

**CHARLOTTE BEHAVIORAL HEALTH CARE, INC.**

**PUNTA GORDA, FLORIDA**

**AUDITED FINANCIAL STATEMENTS**

**JUNE 30, 2013**

## TABLE OF CONTENTS

	<u>PAGE</u>
Independent Auditor's Report	1-2
<b>Compliance and Internal Control</b>	
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	3-4
Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Federal Program or State Project and on Internal Control Over Compliance in Accordance With OMB Circular A-133 and the Rules of the Auditor General Chapter 10.650	5-6
Schedule of Findings and Questioned Costs Federal Programs and State Projects	7-8
<b>Financial Statements</b>	
Statement of Financial Position	9-10
Statement of Activities	11-12
Statement of Cash Flows	13
Statement of Functional Expenses	14-15
Notes to Financial Statements	16-19
<b>Supplemental Information</b>	
Schedule of State Earnings	20
Schedule of Bed-Day Availability Payments	21
Schedule of Program/Cost Center Actual Expenses and Revenue	22-23
Schedule of Related Party Transaction Adjustments	24
Schedule of Expenditures of Federal Awards and State Financial Assistance	25
Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance	26-27
Management Letter	28

Fred B. Dees, C.P.A.  
Fred B. Dees, Jr., C.P.A.

## **INDEPENDENT AUDITOR'S REPORT**

**Board of Directors**  
**Charlotte Behavioral Health Care, Inc.**  
**Punta Gorda, Florida**

### **Report on the Financial Statements**

We have audited the accompanying statements of **Charlotte Behavioral Health Care, Inc.** (a nonprofit organization), which comprise the statement of financial position as of **June 30, 2013**, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. According, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **Charlotte Behavioral Health Care, Inc.** as of **June 30, 2013**, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters**

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The Schedule of State Earnings, the Schedule of Bed-Day Availability Payments, the Schedule of Program/Cost Center Actual Expenses and Revenues, the Schedule of Related Party Transaction Adjustments are presented for purposes of additional analysis and are not a required part of the financial statements. 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 Chapter 10.650 Rules of the Auditor General 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 underlying accounting and other records used to prepare the financial statements. This 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 taken as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated December 11, 2013, on our consideration of **Charlotte Behavioral Health Care, Inc.'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 in considering **Charlotte Behavioral Health Care, Inc.'s** internal control over financial reporting and compliance. .



DEES & DEES, C.P.A.'s, P.A.

Port Charlotte, Florida

December 11, 2013

**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  
Charlotte Behavioral Health Care, Inc.  
Punta Gorda, Florida**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of **Charlotte Behavioral Health Care, Inc.** (a nonprofit organization), which comprise the statement of financial position as of **June 30, 2013**, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the notes to the financial statements, and have issued our report thereon dated December 11, 2013.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered **Charlotte Behavioral Health Care, Inc.'s**, internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of **Charlotte Behavioral Health Care, Inc.'s**, internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the organization's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether **Charlotte Behavioral Health Care, Inc.'s**, financial statements are free from 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.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



DEES & DEES, C.P.A.'s, P.A.

Port Charlotte, Florida

December 11, 2013

Fred B. Dees, C.P.A.  
Fred B. Dees, Jr., C.P.A.

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE  
TO EACH MAJOR FEDERAL PROGRAM OR STATE PROJECT AND ON  
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133  
AND THE RULES OF THE AUDITOR GENERAL CHAPTER 10.650**

**Board of Directors  
Charlotte Behavioral Health Care, Inc.  
Punta Gorda, Florida**

**Report on Compliance for Each Major Federal Program or State Projects**

We have audited **Charlotte Behavioral Health Care, Inc.**'s compliance with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement and the requirements described in the Florida Department of Financial Services State Projects Compliance Supplement that could have a direct and material effect on each of **Charlotte Behavioral Health Care, Inc.**'s, major federal programs or state projects for the year ended **June 30, 2013**. **Charlotte Behavioral Health Care, Inc.**'s major federal programs or state projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs or state projects.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of **Charlotte Behavioral Health Care, Inc.**'s major federal programs or state projects based on our audit of the types of compliance requirements referred to above. 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. 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 projects occurred. An audit includes examining, on a test basis, evidence about **Charlotte Behavioral Health Care, 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 on compliance for each major federal program or state project. However, our audit does not provide a legal determination on **Charlotte Behavioral Health Care, Inc.**'s compliance.

**Opinion on Each Major Federal Program or State Project**

In our opinion, **Charlotte Behavioral Health Care, Inc.**, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs or state projects for the year ended **June 30, 2013**.



**Report on Internal Control over Compliance**

Management of **Charlotte Behavioral Health Care, Inc.** is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered **Charlotte Behavioral Health Care, Inc.'s** internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program or state projects to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program or state projects 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 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 the **Charlotte Behavioral Health Care, Inc.'s** internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program or state projects 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 or state projects will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program or state projects that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133 and Chapter 10.650 Rules of the Auditor General. Accordingly, this report is not suitable for any other purpose.



DEES & DEES, C.P.A.'s, P.A.

Port Charlotte, Florida

December 11, 2013



**CHARLOTTE BEHAVIORAL HEALTH CARE, INC.**  
**PUNTA GORDA, FLORIDA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FEDERAL PROGRAMS AND STATE PROJECTS**  
**FOR YEAR ENDED JUNE 30, 2013**

**Section I - Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued: Unqualified

Internal Control over Financial Reporting:

- Material weakness(es) identified? \_\_\_yes      X\_no
- Significant deficiency(ies) identified that are not considered material weakness(es)? \_\_\_yes      X\_none reported

Noncompliance material to financial statements noted? \_\_\_yes      X\_no

**Federal Awards and State Financial Assistance**

Internal control over major federal programs and state projects:

- Material weakness(es) identified? \_\_\_yes      X\_no
- Significant deficiency(ies) identified that are not considered material weakness(es)? \_\_\_yes      X\_none reported

Type of auditor's report issued on compliance for major federal programs and state projects: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133 or Chapter 10.654 (1)(h)4, Rules of the Auditor General? \_\_\_yes      X\_no

Identification of major programs/projects:

<b><u>CFDA Numbers</u></b>	<b><u>Name of Federal Program or Cluster</u></b>
93.959	Prevention and Treatment of Substance Abuse
93.958	Community Mental Health Services
<b><u>CSFA Numbers</u></b>	<b><u>Name of Federal State Project</u></b>
60.006	Children's Baker Act

Dollar threshold used to distinguish between Type A or Type B programs/projects was:

Major Federal Program	<u>\$300,000</u>
Major State Project	<u>\$300,000</u>

Auditee qualified as low-risk auditee pursuant to OMB Circular A-133? X\_yes      \_\_\_no

**CHARLOTTE BEHAVIORAL HEALTH CARE, INC.**  
**PUNTA GORDA, FLORIDA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FEDERAL PROGRAMS AND STATE PROJECTS (CONT.)**  
**FOR YEAR ENDED JUNE 30, 2013**

**Section II - Financial Statement Findings**

Our audit did not disclose any matters required to be reported in accordance with Government Auditing Standards.

**Section III - Findings and Questioned Costs – Major Federal Programs**

Our audit disclosed no matters required to be reported to Federal programs under section 510(a) of OMB Circular A-133.

There were no matters reported in the prior year Schedule of Findings and Questioned Costs required to be reported related to Federal programs under section 510(a) of OMB Circular A-133.

**Section IV - Findings and Questioned Costs – Major State Projects**

Our audit disclosed no matters required to be reported to State projects required to be disclosed under Chapter 10.656, Rules of Auditor General.

There were no matters reported in the prior year Schedule of Findings and Questioned Costs required to be reported in accordance with Chapter 10.656, Rules of Auditor General.

**Section V – Other Issues**

No corrective action plan is required because there were no findings required to be reported under the Federal or Florida Single Audit Acts.

**CHARLOTTE BEHAVIORAL HEALTH CARE, INC.**  
**PUNTA GORDA, FLORIDA**  
**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2013**

**ASSETS**

**Current Assets:**

Cash	\$3,565,347	
Investments	522,607	
Accounts receivable, net	771,760	
Prepaid expenses	<u>269,658</u>	
Total Current Assets		\$5,129,372

**Property and Equipment:**

Land	514,287	
Furniture and fixtures	475,252	
Buildings and leasehold improvements	<u>5,711,276</u>	
	6,700,815	
Less accumulated depreciation	<u>(3,186,552)</u>	
Net Property and Equipment		3,514,263

**Other Assets:**

Board Designated Cash – Catastrophic Fund (Note 7)	500,000	
Capital Fund (Note 7)	616,590	
Utility escrow <u>470</u>		
Total Other Assets		<u>1,117,060</u>

**TOTAL ASSETS** **\$9,760,695**

LIABILITIES AND NET ASSETS

Current Liabilities:

Accounts payable	\$ 105,964	
Accrued expenses	649,336	
Accrued value options (Note 9)	639,879	
Deferred revenue	<u>23,234</u>	
Total Current Liabilities		<u>\$1,418,413</u>
Total Liabilities		1,418,413

Net Assets:

Unrestricted

Undesignated	7,225,692	
Board Designated – Catastrophic (Note 7)	500,000	
Board Designated – Capital (Note 7)	<u>616,590</u>	
Total Unrestricted Net Assets		<u>8,342,282</u>

TOTAL LIABILITIES AND NET ASSETS **\$9,760,695**

**CHARLOTTE BEHAVIORAL HEALTH CARE, INC.**  
**PUNTA GORDA, FLORIDA**  
**STATEMENT OF ACTIVITIES**  
**FOR YEAR ENDED JUNE 30, 2013**

Unrestricted Net Assets:

Support:

Donations	\$ 26,130	
Total Unrestricted Support		\$ 26,130

Revenue:

Fees for service	3,155,632	
Interest	5,393	
Miscellaneous	<u>24,343</u>	
Total Unrestricted Revenue		3,185,368

Net Assets Released from Restrictions:

Charlotte County Board of Commissioners	1,359,796	
State of Florida, SAMH	5,549,541	
Other contract services	<u>690,002</u>	
Total Net Assets Released From Restrictions		<u>7,599,339</u>

Total Unrestricted Support and Revenue and Reclassifications		10,810,837
---	--	------------

Expenses:

Cost Centers:

C.S.U.	3,327,573	
Mobile Crisis	80,055	
Outpatient	3,919,690	
Case Management	401,723	
SA Inpatient Detox	1,250,673	
SA Inpatient Res. 1	207,157	
Res. Level 4 Ad Foster Care	844,214	
Behavioral Health Fee	80,419	
Non-State Funded SAMH/Diversion	254,095	
Non-SAMH – Healthy Start/Parenting	<u>343,028</u>	

Total Expenses		<u>10,708,627</u>
----------------	--	-------------------

Increase (Decrease) in Unrestricted Net Assets		102,210
---	--	---------

**CHARLOTTE BEHAVIORAL HEALTH CARE, INC.**  
**PUNTA GORDA, FLORIDA**  
**STATEMENT OF ACTIVITIES (CONT.)**  
**FOR YEAR ENDED JUNE 30, 2013**

<u>Temporarily Restricted Net Assets:</u>		
Charlotte County Board of Commissioners	\$1,359,796	
State of Florida, SAMH	5,549,541	
Other contract services	690,002	
Net assets released from restrictions	<u>(7,599,339)</u>	
Increase (Decrease) in Temporarily Restricted Net Assets		\$ -0-
<u>Permanently Restricted Net Assets:</u>		<u>-0-</u>
Increase (Decrease) in Permanently Restricted Net Assets		<u>-0-</u>
Increase (Decrease) in Net Assets		<u>102,210</u>
Net assets at beginning of year		8,305,385
Prior period adjustment		<u>(65,313)</u>
Net assets at beginning of year, as adjusted		<u>8,240,072</u>
 NET ASSETS AT END OF YEAR		 <b><u>\$8,342,282</u></b>

Read Independent Auditors' Report  
The accompanying notes are an integral part of this statement.

**CHARLOTTE BEHAVIORAL HEALTH CARE, INC.**  
**PUNTA GORDA, FLORIDA**  
**STATEMENT OF CASH FLOWS**  
**FOR YEAR ENDED JUNE 30, 2013**

Cash Flows from Operating Activities:

Change in net assets	\$ 102,210
Adjustment to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:	
Depreciation	315,929
(Increase) Decrease In:	
Receivables	(213,451)
Prepaid expenses	(37,205)
Other assets	(470)
Designated assets	(72,000)
Increase (Decrease) In:	
Accounts payable	30,662
Accrued expenses	185,525
Deferred revenue	14,911
Accrued value options	<u>452,190</u>
Net Cash Provided (Used) by Operating Activities	<u>778,301</u>

Cash Flows from Investing Activities:

Purchase of property and equipment	(104,377)
Earnings on investments	<u>(4,852)</u>
Net Cash Provided (Used) by Investing Activities	<u>(109,229)</u>

Cash Flows from Financing Activities:

Net Cash Provided (Used) by Financing Activities	<u>-0-</u>
--	------------

Net Increase (Decrease) in Cash and Cash Equivalents 669,072

Cash and cash equivalents at beginning of year 2,896,275

**CASH AND CASH EQUIVALENTS AT END OF YEAR \$3,565,347**

Supplemental Disclosure:

Interest Paid **\$ 331**

Note: The Organization did not participate in any non-cash investing and financing activities during the fiscal year ending June 30, 2013. No payments relating to income taxes were made during the 2013 fiscal year.



**CHARLOTTE BEHAVIORAL HEALTH CARE, INC.**  
**PUNTA GORDA, FLORIDA**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR YEAR ENDED JUNE 30, 2013**

**COST CENTERS**

	<u>CSU</u>	<u>MOBILE CRISIS</u>	<u>OUTPATIENT</u>	<u>CASE MGMT</u>	<u>SA INPATIENT DETOX</u>	<u>SA INPATIENT RES I</u>	<u>RES. LEVEL 4 AD FOSTER CARE PROG.</u>
<b>Personnel Services:</b>							
Salaries	\$1,967,205	\$ 55,464	\$2,279,655	\$ 219,915	\$ 690,239	\$ 113,867	\$ 235,333
Fringe benefits	<u>419,760</u>	<u>9,554</u>	<u>554,459</u>	<u>61,698</u>	<u>161,151</u>	<u>31,705</u>	<u>72,210</u>
Total Personnel	<u>2,386,965</u>	<u>65,018</u>	<u>2,834,114</u>	<u>281,613</u>	<u>851,390</u>	<u>145,572</u>	<u>307,543</u>
<b>Expenses:</b>							
Building occupancy	161,757	4,159	115,091	12,993	97,596	15,078	96,155
Professional services	21,683	-0-	24,155	4,247	7,929	(19)	3,295
Travel	4,259	64	19,937	10,279	1,887	291	6,699
Equipment costs	16,576	4	44,976	1,193	6,067	889	1,927
Food services	52,500	-0-	125	-0-	34,267	5,272	-0-
Medical and pharmacy	46,584	-0-	10,357	332	18,337	2,820	-0-
Subcontracted services	69,674	-0-	150,373	61	18,608	2,862	263,256
Insurance	71,879	20	92,459	21,919	28,795	4,430	79,758
Interest	105	-0-	105	11	40	7	17
Operating supplies/expenses	132,698	2,359	223,699	28,014	58,728	8,786	28,769
IDP Line of credit	<u>23,400</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total Expenses	<u>601,115</u>	<u>6,606</u>	<u>681,277</u>	<u>79,049</u>	<u>272,254</u>	<u>40,416</u>	<u>479,876</u>
Total Personnel and Expenses	2,988,080	71,624	3,515,391	360,662	1,123,644	185,988	787,419
<b>Distributed Costs:</b>							
Administration	<u>339,493</u>	<u>8,431</u>	<u>404,299</u>	<u>41,061</u>	<u>127,029</u>	<u>21,169</u>	<u>56,795</u>
<b>TOTAL</b>	<b><u>\$3,327,573</u></b>	<b><u>\$ 80,055</u></b>	<b><u>\$3,919,690</u></b>	<b><u>\$ 401,723</u></b>	<b><u>\$1,250,673</u></b>	<b><u>\$ 207,157</u></b>	<b><u>\$ 844,214</u></b>

Read Independent Auditors' Report  
The accompanying notes are an integral part of this statement.

<u>COST CENTERS</u>						
<u>BEHAVIORAL HEALTH FEE</u>	<u>TOTAL STATE SAMH FUNDED COST CTRS.</u>	<u>NON-STATE FUNDED SAMH COST CENTERS</u>	<u>TOTAL STATE DESIGNATED (SAMH) COST CTRS.</u>	<u>NON-SAMH COST CENTERS HLTHY START PARENTING</u>	<u>ADMIN</u>	<u>TOTAL</u>
\$ -0-	\$ 5,561,678	\$ 129,315	\$ 5,690,993	\$ 192,876	\$ 700,198	\$ 6,584,067
-0-	<u>1,310,537</u>	<u>33,022</u>	<u>1,343,559</u>	<u>55,179</u>	<u>176,044</u>	<u>1,574,782</u>
-0-	<u>6,872,215</u>	<u>162,337</u>	<u>7,034,552</u>	<u>248,055</u>	<u>876,242</u>	<u>8,158,849</u>
-0-	502,829	3,426	506,255	7,399	44,323	557,977
-0-	61,290	475	61,765	2,598	5,553	69,916
-0-	43,416	2,072	45,488	8,618	4,667	58,773
-0-	71,632	456	72,088	733	6,282	79,103
-0-	92,164	-0-	92,164	-0-	7,953	100,117
-0-	78,430	692	79,122	-0-	6,828	85,950
-0-	504,834	121	504,955	1,365	23,753	530,073
-0-	299,260	790	300,050	19,783	27,598	347,431
-0-	285	4	289	12	24	325
80,419	563,472	58,455	621,927	19,466	55,340	696,713
-0-	<u>23,400</u>	<u>-0-</u>	<u>23,400</u>	<u>-0-</u>	<u>-0-</u>	<u>23,400</u>
<u>80,419</u>	<u>2,241,012</u>	<u>66,491</u>	<u>2,307,503</u>	<u>59,954</u>	<u>182,321</u>	<u>2,549,778</u>
80,419	9,113,227	228,828	9,342,055	308,009	1,058,563	10,708,627
-0-	<u>998,277</u>	<u>25,267</u>	<u>1,023,544</u>	<u>35,019</u>	<u>(1,058,563)</u>	<u>-0-</u>
<b><u>\$ 80,419</u></b>	<b><u>\$10,111,504</u></b>	<b><u>\$ 254,095</u></b>	<b><u>\$10,365,599</u></b>	<b><u>\$ 343,028</u></b>	<b><u>\$ -0-</u></b>	<b><u>\$10,708,627</u></b>

Read Independent Auditors' Report  
The accompanying notes are an integral part of this statement.

**CHARLOTTE BEHAVIORAL HEALTH CARE, INC.**  
**PUNTA GORDA, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

Note 1 - Summary of Significant Accounting Policies

Organization and Nature of Activities

**Charlotte Behavioral Health Care, Inc.**, (“the Organization”), is a not-for-profit corporation organized under the laws of the State of Florida. The Organization makes available a wide variety of mental health, alcohol and drug related services to all residents of Charlotte County. These services are to be provided on a non-discriminatory basis to the public.

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

The Organization follows standards of accounting and financial reporting prescribed for voluntary health and welfare agencies. Federal, State, local government and other public grants are recorded as support when performance occurs under the terms of the grant agreement.

The costs of providing the various programs and other activities have been detailed on the statement of functional expenses and summarized on a program basis in the Statement of Activities. Salaries and other expenses which are associated with a specific program are charged directly to that program. Salaries and other expenses which benefit more than one program are allocated to the various programs based on the relative benefit provided. Administrative expenses are allocated to the various programs based on the relevant program’s costs to the total.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in accordance with FASB ASC 958-205. Under FASB ASC 958-205, the Organization 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 applicable.

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Contributions

In accordance with FASB ASC 958-605, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions.

Income Tax Status

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the organization's tax-exempt purpose is subject to taxation as unrelated business income. In addition, the Organization qualified for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an Organization that is not a private foundation under Section 509(a)(2).

**CHARLOTTE BEHAVIORAL HEALTH CARE, INC.**  
**PUNTA GORDA, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS (CONT.)**  
**JUNE 30, 2013**

Note 1 - Summary of Significant Accounting Policies (Cont.)

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision based on its assessment of the current status of individual accounts and contracts. Balances that are still outstanding after management has used reasonable collection efforts are written off.

Cash and Cash Equivalents

For the purpose of the statement of cash flows, the Organization considers all unrestricted highly liquid investments with an original maturity of three months or less to be cash equivalents. Certificates of deposit with original maturities over three months are classified as investments.

Property and Equipment

The Organization capitalizes major additions of property and equipment with a value of \$1,000 or greater and which have an estimated useful live of greater than one year. Property and equipment are recognized at cost when purchased. Donations of property and equipment are recorded as support at their estimated fair value on the date of donation. 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. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time. Property and equipment is depreciated using the straight-line method over the estimated useful lives of the assets ranging from five (5) to twenty-five (25) years.

Fair Value Measurements

The Organization follows the requirements of the Financial Accounting Standards Board in accordance with FASB ASC 820 for the year ended June 30, 2013. FASB ASC 820 establishes a hierarchy framework for measuring fair value of financial instruments. The hierarchy is described below and listed in order of priority:

*Level 1* inputs are quoted prices in active markets for identical assets or liabilities that the Organization has the ability to access at the measurement date.

*Level 2* inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

*Level 3* inputs are unobservable inputs for the asset or liability.

**CHARLOTTE BEHAVIORAL HEALTH CARE, INC.**  
**PUNTA GORDA, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS (CONT.)**  
**JUNE 30, 2013**

Note 2 - Property and Equipment

Property and equipment consisted of the following at June 30:

	2013
Land	\$ 514,287
Furniture and fixtures	475,252
Buildings	5,711,276
	6,700,815
Less Accumulated Depreciation	(3,186,552)
	<b>\$3,514,263</b>

Depreciation expense for the year ended June 30, 2013 was \$315,929.

Note 3 - Fair Value of Investments

The following table sets forth by level, within the fair value hierarchy, the Organization's investment assets at fair value as of June 30, 2013:

	Investment Assets at Fair Value as of June 30, 2013			
Assets:	Level 1	Level 2	Level 3	Total
Certificate of Deposit	\$ -0-	\$507,607	\$ -0-	\$507,607
Premier Health Investment	-0-	-0-	15,000	15,000
	<b>\$ -0-</b>	<b>\$507,607</b>	<b>\$ 15,000</b>	<b>\$522,607</b>

Note 4 - Concentration of Credit Risk

The Organization's financial instruments that are exposed to concentrations of credit risk consist primarily of cash and accounts receivable. The Organization places its cash and cash equivalents with a national financial institution, which is insured by the Federal Deposit Insurance Corporation (FDIC) for up to \$250,000. All funds over \$100,000 are automatically sweep daily into a Federated Prime Obligations Fund. The securities in which the Fund invests will be rated in the highest short-term rating category and invests primarily in short-term, high-quality, fixed-income securities issued by banks, corporations and the U.S. Government. At times, cash balances may exceed the FDIC limit. At June 30, 2013, the Organization had \$4,431,937 of deposits in excess of insured limits. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk related to cash.

The Organization grants credit without collateral to its patients. A significant portion consists of local residents who may be insured under third-party payor agreements. However, receivables have been recorded at the amount management expects to collect. The reserve for uncollectible amounts was \$9,955 as of June 30, 2013. The reserve is based on historical collections and management's estimate of the amount to be collected based on currently known facts.

Note 5 - Compensated Absences

The Organization allows employees to accumulate up to 240 hours of annual leave. Upon termination, the Organization will compensate the employee for the unexercised annual leave. No compensation will be made for the unused sick leave. The amount of accrued compensated absences at June 30, 2013 is \$306,260.

**CHARLOTTE BEHAVIORAL HEALTH CARE, INC.**  
**PUNTA GORDA, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS (CONT.)**  
**JUNE 30, 2013**

**Note 6 - Pension Plan**

The Organization provides a 403(B) Retirement Program for all eligible employees. This plan is with the Variable Annuity Life Insurance Company (V.A.L.I.C.). The plan is designed for non-profit 501(c)(3) organizations. The retirement plan is a non-contributory plan for employees and the Organization contributes 9% of all eligible salaries. After three years of employment at the Organization, the eligible employees are fully vested. Employees have the option to make additional voluntary contributions into the plan. For the year ended June 30, 2013, pension expense amounted to \$433,588.

**Note 7 - Board Designations**

As of June 30, 2013, the Board of Directors has designated certain unrestricted net assets for specific use. It has designated \$500,000 of unrestricted funds to establish a Catastrophic Fund. It has also designated \$616,590 of unrestricted funds to be used to pay for capital improvements, as they occur.

**Note 8 - Income Taxes**

Provisions of FASB Accounting Standards Codification (ASC) 740 requires all organizations, including not-for-profit organizations, to recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position should be measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. Judgment is required in assessing the future tax consequences of events that have not been recognized in the Organization's financial statements or tax returns. Variations in the actual outcome of these future tax consequences could materially impact the Organization's financial position, results of operations, or cash flows. Management believes that appropriate support exists for the positions taken on the Organization's tax return, with the U.S. Internal Revenue Service and the Florida Department of Revenue.

The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and, therefore, has no provision for federal income taxes.

**Note 9 – Accrued Value Options**

The Organization received payments from Value Options for services provided. A liability has been accrued, based on past experience, for the overpayment for services provided from January 1, 2013 through June 30, 2013. The actual payback is billed annually on a calendar year basis.

**Note 10 – Support from the State of Florida which Required Match**

During the year ended June 30, 2013, the Organization received support from the State of Florida, Department of Children and Families through Central Florida Behavioral Health Network, Inc.. The income from these contracts is earned by providing services to patients. The contracts require a local match for certain services. The Organization incurred and funded allowable program costs in excess of the required match during 2013.

**Note 11 - Subsequent Events**

The Organization evaluated events and transactions after June 30, 2013 through December 11, 2013, the date the financial statements were available to be issued, for subsequent events.

**CHARLOTTE BEHAVIORAL HEALTH CARE, INC.**  
**PUNTA GORDA, FLORIDA**  
**SCHEDULE OF STATE EARNINGS**  
**FOR YEAR ENDED JUNE 30, 2013**

1. Total Expenditures	\$10,708,627
2. Less other State and Federal Funds:	(3,040,339)
3. Less Non-Match SAMH Funds	(1,612,393)
4. Less Unallowable Costs per 65E-14, F.A.C.	<u>(58,278)</u>
5. Total Allowable Expenditures (Sum of lines, 1,2,3, and 4)	<u>5,997,617</u>
6. Total amount of State Earnings (Line 5 times 75%)	<u>4,498,213</u>
7. Amount of State Funds Requiring Match	<u>1,126,880</u>
8. Amount Due to Department (Subtract line 7 from line 6. If negative, the amount of the difference is due the department up to the amount of Line7.)	<u><u>\$ -0-</u></u>



**CHARLOTTE BEHAVIORAL HEALTH CARE, INC.**  
**PUNTA GORDA, FLORIDA**  
**SCHEDULE OF BED-DAY AVAILABILITY PAYMENTS**  
**FOR YEAR ENDED JUNE 30, 2013**

Available Day Cost Center	Available Day Cost Center	State Contracted Rate	Total Units of Service Provided	Total Units of Service Paid by for 3 <sup>rd</sup> Party Contracts, Local Gov. or Other State Agencies	Maximum # of Units Eligible for Payment by the Department	Amount Paid for Services by the Department	Maximum \$ Value of Units in Column F	Column "G" Less Column "H"
<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>	<b>G</b>	<b>H</b>	<b>I</b>
N/A	Detox	235.69	4,745	1,105	3,640	853,153	857,999	-0-
CSU	N/A	391.24	6,935	1,997	4,938	1,899,830	1,931,943	-0-
Total Amount Owed to Department =								<u><u>\$ -0-</u></u>

Read Independent Auditors' Report regarding Supplementary  
Information and accompanying notes to financial statements.

**CHARLOTTE BEHAVIORAL HEALTH CARE, INC.**  
**PUNTA GORDA, FLORIDA**  
**SCHEDULE OF PROGRAM/COST CENTER ACTUAL EXPENSES AND REVENUE**  
**FOR YEAR ENDED JUNE 30, 2013**

	<u>COST CENTERS</u>						
	<u>CSU</u>	<u>MOBILE CRISIS</u>	<u>OUTPATIENT</u>	<u>CASE MGMT</u>	<u>SA INPATIENT DETOX</u>	<u>SA INPATIENT RES I</u>	<u>RES. LEVEL 4 AD FOSTER CARE PROG.</u>
CFBHN Funding - Services	\$1,899,829	\$ 29,451	\$1,473,857	\$ 277,390	\$ 853,153	\$ 129,604	\$ 855,297
CFBHN Funding – Non-Service	-0-	-0-	-0-	7,560	-0-	-0-	-0-
IDP Line of Credit	<u>23,400</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total State SAMH Funding	<u>1,923,229</u>	<u>29,451</u>	<u>1,473,857</u>	<u>284,950</u>	<u>853,153</u>	<u>129,604</u>	<u>855,297</u>
Other State Agency Funding	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Medicaid	636,159	-0-	1,611,628	188,193	106,182	2,353	61,150
Local Government	146,000	67,510	918,014	54,755	90,000	83,516	-0-
Federal Grants/Contracts	<u>-0-</u>	<u>-0-</u>	<u>83,762</u>	<u>23,405</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total Other Government Funding	<u>782,159</u>	<u>67,510</u>	<u>2,613,404</u>	<u>266,353</u>	<u>196,182</u>	<u>85,869</u>	<u>61,150</u>
1 <sup>st</sup> and 2 <sup>nd</sup> Party Revenue	171,828	-0-	145,676	16	26,077	3,725	-0-
3 <sup>rd</sup> Party Revenue	-0-	-0-	78,390	968	59,662	-0-	-0-
Medicare Revenue	7,354	-0-	52,107	-0-	-0-	-0-	-0-
Contributions/Donations	21,000	-0-	5,030	-0-	-0-	-0-	100
Other Revenue	23	-0-	38,713	-0-	10,892	2,723	-0-
In-Kind	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total All Other Revenue	<u>200,205</u>	<u>-0-</u>	<u>319,916</u>	<u>984</u>	<u>96,631</u>	<u>6,448</u>	<u>100</u>
<b>TOTAL FUNDING</b>	<b><u>\$2,905,593</u></b>	<b><u>\$ 96,961</u></b>	<b><u>\$4,407,177</u></b>	<b><u>\$ 552,287</u></b>	<b><u>\$1,145,966</u></b>	<b><u>\$ 221,921</u></b>	<b><u>\$ 916,547</u></b>
Salaries	\$1,967,205	\$ 55,464	\$2,279,655	\$ 219,915	\$ 690,239	\$ 113,867	\$ 235,333
Fringe benefits	<u>419,760</u>	<u>9,554</u>	<u>554,459</u>	<u>61,698</u>	<u>161,151</u>	<u>31,705</u>	<u>72,210</u>
Total Personnel	<u>2,386,965</u>	<u>65,018</u>	<u>2,834,114</u>	<u>281,613</u>	<u>851,390</u>	<u>145,572</u>	<u>307,543</u>
Expenses:							
Building occupancy	161,757	4,159	115,091	12,993	97,596	15,078	96,155
Professional services	21,683	-0-	24,155	4,247	7,929	(19)	3,295
Travel	4,259	64	19,937	10,279	1,887	291	6,669
Equipment costs	16,576	4	44,976	1,193	6,067	889	1,927
Food services	52,500	-0-	125	-0-	34,267	5,272	-0-
Medical and pharmacy	46,584	-0-	10,357	332	18,337	2,820	-0-
Subcontracted services	69,674	-0-	150,373	61	18,608	2,862	263,256
Insurance	71,879	20	92,459	21,919	28,795	4,430	79,758
Interest	105	-0-	105	11	40	7	17
Operating supplies/expenses	132,698	2,359	223,699	28,014	58,728	8,786	28,769
IDP Line of credit	<u>23,400</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total Expenses	<u>601,115</u>	<u>6,606</u>	<u>681,277</u>	<u>79,049</u>	<u>272,254</u>	<u>40,416</u>	<u>479,876</u>
Total Personnel and Expenses	2,988,080	71,624	3,515,391	360,662	1,123,644	185,988	787,419
Distributed Costs	<u>339,493</u>	<u>8,431</u>	<u>404,299</u>	<u>41,061</u>	<u>127,029</u>	<u>21,169</u>	<u>56,795</u>
<b>TOTAL</b>	<b><u>\$3,327,573</u></b>	<b><u>\$ 80,055</u></b>	<b><u>\$3,919,690</u></b>	<b><u>\$ 401,723</u></b>	<b><u>\$1,250,673</u></b>	<b><u>\$ 207,157</u></b>	<b><u>\$ 844,214</u></b>

Read Independent Auditors' Report regarding Supplementary  
Information and accompanying notes to financial statements.

**COST CENTERS**

BEHAVIORAL HEALTH FEE	TOTAL SAMH FUNDED COST CTRS.	NON-STATE FUNDED SAMH COST CENTERS	TOTAL STATE DESIGNATED (SAMH) COST CTRS.	NON-SAMH COST CENTERS HLTHY START PARENTING	ADMIN	TOTAL
\$ -0-	\$ 5,518,581	\$ -0-	\$ 5,518,581	\$ -0-	\$ -0-	\$ 5,518,581
-0-	7,560	-0-	7,560	-0-	-0-	7,560
-0-	23,400	-0-	23,400	-0-	-0-	23,400
-0-	5,549,541	-0-	5,549,541	-0-	-0-	5,549,541
-0-	-0-	-0-	-0-	202,620	-0-	202,620
-0-	2,605,665	(3,500)	2,602,165	-0-	-0-	2,602,165
-0-	1,359,795	210,108	1,569,903	-0-	-0-	1,569,903
-0-	107,167	-0-	107,167	147,495	-0-	254,662
-0-	4,072,627	206,608	4,279,235	350,115	-0-	4,629,350
-0-	347,322	6,772	354,094	-0-	-0-	354,094
-0-	139,020	890	139,910	-0-	-0-	139,910
-0-	59,461	-0-	59,461	-0-	-0-	59,461
-0-	26,130	-0-	26,130	-0-	-0-	26,130
-0-	52,351	-0-	52,351	-0-	-0-	52,351
-0-	-0-	-0-	-0-	-0-	-0-	-0-
-0-	624,284	7,662	631,946	-0-	-0-	631,946
<b>\$ -0-</b>	<b>\$10,246,452</b>	<b>\$ 214,270</b>	<b>\$10,460,722</b>	<b>\$ 350,115</b>	<b>\$ -0-</b>	<b>\$10,810,837</b>
\$ -0-	\$ 5,561,678	\$ 129,315	\$ 5,690,993	\$ 192,876	\$ 700,198	\$ 6,584,067
-0-	1,310,537	33,022	1,343,559	55,179	176,044	1,574,782
-0-	6,872,215	162,337	7,034,552	248,055	876,242	8,158,849
-0-	502,829	3,426	506,255	7,399	44,323	557,977
-0-	61,290	475	61,765	2,598	5,553	69,916
-0-	43,416	2,072	45,488	8,618	4,667	58,773
-0-	71,632	456	72,088	733	6,282	79,103
-0-	92,164	-0-	92,164	-0-	7,953	100,117
-0-	78,430	692	79,122	-0-	6,828	85,950
-0-	504,834	121	504,955	1,365	23,753	530,073
-0-	229,260	790	300,050	19,783	27,598	347,431
-0-	285	4	289	12	24	325
80,419	563,472	58,455	621,927	19,466	55,340	696,713
-0-	23,400	-0-	23,400	-0-	-0-	23,400
80,419	2,241,012	66,491	2,307,503	59,954	182,321	2,549,778
80,419	9,113,227	228,828	9,342,055	308,009	1,058,563	10,708,627
-0-	998,277	25,267	1,023,544	35,019	(1,058,563)	-0-
<b>\$ 80,419</b>	<b>\$10,111,504</b>	<b>\$ 254,095</b>	<b>\$10,365,599</b>	<b>\$ 343,028</b>	<b>\$ -0-</b>	<b>\$10,708,627</b>

Read Independent Auditors' Report regarding Supplementary  
Information and accompanying notes to financial statements.

**CHARLOTTE BEHAVIORAL HEALTH CARE, INC.**  
**PUNTA GORDA, FLORIDA**  
**SCHEDULE OF RELATED PARTY TRANSACTION ADJUSTMENTS**  
**FOR YEAR ENDED JUNE 30, 2013**

There were no related party transaction adjustments during the year ended June 30, 2013.

**CHARLOTTE BEHAVIORAL HEALTH CARE, INC.**  
**PUNTA GORDA, FLORIDA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**AND STATE FINANCIAL ASSISTANCE**  
**FOR YEAR ENDED JUNE 30, 2013**

<u>Grantor/Program Title</u>	<u>CFDA CFSA Number</u>	<u>Contract/ Grant Number</u>	<u>Expenditures</u>
<b><u>Federal Awards</u></b>			
<b><u>U.S. Department of Health and Human Services</u></b>			
<i>Passed through Central Florida Behavioral Health Network, Inc.</i>			
Social Services Block Grant	93.667	QD1A9	\$ 61,663
Community Mental Health Services	93.958	QD1A9	317,519
Prevention and Treatment of Substance Abuse	93.959	QD1A9	842,635
State Children's Insurance Program	93.767	QD1A9	147,000
<i>Passed through Charlotte County Healthy Start Coalition, Inc.</i>			
Waiver	93.778	09.01	51,660
Care Coordination	93.778	09.01	22,823
Care Coordination	93.994	09.01	38,436
<i>Passed through Children's Network of SWFL, LLC</i>			
Promoting Safe and Stable Families	93.556	BAJ01	30,145
Child Abuse and Neglect	93.669	FAJ02	861
Child Welfare Services	93.645	FAJ02	727
<b><u>U.S. Department of Housing and Urban Development</u></b>			
<i>Passed through Charlotte County Homeless Coalition, Inc.</i>			
Safe Haven	14.235	2012-2013	23,406
<b>TOTAL FEDERAL AWARDS</b>			<b><u>\$ 1,536,875</u></b>
 <b><u>State Funds Awarded for Matching</u></b>			
<b><u>Department of Children and Families</u></b>			
<i>Passed through Central Florida Behavioral Health Network, Inc.</i>			
Community Mental Health Services	93.958	QD1A9	\$ 2,209,202
Prevention and Treatment of Substance Abuse	93.959	QD1A9	594,068
<i>Passed through Charlotte County Healthy Start Coalition, Inc.</i>			
Parenting	93.778	11.01	8,930
Psychosocial	93.994	13.02	17,900
ICC	93.778	12.04	1,312
Sobra	93.994	09.01	24,678
Managed Care	93.994	09.01	69,040
General Revenue	93.994	09.01	54,612
<b>TOTAL STATE FUNDS AWARDED FOR MATCHING</b>			<b><u>\$ 2,979,742</u></b>
 <b><u>State Financial Assistance</u></b>			
<b><u>Department of Children and Families</u></b>			
<i>Passed through Central Florida Behavioral Health Network, Inc.</i>			
Adult Mental Health	60.063	QD1A9	87,095
Baker Act	60.006	QD1A9	1,127,448
Children's Baker Act	60.001	QD1A9	212,372
<i>Passed through Children's Network of SWFL, LLC</i>			
Community Based Care Support	60.094	FAJ02	22,557
<b>TOTAL STATE FINANCIAL ASSISTANCE</b>			<b><u>\$ 1,449,472</u></b>

Read Independent Auditors' Report regarding Supplementary  
Information and accompanying notes to financial statements.

**CHARLOTTE BEHAVIORAL HEALTH CARE, INC.**  
**PUNTA GORDA, FLORIDA**  
**NOTES TO SCHEDULE OF EXPENDITURES OF**  
**FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE**  
**FOR YEAR ENDED JUNE 30, 2013**

(1) Purpose of the Schedule

The Schedule of Expenditures of Federal Awards and State Financial Assistance (the “Schedule”) is a supplementary schedule to the Center’s basic financial statements and is presented for the purpose of additional analysis. The Schedule is required by Office of Management and Budget (OMB) Circular A-133, Audits of State and Local Governments, and Non-Profit Organizations and by Chapter 691-5, Rules of the Florida Department of Financial Services, Florida Administrative Code, and Schedule of Expenditures of State Financial Assistance.

(2) Summary of Significant Accounting Policies

Basis of Presentation

Federal Financial Assistance – Pursuant to the Single Audit Act of 1984 (Public Law 98-502), the Single Audit Act Amendments of 1996 (Public Law 104-156), and OMB Circular A-133, federal financial assistance is defined as assistance provided by a federal agency, either directly or indirectly, that nonfederal entities receive or administer, in the form of grants, contracts, cooperative agreements, loans, loan guarantees, property interest subsidies, insurance, or direct appropriations.

State Financial Assistance – Pursuant to Florida Single Audit Act (Section 215.97, Florida Statutes) and Chapter 691-5, Rules of the Florida Department of Financial Services, Florida Administrative Code, state financial assistance is defined as assistance from state resources, not including federal financial assistance and state matching, provided to non-state entities to carry out a state project. State financial assistance includes all types of state assistance as stated in the rules of the Florida Department of Financial Services, established in consultation with the Comptroller and appropriate state agencies that provide state financial assistance. It includes state financial assistance provided directly by state awarding agencies or indirectly by recipients of state awards. It does not include procurement contracts used to buy goods or services from vendors.

Catalog of Federal Domestic Assistance – OMB Circular A-133 requires the Schedule to show the expenditures for each of the Center’s federal financial assistance programs as identified in the Catalog of Federal and Domestic Assistance (CFDA). Federal financial assistance programs that have not been assigned a CFDA number are indicated with an “N/A”.

Catalog of State Financial Assistance – Chapter 691-5, Rules of the Florida Department of Financial Services, Florida Administrative Code, requires the Schedule to present the total state financial assistance expended for each individual state project as identified in the Catalog of State Financial Assistance (CSFA). State financial assistance projects that have not been assigned a CSFA number are indicated with an “N/A”.

Type A and Type B Programs

Federal Programs

The Single Audit Act Amendments of 1996 and OMB Circular A-133 establish the levels of expenditures to be used in defining Type A and Type B federal financial assistance programs. Type A assistance programs for the Center are those federal programs with expenditures in excess of \$300,000. Type B assistance programs for the Center are those federal programs with expenditures less than \$300,000.

**CHARLOTTE BEHAVIORAL HEALTH CARE, INC.**  
**PUNTA GORDA, FLORIDA**  
**NOTES TO SCHEDULE OF EXPENDITURES OF**  
**FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE (CONT.)**  
**FOR YEAR ENDED JUNE 30, 2013**

Type A and Type B Programs (cont.)

State Programs

Each non-state entity that expends a total amount of state financial assistance equal to or in excess of \$500,000 in any fiscal year is required to have a state single audit for such fiscal year in accordance with the requirements of the Florida Single Audit Act (Section 215.97, Florida Statutes). Chapter 691-5 establishes the level of expenditures to be used in defining Type A and Type B state financial assistance projects. Type A assistance projects are defined on a sliding scale. For the Center, Type A programs are defined as those programs with expenditures in excess of \$300,000 or 3% of total state awards, whichever is larger, expended for the fiscal year. Type B assistance projects are defined as all projects that are not Type A projects.

Basis of Accounting

Both federal and state financial assistance expenditures included in the Schedule are reported using the accrual basis of accounting



Fred B. Dees, C.P.A.  
Fred B. Dees, Jr., C.P.A.

**MANAGEMENT LETTER**

**To the Board of Directors  
Charlotte Behavioral Health Care, Inc.  
Punta Gorda, Florida**

We have audited the financial statements of the **Charlotte Behavioral Health Care, Inc.** as of and for the fiscal year ended **June 30, 2013**, and have issued our report thereon dated December 11, 2013.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations; and Chapter 10.650, Rules of the Florida Auditor General. We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters based on an Audit of the Financial Statements Performed in Accordance with Government Auditing Standards, Independent Auditors' Report on Compliance with Requirements that could have a Direct and Material Effect on Each Major Federal Program and State Project and on Internal Control over Compliance in Accordance with OMB Circular A-133, and Chapter 10.650, Rules of the Florida Auditor General and Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule, which were dated December 11, 2013, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with Chapter 10.650, Rules of the Auditor General, which requires disclosure in the management letter of violations of provisions of contracts or grant agreements or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements or state project amounts that is less than material but which warrants the attention of those charged with governance. Our audit did not identify any matters that are required to be disclosed

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting and funding agencies, and applicable management and is not intended to be and should not be used by anyone other than these specified parties.



DEES & DEES, C.P.A.'s, P.A.  
December 11, 2013

Fred B. Dees, C.P.A.  
Fred B. Dees, Jr., C.P.A.

December 11, 2013

**The Board of Directors of  
Charlotte Behavioral Health Care, Inc.  
Punta Gorda, Florida**

We have audited the financial statements of **Charlotte Behavioral Health Care, Inc.** for the year ended **June 30, 2013**, and have issued our report thereon dated December 11, 2013. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter dated November 2, 2012. Professional standards also require that we communicate to you the following information related to our audit.

**Significant Audit Findings**

**Qualitative Aspects of Accounting Practices**

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by **Charlotte Behavioral Health Care, Inc.** are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ending June 30, 2013. We noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There are no particularly sensitive disclosures affecting these financial statements.

**Difficulties Encountered in Performing the Audit**

We encountered no significant difficulties in dealing with management in performing and completing our audit.

**Corrected and Uncorrected Misstatements**

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

**Disagreements with Management**

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

**Management Representations**

We have requested certain representations from management that are included in the management representation letter dated December 11, 2013.

**Management Consultations with Other Independent Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Organization's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were not such consultations with other accountants.

**Other Audit Findings or Issues**

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the management and Board of Directors of **Charlotte Behavioral Health Care, Inc.** and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,



DEES & DEES, C.P.A.'s, P.A.  
December 11, 2013

