

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

**Financial Statements and
Supplementary Financial Information**

**For the Years Ended
June 30, 2012 and 2011**



Certified Public Accountants
Business Consultants
Limited Liability Company

Personal Enrichment through Mental Health Services, Inc.
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June 30, 2012 and 2011

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INDEPENDENT ACCOUNTANTS' REPORT

INDEPENDENT ACCOUNTANTS' REPORT

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

We have audited the accompanying statements of financial position of Personal Enrichment through Mental Health Services, Inc. (a Florida nonprofit organization) as of June 30, 2012 and 2011, and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Personal Enrichment through Mental Health Services, Inc. at June 30, 2012 and 2011, and the changes in its net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 26, 2012 on our consideration of the Organization's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements of Personal Enrichment through Mental Health Services, Inc. taken as a whole. The accompanying Schedules of Expenditures of Federal and State Awards and Findings on Questioned Costs are presented for the purpose of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*; and Chapter 10.650, *Rules of the Auditor General of the State of Florida*, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and other additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

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

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

CARR, RIGGS & INGRAM, LLC
Certified Public Accountants
November 26, 2012

FINANCIAL STATEMENTS

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

<i>June 30,</i>	2012	2011
Assets:		
Cash and cash equivalents	\$ 1,134,132	\$ 1,186,872
Restricted cash	700	10,308
Patient receivables, less allowance for doubtful accounts of \$100,000 and \$75,000	420,476	501,972
Purchase of service and other receivables	1,634,004	1,524,334
Prepaid expenses and other assets	350,049	346,683
Property and equipment, net	5,206,313	5,314,523
Total assets	\$ 8,745,674	\$ 8,884,692
Liabilities and net assets:		
Liabilities:		
Accounts payable	\$ 155,968	\$ 182,314
Accrued payroll and related liabilities	538,926	482,258
Note payable	59,113	66,125
Long-term debt	1,890,380	2,065,798
Total liabilities	2,644,387	2,796,495
Unrestricted net assets	6,101,287	6,088,197
Total liabilities and net assets	\$ 8,745,674	\$ 8,884,692

See Notes to Financial Statements.

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

<i>Year ending June 30,</i>	2012	2011
Revenues:		
Patient fees	\$ 189,157	\$ 51,372
Third party fees	3,005,256	2,747,957
Juvenile Welfare Board of Pinellas County	2,152,363	1,545,038
Pinellas County Board of County Commissioners	1,748,886	1,698,398
Central Florida Behavioral Health Network	7,140,880	8,908,267
Florida Department of Transportation	73,908	-
Eckerd Youth Alternatives	1,418,504	979,786
Baycare	100,000	300,000
Municipalities	37,843	39,497
Hillsborough Kids	5,060	2,300
Medicaid client fees	272,905	330,498
Other income	235,392	106,084
In-kind donations	107,286	104,335
Total revenues	16,487,440	16,813,532
Expenses:		
Program services	16,324,711	16,749,882
Support services	149,639	317,548
Total expenses	16,474,350	17,067,430
Increase (decrease) in net assets	13,090	(253,898)
Net assets at beginning of year	6,088,197	6,342,095
Net assets at end of year	\$ 6,101,287	\$ 6,088,197

See Notes to Financial Statements.

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

	Program Services				
	Crisis Stabilization		Outpatient	Crisis Stabilization	Crisis Support
	Adult	BNET	Adult	Child	Child
Payroll and related expenses:					
Salaries	\$ 3,158,872	\$ 301,265	\$ 3,504	\$ 755,749	\$ 61,778
Fringe Benefits	647,098	61,995	640	159,990	12,199
Temporary Staff	80,956	-	-	17,145	-
Total payroll and related expenses	3,886,926	363,260	4,144	932,884	73,977
Operating expenses:					
Building Occupancy	237,737	36,798	-	46,188	1,138
Professional Services	561,981	22,702	133	98,762	1,652
Travel and Transportation	1,511	19,185	-	245	-
Equipment Costs	66,785	5,491	-	26,387	492
Food Services	406,741	-	-	61,756	-
Medical and Pharmacy	449,732	109,692	-	64,810	12,486
Subcontracted Services	-	-	-	-	-
Insurance	83,248	6,800	3	23,459	1,638
Interest Expense	-	-	-	-	-
Fundraising Expenses	314	-	-	119	-
Operating Supplies and Expenses	865,372	34,822	-	80,272	2,218
Total operating expenses	2,673,421	235,490	136	401,998	19,624
Administration allocation	845,373	74,454	347	168,893	11,132
Total expenses	\$ 7,405,720	\$ 673,204	\$ 4,627	\$ 1,503,775	\$ 104,733

See Notes to Financial Statements.

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

Year ended June 30, 2012

Program Services

	Crisis Support Adult	S/A Intervention Adult	S/A Detox Child	Outpatient Child	Residential Level II Child	Residential Level III Child	Non-SAMH Services	Total Program Services
Payroll and related expenses:								
Salaries	\$ 740,678	\$ 75,915	\$ 211,169	\$ 13,532	\$ 470,971	\$ 105,448	\$ 1,761,742	\$ 7,660,623
Fringe Benefits	151,911	15,927	41,811	2,708	96,315	22,431	370,587	1,583,612
Temporary Staff	-	-	4,898	-	-	-	-	102,999
Total payroll and related expenses	892,589	91,842	257,878	16,240	567,286	127,879	2,132,329	9,347,234
Operating expenses:								
Building Occupancy	64,191	-	13,196	18	31,164	2,900	317,133	750,463
Professional Services	101,468	-	28,218	2,117	26,185	18,277	20,066	881,561
Travel and Transportation	294	-	70		2,396	3,721	86,640	114,062
Equipment Costs	13,069	-	401	330	5,082	2,490	29,882	150,409
Food Services	-	-	17,645	3	74,048	23	317	560,533
Medical and Pharmacy	114,571	-	10,196	-	33,077	19	454	795,037
Subcontracted Services	-	-	-	-	-	-	422,328	422,328
Insurance	21,355	1,906	5,891	3	11,999	2,830	47,057	206,189
Interest Expense	-	-	-	-	-	-	-	-
Fundraising Expenses	-	-	14		65	286	281	1,079
Operating Supplies and Expenses	39,959	-	22,686	347	97,577	5,653	128,167	1,277,073
Total operating expenses	354,907	1,906	98,317	2,818	281,593	36,199	1,052,325	5,158,734
Administration allocation	165,812	12,388	48,255	496	111,255	21,586	358,752	1,818,743
Total expenses	\$ 1,413,308	\$ 106,136	\$ 404,450	\$ 19,554	\$ 960,134	\$ 185,664	\$ 3,543,406	\$16,324,711

See Notes to Financial Statements.

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

<i>Year ended June 30, 2012</i>	Support Services		Total
	Other Support	Administration	Grand Total
Payroll and related expenses:			
Salaries	\$ 602,171	\$ 918,107	\$ 9,180,901
Fringe Benefits	123,311	187,729	1,894,652
Temporary Staff	-	998	103,994
Total payroll and related expenses	725,482	1,106,834	11,179,547
Operating expenses:			
Building Occupancy	88,485	68,514	907,462
Professional Services	188	122,768	1,004,517
Travel and Transportation	46,574	19,670	180,306
Equipment Costs	102,696	168,176	421,281
Food Services	(30,487)	106	530,152
Medical and Pharmacy	(23,724)	26	771,339
Subcontracted Services	-	79,850	502,178
Insurance	15,563	24,911	246,663
Interest Expense	-	106,255	106,255
Fundraising Expenses	-	27,682	28,761
Operating Supplies and Expenses	(877,519)	196,332	595,886
Total operating expenses	(678,224)	814,290	5,294,800
Administration allocation		(1,818,743)	
Total expenses	\$ 47,258	\$ 102,381	\$ 16,474,347

See Notes to Financial Statements.

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

Year ended June 30, 2011

Program Services

	Crisis Stabilization		Outpatient Adult	Crisis Stabilization	
	Adult	BNET		Child	Support Child
Payroll and related expenses:					
Salaries	\$ 3,072,791	\$ 266,623	\$ -	\$ 714,331	\$ 88,410
Fringe Benefits	617,769	53,070	-	143,639	17,533
Temporary Staff	32,408	-	-	3,353	-
Total payroll and related expenses	3,722,968	319,693	-	861,323	105,943
Operating expenses:					
Building Occupancy	263,005	44,342	-	54,904	1,602
Professional Services	570,114	34,558	-	131,723	1,653
Travel and Transportation	968	8,992	-	224	166
Equipment Costs	47,216	3,513	-	9,285	481
Food Services	364,289	-	-	54,293	-
Medical and Pharmacy	455,660	96,082	-	63,757	11,579
Subcontracted Services	-	-	-	-	-
Insurance	74,617	1,656	-	17,834	2,459
Interest Expense	-	-	-	-	-
Fundraising Expenses	58	150	-	-	-
Operating Supplies and Expenses	808,634	45,254	-	73,375	2,961
Total operating expenses	2,584,561	234,547	-	405,395	20,901
Administration allocation	794,336	68,129	-	170,220	18,805
Total expenses	\$ 7,101,865	\$ 622,369	\$ -	\$ 1,436,938	\$ 145,649

See Notes to Financial Statements.

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

Year ended June 30, 2011

	Program Services							Total Program Services
	Crisis Support Adult	S/A Intervention Adult	S/A Detox Child	Residential Level I Child	Residential Level II Child	Residential Level III Child	Non-SAMH Services	
Payroll and related expenses:								
Salaries	\$ 813,103	\$ 69,923	\$ 179,474	\$ -	\$ 429,357	\$ 105,633	\$ 2,052,254	\$ 7,791,899
Fringe Benefits	163,475	14,827	35,731	-	86,736	21,765	407,030	1,561,575
Temporary Staff	-	-	958	-	-	-	-	36,719
Total payroll and related expenses	976,578	84,750	216,163	-	516,093	127,398	2,459,284	9,390,193
Operating expenses:								
Building Occupancy	75,557	-	12,990	-	32,674	11,556	338,467	835,097
Professional Services	99,304	-	33,911	-	44,605	12,974	1,581	930,423
Travel and Transportation	2,297	137	55	-	2,613	5,240	82,955	103,647
Equipment Costs	11,181	-	2,088	-	3,316	2,021	85,303	164,404
Food Services	-	-	15,146	-	59,651	-	69	493,448
Medical and Pharmacy	123,617	-	14,480	-	42,773	5	26	807,979
Subcontracted Services	21,424	-	-	-	-	-	445,779	467,203
Insurance	21,732	1,859	4,385	-	10,195	3,184	31,044	168,965
Interest Expense	-	-	-	-	-	-	-	-
Fundraising Expenses	-	-	-	-	-	-	50	258
Operating Supplies and Expenses	33,351	50	19,537	-	83,982	18,336	363,632	1,449,112
Total operating expenses	388,463	2,046	102,592	-	279,809	53,316	1,348,906	5,420,536
Administration allocation	195,720	13,173	47,254	-	101,038	29,605	500,873	1,939,153
Total expenses	\$ 1,560,761	\$ 99,969	\$ 366,009	-	\$ 896,940	\$ 210,319	\$ 4,309,063	\$ 16,749,882

See Notes to Financial Statements.

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

<i>Year ended June 30, 2011</i>	Support Services		Total
	Other Support	Administration	Grand Total
Payroll and related expenses:			
Salaries	\$ 637,448	\$ 964,745	\$ 9,394,092
Fringe Benefits	128,273	201,146	1,890,994
Temporary Staff	0	725	37,444
Total payroll and related expenses	765,721	1,166,616	11,322,530
Operating expenses:			
Building Occupancy	88,723	99,687	1,023,507
Professional Services	225	112,833	1,043,481
Travel and Transportation	41,146	23,101	167,894
Equipment Costs	65,082	205,446	434,932
Food Services	28,415	1,044	522,907
Medical and Pharmacy	5,099	159	813,237
Subcontracted Services	-	66,396	533,599
Insurance	18,024	27,043	214,032
Interest Expense	-	158,736	158,736
Fundraising Expenses	-	19,611	19,869
Operating Supplies and Expenses	(798,944)	162,538	812,706
Total operating expenses	(552,230)	876,594	5,744,900
Administration allocation	(52,522)	(1,886,631)	-
Total expenses	160,969	156,579	17,067,430

See Notes to Financial Statements.

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

<i>Year ending June 30,</i>	2012	2011
Cash flows from operating activities:		
Increase (decrease) in net assets	\$ 13,090	\$ (253,898)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:		
Depreciation and amortization	447,928	420,271
Estimate of uncollectibles expense	25,000	(25,000)
Change in operating assets and liabilities:		
Receivables	(53,174)	(499,390)
Prepaid expenses and other assets	(3,366)	(41,802)
Accounts payable	(26,346)	(34,635)
Accrued payroll and related liabilities	56,668	(257,832)
Net cash provided by (used in) operating activities	459,800	(692,286)
Cash flows from investing activities:		
Purchase of property and equipment	(339,718)	(280,115)
Net cash used in investing activities	(339,718)	(280,115)
Cash flows from financing activities:		
Payments on notes payable and long-term debt	(248,770)	(123,617)
Proceeds from notes payable and long-term debt	66,340	66,125
Cash flows used in financing activities:	(182,430)	(57,492)
Net decrease in cash, cash equivalents and restricted cash	(62,348)	(1,029,893)
Cash, cash equivalents and restricted cash, beginning of year	1,197,180	2,227,073
Cash, cash equivalents and restricted cash, end of year	1,134,832	1,197,180
Supplemental Disclosures:		
Cash paid for interest	106,255	158,736
Noncash Investing Activities:		
Assets acquired under long-term debt	\$ -	\$ 375,635

See Notes to Financial Statements.

Personal Enrichment through Mental Health Services, Inc.

Notes to Financial Statements

NOTE 1 – NATURE OF OPERATIONS

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Statement Presentation

PEMHS has followed Financial Accounting Standards Board Accounting Standards Codification (“ASC”) 958, Not-for-Profit Entities. Under ASC 958, PEMHS is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. As permitted by ASC 820, PEMHS does not use fund accounting.

Use of Estimates

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

Cash and Cash Equivalents

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

Patient Receivables

Patient receivables consist of amounts due from patients, Medicare, Medicaid, and third-party insurance carriers arising from program services provided in the ordinary course of business. During the year, PEMHS analyzes the patient receivables to estimate its allowance for doubtful accounts. The factors that influence management’s judgment include the services provided, historical losses, existing economic conditions, and contractual agreements with payers and risk elements specific to particular service recipients. When patient receivables are considered uncollectible, they are charged off against the allowance for doubtful accounts. The allowance for doubtful accounts as of June 30, 2012 and 2011 was \$100,000 and \$75,000, respectively.

Purchase of Service and Other Receivables

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

Personal Enrichment through Mental Health Services, Inc.

Notes to Financial Statements

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment, Net

Property and equipment is stated at cost, net of accumulated depreciation. PEMHS follows the practice of capitalizing all expenditures for buildings and equipment with a unit cost in excess of \$1,000 and a useful life in excess of 2 years. Depreciation of property, plant, and equipment is computed using the straight-line method over the assets' estimated useful lives. In accordance with Florida statutes, the state has a vested interest in the assets acquired with state funds allocated specifically for real property acquisitions for 20 years and tangible personal property acquisitions for a period of 7 years.

Deferred Financing Costs

Capitalized costs associated with obtaining long-term financing for asset acquisitions are amortized using the straight-line method over the life of the loan obligation and are presented in property and equipment in the Statement of Financial Position. Net deferred financing costs were \$4,314 and \$12,410 at June 30, 2012 and 2011. Amortization expense for the years ended June 30, 2012 and 2011 amounted to \$8,096 and \$3,782, respectively.

Revenue Recognition

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

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

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

Contributed Goods and Services

During the years ended June 30, 2012 and 2011, the value of contributed goods and services, mostly composed of in-kind medication donations, amounting to \$107,286 and \$104,335, respectively, were recorded in the financial statements.

Allocation of Indirect Costs

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

Income Taxes

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

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes (continued)

Under Financial Accounting Standards Board's (the "FASB") Accounting Standards Codification 740, an entity's income tax returns are subject to examination by the applicable taxing authorities. The time period during which a return may be selected by a taxing authority for examination generally ends at the later of three years after the initial due date of the return or three years after the return is filed. At June 30, 2012, PEMHS' tax years that remain subject to examination are 2011, 2010, and 2009.

Reclassifications

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

Date of Management's Review

Management has evaluated events and transactions for potential recognition or disclosure through November 26, 2012, which is the date the financial statements were available to be issued.

NOTE 3 – PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

<i>June 30,</i>	2012	2011
Land	\$ 1,184,645	\$ 1,184,645
Land improvements	241,098	220,099
Buildings	7,237,891	7,067,817
Leasehold Improvements	289,676	289,676
Office furniture and equipment	2,795,852	2,346,185
Vehicles	432,692	344,321
Capitalized costs	16,192	16,192
Construction in progress	-	389,397
	12,198,046	11,858,332
Less: accumulated depreciation	(6,991,733)	(6,543,809)
Property and equipment, net	\$ 5,206,313	\$ 5,314,523

Depreciation and amortization expense for the year ended June 30, 2012 and 2011 was \$447,928 and \$420,271, respectively.

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

NOTE 4 – DEBT

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

<i>Year ending June 30,</i>	2012	2011
Mortgage payable to a bank, monthly installments of \$14,184, including interest at 5.125%; due October 16, 2026; secured by real property	\$ 1,378,745	\$ 1,442,591
Mortgage payable to a bank, monthly installments of \$1,188, including interest at 6.75%; due July 29, 2014; secured by real property	142,779	147,572
Mortgage payable to the City of St. Petersburg, no payments required, mortgage forgiven on January 1, 2014 if terms and conditions of agreement are complied with; secured by real property	100,000	100,000
Term note to a financial institution, quarterly installments of \$31,321, including interest at 6.14%; due April 30, 2014; secured by real property	268,856	375,635
Note payable, insurance premium finance company; interest 7.2%; due February 28, 2012 ; unsecured	59,113	66,125
Total note payable and long-term debt	\$ 1,949,493	\$ 2,131,923
<i>Year ending June 30,</i>		
2013		\$ 236,660
2014		319,424
2015		64,058
2016		64,058
2017		64,058
Thereafter		1,201,235
		\$ 1,949,493

Interest expense incurred for the years ended June 30, 2012 and 2011 totaled \$106,255 and \$158,736, respectively.

PEMHS also has a \$1.5 million line of credit with a bank. The interest rate is the prime rate plus 0.5% (3.25% at June 30, 2012 and 2011) and the line matures February 28, 2013. There was no balance outstanding at June 30, 2012 and 2011. The line is collateralized by first and second mortgages on certain real estate, assignment of rents, furniture, fixtures, equipment, and accounts receivable.

Personal Enrichment through Mental Health Services, Inc.

Notes to Financial Statements

NOTE 5 – LEASE COMMITMENTS

PEMHS has cancelable and non-cancelable operating leases for office equipment, parking lot and facilities.

Future minimum lease payments required under the operating leases at June 30, 2012 are as follows:

Year ending June 30, 2012

2013	\$	278,076
2014		234,108
2015		229,229
2016		236,105
2017		243,189
Thereafter		20,266
Total minimum lease payments		\$ 1,240,973

Rental expense under the operating leases for buildings and equipment incurred for the years ended June 30, 2012 and 2011 totaled \$366,877 and \$309,890, respectively.

NOTE 6 – EMPLOYEE BENEFIT PLAN

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

On January 1, 2004, PEMHS adopted a 403(b) plan for the benefit of its employees. The plan provides coverage for all employees and employees are able to participate upon employment. Matching contributions to the plan are provided to all participants at a rate equal to 50 percent of the elective deferrals of each employee who is eligible for employer contributions. An employee's elective deferrals in excess of 6 percent of the employee's compensation shall not be considered for purposes of the employer match. Pension expense for the years ended June 30, 2012 and 2011 was \$76,784 and \$73,992, respectively.

NOTE 7 – CONCENTRATIONS OF CREDIT RISK

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

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

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

PEMHS received a substantial portion of its support from the State of Florida under a grant contract with the Department of Children & Families. This contract must be renegotiated annually. Although a maximum amount is established during the negotiation process, income is earned on a reimbursement basis; that is, income can be earned only to the extent of eligible expenses incurred. The contract has a match requirement for certain Community Mental Health Services. This matching requirement had been met as of June 30, 2012.

NOTE 9 – MAJOR FUNDING SOURCES

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

During the year ended June 30, 2012 and 2011, PEMHS received approximately 43% and 53% of its total revenues from the DCF, 10% and 10% from Pinellas County Board of Commissioners, 13% and 9% from Pinellas County Juvenile Welfare Board, and 8% and 6% from Eckerd Youth Alternatives, respectively. Those same funding sources also accounted for approximately 73% and 72% of the total patient, purchase of service, and other accounts receivable of PEMHS at June 30, 2012 and 2011, respectively.

NOTE 10 - SUMMARY OF RELATED PARTY TRANSACTIONS

No related party transactions were entered into during the 2012 fiscal year.

NOTE 11 – SUBSEQUENT EVENTS

Personal Enrichment through Mental Health Services, Inc. (PEMHS), Agency for Community Treatment Services, Inc. (ACTS), Tri-County Human Services, Inc. (TCHS), and Mental Health Care, Inc. (MHC), have entered into a Letter of Intent on July 16, 2012 whereby the agencies have agreed to negotiate the terms of an agreement for the merger of the organizations. The organizations intend to develop and approve a Merger Agreement by January 31, 2013. The Letter of Intent is non-binding except as noted in the Letter and may be terminated at any time upon written notice.

PEMHS is in the process of finalizing a lease for new patient beds and a new generator for a total amount of \$191,629 amortized over 3 years at 5.62%.

SUPPLEMENTARY INFORMATION

**Personal Enrichment through Mental Health Services, Inc.
Schedule of State Earnings for Alcohol, Drug Abuse
and Mental Health Services
Year Ending June 30, 2012**

1	Total Expenditures	\$ 16,474,350
2	Less other State and Federal Funds	(1,892,838)
3	Less Non-Match SAMH Funds	(1,909,758)
4	Less Unallowable Costs	(168,039)
5	Less Unallowable Patient Fees	-
<hr/>		
6	Net Allowable Expenditures (Sum of lines 1,2,3,4, and 5)	12,503,715
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7	Maximum Available Earnings (Line 6 times 75%)	9,377,786
8	Amount of State Funds Received (Total of Invoices Paid and submitted to be paid less line 3.)	5,285,975
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9	Amount Due to Department (if negative) (Subtract line 8 from line 7. If negative, the amount of the difference is due the department up to the amount of line 8.)	\$ 4,091,811
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**Personal Enrichment through Mental Health Services, Inc.
Schedule of Bed Day Availability
Year Ending June 30, 2012**

Program	Cost Center	State Contracted Rate	Total Units of Service Provided	Service Paid for by 3rd Party Contracts, Local Govt. or Other State Agencies	Maximum # of Units Eligible for Payment by Department	Amount Paid for Services by the Department	Maximum \$ Value of Units in Column F	Amount Owed to Department (G-H or \$0, whichever is greater)
A	B	C	D	E	(D-E) F	G	(F x C) H	I
Children's MH	Crisis Stabilization Unit	\$ 291	5,124	\$ 1,817	3,307	\$ 889,732	\$ 963,131	\$ -
Adult MH	Crisis Stabilization Unit	291	27,084	9,118	17,966	4,121,506	5,232,418	-
Children's SA	Substance Abuse Detox	291	1,464	-	1,464	420,320	426,375	-
Total Amount Owed to Department = \$								-

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

Federal/State Agency, Pass-through Entity, Federal Program/State Project	CFDA CSFA Number	Contract/ Grant Number	Expenditures
FEDERAL AGENCY NAME			
DEPARTMENT OF HEALTH & HUMAN SERVICES			
ADMINISTRATION FOR CHILDREN & FAMILIES			
Passed through State of Florida			
Operation PAR - Co-Occurring TX	93.243	-----	\$ 11,540
EYA - ERT/FRT	93.556	ECA-DFP-PEM-FY12	179,451
EYA - ERT/FRT	93.558	ECA-DFP-PEM-FY12	61,770
EYA - FRT/ERT	93.645	ECA-DFP-PEM-FY12	11,372
EYA - FRT/ERT	93.658	ECA-DFP-PEM-FY12	163,018
EYA - FRT/ERT	93.659	ECA-DFP-PEM-FY12	23,447
EYA - FRT/ERT	93.667	ECA-DFP-PEM-FY12	35,807
EYA - FRT/ERT	93.669	ECA-DFP-PEM-FY12	49,199
Central FL BHN - BNET	93.767*	CF652-1008	593,000
Central FL BHN - ES	93.958	CF652-1008	382,990
Central FL BHN - S/A	93.959	CF652-1008	235,433
TOTAL FEDERAL ASSISTANCE			1,747,027
STATE AGENCY NAME			
STATE OF FLORIDA			
DEPARTMENT OF CHILDREN & FAMILIES			
SAMH Services - Children's Mental Health	60.001	CF652-1008	578,355
SAMH Services - Adult Mental Health	60.006*	CF652-1008	3,441,947
SAMH Services - Adult Mental Health	60.054*	CF652-1008	986,367
SAMH Services - Children's Mental Health	60.057	CF652-1008	316,141
SAMH Services - Adult Mental Health	60.061	CF652-1008	306,564
Central FL BHN - JARF	60.028	CF652-1008	234,771
Central FL BHN - S/A	60.033	CF652-1008	44,234
EYA - Community Based Care Supports	60.094	ECA-DFP-PEM-FY12	711,630
TOTAL STATE FINANCIAL ASSISTANCE			6,620,009
TOTAL FEDERAL AND STATE FINANCIAL ASSISTANCE			\$ 8,367,036

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

NOTE 2: Federal and state expenditures represent the fiscal year ended June 30, 2012, only.

* Denotes major programs/projects

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

A. Summary of Audit Results

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

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

Federal Programs

U.S. Department of Health and Human Services

Passed through the Florida Department of Children and Families:

93.767 Children's Health Insurance Program

State Projects

State of Florida Department of Children and Families

60.006 Baker Act

60.054 Adult Mental Health

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

B. Findings – Financial Statements Audit

None

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

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

None

D. Other Issues

No management letter issued during the current year.

E. Prior Year Findings and Questioned Costs

None for Major Federal Award Programs

None for Florida State Financial Assistance Projects

**REPORT IN ACCORDANCE WITH
OMB CIRCULAR A-133 AND CHAPTER 10.650**

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

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

Compliance

We have audited the compliance of Personal Enrichment through Mental Health Services, Inc. (a nonprofit organization) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* and the requirements described in the *Department of Financial Services State Projects Compliance Supplement*, that could have a direct and material effect on Personal Enrichment Through Mental Health Services, Inc.'s major federal programs and state projects for the year ended June 30, 2012. Personal Enrichment through Mental Health Services, Inc.'s major federal programs and state projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Personal Enrichment through Mental Health Services, Inc.'s management. Our responsibility is to express an opinion on Personal Enrichment through Mental Health Services, Inc.'s compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and Chapter 10.650, Rules of the Auditor General of the State of Florida. Those standards and OMB Circular A-133, and Chapter 10.650, Rules of the Auditor General of the State of Florida, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program or state project occurred. An audit includes examining, on a test basis, evidence about Personal Enrichment through Mental Health Services, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Personal Enrichment through Mental Health Services, Inc.'s compliance with those requirements.

In our opinion, Personal Enrichment through Mental Health Services, Inc. complied, in all material respects, with the requirements referred to above could have a direct and material effect on each of its major federal programs and major state projects for the year ended June 30, 2012.

Internal Control Over Compliance

Management of Personal Enrichment through Mental Health Services, Inc. is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs and state projects. In planning and performing our audit, we considered Personal Enrichment through Mental Health Services, Inc.'s internal control over compliance with the requirements that could have a direct and material effect on a major federal program or state project in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 , and Chapter 10.650, Rules of the Auditor General of the State of Florida, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Personal Enrichment through Mental Health Services, Inc.'s internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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

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

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

Carr, Riggs & Ingram, LLC
Certified Public Accountants
November 26, 2012

**REPORT IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

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

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

We have audited the financial statements of Personal Enrichment through Mental Health Services, Inc. as of and for the year ended June 30, 2012, and have issued our report thereon dated November 26, 2012. 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

Management of Personal Enrichment through Mental Health Services, Inc. is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Personal Enrichment through Mental Health Services, Inc.'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Personal Enrichment through Mental Health Services, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Personal Enrichment through Mental Health Services, Inc.'s internal control over financial reporting.

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

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

Compliance and Other Matters

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

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

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

Carr, Riggs & Ingram, LLC
Certified Public Accountants
November 26, 2012