,619
Fringe benefits	221,200	98,375	62,895
Total personnel expense	<u>1,043,731</u>	<u>418,423</u>	<u>267,514</u>
Operating expenses:			
Building occupancy	170,828	59,790	38,226
Professional services	165,208	102,765	59,562
Travel	14,871	4,986	2,235
Training and conferences	8,250	4,228	-
Equipment costs	39,044	11,352	7,258
Food services	116,483	-	-
Medical and pharmacy	32,358	35,820	-
Insurance	34,553	19,456	12,439
Interest	1,915	1,001	253
Postage	3,687	1,949	1,246
Printing	3,585	4,307	962
Office supplies	48,777	18,357	11,736
Advertising	25,712	14,421	9,220
Dues and subscriptions	11,307	5,978	3,794
Telephone	31,168	12,137	7,475
Donated materials and services	11,313	-	-
Bad debts	13,097	39,242	-
Total operating expense	<u>732,156</u>	<u>335,789</u>	<u>154,406</u>
Depreciation expense	<u>102,259</u>	<u>57,596</u>	<u>31,059</u>
Total direct expense	<u>834,415</u>	<u>393,385</u>	<u>185,465</u>
TOTAL EXPENSES	<u>\$ 1,878,146</u>	<u>\$ 811,808</u>	<u>\$ 452,979</u>

<u>TOTAL PROGRAMS</u>	<u>SUPPORTING SERVICES MANAGE- MENT AND GENERAL</u>	<u>TOTAL</u>
\$ 1,347,198	\$ 168,309	\$ 1,515,507
<u>382,470</u>	<u>65,749</u>	<u>448,219</u>
<u>1,729,668</u>	<u>234,058</u>	<u>1,963,726</u>
268,844	-	268,844
327,535	-	327,535
22,092	6,841	28,933
12,478	-	12,478
57,654	-	57,654
116,483	-	116,483
68,178	-	68,178
66,448	-	66,448
3,169	-	3,169
6,882	-	6,882
8,854	-	8,854
78,870	301	79,171
49,353	-	49,353
21,079	-	21,079
50,780	1,428	52,208
11,313	-	11,313
<u>52,339</u>	<u>-</u>	<u>52,339</u>
<u>1,222,351</u>	<u>8,570</u>	<u>1,230,921</u>
190,914	-	190,914
<u>1,413,265</u>	<u>8,570</u>	<u>1,421,835</u>
<u>\$ 3,142,933</u>	<u>\$ 242,628</u>	<u>\$ 3,385,561</u>

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

THE GROVE COUNSELING CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2012

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES AND OTHER MATTERS

NATURE OF ACTIVITIES

The Grove Counseling Center, Inc. (the Center) was established in 1971 to provide counseling assessment and evaluation for substance abusers. Over the years the Center has added programs for prevention and outpatient treatment as well as several residential programs that offer intensive treatment to build a foundation for long-term recovery. The Center offers the following programs:

Residential Level 2 – The Residential Level 2 program is designed to build a foundation for long-term recovery by addressing the physical, psychological, social and spiritual needs of adolescents who have a serious problem with alcohol and other drugs.

Outpatient Treatment – The Outpatient Treatment program is a group program for individuals who have been identified as substance abusers or chemically dependent. The program creates a treatment plan for each individual to help with their recovery needs.

Prevention --The Prevention program is designed to interrupt the process of delinquency and substance abuse among Central Florida's youth.

BASIS OF PREPARATION

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Under FASB ASC 958, Not-For-Profit Entities, net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Center and changes therein are classified and reported as temporarily restricted or unrestricted net assets.

CASH AND CASH EQUIVALENTS

The balance of cash consists of checking and money market accounts. The Center considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

THE GROVE COUNSELING CENTER, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2012

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES AND OTHER MATTERS (CONTINUED)

CONTRIBUTIONS

Contributions, including unconditional promises to give, are recorded as made. All contributions are available for unrestricted use unless specifically restricted by the donor. Restricted contributions received in the same year the donor's restriction is met are recorded as unrestricted contributions. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Unconditional promises to give due in the next year are recorded at their net realizable value. Unconditional promises to give due in subsequent years are reported at the present value, using risk-free interest rates applicable to the years in which the promises are to be received.

USE OF ESTIMATES

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

LAND, BUILDINGS AND EQUIPMENT

Land, buildings and equipment are stated at cost, if purchased or at market value at date of receipt if acquired by gift. Depreciation is calculated using the straight-line method over the estimated useful lives of the respective assets as follows:

Buildings and improvements	16-25 years
Furniture and equipment	2-7 years
Leasehold improvements	5-15 years
Vehicles	3-5 years
Land improvements	25 years

The cost of additions or improvements which substantially extend the useful life of a particular asset is capitalized. Repair and maintenance costs are charged to expense. Upon sale or other disposition, the cost and related accumulated depreciation are removed from the accounts and any gain or loss is included in activities.

Donations of property and equipment 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. Absent donor stipulations regarding how long those restrictions must be maintained, the Center reports expirations of donor restrictions when the donated or acquired assets are used as instructed by the donor. The Center reclassifies temporarily restricted net assets to unrestricted net assets at that time.

THE GROVE COUNSELING CENTER, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2012

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES AND OTHER MATTERS (CONTINUED)

LAND, BUILDINGS AND EQUIPMENT (CONTINUED)

Land, buildings and equipment acquired through federal or state grants will revert to the Grantor if the assets are no longer used for the original purpose. Likewise, the proceeds from the sale of assets acquired through federal or state grants will go to the grantor agency if the assets are sold.

COMPENSATED ABSENCES

Vacation pay is accrued as earned by the employees. Unused accumulated vacation pay is paid upon an employee's termination.

SUPPORT AND REVENUE

The Center receives its grants and contract support primarily from the U. S. Department of Health and Human Services, the Florida Department of Children and Families and various other agencies.

The Center receives program service fees and Medicaid income for billable client services and recognizes these fees and income when earned. The Center also receives support and revenue from various federal, state and local government services based grants and contracts, and contributions from the general public.

The schedule of expenditures of federal awards and state financial assistance is prepared by corresponding with all providers of funds, requesting detail on the amount of federal and state funds with the appropriate CFDA and CSFA numbers for the funds received. No financial assistance has been transferred to sub recipients for the purpose of carrying out any programs.

FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among program and supporting services as follows. Salaries and other expenses associated with a specific program are charged directly to that program. Salaries and other expenses which benefit more than one program are allocated to the various programs based on the number of full-time equivalent employees in a particular program and other methods of allocation such as floor space usage, as appropriate.

THE GROVE COUNSELING CENTER, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2012

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES AND OTHER MATTERS (CONTINUED)

CONTRIBUTED SERVICES AND FACILITIES

Donated services are recognized as contributions in accordance with FASB ASC Not-for-Profit Entities if the services (a) create or enhance non financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Center.

Contributed services and facilities are recognized as support and expenses in the statement of activities at their estimated fair values at the date of donation.

INCOME TAXES

The Center is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, and is classified as an other than private foundation within the meaning of Section 509(a) of the Internal Revenue Code. However, income from certain activities not directly related to the Center's tax-exempt purpose is subject to taxation as unrelated business income. No provision for income taxes has been included in the accompanying financial statements.

NOTE 2 – ACCOUNTS RECEIVABLE

Substantially all of the accounts receivable are due from governmental agencies; therefore, management has deemed that no allowance for doubtful accounts is required at June 30, 2012.

NOTE 3 – LAND, BUILDINGS AND EQUIPMENT

Land, buildings and equipment at cost at June 30, 2012 are as follows:

Land	\$631,232
Buildings and improvements	4,116,310
Furniture and equipment	713,671
Vehicles	44,049
Land improvements	17,118
Total at cost	5,522,380
Less accumulated depreciation	<u>2,252,374</u>
Net property and equipment	<u>\$3,270,006</u>

THE GROVE COUNSELING CENTER, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2012

NOTE 3 – LAND, BUILDINGS AND EQUIPMENT (CONTINUED)

Included in land and buildings at June 30, 2012 is a building that cost \$1,078,569 which was funded in part by a government contract from the Florida Department of Juvenile Justice ("FDJJ"). As part of the funding, the Center entered into a contract with FDJJ whereby the Center agreed to operate a juvenile facility for 20 years. If, prior to the expiration of the 20-year term, the property is disposed of by the Center or if the Center ceases to operate a juvenile program with the facility, the pro-rata value of the contract at termination would be required to be repaid to FDJJ. This agreement expires in 2019.

During the fiscal year ended June 30, 2012, the facility continues to be used for program purposes. The Center conducts programs for the Department of Corrections, outpatient appointments with counselors are held and a summer camp program began in 2011.

NOTE 4 – OTHER ASSETS

Other assets consist of a contribution made by the Center to Community Foundation of Central Florida subject to FASB ASC 958, Not-for-Profit Entities. Under FASB ASC 958, the contribution is recorded as an asset to the Center; however, the legal ownership of the contribution remains with the community foundation. At June 30, 2012, the Center has contributed \$13,464 to a community foundation. The fair market value of the contribution approximates its recorded value.

NOTE 5 – LONG-TERM DEBT

The Grove Counseling Center, Inc. has a mortgage obligation to Fairwinds Credit Union. The loan is payable in monthly installments of \$9,784 including interest at 8.14% through September 2012. Beginning October 2012, principal and interest is payable in monthly installments computed at a variable rate equal to the London Interbank Offered Rate (LIBOR) plus 3.5% computed using a 25 year amortization. The new monthly payment, based upon a rate of 3.72% is \$6,816 and will continue until September 2017 when the remaining mortgage balance will balloon and come due.

The mortgage is collateralized by real estate in Longwood, Florida and all furniture, equipment, machinery, fixtures, inventory, accounts, pledges, general intangibles, software and books and records in connection with the property located in Longwood, Florida and all proceeds and products and profits of any collateral.

THE GROVE COUNSELING CENTER, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2012

NOTE 5 – LONG-TERM DEBT (CONTINUED)

In July 2010, the Center purchased a telephone system under a lease purchase program. The amount has been financed with monthly payments of \$700. The note matures on May 6, 2013.

Loan maturities for each of the next five years are as follows:

Year ending June 30, 2013	\$ 29,572
Year ending June 30, 2014	27,262
Year ending June 30, 2015	29,565
Year ending June 30, 2016	32,064
Year ending June 30, 2017	37,801
Thereafter	<u>1,001,178</u>
	<u>\$1,157,443</u>

The Center must maintain a global debt service coverage ratio of not less than 1.25:1 in accordance with the provisions of the Loan and Security Agreement with Fairwinds Credit Union. In addition, the Center must maintain a minimum capital surplus of \$3,000,000 at all times while the loan is outstanding. At June 30, 2012, the Center is not in compliance with these covenants and has asked for a waiver which was granted on December 26, 2012.

NOTE 6 – MATCHING REQUIREMENTS

The Center has a contract with the Florida Department of Children and Families which required \$ 207,855 of local matching funds.

The Center included the following amounts as available for meeting local match requirements in conjunction with government grants and contracts:

Contributions	\$ 20,980
Program service fees	440,536
Other income	<u>18,418</u>
Total match	<u>\$ 479,934</u>

THE GROVE COUNSELING CENTER, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2012

NOTE 7 – COMMITMENTS

The Center leases office space to tenants under an operating lease that expired September 11, 2011. Rental income for the year was \$17,244.

The Center is obligated under non cancelable operating leases for certain equipment expiring through April 2014. All office space leases on facilities have been terminated and the operations have been consolidated in the administration building. Total rent expense for the year ended June 30, 2012 was \$2,961 for storage space on a month to month basis .

The total amounts of the commitments for the next five years are as follows:

<u>June 30,</u>	<u>Amount</u>
2013	\$ 33,122
2014	24,856
2015	-0-
2016	-0-
2017	-0-

NOTE 8 -- BENEFITS PLAN

The Center established a cafeteria plan for the benefit of employees who have met certain age and length of service requirements which provides 25%, reduced to 20% as of January 1, 2012, of the salary of eligible employees into this plan. The employees then have the option of purchasing benefits such as health insurance, life insurance, disability insurance or a defined contribution retirement plan under Internal Revenue Code Section 401(k). During the current year the Center contributed \$ 294,861 to this plan.

NOTE 9 – ECONOMIC DEPENDENCE

The Center received approximately 34% and 45% of its government financial assistance from federal and state governments, respectively, in fiscal year ended June 30, 2012. Since the Center receives a substantial amount of its support from grants and contracts, a significant reduction in the level of this support, if it were to occur, may have an effect on the Center's activities.

Grants and contracts require the fulfillment of certain conditions set forth in the agreements. Failure to fulfill or comply with the conditions could result in the return of funds to the grantee. Although it is a possibility, the Board considers the contingency remote, since by accepting the grants; it has accommodated the objectives of the Center to the provisions of the grant.

THE GROVE COUNSELING CENTER, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2012

NOTE 10 – CONCENTRATION OF CREDIT RISKS

Financial instruments which potentially expose the Center to concentrations of credit risk, as defined by accounting principles generally accepted in the United States of America, consist primarily of bank accounts with bank balances in excess of amounts insured by the Federal Deposit Insurance Corporation and accounts receivable. The amount of cash in excess of the FDIC amount that is insured is \$84,905 at June 30, 2012. Management evaluates the financial stability of its depositories and considers the risk of loss to be remote. Also, the amount of accounts receivable due from one government agency was \$318,099 at June 30, 2012. However, this amount was paid in full by July 31, 2012.

NOTE 10 – SUBSEQUENT EVENTS

Subsequent events have been considered through the date of the report.

THE GROVE COUNSELING CENTER, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

FOR THE YEAR ENDED JUNE 30, 2012

Federal/ State Agency, Pass-Through Entity <u>Federal Program/State Project</u>	CFDA/ CSFA <u>Number</u>	Contract/ Grant <u>Number</u>	<u>Expenditures</u>
Federal Agency Name:			
U.S. Department of Health and Human Services			
Passed through Florida Department of			
Children and Families:			
Block Grants for Prevention and			
Treatment of Substance Abuse	93.959	GDK09 ** *	\$ 679,272
Social Services Block Grant	93.667	GDK09	<u>10,188</u>
			<u>689,460</u>
U.S. Department of Health and Human Services			
Substance Abuse and Mental Health			
Services Administration			
CBC of Central Florida			
Systems of Care	93.243	NONE	<u>13,642</u>
Foster Care Services:			
Foster Care - Title IV-E	93.658	NONE	145,943
Social Services Block Grant	93.667	NONE	<u>72,784</u>
			<u>218,727</u>
U.S. Department of Agriculture:			
Passed through Florida Department of			
Children and Families:			
SNAP (Food Stamp) Program	10.561	NONE	<u>12,629</u>
Passed through Florida Department of Education			
School Breakfast Program	10.553	01-0370	16,114
National School Lunch Program	10.555	01-0370	<u>24,385</u>
			<u>40,499</u>
Total expenditures of federal awards			<u>\$ 974,957</u>

* Denotes major program/project

** This contract required local matching funds of \$ 207,855. The Center met this requirement.

THE GROVE COUNSELING CENTER, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
(CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2012

<u>Federal/ State Agency, Pass-Through Entity Federal Program/State Project</u>	<u>CFDA/ CSFA Number</u>	<u>Contract/ Grant Number</u>	<u>Expenditures</u>
State Agency Name:			
Direct Projects:			
State of Florida, Department of Children and Families:			
Substance Abuse Prevention Services for Children	60.029	*	GDK09 \$ 1,130,673
Community Based Care Supports	60.094		126,979
			<u>1,257,652</u>
State of Florida, Department of Corrections:			
Outpatient Substance Abuse Treatment	70.016		C2403 12,871
			<u>12,871</u>
Total expenditures of state financial assistance			<u>\$ 1,270,523</u>

* Denotes major program/project

BRUCE D. SOULE, CPA, P.A.

CERTIFIED PUBLIC ACCOUNTANT

7075 GRENVILLE ROAD
TALLAHASSEE, FL 32309
TELEPHONE: (850) 894-3135
FAX: (850) 894-3155
TOLL FREE: (800) 957-9686
E-MAIL: bruce@bdscpapa.com

REPORT ON COMPLIANCE AND INTERNAL CONTROL OVER COMPLIANCE APPLICABLE TO EACH MAJOR FEDERAL AWARDS PROGRAM AND STATE FINANCIAL ASSISTANCE PROJECT

Board of Directors
The Grove Counseling Center, Inc.
Longwood, Florida

Compliance

I have audited the compliance of The Grove Counseling Center, 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 financial assistance projects for the year ended June 30, 2012. The Grove Counseling Center, Inc.'s major federal programs and state financial assistance projects are identified in the summary of auditor's results sections of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs and state financial assistance projects is the responsibility of The Grove Counseling Center, Inc.'s management. My responsibility is to express an opinion on The Grove Counseling Center, Inc.'s compliance based on my audit.

I have conducted my audit in accordance with generally accepted auditing standards; 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 I 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 award program or state financial assistance project occurred. An audit includes examining, on a test basis, evidence about The Grove Counseling Center, Inc. compliance with those requirements and performing such other procedures as I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination on The Grove Counseling Center, Inc.'s compliance with those requirements.

In my opinion The Grove Counseling Center, Inc. complied in all material respects, with the requirements referred to above that are applicable to each of its major federal programs and state financial assistance projects for the year ended June 30, 2012.

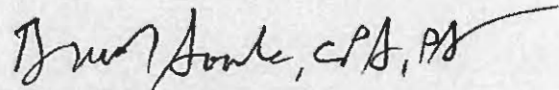
Internal Control Over Compliance

The management of The Grove Counseling Center, Inc. is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal awards programs and state financial assistance projects. In planning and performing my audit, I considered The Grove Counseling Center, Inc.'s internal control over compliance with requirements that could have a direct and material effect on a major federal award program or state financial assistance project in order to determine my auditing procedures for the purpose of expressing my opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and Chapter 10.650, Rules of the Auditor General.

My consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal awards program or state financial assistance project being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over compliance and its operation that I consider to be material weaknesses.

This report is intended for the information of the management, others within the organization 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.

BRUCE D. SOULE, CPA, P.A.



Certified Public Accountant

December 26, 2012

BRUCE D. SOULE, CPA, P.A.

CERTIFIED PUBLIC ACCOUNTANT

7075 GRENVILLE ROAD
TALLAHASSEE, FL 32309
TELEPHONE: (850) 894-3135
FAX: (850) 894-3155
TOLL FREE: (800) 957-9686
E-MAIL: bruce@bdscpapa.com

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

Board of Directors
The Grove Counseling Center, Inc.
Longwood, Florida

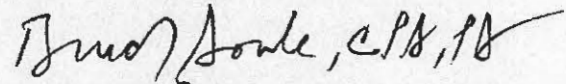
I have audited the financial statements of The Grove Counseling Center, Inc. as of and for the year ended June 30, 2012, and have issued my report thereon dated December 26, 2012. I conducted my audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

COMPLIANCE - As part of obtaining reasonable assurance about whether The Grove Counseling Center, Inc.'s financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

INTERNAL CONTROL OVER FINANCIAL REPORTING - In planning and performing my audit, I considered The Grove Counseling Center, Inc.'s internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

This report is intended for the information and use of the audit committee, management, others within the organization 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.

BRUCE D. SOULE, CPA ,P.A.

A handwritten signature in black ink that reads "Bruce D. Soule, CPA, P.A." with a stylized flourish at the end.

Certified Public Accountant

December 26, 2012

THE GROVE COUNSELING CENTER, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS -
FEDERAL AWARDS PROGRAMS AND STATE FINANCIAL
ASSISTANCE PROJECTS
Year Ended June 30, 2012

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unqualified	
Internal control over financial reporting:		
Material weaknesses identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Reportable conditions identified not considered to be material weaknesses?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> None Reported
Noncompliance material to financial statements noted?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Federal Awards and State Financial Assistance Projects:

Internal control over major programs:		
Material weaknesses identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Reportable conditions identified not considered to be material weaknesses?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> None Reported

Type of auditor's report issued on compliance for major programs:	Unqualified
---	-------------

Any audit findings disclosed that are required to be reported in accordance with the Federal and Florida Single Audit Acts?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
---	------------------------------	--

Identification of Major Programs/Projects:

Federal Programs

U.S. Department of Health and Human Services Block Grants for Prevention and Treatment of Substance Abuse	Federal CFDA Number 93.959
---	--------------------------------------

Passed through/

N/A

THE GROVE COUNSELING CENTER, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS –
FEDERAL AWARDS PROGRAMS AND STATE FINANCIAL
ASSISTANCE PROJECTS
Year Ended June 30, 2012

State Projects

State Department of Children and Families:
 Substance Abuse Prevention
 Services for Children

**State CSFA
Number**

60.029

	<u>Federal</u>	<u>State</u>
Dollar threshold used to distinguish between Types A Type B programs	<u>\$ 300 000</u>	<u>\$ 300 000</u>
Auditee qualified as low-risk auditee pursuant to OMB circular A-133	<u>X</u> Yes	<u> </u> No

SECTION II – Financial Statement Findings

There are no reportable conditions, material weaknesses, or instances of noncompliance related to the financial statements that are required to be reported in accordance with Government Auditing Standards.

Section III – Major Federal Award Findings and Questioned Costs

There are no reportable conditions, material weaknesses, or instances of noncompliance including questioned costs that are required to be reported in accordance with circular A-133.

Section IV – Major State Financial Assistance Projects *Findings* and Questioned Costs

There are no reportable conditions, material weaknesses, or instances of noncompliance including questioned costs that are required to be reported in accordance with the Florida Single Audit Act.

THE GROVE COUNSELING CENTER, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS –
FEDERAL AWARDS PROGRAMS AND STATE FINANCIAL
ASSISTANCE PROJECTS
Year Ended June 30, 2012

Other Issues

The Summary Schedule of Prior Audit Findings is not included in the report because there were no prior audit findings related to federal awards programs or state financial assistance projects.

A Corrective Action Plan is not required because there were no findings required to be reported under the Federal or Florida Single Audit Acts.

BRUCE D. SOULE, CPA, P.A.

CERTIFIED PUBLIC ACCOUNTANT

Board of Directors
The Grove Counseling Center, Inc.
Longwood, Florida

7075 GRENVILLE ROAD
TALLAHASSEE, FL 32309
TELEPHONE: (850) 894-3135
FAX: (850) 894-3155
TOLL FREE: (800) 957-9686
E-MAIL: bruce@bdscpapa.com

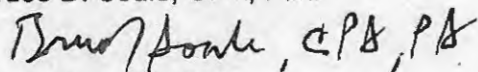
I have audited the financial statements of The Grove Counseling Center; Inc. as of and for the fiscal year ended June 30, 2012 and have issued my report thereon dated December 26, 2012.

I conducted my audit 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 Florida Auditor General. I have issued my Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*, Independent Auditor's 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 Florida Auditor General, and Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule, which are dated December 26, 2012, should be considered in conjunction with this management letter.

Additionally, my audit was conducted in accordance with Chapter 10.650, Rules of the Auditor General, which requires disclosure in the management letter of violations of provisions of contracts or grant agreements or abuse that have an effect on the financial statements or State project amounts that is less than material but more than inconsequential. In addition, for matters that have an inconsequential effect on the financial statement or State project amounts, 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, (2) Deficiencies in internal control that are not significant deficiencies. In connection with my audit, there are no violations or deficiencies to report.

Pursuant to Chapter 119, Florida Statutes, this management letter is a public record and its distribution is not limited. Auditing standards generally accepted in the United States of America require me to indicate that this letter is intended solely for the information and use of management, and the Florida Auditor General and is not intended to be and should not be used by anyone other than these specified parties.

Bruce D. Soule, CPA, P.A.



December 26, 2012

THE GROVE COUNSELING CENTER, INC.

SCHEDULE OF STATE EARNINGS

FOR THE YEAR ENDED JUNE 30, 2012

1	Total expenditures	\$	3,385,561
2	Less other state and federal funds		-
3	Less non-match SAMH funds		(689,460)
4	Less unallowable cost (65E-14, F.A.C.)		<u>-</u>
5	Net allowable expenditures (Sum of lines 1, 2, 3, and 4)	\$	<u>2,696,101</u>
6	Maximum available earnings (Line 5 times 75%)	\$	2,022,076
7	Amount of state funds requiring match		<u>1,130,673</u>
8	Amount due to department (Subtract line 6 from line 7. (If negative, the amount of the difference is due the department up to the amount of line 7)	\$	<u>891,403</u>

THE GROVE COUNSELING CENTER, INC.
DCF/COST CENTER REVENUE SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2012

	<u>Residential</u> <u>Level 2</u>	<u>Outpatient</u> <u>Treatment</u>	<u>Prevention</u>	<u>Total</u> <u>Funding</u>
State SAMH Funding	\$ <u>985,533</u>	\$ <u>381,822</u>	\$ <u>452,778</u>	\$ <u>1,820,133</u>
Other Government Funding:				
Other state agency fundings	403,213	26,513	-	429,726
Medicaid	-	34,969	-	34,969
Federal grants and contracts	<u>40,498</u>	<u>25,227</u>	-	<u>65,725</u>
Total other government funding	<u>443,711</u>	<u>86,709</u>	-	<u>530,420</u>
All Other Revenues:				
Contributions and donations	17,364	3,616		20,980
Other	<u>225,902</u>	<u>245,681</u>		<u>471,583</u>
Total all other revenues	<u>243,266</u>	<u>249,297</u>	-	<u>492,563</u>
 Total funding	 \$ <u>1,672,510</u>	 \$ <u>717,828</u>	 \$ <u>452,778</u>	 \$ <u>2,843,116</u>

THE GROVE COUNSELING CENTER, INC.

PROGRAM COST CENTER ACTUAL EXPENSES SCHEDULE

FOR THE YEAR ENDED JUNE 30, 2012

	<u>PROGRAM SERVICES</u>		
	<u>RESIDENTIAL LEVEL 2</u>	<u>OUTPATIENT TREATMENT</u>	<u>PREVENTION</u>
Personnel expenses:			
Salaries	\$ 822,531	\$ 320,048	\$ 204,619
Fringe benefits	221,200	98,375	62,895
Total personnel expenses	<u>1,043,731</u>	<u>418,423</u>	<u>267,514</u>
Other expenses:			
Building occupancy	246,701	102,513	65,540
Professional services	165,207	102,765	59,563
Travel	23,121	9,214	2,235
Equipment costs	65,429	26,224	11,004
Food services	116,483	-	-
Medical and pharmacy	32,358	35,820	-
Insurance	34,553	19,456	12,439
Interest	1,915	1,001	253
Operating supplies and expenses	124,238	57,151	34,431
Donated materials and services	11,313	-	-
Bad debt expense	13,097	39,241	-
Total other expenses	<u>834,415</u>	<u>393,385</u>	<u>185,465</u>
Total personnel and other expenses	1,878,146	811,808	452,979
Distributed Indirect Costs:			
Administration	-	-	-
Total actual operating expenses	1,878,146	811,808	452,979
Unallowable Costs	-	-	-
Total allowable operating expenses	<u>\$ 1,878,146</u>	<u>\$ 811,808</u>	<u>\$ 452,979</u>
Capital Expenditures	<u>\$ 21,922</u>	<u>\$ 7,811</u>	<u>\$ -</u>

<u>TOTAL PROGRAMS</u>	<u>SUPPORTING SERVICES MANAGE- MENT AND GENERAL</u>	<u>TOTAL</u>
\$ 1,347,198	\$ 168,308	\$ 1,515,506
382,470	65,749	448,219
<u>1,729,668</u>	<u>234,057</u>	<u>1,963,725</u>
414,754	-	414,754
327,535	-	327,535
34,570	6,841	41,411
102,657	-	102,657
116,483	-	116,483
68,178	-	68,178
66,448	-	66,448
3,169	-	3,169
215,820	1,730	217,550
11,313	-	11,313
52,338	-	52,338
<u>1,413,265</u>	<u>8,571</u>	<u>1,421,836</u>
3,142,933	242,628	3,385,561
-	-	-
3,142,933	242,628	3,385,561
-	-	-
<u>\$ 3,142,933</u>	<u>\$ 242,628</u>	<u>\$ 3,385,561</u>
<u>\$ 29,733</u>	<u>\$ 12,450</u>	<u>\$ 42,183</u>