

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

**FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION**

**As of and for the years ended June 30, 2012 and 2011**

**and**

**INDEPENDENT AUDITOR'S REPORT**

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

**FERN PARK, FLORIDA**

**June 30, 2012**

**BOARD OF DIRECTORS**

**Executive Committee**

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**CEO**

Jim Berko

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

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**INDEPENDENT AUDITOR'S COMBINED REPORT  
ON THE BASIC FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION**

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

We have audited the accompanying statements of financial position of Seminole Community Mental Health Center, Inc., DBA Seminole Behavioral Healthcare (SBH), (a nonprofit organization), as of June 30, 2012 and 2011, and the related statements of operations and changes in net assets, and cash flows for the years then ended. These financial statements are the responsibility of SBH's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of SBH as of June 30, 2012 and 2011, and the results of its operations and changes in net assets, and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

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

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards and state financial assistance is presented for purposes of additional analysis, as required by U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations," and the Rules of the Florida Department of Financial Services. The accompanying schedules of revenues, program/cost center actual expenses and revenues, state earnings for substance abuse and mental health services, bed-day availability payments, and related party transaction adjustments are required by the Florida Department of Children and Families. These schedules are presented for purposes of supplementary analysis, and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements, and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



Davies, Houser & Secrest, CPA, P.A.  
November 26, 2012

## **FINANCIAL STATEMENTS**

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

STATEMENTS OF FINANCIAL POSITION  
June 30, 2012 and 2011

<u>ASSETS</u>	<u>2012</u>	<u>2011</u>
Current assets:		
Cash and cash equivalents	\$ 1,170,169	\$ 1,441,353
Investments	2,527,131	2,525,765
Awards, contracts, and advance receivables	1,247,133	1,263,703
Patient receivables, net of allowance for contractual adjustments and uncollectible accounts of \$276,798 in 2012, and \$386,890 in 2011	297,777	268,205
Prepaid expenses	<u>107,796</u>	<u>112,614</u>
 Total current assets	 <u>5,350,006</u>	 <u>5,611,640</u>
Assets limited as to use:		
Internally designated for capital improvements	<u>500,000</u>	<u>500,000</u>
Property and equipment, at cost or fair market value if donated, net of accumulated depreciation:		
Land, buildings, and improvements	4,905,215	4,989,599
Furniture and equipment	537,775	246,513
Vehicles	61,479	41,449
Leasehold improvements	<u>140,784</u>	<u>160,010</u>
 Property and equipment, at depreciated cost	 <u>5,645,253</u>	 <u>5,437,571</u>
 Total assets	 <u>\$ 11,495,259</u>	 <u>\$ 11,549,211</u>

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

<u>LIABILITIES AND NET ASSETS</u>	<u>2012</u>	<u>2011</u>
Current liabilities:		
Accounts payable	\$ 113,926	\$ 274,954
Accrued salaries and other liabilities	271,125	487,447
Other accrued liabilities	204,379	230,311
Current portion of long-term debt and capital lease obligation	<u>71,311</u>	<u>51,503</u>
Total current liabilities	<u>660,741</u>	<u>1,044,215</u>
Long-term debt, less current portion	<u>1,738,602</u>	<u>1,809,912</u>
Total liabilities	<u>2,399,343</u>	<u>2,854,127</u>
Contingencies and commitments (Note 12)		
Unrestricted net assets	<u>9,095,916</u>	<u>8,695,084</u>
Total liabilities and net assets	<u>\$ 11,495,259</u>	<u>\$ 11,549,211</u>

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

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

STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS  
For the years ended June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Changes in unrestricted net assets:		
Revenues and support:		
Net patient service revenue (Note 3)	\$ 2,853,255	\$ 2,637,091
Net Medicaid revenue (Note 3)	704,060	900,590
Government contracts and other support:		
Federal and state	6,636,447	6,649,547
Local	334,950	330,034
In-kind pharmaceuticals	2,192,967	1,456,553
Other support	<u>830,168</u>	<u>636,932</u>
	13,551,847	12,610,747
Donations	6,181	17,558
Investment income	<u>12,888</u>	<u>11,859</u>
Total unrestricted revenues and support	<u>13,570,916</u>	<u>12,640,164</u>
Expenses:		
Program services	11,766,095	10,954,188
Administration and general	<u>1,403,989</u>	<u>1,073,702</u>
Total expenses	<u>13,170,084</u>	<u>12,027,890</u>
Change in net assets	400,832	612,274
Net assets at beginning of year	<u>8,695,084</u>	<u>8,082,810</u>
Net assets at end of year	<u>\$ 9,095,916</u>	<u>\$ 8,695,084</u>

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

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

STATEMENTS OF CASH FLOWS  
For the years ended June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Cash flows from operating activities:		
Change in net assets	\$ <u>400,832</u>	\$ <u>612,274</u>
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	328,107	341,967
Change in assets and liabilities:		
Increase in net patient receivables	(29,572)	(141,742)
Decrease (increase) in awards, contracts, and advance receivables	16,570	(627,760)
Decrease in prepaid expenses	4,818	20,470
Decrease in accounts payable	(161,028)	(49,515)
(Decrease) increase in accrued salaries and other liabilities	<u>(242,254)</u>	<u>45,379</u>
Total adjustments	<u>(83,359)</u>	<u>(411,201)</u>
Net cash provided by operating activities	<u>317,473</u>	<u>201,073</u>
Cash flows from investing activities:		
Purchase of investments	(1,366)	(250,420)
Purchase of property and equipment	<u>(535,789)</u>	<u>(304,435)</u>
Net cash used in investing activities	<u>(537,155)</u>	<u>(554,855)</u>
Cash flows from financing activities:		
Principal paid on debt	<u>(51,502)</u>	<u>(48,354)</u>
Net cash used in financing activities	<u>(51,502)</u>	<u>(48,354)</u>
Net decrease in cash and cash equivalents	(271,184)	(402,136)
Cash and cash equivalents at beginning of year	<u>1,441,353</u>	<u>1,843,489</u>
Cash and cash equivalents at end of year	<u>\$ 1,170,169</u>	<u>\$ 1,441,353</u>
Supplementary information:		
Cash paid for interest	<u>\$ 113,956</u>	<u>\$ 117,045</u>

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

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

NOTES TO FINANCIAL STATEMENTS  
As of and for the years ended June 30, 2012 and 2011

**NOTE 1 - REPORTING ENTITY**

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

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*A. Basis of Accounting*

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

*B. Display of Net Assets by Class*

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

*C. Contributions*

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

*D. Net Patient Service Revenue*

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

## **NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

### *E. Allowance for Doubtful Accounts*

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

### *F. Charity Care*

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

### *G. Property and Equipment*

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

Depreciation is computed on the straight-line basis for all depreciable assets. Depreciation expense, for the years ended June 30, 2012 and 2011, was \$328,107 and \$341,967, respectively. Expected useful lives for various asset classes are as follows:

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

### *H. Donated Goods and Services*

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

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

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

### *I. Income Taxes*

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

## **NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

### *J. Expenditure Allocation*

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

### *K. Cash and Cash Equivalents*

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

### *L. Estimates*

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

### *M. Investments and Investment Income*

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

## **NOTE 3 - PATIENT SERVICE AND MEDICAID REVENUES REPORTED - NET**

### *Revenues and Deductions*

Gross patient service and Medicaid revenues are recorded on the accrual basis in the period in which services are provided at established rates. Contractual and sliding scale adjustments are recorded as deductions from gross revenue to determine net revenue. Medicaid revenue is recorded at net realizable amounts, rather than gross patient charge, less adjustments, for fiscal years ended June 30, 2012 and 2011.

Net revenue consists of the following:

	<u>2012</u>	
	<u>Patient Service</u>	<u>Medicaid</u>
Gross revenue	\$ 11,535,391	\$ 1,287,953
Less provisions for contractual and sliding scale adjustments	<u>8,682,136</u>	<u>583,893</u>
Net revenue	<u>\$ 2,853,255</u>	<u>\$ 704,060</u>

**NOTE 3 - PATIENT SERVICE AND MEDICAID REVENUES REPORTED - NET**

(continued)

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

**NOTE 4 - CHARITY CARE**

The charges foregone for services and supplies furnished under the charity care methodology of SBH for the years ended June 30, 2012 and 2011, were \$727,000 and \$697,000, respectively.

**NOTE 5 - PROPERTY AND EQUIPMENT**

	<u>2012</u>		
	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net</u>
Land	\$ 571,882	\$ 0	\$ 571,882
Buildings and improvements	6,076,680	1,743,347	4,333,333
Furniture and equipment	2,293,361	1,755,586	537,775
Vehicles	291,189	229,710	61,479
Leasehold improvements	<u>700,883</u>	<u>560,099</u>	<u>140,784</u>
	<u>\$ 9,933,995</u>	<u>\$ 4,288,742</u>	<u>\$ 5,645,253</u>

  

	<u>2011</u>		
	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net</u>
Land	\$ 571,882	\$ 0	\$ 571,882
Buildings and improvements	5,957,655	1,539,938	4,417,717
Furniture and equipment	1,909,990	1,663,477	246,513
Vehicles	257,796	216,347	41,449
Leasehold improvements	<u>700,883</u>	<u>540,873</u>	<u>160,010</u>
	<u>\$ 9,398,206</u>	<u>\$ 3,960,635</u>	<u>\$ 5,437,571</u>

## NOTE 6 - INVESTMENTS

Investments consist of the following:

	<u>2012</u>	<u>2011</u>
Certificates of deposit	\$ 2,502,131	\$ 2,500,765
Equity investment in non-publicly traded companies	<u>25,000</u>	<u>25,000</u>
	<u>\$ 2,527,131</u>	<u>\$ 2,525,765</u>

There were no realized or unrealized gains or losses on investments for the years ended June 30, 2012 and 2011. Investment income consists of interest from certificates of deposit of \$12,888 and \$11,859 for fiscal years ended June 30, 2012 and 2011, respectively.

## NOTE 7 - FAIR VALUE MEASUREMENTS

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

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

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

Level 3: Fair value is determined by using inputs based on management assumptions that are not directly observable.

Fair values of assets measured on a recurring basis at June 30, 2012 and 2011, are as follows:

	Fair Value	Fair Value Measurements at Reporting Date Using		
		Quoted Prices in Active Markets for Identical (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<u>June 30, 2012</u>				
Certificates of deposit	\$ 2,502,131	\$ 2,502,131	\$ 0	\$ 0
Equity investment in non-publicly traded companies	<u>25,000</u>	<u>0</u>	<u>0</u>	<u>25,000</u>
Total investments	<u>\$ 2,527,131</u>	<u>\$ 2,502,131</u>	<u>\$ 0</u>	<u>\$ 25,000</u>
<u>June 30, 2011</u>				
Certificates of deposit	\$ 2,500,765	\$ 2,500,765	\$ 0	\$ 0
Equity investment in non-publicly traded companies	<u>25,000</u>	<u>0</u>	<u>0</u>	<u>25,000</u>
Total investments	<u>\$ 2,525,765</u>	<u>\$ 2,500,765</u>	<u>\$ 0</u>	<u>\$ 25,000</u>

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

## **NOTE 8 - DEFERRED SALARY PLAN**

SBH participates in a tax deferred investment plan under Section 403(b) of the Internal Revenue Code. Eligible employees may contribute 20% of their salary, up to the statutory limit, to the plan. SBH contributes an amount equal to 5% of the annual salary of each plan participant. SBH's contributions for the years ended June 30, 2012 and 2011, were \$229,619 and \$220,895, respectively.

## **NOTE 9 - LEASE OBLIGATIONS**

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

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

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

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

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

During the year ended June 30, 2011, SBH terminated the lease agreements with Technology Solutions and purchased the computer system; leased equipment from Value Options Telephysch for 36 months with payments of \$900 per month.

Minimum future rental payments under operating leases, which have remaining non-cancelable lease terms in excess of one year, as of June 30, 2012, are as follows:

	<u>Vehicles</u>	<u>Equipment</u>	<u>Total</u>
For the years ending June 30:			
2013	\$ 2,128	\$ 40,848	\$ 42,976
2014	0	39,948	39,948
2015	0	20,146	20,146
2016	0	0	0
2017	<u>0</u>	<u>0</u>	<u>0</u>
Totals	<u>\$ 2,128</u>	<u>\$100,942</u>	<u>\$103,070</u>

Lease expense, for the years ended June 30, 2012 and 2011, was \$166,426 and \$188,130, respectively.

## **NOTE 10 - DONATED SPACE, UTILITIES, AND PHARMACEUTICALS**

SBH received facilities and utilities, with a total fair market value of \$159,930, for each of the fiscal years ended June 30, 2012 and 2011, respectively, from Seminole County as in-kind contributions, which have been reported in other support and program expenses.

SBH received pharmaceuticals, with a total fair market value of \$2,192,967 and \$1,456,553, during the fiscal years ended June 30, 2012 and 2011, respectively, from pharmaceutical vendors and a patient assistance program. These contributions have been recorded as in-kind revenue and program expenses in the financial statements.

## **NOTE 11 - LONG-TERM DEBT**

In October 2005, SBH executed its option to purchase the Lakeview Nursing Center facility (currently known as the Miller facility) for \$2,500,000. The purchase was executed with a \$400,000 down payment and a 5-year note for \$2,100,000, bearing interest at 6.2%, with monthly payments of \$13,788 through October 2010, at which time a balloon payment was due. In August 2009, the note was extended for an additional 2 years with a maturity date of October 2012. In October 2012, the note was extended for a 15-year term at prime plus 1%. The minimum rate for the term of the loan is 4.25% and the maximum rate is 5.25%. The current rate for the first 5 years is 4.25% with monthly payments of \$13,514.

Long-term debt as of June 30, 2012, consists of the following:

Mortgage note payable:	
Secured by the Sanford, Florida, land, building, and improvements, payable in monthly installments of \$13,514	\$ 1,809,913
Less current maturities of long-term debt	<u>71,311</u>
Long-term debt	<u>\$ 1,738,602</u>
Maturities of long-term debt for the years ending June 30:	
2013	\$ 71,311
2014	90,025
2015	93,926
2016	97,997
2017 and thereafter	<u>1,456,654</u>
Total	<u>\$ 1,809,913</u>

Total interest expense, for the years ended June 30, 2012 and 2011, was \$113,956 and \$117,045, respectively.

## **NOTE 12 - CONTINGENCIES AND COMMITMENTS**

### *A. Concentration of Credit Risk*

SBH places its temporary cash investments with financial institutions. The amount of credit exposure in excess of federally insured limits was \$2,131 and \$0, as of June 30, 2012 and 2011, respectively.

## **NOTE 12 - CONTINGENCIES AND COMMITMENTS** (continued)

### *B. Support Received From Medicaid and Federal and State Funding*

Amounts due from Medicaid comprised approximately 29% and 44% of net patient receivables, for fiscal years ended June 30, 2012 and 2011, respectively, and Medicaid revenue amounts to approximately 5% and 7% of unrestricted revenue and support during the fiscal years ended June 30, 2012 and 2011, respectively. Furthermore, a substantial portion of total unrestricted revenues and support is received from federal, state, and local government grants. Accordingly, service levels provided by SBH are dependent upon future government funding decisions. Should the funding of these programs be discontinued, the operations of SBH would be significantly affected. Revenue received from Medicaid reimbursements is subject to audit and retroactive adjustments. Management has recorded an estimated reserve to cover potential audit findings. This reserve is based on Medicaid reimbursements received in prior years.

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

SBH received a substantial portion of its support from the State of Florida Department of Children and Families (DCF), under grant contract number GHJ32 for the each of the fiscal years ended June 30, 2012 and 2011. Historically this contract was renegotiated annually and it has been extended through June 30, 2012. A maximum amount is established during the negotiation process so that income is earned on a unit of service basis; that is, income can be recognized only to the extent eligible services are performed. The contracts require a 25% local match for certain community mental health services. The matching requirement has been fulfilled for the years ended June 30, 2012 and 2011.

As of July 1, 2012, DCF amended and assigned the contract between DCF and SBH to Central Florida Cares Health System, Inc (CFCHS), in order to implement the requirements of Section 394.9082, Florida Statutes, and reflect the appropriations approved by the Florida Legislature for the state fiscal year ending June 30, 2013. Currently, SBH has the ability to appoint one individual to the Board of Directors of CFCHS, it does not possess control over the actions and decisions of CFCHS. Under the contract, CFCHS (a behavioral health administrative and management organization) will serve as the managing entity and, as such is assigned all of DCF's rights, powers, duties, and obligations under the contract and relieves DCF of all responsibilities, duties, and obligations for performance under the contract. SBH anticipates a reduction in funding of approximately 6% under the amended and assigned contract for the year ending June 30, 2013.

## **NOTE 14 - SUBSEQUENT EVENTS**

In October 2012, SBH extended the term of its mortgage to 15 years (see Note 11). SBH has evaluated subsequent events through November 26, 2012, the date which the financial statements are available to be issued.

**SUPPLEMENTARY INFORMATION**

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

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
AND STATE FINANCIAL ASSISTANCE  
For the year ended June 30, 2012

<u>Grantor/Pass-through Grantor/Program Title</u>	<u>CFDA/ CSFA Number</u>	<u>Contract Number</u>	<u>Program or Award Amount</u>	<u>Amount Expended</u>
Federal awards passed through from the State of Florida:				
U.S. Department of HHS Public Health Service:				
Project for Assistance in Transition from Homelessness (PATH)	93.150	GHJ32	\$90,744	\$ 90,744
Block Grant for Community Mental Health Services	93.958	GHJ32	\$366,416	366,416
Block Grants for Prevention and Treatment of Substance Abuse	93.959	GHJ32	\$563,690	563,690
Administration for Children and Families:				
Social Service Block Grant	93.667	GHJ32	\$6,096	6,096
Child Abuse and Neglect State Grants	93.669	BAHP	\$1,542	1,542
U.S. Department of Agriculture:				
Food and Nutrition Services:				
Child and Adult Care Food Program	10.558	Y1064	\$66,686	24,180
Child and Adult Care Food Program	10.558	Y2064	\$59,712	<u>35,101</u>
				59,281
				<u>1,087,769</u>
State financial assistance:				
Department of Children and Families:				
Children's Baker Act Services	60.001	GHJ32	\$168,970	168,970
Baker Act	60.006	GHJ32	\$1,290,952	1,290,952
Indigent Psychiatric Medication Services	60.039	GHJ32	\$13,376	13,376
Adult Mental Health - Special Projects - Emergency Stabilization	60.061	GHJ32	\$400,000	400,000
Community Forensics Beds and Competency Restoration Training	60.114	GHJ32	\$202,940	202,940
Community Based Care (CBC) Supports	60.094	BAHP	\$20,584	20,584
				<u>2,096,822</u>
				<u>\$ 3,184,591</u>

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

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

SCHEDULE OF REVENUES  
For the year ended June 30, 2012

State SAMH grants:		
Adult community mental health	\$	5,057,941
Adult substance abuse		1,072,390
Children's mental health		<u>283,646</u>
Total state SAMH grant GHJ32		6,413,977
IDP drug credit		<u>168,545</u>
Total state SAMH grant		<u>6,582,522</u>
Other government funding:		
Other state grants		53,925
Medicaid		704,060
Local government		334,950
In-kind facilities		<u>159,930</u>
Total other government funding		<u>1,252,865</u>
All other funding and revenues:		
Medicare		35,012 (1)
First- and third-party fees		2,818,243 (1)
Transportation revenue		353,139
Contributions and donations		6,181
In-kind pharmaceuticals		2,192,967
Investment income		12,888
Other revenues and support		<u>317,099</u>
Total nongovernment funding and revenues		<u>5,735,529</u>
Total all funding and revenues	\$	<u><u>13,570,916</u></u>

(1) First- and third-party fees are grossed up by \$30,743, which is offset by corresponding amounts of bad debt expense.

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

SCHEDULE OF PROGRAM/COST CENTER ACTUAL EXPENSES AND REVENUES  
For the year ended June 30, 2012

FUNDING SOURCES AND REVENUES	Adult Mental Health (AMH)				
	CSU	CS / ES	Residential Level II	Residential Lev II w/Sup	Case Management
<b>Total state SAMH funding:</b>					
District seven funding	\$ 1,709,769	\$ 655,047	\$ 634,315	\$ 422,884	\$ 112,952
<b>Other government funding:</b>					
Other state funding	11,325	0	7,818	1,618	0
Medicaid	0	21,920	0	0	26,860
Local government	114,060	0	0	0	0
Federal government	0	0	0	0	0
In-kind (local government)	150,334	9,596	0	0	0
Total other government funding	275,719	31,516	7,818	1,618	26,860
<b>All other funding and revenues:</b>					
Net first-party fees (1)	46,604	18,807	12,481	64,906	1,540
Net third-party fees (except Medicare) (1)	719,311	70,119	0	0	110,317
Medicare (1)	0	2,866	0	0	0
Donations and contributions	0	0	0	0	0
Other revenue	0	5,006	2,550	3,531	7,062
In-kind	657,890	0	0	0	0
Total all other funding and revenues	1,423,805	96,798	15,031	68,437	118,919
<b>Total all funding and revenues</b>	<b>\$ 3,409,293</b>	<b>\$ 783,361</b>	<b>\$ 657,164</b>	<b>\$ 492,939</b>	<b>\$ 258,731</b>
<b>EXPENSE CATEGORIES</b>					
<b>Personnel expenses:</b>					
Salaries and contractual services	\$ 1,518,393	\$ 432,092	\$ 417,052	\$ 223,138	\$ 163,148
Fringe benefits	279,386	87,352	71,382	50,187	37,389
Total personnel expenses	1,797,779	519,444	488,434	273,325	200,537
<b>Operating expenses:</b>					
Building occupancy	270,477	44,330	61,366	58,830	9,160
Professional services	141,903	9,634	32,544	3,825	3,042
Travel	12,544	2,740	3,695	1,932	3,270
Equipment costs	95,524	27,593	28,315	13,485	14,467
Food services	46,720	92	32,072	6,619	12
Medical and pharmacy	91,064	101	11,635	941	7
Subcontracted services	0	0	0	0	0
Insurance	40,599	14,277	11,838	7,336	5,486
Interest	39,878	0	23,111	564	250
Operating supplies	107,741	21,668	26,189	19,932	11,728
Other	1,227	2,696	60	540	3,154
Donated items	808,225	9,596	0	0	0
Total operating expenses	1,655,902	132,727	230,825	114,004	50,576
<b>Total personnel and operating expenses</b>	<b>3,453,681</b>	<b>652,171</b>	<b>719,259</b>	<b>387,329</b>	<b>251,113</b>
<b>Distributed indirect cost:</b>					
Administration	381,882	72,112	79,530	42,828	27,766
<b>Total allowable operating expenses</b>	<b>3,835,563</b>	<b>724,283</b>	<b>798,789</b>	<b>430,157</b>	<b>278,879</b>
<b>Unallowable costs</b>	<b>6,619</b>	<b>983</b>	<b>108</b>	<b>561</b>	<b>1,199</b>
<b>Total actual operating expenses</b>	<b>\$ 3,842,182</b>	<b>\$ 725,266</b>	<b>\$ 798,897</b>	<b>\$ 430,718</b>	<b>\$ 280,078</b>
<b>Capital expenditures</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>

(1) Amounts grossed up by \$30,743 which is offset by corresponding amounts of bad debt expense.

Adult Mental Health

Medical Services	Outpatient	Outreach	Clubhouse	Total AMH
\$ 688,122	\$ 516,893	\$ 139,406	\$ 347,098	\$ 5,226,486
0	13,481	0	10,246	44,488
56,899	392,042	0	196,382	694,103
68,956	0	0	0	183,016
0	0	0	0	0
0	0	0	0	159,930
<u>125,855</u>	<u>405,523</u>	<u>0</u>	<u>206,628</u>	<u>1,081,537</u>
49,072	49,784	0	17,149	260,343
223,691	921,670	0	33,983	2,079,091
32,146	0	0	0	35,012
0	0	0	5,583	5,583
1,815	206,674	3,531	151,906	382,075
<u>1,535,077</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,192,967</u>
<u>1,841,801</u>	<u>1,178,128</u>	<u>3,531</u>	<u>208,621</u>	<u>4,955,071</u>
\$ <u><u>2,655,778</u></u>	\$ <u><u>2,100,544</u></u>	\$ <u><u>142,937</u></u>	\$ <u><u>762,347</u></u>	\$ <u><u>11,263,094</u></u>
\$ 844,590	\$ 433,179	\$ 76,185	\$ 314,988	\$ 4,422,765
<u>144,883</u>	<u>105,245</u>	<u>25,056</u>	<u>68,534</u>	<u>869,414</u>
<u>989,473</u>	<u>538,424</u>	<u>101,241</u>	<u>383,522</u>	<u>5,292,179</u>
66,926	28,284	8,851	100,895	649,119
14,224	22,211	2,367	7,324	237,074
4,169	3,376	1,072	1,475	34,273
50,489	71,346	11,599	61,344	374,162
190	65,732	32	50,272	201,741
204,144	198	83	160	308,333
0	0	0	0	0
18,320	13,699	5,887	9,644	127,086
4,080	3,552	695	2,449	74,579
29,679	92,698	8,215	71,427	389,277
766	861	3,422	88	12,814
<u>1,535,078</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,352,899</u>
<u>1,928,065</u>	<u>301,957</u>	<u>42,223</u>	<u>305,078</u>	<u>4,761,357</u>
2,917,538	840,381	143,464	688,600	10,053,536
<u>321,338</u>	<u>92,923</u>	<u>15,863</u>	<u>76,140</u>	<u>1,110,382</u>
3,238,876	933,304	159,327	764,740	11,163,918
<u>3,127</u>	<u>11,784</u>	<u>0</u>	<u>2,139</u>	<u>26,520</u>
\$ <u><u>3,242,003</u></u>	\$ <u><u>945,088</u></u>	\$ <u><u>159,327</u></u>	\$ <u><u>766,879</u></u>	\$ <u><u>11,190,438</u></u>
\$ <u><u>0</u></u>	\$ <u><u>0</u></u>	\$ <u><u>0</u></u>	\$ <u><u>0</u></u>	\$ <u><u>0</u></u>

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

SCHEDULE OF PROGRAM/COST CENTER ACTUAL EXPENSES AND REVENUES  
For the year ended June 30, 2012  
(continued)

FUNDING SOURCES AND REVENUES	Children Mental Health (CMH)			Adult Substance Abuse (ASA)		
	CS/ ES	Medical Services	Outreach	Total CMH	Residential Level II	Detox
<b>Total state SAMH funding:</b>						
District seven funding	\$ 183,236	\$ 8,502	\$ 91,908	\$ 283,646	\$ 481,055	\$ 270,100
<b>Other government funding:</b>						
Other state funding	0	0	0	0	7,819	1,618
Medicaid	8,217	1,740	0	9,957	0	0
Local government	0	0	0	0	0	0
Federal government	0	0	0	0	0	0
In-kind (local government)	0	0	0	0	0	0
Total other government funding	8,217	1,740	0	9,957	7,819	1,618
<b>All other funding and revenues:</b>						
Net first-party fees (1)	1,609	340	0	1,949	16,278	7,037
Net third-party fees (except Medicare) (1)	44,930	37,937	0	82,867	367,004	0
Medicare (1)	0	0	0	0	0	0
Donations and contributions	0	0	0	0	29	0
Other revenue	0	0	0	0	0	0
In-kind	0	0	0	0	0	0
Total all other funding and revenues	46,539	38,277	0	84,816	383,311	7,037
<b>Total all funding and revenues</b>	<b>237,992</b>	<b>\$ 48,519</b>	<b>\$ 91,908</b>	<b>\$ 378,419</b>	<b>\$ 872,185</b>	<b>\$ 278,755</b>
<b>EXPENSE CATEGORIES</b>						
<b>Personnel expenses:</b>						
Salaries and contractual services	129,042	\$ 52,732	\$ 48,154	\$ 229,928	\$ 184,372	\$ 37,865
Fringe benefits	46,415	14,154	6,336	66,905	46,763	20,960
Total personal expenses	175,457	66,886	54,490	296,833	231,135	58,825
<b>Operating expenses:</b>						
Building occupancy	23,453	4,652	22,211	50,316	67,974	53,406
Professional services	14,718	1,343	1,881	17,942	4,405	30,720
Travel	1,422	267	1,018	2,707	1,245	471
Equipment costs	18,568	4,129	6,757	29,454	22,466	9,389
Food services	0	0	13	13	32,543	6,727
Medical and pharmacy	49	0	57	106	9,300	617
Subcontracted services	0	0	0	0	0	0
Insurance	2,641	2,854	9,328	14,823	6,540	4,684
Interest	29,401	0	0	29,401	1,129	8,301
Operating supplies	11,126	2,670	7,217	21,013	30,427	9,338
Other	631	12	339	982	832	44
Donated items	0	0	0	0	0	0
Total operating expenses	102,009	15,927	48,821	166,757	176,861	123,697
<b>Total personnel and operating expenses</b>	<b>277,466</b>	<b>82,813</b>	<b>103,311</b>	<b>463,590</b>	<b>407,996</b>	<b>182,522</b>
<b>Distributed indirect cost:</b>						
Administration	30,680	9,104	11,423	51,207	45,113	20,182
<b>Total allowable operating expenses</b>	<b>308,146</b>	<b>91,917</b>	<b>114,734</b>	<b>514,797</b>	<b>453,109</b>	<b>202,704</b>
<b>Unallowable costs</b>	<b>473</b>	<b>346</b>	<b>0</b>	<b>819</b>	<b>3,312</b>	<b>61</b>
<b>Total actual operating expenses</b>	<b>308,619</b>	<b>\$ 92,263</b>	<b>114,734</b>	<b>515,616</b>	<b>\$ 456,421</b>	<b>\$ 202,765</b>
<b>Capital expenditures</b>	<b>0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>

(1) Amounts grossed up by \$30,743 which is offset by corresponding amounts of bad debt expense.

Adult Substance Abuse (ASA)		Total for State SAMH Funded	Total for Non-state Funded SAMH	Total for All State Designated SAMH	Non-SAMH	ADMIN	Total Funding
Outreach	Total ASA						
\$ 321,235	\$ 1,072,390	\$ 6,582,522	\$ 0	\$ 6,582,522	\$ 0	\$ 0	\$ 6,582,522
0	9,437	53,925	0	53,925	0	0	53,925
0	0	704,060	0	704,060	0	0	704,060
0	0	183,016	0	183,016	151,934	0	334,950
0	0	0	0	0	0	0	0
0	0	159,930	0	159,930	0	0	159,930
	9,437	1,100,931	0	1,100,931	151,934	0	1,252,865
0	23,315	285,607	0	285,607	9	0	285,616
0	367,004	2,528,962	0	2,528,962	3,665	0	2,532,627
0	0	35,012	0	35,012	0	0	35,012
0	29	5,612	0	5,612	0	569	6,181
0	0	382,075	0	382,075	250,393	50,658	683,126
0	0	2,192,967	0	2,192,967	0	0	2,192,967
0	390,348	5,430,235	0	5,430,235	254,067	51,227	5,735,529
\$ 321,235	\$ 1,472,175	\$ 13,113,688	\$ 0	\$ 13,113,688	\$ 406,001	\$ 51,227	\$ 13,570,916
\$ 175,142	\$ 397,379	\$ 5,050,072	\$ 0	5,050,072	\$ 220,144	\$ 847,721	\$ 6,117,937
30,369	98,092	1,034,411	0	1,034,411	40,136	137,509	1,212,056
205,511	495,471	6,084,483	0	6,084,483	260,280	985,230	7,329,993
2,014	123,394	822,829	0	822,829	27,091	87,939	937,859
2,571	37,696	292,712	0	292,712	21,759	126,148	440,619
18,662	20,378	57,358	0	57,358	4,194	13,813	75,365
6,549	38,404	442,020	0	442,020	14,141	24,180	480,341
0	39,270	241,024	0	241,024	616	23	241,663
0	9,917	318,356	0	318,356	121	0	318,477
0	0	0	0	0	0	0	0
4	11,228	153,137	0	153,137	4,556	25,985	183,678
0	9,430	113,410	0	113,410	57	490	113,957
8,881	48,646	458,936	0	458,936	18,280	21,925	499,141
8,164	9,040	22,836	0	22,836	24,257	10,560	57,653
0	0	2,352,899	0	2,352,899	0	0	2,352,899
46,845	347,403	5,275,517	0	5,275,517	115,072	311,063	5,701,652
252,356	842,874	11,360,000	0	11,360,000	375,352	1,296,293	13,031,645
27,914	93,209	1,254,798	0	1,254,798	41,495	(1,296,293)	0
280,270	936,083	12,614,798	0	12,614,798	416,847	0	13,031,645
0	3,373	30,712	0	30,712	31	107,696	138,439
280,270	\$ 939,456	\$ 12,645,510	\$ 0	\$ 12,645,510	\$ 416,878	\$ 107,696	\$ 13,170,084
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 535,789	\$ 535,789

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

SCHEDULE OF STATE EARNINGS FOR SUBSTANCE  
ABUSE AND MENTAL HEALTH SERVICES - MATCH CALCULATION  
For the year ended June 30, 2012

Total expenditures	\$ 13,377,766
Less:	
Medicaid and other state and federal funds	(757,985)
Non-match SAMH funds	(2,080,813)
Unallowable costs per 65E-14, FAC	(138,439)
Unallowable patient fees	<u>0</u>
Total allowable expenditures	<u>\$ 10,400,529</u>
Total amount of state earnings (\$10,400,529 x 75%)	<u>\$ 7,800,397</u>
Amount of state performance contract funds received, excluding non-match portion	<u>\$ 4,333,363</u>
Amount due to department	<u>\$ 0</u>

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

SCHEDULE OF BED-DAY AVAILABILITY PAYMENTS  
For the year ended June 30, 2012

-22-

<u>Program</u>	<u>Cost Center</u>	<u>State Contracted Rate</u>	<u>Total Units of Service Provided</u>	<u>Total Units of Service Paid for by Third-party Contracts, Local Government or Other State Agencies</u>	<u>Maximum Number of Units Eligible for Payment by Department</u>	<u>Amount Paid for Services by Department</u>	<u>Maximum Value of Units in Column F</u>	<u>Amount Owed to Department</u>  (G-H or \$0, whichever is greater)
A	B	C	D	E	(D - E) F	G	(F x C) H	I
AMH	Crisis Stabilization	\$312.46	10,980	1,996	8,984	\$1,709,769	\$2,807,141	\$0
ASA	Detox	\$214.02	1,830	20	1,810	\$270,100	\$387,376	\$0
<b>Total Amount Owed to Department =</b>								\$0

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

SCHEDULE OF RELATED PARTY TRANSACTIONS ADJUSTMENTS  
For the year ended June 30, 2012

There were no related party transactions adjustments during the year ended June 30, 2012.



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

BUSINESS CONSULTANTS AND FAMILY WEALTH PLANNERS

*Shareholders/Directors*  
*Edward R. Christensen*  
*Stephen A. Ellis*  
*Todd M. Russell*

*Directors Emeritus*  
*Floyd C. Lemmon*  
*William R. Kidd*

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

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

We have audited the financial statements of Seminole Community Mental Health Center, Inc., DBA Seminole Behavioral Healthcare (SBH), (a nonprofit organization), as of and for the year ended June 30, 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 SBH is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered SBH's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion of the effectiveness of SBH's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of SBH's internal control over financial reporting.

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

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

Compliance and Other Matters

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

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



Davies, Houser & Secrest, CPA, P.A.  
November 26, 2012



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

BUSINESS CONSULTANTS AND FAMILY WEALTH PLANNERS

**Shareholders/Directors**

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

**Directors Emeritus**

Floyd C. Lemmon  
William R. Kidd

**INDEPENDENT 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 AUDITOR GENERAL**

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

Compliance

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

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

In our opinion, SBH has complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and state projects for the year ended June 30, 2012.

Internal Control Over Compliance

The management of SBH is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs and state projects. In planning and performing our audit, we considered SBH's internal control over compliance with the requirements that could have a direct and material effect on a major federal program or state project in order to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of SBH's internal control over compliance.

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

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

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



Davies, Houser & Secrest, CPA, P.A.  
November 26, 2012

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FEDERAL AWARD PROGRAMS  
For the year ended June 30, 2012

I. Summary of Auditor's Results	Answers
1. Type of report issued on financial statements	Unqualified
2. Significant deficiencies in internal control disclosed by the audit of the financial statements	None
3. Noncompliance which is material to the audited financial statements	None
4. Significant deficiencies in internal control over major programs disclosed by the audit	None
5. Type of report on compliance for major programs	Unqualified
6. Audit findings required to be reported by Paragraph .510 of OMB Circular A-133	None
7. Identification of Major Federal Programs U.S. Department of Health and Human Services - Substance Abuse and Mental Health Services Administration: Block Grants for Prevention and Treatment of Substance Abuses CFDA #93.959	
8. Dollar threshold for type A programs	\$300,000
9. Low risk auditee	Yes
II. Findings required to be reported in accordance with generally accepted Government Auditing Standards	None
III. Findings and questioned costs for federal awards as defined in paragraph 510 of OMB Circular A-133 for the current year	None

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
STATE FINANCIAL ASSISTANCE PROJECTS  
For the year ended June 30, 2012

I. Summary of Auditor's Results	Answers
1. Type of report issued on financial statements	Unqualified
2. Significant deficiencies in internal control disclosed by the audit of the financial statements	None
3. Noncompliance which is material to the audited financial statements	None
4. Significant deficiencies in internal control over major projects disclosed by the audit	None
5. Type of report on compliance for major projects	Unqualified
6. Audit findings required to be reported by Auditor General's Rule 10.656	None No management letter issued
7. Identification of Major State Projects Department of Children and Families: Baker Act	CSFA #60.006
8. Dollar threshold for type A projects	\$300,000
II. Findings required to be reported in accordance with generally accepted <i>Government Auditing Standards</i>	None
III. Findings and questioned costs for state financial assistance defined by Auditor General's Rule 10.654(1)(h)4	None
IV. Prior year audit findings	None

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

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FEDERAL AWARD PROGRAMS  
For the year ended June 30, 2012

No prior year findings.