

DAVID LAWRENCE MENTAL HEALTH CENTER, INC.

**FINANCIAL STATEMENTS AND SCHEDULES
AND REPORTS AS REQUIRED BY THE
COMPTROLLER GENERAL OF THE
UNITED STATES OF AMERICA**

YEARS ENDED JUNE 30, 2013 AND 2012

DAVID LAWRENCE MENTAL HEALTH CENTER, INC.
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INDEPENDENT AUDITORS' REPORT

Board of Directors
David Lawrence Mental Health Center, Inc.
Naples, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of David Lawrence Mental Health Center, Inc. (the "Center"), which comprise the statement of financial position as of June 30, 2013 and 2012, and the related statements of activities, functional expenses, and cash flows for the years 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.

Auditors' Responsibility

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 the 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 from 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 auditors' 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. Accordingly, 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 David Lawrence Mental Health Center, Inc. as of June 30, 2013 and 2012, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As explained in Note 15 to the financial statements, the adoption of the Florida Uniform Prudent Management of Institutional Funds Act required a change in policy for determining restrictions on endowment earnings.

Other matters

Other Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. The schedule of expenditures of federal awards and state financial assistance as required by U.S. Office of Management and Budget Circular A-133, *Audits of State, Local Governments, and Non-Profit Organization*, and Chapter 10.650, *Rules of the Auditor General*, is also presented for purposes of additional analysis and is not a required part of the basic financial statements.

The schedules of revenues and expenditures by cost center, the schedule of state earnings, and the schedule of expenditures of federal awards and state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such 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.

The schedule of bed-day availability payments and schedule of related party transaction adjustments has not been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2013, on our consideration of the Center's internal control over financial reporting and on 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.

Board of Directors
David Lawrence Mental Health Center, Inc.

That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Fort Myers, Florida
November 25, 2013

DAVID LAWRENCE MENTAL HEALTH CENTER, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2013 AND 2012

	2013	2012
ASSETS		
CURRENT ASSETS		
Cash	\$ 433,452	\$ 826,456
Grant Receivables	913,318	788,983
Accounts Receivable, Net	898,874	770,949
Contracts and Other Receivables	891,219	565,756
Prepaid Expenses	302,235	332,924
Total Current Assets	3,439,098	3,285,068
INTEREST IN THE NET ASSETS OF DAVID LAWRENCE FOUNDATION	6,927,582	7,896,902
PROPERTY AND EQUIPMENT, Net	10,349,425	7,483,348
OTHER ASSETS	49,000	49,000
Total Assets	\$ 20,765,105	\$ 18,714,318
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 286,308	\$ 377,841
Accrued Liabilities	782,790	673,087
Deferred Revenue	10,104	14,695
Line of Credit Payable	600,000	-
Total Current Liabilities	1,679,202	1,065,623
NET ASSETS		
Unrestricted	14,016,446	13,275,162
Temporarily Restricted	2,441,425	1,745,501
Permanently Restricted	2,628,032	2,628,032
Total Net Assets	19,085,903	17,648,695
Total Liabilities and Net Assets	\$ 20,765,105	\$ 18,714,318

See accompanying Notes to Financial Statements.

DAVID LAWRENCE MENTAL HEALTH CENTER, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2013

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUE AND OTHER SUPPORT				
Federal and State Grants	\$ 7,470,890	\$ -	\$ -	\$ 7,470,890
Federal and State Contracts	34,059	-	-	34,059
Other Grants	1,044,790	-	-	1,044,790
Local Government Allocations	1,308,570	-	-	1,308,570
Contributions	3,078,027	-	-	3,078,027
Net Client Fee Revenue				
Including EAP Revenue	10,573,305	-	-	10,573,305
Child's Path Fees	428,434	-	-	428,434
Contracted Services	25,392	-	-	25,392
Other	239,101	-	-	239,101
Net Assets Released from Restrictions	50,000	(50,000)	-	-
Total Revenue and Other Support	<u>24,252,568</u>	<u>(50,000)</u>	<u>-</u>	<u>24,202,568</u>
EXPENSES				
Program Services	19,722,493	-	-	19,722,493
Supporting Services	2,073,547	-	-	2,073,547
Total Expenses	<u>21,796,040</u>	<u>-</u>	<u>-</u>	<u>21,796,040</u>
Change in Net Assets of the David Lawrence Mental Health Center	2,456,528	(50,000)	-	2,406,528
Change in Interest in Net Assets of David Lawrence Foundation	(1,715,244)	745,924	-	(969,320)
NET ASSETS , Beginning of Year	<u>13,275,162</u>	<u>1,745,501</u>	<u>2,628,032</u>	<u>17,648,695</u>
NET ASSETS , End of Year	<u>\$ 14,016,446</u>	<u>\$ 2,441,425</u>	<u>\$ 2,628,032</u>	<u>\$ 19,085,903</u>

See accompanying Notes to Financial Statements.

DAVID LAWRENCE MENTAL HEALTH CENTER, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2012

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUE AND OTHER SUPPORT				
Federal and State Grants	\$ 7,331,748	\$ -	\$ -	\$ 7,331,748
Federal and State Contracts	34,319	-	-	34,319
Other Grants	578,820	-	-	578,820
Local Government Allocations	1,067,919	-	-	1,067,919
Contributions	3,695,572	50,000	-	3,745,572
Net Client Fee Revenue				
Including EAP Revenue	8,862,468	-	-	8,862,468
Child's Path Fees	473,995	-	-	473,995
Contracted Services	27,700	-	-	27,700
Other	414,918	-	-	414,918
Net Assets Released from Restrictions	-	-	-	-
Total Revenue and Other Support	<u>22,487,459</u>	<u>50,000</u>	<u>-</u>	<u>22,537,459</u>
EXPENSES				
Program Services	17,486,983	-	-	17,486,983
Supporting Services	2,098,521	-	-	2,098,521
Total Expenses	<u>19,585,504</u>	<u>-</u>	<u>-</u>	<u>19,585,504</u>
Change in Net Assets of the David Lawrence Mental Health Center	2,901,955	50,000	-	2,951,955
Change in Interest in Net Assets of David Lawrence Foundation	(2,672,743)	864,562	(38,863)	(1,847,044)
NET ASSETS , Beginning of Year	<u>13,045,950</u>	<u>830,939</u>	<u>2,666,895</u>	<u>16,543,784</u>
NET ASSETS , End of Year	<u>\$ 13,275,162</u>	<u>\$ 1,745,501</u>	<u>\$ 2,628,032</u>	<u>\$ 17,648,695</u>

See accompanying Notes to Financial Statements.

DAVID LAWRENCE MENTAL HEALTH CENTER, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2013

	Program Services			Supporting Services	Total
	Mental Health and Substance Abuse	Other Services	Total Program	Administration and Other Support	
PERSONNEL EXPENSES					
Salaries	\$ 8,796,369	\$ 779,215	\$ 9,575,584	\$ 1,224,954	\$ 10,800,538
Fringe Benefits	1,539,875	215,505	1,755,380	322,443	2,077,823
Total Personnel Expenses	<u>10,336,244</u>	<u>994,720</u>	<u>11,330,964</u>	<u>1,547,397</u>	<u>12,878,361</u>
OPERATING EXPENSES					
Building	1,159,656	132,154	1,291,810	114,914	1,406,724
Professional	59,556	10,120	69,676	93,207	162,883
Travel	105,679	14,560	120,239	47,459	167,698
Equipment Costs	23,758	1,922	25,680	3,874	29,554
Food Service	385,370	14,686	400,056	23,631	423,687
Medicine/Pharmacy	340,578	8,354	348,932	-	348,932
Interest	-	-	-	14,732	14,732
Insurance	320,313	28,066	348,379	29,137	377,516
Office Expense and Other	278,481	237,826	516,307	196,553	712,860
Miscellaneous	129,769	6,172	135,941	2,643	138,584
Bad Debts	5,132,996	1,513	5,134,509	-	5,134,509
Total Operating Expenses	<u>7,936,156</u>	<u>455,373</u>	<u>8,391,529</u>	<u>526,150</u>	<u>8,917,679</u>
Total Direct Expenses	<u>18,272,400</u>	<u>1,450,093</u>	<u>19,722,493</u>	<u>2,073,547</u>	<u>21,796,040</u>
ALLOCATED EXPENSES					
Administration	1,099,055	122,400	1,221,455	(1,221,455)	-
Other Support	766,705	85,387	852,092	(852,092)	-
Total Allocated Expenses	<u>1,865,760</u>	<u>207,787</u>	<u>2,073,547</u>	<u>(2,073,547)</u>	<u>-</u>
Total Expenses	<u>\$ 20,138,160</u>	<u>\$ 1,657,880</u>	<u>\$ 21,796,040</u>	<u>\$ -</u>	<u>\$ 21,796,040</u>

See accompanying Notes to Financial Statements.

DAVID LAWRENCE MENTAL HEALTH CENTER, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2012

	Program Services			Supporting Services	
	Mental Health and Substance Abuse	Other Services	Total Program	Administration and Other Support	Total
PERSONNEL EXPENSES					
Salaries	\$ 8,204,772	\$ 693,091	\$ 8,897,863	\$ 1,278,660	\$ 10,176,523
Fringe Benefits	1,612,352	157,841	1,770,193	315,052	2,085,245
Total Personnel Expenses	<u>9,817,124</u>	<u>850,932</u>	<u>10,668,056</u>	<u>1,593,712</u>	<u>12,261,768</u>
OPERATING EXPENSES					
Building	952,519	115,354	1,067,873	110,666	1,178,539
Professional	79,958	5,057	85,015	79,134	164,149
Travel	116,183	5,823	122,006	37,744	159,750
Equipment Costs	29,368	4,464	33,832	11,440	45,272
Food Service	385,604	12,090	397,694	29,401	427,095
Medicine/Pharmacy	344,092	2,107	346,199	-	346,199
Insurance	274,819	23,292	298,111	25,859	323,970
Office Expense and Other	286,111	192,157	478,268	183,216	661,484
Donated Items	153,321	15,422	168,743	26,155	194,898
Miscellaneous	132,581	-	132,581	1,194	133,775
Bad Debts	3,684,299	4,306	3,688,605	-	3,688,605
Total Operating Expenses	<u>6,438,855</u>	<u>380,072</u>	<u>6,818,927</u>	<u>504,809</u>	<u>7,323,736</u>
Total Direct Expenses	<u>16,255,979</u>	<u>1,231,004</u>	<u>17,486,983</u>	<u>2,098,521</u>	<u>19,585,504</u>
ALLOCATED EXPENSES					
Administration	1,107,850	91,015	1,198,865	(1,198,865)	-
Other Support	832,590	67,066	899,656	(899,656)	-
Total Allocated Expenses	<u>1,940,440</u>	<u>158,081</u>	<u>2,098,521</u>	<u>(2,098,521)</u>	<u>-</u>
Total Expenses	<u>\$ 18,196,419</u>	<u>\$ 1,389,085</u>	<u>\$ 19,585,504</u>	<u>\$ -</u>	<u>\$ 19,585,504</u>

See accompanying Notes to Financial Statements.

DAVID LAWRENCE MENTAL HEALTH CENTER, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2013 AND 2012

	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received From Contracts, Client Fees and Donations	\$ 23,600,520	\$ 22,117,401
Cash Payments for Program and Support Services	(20,930,528)	(20,983,618)
Cash Received for Interest	19,733	31,520
Cash Payments for Interest	(14,732)	(1,188)
	<u>2,674,993</u>	<u>1,164,115</u>
Net Cash Provided by Operating Activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital Expenditures	(3,667,997)	(2,473,996)
Proceeds on the Sale of Investments	-	626,247
	<u>(3,667,997)</u>	<u>(1,847,749)</u>
Net Cash Used in Investing Activities		
CASH FLOWS FROM FINANCING ACTIVITIES		
Advances on Line of Credit	600,000	-
	<u>600,000</u>	<u>-</u>
Net Cash Provided by Financing Activities		
NET DECREASE IN CASH	(393,004)	(683,634)
CASH, Beginning of Year	<u>826,456</u>	<u>1,510,090</u>
CASH, End of Year	<u>\$ 433,452</u>	<u>\$ 826,456</u>

See accompanying Notes to Financial Statements.

DAVID LAWRENCE MENTAL HEALTH CENTER, INC.
STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED JUNE 30, 2013 AND 2012

	2013	2012
RECONCILIATION OF CHANGE IN NET ASSETS TO CASH PROVIDED BY OPERATING ACTIVITIES		
Change in Net Assets	\$ 1,437,208	\$ 1,104,911
Adjustments to Reconcile Increase in Net Assets to Net Cash Provided by Operating Activities		
Depreciation	593,550	463,550
Gain on Transfer of Capital Assets	-	(1,563,393)
(Increase) Decrease in:		
Grant Receivables	(124,335)	(90,996)
Accounts Receivable, Net	(127,925)	(171,622)
Contract and Other Receivables	(325,463)	(120,824)
Interest in David Lawrence Foundation		
Net Assets	969,320	1,847,044
Prepaid Expenses	30,689	(72,432)
Increase (Decrease) in:		
Accounts Payable	116,837	(515)
Accrued Liabilities	109,703	(226,513)
Deferred Revenue	(4,591)	(5,095)
Total Adjustments	1,237,785	59,204
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 2,674,993	\$ 1,164,115

See accompanying Notes to Financial Statements.

DAVID LAWRENCE MENTAL HEALTH CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012

NOTE 1 NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

The David Lawrence Mental Health Center, Inc. (the "Center") is a nonprofit corporation formed to assess and treat the mental health and substance abuse needs of Collier County, Florida. The Center's mission is to plan, develop and implement quality services which will promote the mental health of the citizens of Collier County. The Center's financial support comes primarily from federal and state grants, client fees and donations.

The Center's major programs include Adult Mental Health, Adult Substance Abuse, Children's Mental Health, and Children's Substance Abuse. The services funded within these programs include: Acute Care Services, Adult Community Services, Medical Services, Adult Outpatient Services, Children's Community Services, Adult Substance Abuse Services, and Residential.

Other programs operated by the Center include: a Domestic Violence Program (SAFE), and a pre-school (Child's Path). These programs are funded primarily by client fees.

Significant Accounting Policies

The accounting and reporting policies of the Center conform to accounting principles generally accepted in the United States of America, and are in accordance with the Financial Accounting Standards Board Accounting Standards Codification (FASB ASC). A summary of the significant accounting policies followed by the Center is set forth below:

Basis of Accounting

The Center prepares its financial statements on the accrual basis of accounting. Grant revenues are recorded as support when performance occurs under the terms of the grant agreement. Grant revenue includes all resources received from another entity in accordance with a contract, entitlement, or grant document.

The cost of providing the various programs and other activities have been detailed in the Statement of Functional Expenses and summarized on a functional basis in the Statement of Activities. Salaries and other expenses that are associated with a specific program are charged directly to that program. Salaries and other expenses, 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 full time equivalent labor hours.

The Center is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, or permanently restricted, depending on the nature of any donor restrictions. Unrestricted net assets include those net assets whose use is not restricted by donors, even though their use may be limited in other respects, such as by contract or by board designation. Temporarily restricted net assets include those net assets whose use by the Center has been limited by donors to either later periods of time or after specified dates or specified purposes. Permanently restricted net assets are those net assets that must be maintained in perpetuity.

DAVID LAWRENCE MENTAL HEALTH CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012

**NOTE 1 NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Significant Accounting Policies (Continued)

Concentrations

The Center receives a substantial portion of its revenue from government sources. If a significant reduction in the level of funding were to occur, it could have an adverse effect on the Center's programs and activities.

Cash and Cash Equivalents

For purposes of reporting cash flows, the Center considers all highly liquid debt instruments with an initial maturity of less than three months to be cash equivalents. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to certain limits. At times, cash in bank may exceed FDIC insurable limits.

Investments

Investments are recorded at fair market value, with the associated gains and losses recorded in the statement of activities.

Accounts Receivable

Accounts receivable are stated at the amounts management expects to collect from clients. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual receivables from grants, contracts, Medicaid/Medicare, and others. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to the applicable accounts receivable.

Interest in the Net Assets of The David Lawrence Foundation

The Center's interest in the David Lawrence Foundation for Mental Health, Inc. was 100% for the years ended June 30, 2013 and 2012, respectively.

Property and Equipment

Property and equipment is recorded at cost or, if donated, at fair market value on the date of donation. Donated assets are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Depreciation is computed on the straight-line method over the estimated useful lives of the related assets.

Maintenance, repairs and minor renewals are charged to activities in the year in which the expense is incurred. Additions, improvements and major renewals with a cost or donated fair value of \$1,000 or more are capitalized.

DAVID LAWRENCE MENTAL HEALTH CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012

**NOTE 1 NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Significant Accounting Policies (Continued)

Property and Equipment (Continued)

The cost of assets retired or sold, together with the related accumulated depreciation, is removed from the accounts and any gain or loss is included in activities in the year of disposal.

Dispositions of items acquired from certain state contracts require state approval. The proceeds of such a disposition may revert to the original grantor.

Compensated Absences

Employees accumulate vacation and sick leave based on the employee's years of service. Employees may not carry over more than 40 hours of vacation and sick leave. Upon termination of employment, the employee is not paid for unused vacation or sick leave.

Income Taxes

The Internal Revenue Service has determined that the Center is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. The Center is a nonprofit Florida corporation and, therefore, is not subject to state income taxes. Should the Center's tax exempt status be challenged in the future, its 2012, 2011, and 2010 tax years are open for examination by the IRS.

Donated Goods and Services

Donated goods and specialized services are recorded at the estimated fair value at the date of receipt.

Deferred Revenue

Amounts received, but not yet earned, relating to employee assistance program contracts, are reported as deferred revenue.

Estimates

The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect certain reported amounts and disclosures in the financial statements. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

DAVID LAWRENCE MENTAL HEALTH CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012

**NOTE 1 NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Significant Accounting Policies (Continued)

Fair Value Measurements

The Center measures fair value using a three-level hierarchy for fair value measurements based upon the transparency of inputs to the valuation of an asset or liability. Inputs may be observable or unobservable and refer broadly to the assumptions that market participants would use in pricing the asset or liability. Observable inputs reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs reflect the reporting entity's own assumptions about the assumptions that market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

The objective of a fair value measurement is to determine the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). Accordingly, the fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The Center may use valuation techniques consistent with the market, income, and cost approaches to measure fair value.

The inputs used to measure fair value are categorized into the following three categories:

Level 1

Inputs that reflect unadjusted quoted prices in active markets for identical investments, such as stocks, corporate and government bonds that the Center has the ability to access as of the measurement date.

Level 2

Inputs, other than quoted prices, that are observable for the asset or liability either directly or indirectly, including inputs from markets that are not considered to be active.

Level 3

Inputs that are unobservable. Unobservable inputs reflect the Center's own assumptions about the factors market participants would use in pricing an investment, and is based on the best information available in the circumstances.

Professional standards allow entities the irrevocable option to elect to measure certain financial instruments and other items at fair value for the initial and subsequent measurement on an instrument-by-instrument basis. The Center adopted the policy to value certain financial instruments at fair value. The Center has not elected to measure any existing financial instruments at fair value; however, it may elect to measure newly acquired financial instruments at fair value in the future.

DAVID LAWRENCE MENTAL HEALTH CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012

**NOTE 1 NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Significant Accounting Policies (Continued)

Subsequent Events

In preparing these financial statements, the Center has evaluated events and transactions for potential recognition or disclosure through November 25, 2013, the date the financial statements were available to be issued.

NOTE 2 CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of the following at June 30:

	2013	2012
Petty Cash	\$ 3,566	\$ 3,231
Depository Accounts	429,886	823,225
	\$ 433,452	\$ 826,456

NOTE 3 GRANT RECEIVABLES

	2013	2012
U.S. Department of Health and Human Services - Including TANF	\$ 903,593	\$ 784,829
Florida Department of Education	7,350	1,779
Collier County School Board	2,375	2,375
	\$ 913,318	\$ 788,983

No allowance for bad debts has been provided for grant receivables. Grant receivables typically represent requests for reimbursement under federal pass-through awards or state contracts and full payment is expected.

NOTE 4 ACCOUNTS RECEIVABLE

Accounts receivable consist of the following at June 30:

	2013	2012
Accounts Receivable - Clients and Insurance	\$ 2,693,470	\$ 2,154,180
Accounts Receivable - Contracted Services	13,480	29,080
	2,706,950	2,183,260
Less: Allowance for Doubtful Accounts	(1,808,076)	(1,412,311)
	\$ 898,874	\$ 770,949

DAVID LAWRENCE MENTAL HEALTH CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012

NOTE 5 PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30:

	<u>2013</u>	<u>2012</u>
Land	\$ 397,034	\$ 397,034
Buildings and Improvements	12,167,253	6,619,065
Furniture and Equipment	2,279,200	1,834,745
Vehicles	346,905	427,133
Leasehold Improvements	1,226,004	1,185,099
Construction in Progress	641,911	3,143,476
	<u>17,058,307</u>	<u>13,606,552</u>
Less: Accumulated Depreciation	<u>(6,708,882)</u>	<u>(6,123,204)</u>
	<u>\$ 10,349,425</u>	<u>\$ 7,483,348</u>

Depreciation expense for the years ended June 30, 2013 and 2012 was \$593,550 and \$463,550, respectively.

During December 2011 and March 2012, the board of directors of the David Lawrence Foundation approved the transfer of ownership of land, building, and equipment that house the Center to the Center. This transfer was made at the net book value of the assets on the date of the transfer and totaled \$1,561,609.

NOTE 6 INTEREST IN NET ASSETS OF THE DAVID LAWRENCE FOUNDATION

The Center has recorded its interest in the net assets of the David Lawrence Foundation for Mental Health, Inc. (the "Foundation") in an amount equal to 100% of the net assets of the Foundation as reported on its audited financial statements as of May 31, 2013 and 2012.

The Foundation was established for the purpose of promoting and supporting the activities of the Center and its primary purpose is to raise and hold funds for the Center. In accordance with generally accepted accounting principles, the Center has reported its interest in the Foundation as a non-current asset and in the appropriate classifications of net assets.

The Center received \$2,965,816 and \$1,700,870 during the years ended June 30, 2013 and 2012, respectively, as cash donations from the Foundation. For 2013 and 2012, these cash donations from the Foundation are included in the financial statements as contributions to the Center.

Additionally in fiscal 2012, the Foundation transferred the ownership of the land, building, and equipment that is used by the Center to the Center. This transfer was made at the net book value of the assets on the date of the transfer and totaled \$1,561,609.

NOTE 7 OTHER ASSETS

Other assets at June 30, 2013 and June 30, 2012 consisted of a total of \$49,000 and \$49,000, respectively, in deposits. For the years ended, \$34,000 was on deposit with an insurance vendor, and \$15,000 was on deposit with a Medicaid provider service network.

DAVID LAWRENCE MENTAL HEALTH CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012

NOTE 8 ACCRUED LIABILITIES

Accrued liabilities consist of the following at June 30:

	<u>2013</u>	<u>2012</u>
Salaries and Wages	\$ 220,137	\$ 202,569
Payroll Taxes	126,484	124,863
Other Accrued Liabilities	436,169	345,655
	<u>\$ 782,790</u>	<u>\$ 673,087</u>

NOTE 9 LONG-TERM DEBT

In 2008, the Center entered into a Revolving Master Borrowing Loan with a financial institution, collateralized by all assets, with a total loan amount of \$1,000,000. The loan allowed for borrowing an aggregate principal amount up to the loan amount at any one time. Interest is calculated at the one month LIBOR, plus 2.25 percent, and is payable monthly. The Line of Credit has been renewed with an increase in the total loan amount to \$1,500,000. The loan matures on May 20, 2014. The outstanding balance was \$600,000 and \$-0- on June 30, 2013 and June 30, 2012, respectively. The interest rate at June 30, 2013 was 2.43%.

The Center incurred interest expense of \$14,732 and \$1,188 for the years ended June 30, 2013 and 2012, respectively.

NOTE 10 NET ASSETS

	<u>2013</u>	<u>2012</u>
Unrestricted Net Assets consist of the following at June 30:		
David Lawrence Mental Health Center, Inc.	\$ 12,158,321	\$ 9,701,794
Interest in David Lawrence Foundation	1,858,125	3,573,369
Net Assets	<u>14,016,446</u>	<u>13,275,163</u>
Temporarily Restricted Net Assets consist of the following at June 30:		
Restricted for generator installation	-	50,000
Interest in David Lawrence Foundation		
Restricted for Programs	2,441,425	1,695,501
Net Assets	<u>2,441,425</u>	<u>1,745,501</u>
Permanently Restricted Net Assets consist of the following at June 30:		
Interest in David Lawrence Foundation Net Assets	<u>2,628,032</u>	<u>2,628,032</u>
	<u>\$ 19,085,903</u>	<u>\$ 17,648,696</u>

DAVID LAWRENCE MENTAL HEALTH CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012

NOTE 11 PENSION PLAN

The Center offers its employees a defined contribution pension plan. The plan covers all employees subject to a minimum employment requirement. The plan permits the Center to match monthly the employee's contribution up to 5%, 6%, or 7%, based on the qualified employee compensation and the employee's length of service of 5, 10, or more years, respectively.

Employer contributions, including administrative costs to the plan for the years ended June 30, 2013 and 2012, were \$280,037 and \$278,612, respectively.

NOTE 12 COMMITMENTS AND CONTINGENCIES

The Center leases certain equipment and office space under various non-cancelable operating leases. The future minimum lease payments under these leases (which do not include the fair market value of donated space) are as follows:

<u>Year Ending June 30,</u>		
2014	\$	19,431
2015	\$	16,237
2016	\$	4,532

Rent expense was \$28,367 and \$239,742 for the years ended June 30, 2013 and 2012, respectively. Such rent includes the fair market value of space donated by the David Lawrence Foundation for Mental Health, Inc. to the Center totaling \$-0- and \$194,898 for the years ended June 30, 2013 and 2012, respectively.

The Foundation has contracted with the Center for certain employee services. As a result of this contract, the Center provides the Foundation with personnel, related benefits, and administrative services. The Center is reimbursed by the Foundation for all costs incurred. The Foundation reimbursed the Center under these contracts \$25,392 and \$27,700, for the years ended June 30, 2013 and 2012, respectively. The revenue amounts are included as contracted services in the statements of activities and the expenses as salaries and fringe benefits in the statements of functional expenses.

The Center receives grants and other reimbursements from state and local agencies subject to special compliance audit requirements. Past audits have resulted in refunds to the granting agencies in amounts that were not material in relation to the financial statements. Future audits may also result in disallowed expense amounts. Disallowed amounts, if any, constitute a contingent liability to the Center. Management does not believe any resulting contingent liabilities would be material to the financial position of the Center.

The Center has contracted with a construction contractor to renovate the existing Crisis Stabilization Unit. As of June 30, 2013, this project was substantially complete with the remaining commitment to complete the project estimated to be \$207,000.

DAVID LAWRENCE MENTAL HEALTH CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012

NOTE 13 SUPPORT FROM THE STATE OF FLORIDA WHICH REQUIRES MATCH

During the years ended June 30, 2013 and 2012, the Center received support from the State of Florida, under grant contracts with the Department of Children and Families, Alcohol, Drug Abuse, and Mental Health Program. Contracts are renegotiated annually. The income from these contracts is earned by providing services to clients. The contracts required a local match of \$1,519,527 in 2013 and \$1,050,274 in 2012, for certain program services.

The Center incurred and funded allowable program costs in excess of the required match during the fiscal years ending June 30, 2013 and 2012.

NOTE 14 COLLIER COUNTY FINANCIAL SUPPORT

Financial support of \$1,308,570 and \$1,067,919 was received from Collier County for the years ended June 30, 2013 and 2012, respectively, as part of its annual award to the Center.

NOTE 15 CHANGE IN ACCOUNTING PRINCIPLE

Effective July 1, 2012, the State of Florida adopted the Florida Uniform Prudent Management of Institutional Funds Act (FUPMIFA). This Act has requirements for non-profit organizations to use their endowment funds, including rules for spending from endowment funds and modifying restrictions on such funds. The Foundation adopted FUPMIFA as of July 1, 2012. FUPMIFA requires that any unappropriated earnings on endowment funds be classified as temporarily restricted until appropriated. The Center's financial statements were adjusted as follows for this change in accounting principle.

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Change in Interest in Net Assets of David Lawrence Foundation, for the year ended June 30, 2012, as originally reported	\$ (2,786,342)	\$ 978,161	\$ (38,863)	\$ (1,847,044)
Effect of change in accounting principle	113,599	(113,599)	-	-
Change in Interest in Net Assets of David Lawrence Foundation, for the year ended June 30, 2012, as currently reported	<u>\$ (2,672,743)</u>	<u>\$ 864,562</u>	<u>\$ (38,863)</u>	<u>\$ (1,847,044)</u>
Net Assets at June 30, 2011, as originally reported	\$ 13,361,886	\$ 515,003	\$ 2,666,895	\$ 16,543,784
Effect of change in accounting principle	(315,936)	315,936	-	-
Net Assets at June 30, 2011, as currently reported	<u>\$ 13,045,950</u>	<u>\$ 830,939</u>	<u>\$ 2,666,895</u>	<u>\$ 16,543,784</u>

SUPPLEMENTARY INFORMATION

DAVID LAWRENCE MENTAL HEALTH CENTER, INC.
SCHEDULE OF REVENUES BY COST CENTER
YEAR ENDED JUNE 30, 2013

1 of 2

	FIS Case Management	Comprehensive Community Service Team (CCST)	Crisis Service Unit (CSU)	Crisis Support	Day Night	Drop in Center	O/P Medical	O/P Ind/Group	Prevention
STATE SAMH FUNDING	\$ 196,172	\$ 683,320	\$ 2,044,317	\$ 1,219,403	\$ 20,500	\$ 29,000	\$ 700,682	\$ 326,694	\$ 201,926
OTHER GOVERNMENT FUNDING									
State of Florida	-	-	-	-	-	-	-	-	-
IDP Line of Credit	-	-	-	-	-	-	40,486	-	-
Medicaid	1,100	687,113	272,931	570,201	9,583	-	634,704	88,441	-
Local	-	-	279,537	427,363	-	-	292,481	176,660	-
Contracts	-	28,905	-	-	-	-	5,000	-	-
Total Other Government Funding	1,100	716,018	552,468	997,564	9,583	-	972,671	265,101	-
ALL OTHER FUNDING & REVENUE									
First and Third Party Fees, Medicare	3,201	7,238	2,710,605	286,766	43,843	-	251,174	189,001	59,463
Third party payments, non-Medicare	-	9,663	439,084	64,111	9,304	-	183,979	139,604	-
Contributions and Donations	14,725	80,594	8,500	61,911	-	-	41,395	131,598	58,900
Other	391	105,193	55,261	4,925	114	66	232,170	59,312	3,216
Total Nongovernmental Funding	18,317	202,688	3,213,450	417,713	53,261	66	708,718	519,515	121,579
Total All Funding and Revenue	\$ 215,589	\$ 1,602,026	\$ 5,810,235	\$ 2,634,680	\$ 83,344	\$ 29,066	\$ 2,382,071	\$ 1,111,310	\$ 323,505

(Continued)

**DAVID LAWRENCE MENTAL HEALTH CENTER, INC.
SCHEDULE OF REVENUES BY COST CENTER (CONTINUED)
YEAR ENDED JUNE 30, 2013**

2 of 2

	Residential Level 1	Detox	Outreach	Title 21	Total CFBHM	Non CFBHN	Other Support	ADMIN	Behavior Health Fee	Total
STATE SAMH FUNDING	\$ 719,128	\$ 630,090	\$ 33,900	\$ -	\$ 6,805,132	\$ -	\$ -	\$ 9,979	\$ -	\$ 6,815,111
OTHER GOVERNMENT FUNDING										
State of Florida	-	-	-	697,000	697,000	-	-	-	(110,611)	586,389
IDP Line of Credit	-	-	-	-	40,486	-	-	-	-	40,486
Medicaid	42	3,691	-	162	2,267,968	16	-	194,299	-	2,462,283
Local	-	132,529	-	-	1,308,570	-	-	-	-	1,308,570
Contracts	-	-	-	-	33,905	-	-	-	-	33,905
Total Other Government Funding	42	136,220	-	697,162	4,347,929	16	-	194,299	(110,611)	4,431,633
ALL OTHER FUNDING & REVENUE										
First and Third Party Fees, Medicare	1,881,671	1,436,262	-	-	6,869,224	582,457	-	-	-	7,451,681
Third party payments, non-Medicare	114,050	127,729	-	-	1,087,524	250	-	-	-	1,087,774
Contributions and Donations	167	51,911	-	-	449,701	390,808	-	2,756,945	-	3,597,454
Other	48,280	1,544	66	770	511,308	234,492	28,852	(925,060)	-	(150,408)
Total Nongovernmental Funding	2,044,168	1,617,446	66	770	8,917,757	1,208,007	28,852	1,831,885	-	11,986,501
Total All Funding and Revenue	\$ 2,763,338	\$ 2,383,756	\$ 33,966	\$ 697,932	\$ 20,070,818	\$ 1,208,023	\$ 28,852	\$ 2,036,163	\$ (110,611)	\$ 23,233,245

DAVID LAWRENCE MENTAL HEALTH CENTER, INC.
SCHEDULE OF EXPENSES BY COST CENTER
YEAR ENDED JUNE 30, 2013

1 of 3

	Mental Health and Substance Abuse Services							
	Comprehensive							
	FIS Case Management	Community Service Team (CCST)	Crisis Service Unit (CSU)	Crisis Support	Day Night	Drop in Center	O/P Medical	O/P
PERSONNEL EXPENSES								
Salaries	\$ 107,766	\$ 864,139	\$ 2,213,695	\$ 1,323,453	\$ 42,639	\$ 12,102	\$ 1,526,079	\$ 867,570
Fringe Benefits	24,719	198,133	351,611	237,382	11,692	1,796	228,801	159,673
Total Personnel Expenses	<u>132,485</u>	<u>1,062,272</u>	<u>2,565,306</u>	<u>1,560,835</u>	<u>54,331</u>	<u>13,898</u>	<u>1,754,880</u>	<u>1,027,243</u>
OPERATING EXPENSES								
Building	18,756	161,485	276,255	184,768	6,361	4,875	109,548	126,251
Professional	114	2,162	19,105	5,037	39	21	16,073	1,175
Travel	6,213	40,529	12,080	2,339	77	42	2,690	6,855
Equipment Costs	280	2,794	4,950	3,799	87	83	2,894	3,158
Food Service	125	1,369	166,343	13,097	5,415	1,269	941	2,486
Medicine / Pharmacy	775	696	72,808	576	523	5	40,699	55,725
Interest	-	-	-	-	-	-	-	-
Insurance	4,534	68,220	67,240	44,683	1,537	845	27,422	27,753
Office Expense and Other	4,151	50,638	73,892	28,741	987	1,389	18,262	29,370
Incidentals	5,799	108,903	610	1	-	-	-	2,431
Bad Debts	7	3,620	2,345,842	198,181	13,154	-	37,782	32,847
Total Operating Expenses	<u>40,754</u>	<u>440,416</u>	<u>3,039,125</u>	<u>481,222</u>	<u>28,180</u>	<u>8,529</u>	<u>256,311</u>	<u>288,051</u>
Total Direct Expenses	173,239	1,502,688	5,604,431	2,042,057	82,511	22,427	2,011,191	1,315,294
ALLOCATED EXPENSES								
Administration	18,329	147,937	255,487	180,618	6,213	3,417	110,844	117,678
Other Support	12,786	103,201	178,229	126,000	4,334	2,384	77,325	82,093
Total Allocated Expenses	<u>31,115</u>	<u>251,138</u>	<u>433,716</u>	<u>306,618</u>	<u>10,547</u>	<u>5,801</u>	<u>188,169</u>	<u>199,771</u>
Total Expenses	<u>204,354</u>	<u>1,753,826</u>	<u>6,038,147</u>	<u>2,348,675</u>	<u>93,058</u>	<u>28,228</u>	<u>2,199,360</u>	<u>1,515,065</u>
SUPPLEMENTAL DISCLOSURES								
State Excluded Costs	\$ 487	\$ 7,454	\$ 2,282,624	\$ 203,054	\$ 13,322	\$ 85	\$ 40,749	\$ 35,771

(Continued)

DAVID LAWRENCE MENTAL HEALTH CENTER, INC.
SCHEDULE OF EXPENSES BY COST CENTER (CONTINUED)
YEAR ENDED JUNE 30, 2013

2 of 3

	Mental Health and Substance Abuse Services							
	Prevention	Residential Level 1	Detox	Outreach	Title 21	Total CFBHN	Non CFBHN	Total Program Services
PERSONNEL EXPENSES								
Salaries	\$ 150,116	\$ 543,591	\$ 831,457	\$ 22,714	\$ 291,048	\$ 8,796,369	\$ 779,215	\$ 9,575,584
Fringe Benefits	22,970	111,060	126,511	1,348	64,179	1,539,875	215,505	1,755,380
Total Personnel Expenses	<u>173,086</u>	<u>654,651</u>	<u>957,968</u>	<u>24,062</u>	<u>355,227</u>	<u>10,336,243</u>	<u>994,720</u>	<u>11,330,964</u>
OPERATING EXPENSES								
Building	25,256	96,080	108,904	3,341	37,776	1,159,656	132,154	1,291,810
Professional	162	13,031	783	21	1,833	59,556	10,120	69,676
Travel	2,812	8,312	3,481	407	19,842	105,679	14,560	120,239
Equipment Costs	600	3,024	1,497	48	544	23,758	1,922	25,680
Food Service	656	115,974	77,449	20	226	385,370	14,686	400,056
Medicine / Pharmacy	1,369	4,782	10,379	-	152,241	340,578	8,354	348,932
Interest	-	-	-	-	-	-	-	-
Insurance	6,425	24,493	26,576	845	19,740	320,313	28,066	348,379
Office Expense and Other	8,720	23,170	23,248	655	15,258	278,481	237,826	516,307
Incidentals	9	-	21	1	11,994	129,769	6,172	135,941
Bad Debts	3,052	1,330,503	1,168,008	-	-	5,132,996	1,513	5,134,509
Total Operating Expenses	<u>49,061</u>	<u>1,619,369</u>	<u>1,420,346</u>	<u>5,338</u>	<u>259,454</u>	<u>7,936,156</u>	<u>455,373</u>	<u>8,391,529</u>
Total Direct Expenses	222,147	2,274,020	2,378,314	29,400	614,681	18,272,399	1,450,093	19,722,493
ALLOCATED EXPENSES								
Administration	25,971	82,699	107,426	3,417	39,019	1,099,055	122,400	1,221,455
Other Support	18,118	57,690	74,941	2,384	27,220	766,705	85,387	852,092
Total Allocated Expenses	<u>44,089</u>	<u>140,389</u>	<u>182,367</u>	<u>5,801</u>	<u>66,239</u>	<u>1,865,760</u>	<u>207,787</u>	<u>2,073,547</u>
Total Expenses	<u>266,236</u>	<u>2,414,409</u>	<u>2,560,681</u>	<u>35,201</u>	<u>680,920</u>	<u>20,138,159</u>	<u>1,657,880</u>	<u>21,796,040</u>
SUPPLEMENTAL DISCLOSURES								
State Excluded Costs	\$ 3,698	\$ 1,271,740	\$ 1,151,853	\$ 85	\$ 971	\$ 5,011,893	\$ 11,623	\$ 5,023,516

(Continued)

**DAVID LAWRENCE MENTAL HEALTH CENTER, INC.
SCHEDULE OF EXPENSES BY COST CENTER (CONTINUED)
YEAR ENDED JUNE 30, 2013**

3 of 3

	Supporting Services			Total
	Admin.	Other Support	Total Supporting Services	
PERSONNEL EXPENSES				
Salaries	\$ 651,710	\$ 573,244	\$ 1,224,954	\$ 10,800,538
Fringe Benefits	176,941	145,502	322,443	2,077,823
Total Personnel Expenses	<u>828,651</u>	<u>718,746</u>	<u>1,547,397</u>	<u>12,878,361</u>
OPERATING EXPENSES				
Building	55,594	59,320	114,914	1,406,724
Professional	92,256	951	93,207	162,883
Travel	47,061	398	47,459	167,698
Equipment Costs	3,402	472	3,874	29,554
Food Service	22,549	1,082	23,631	423,687
Medicine / Pharmacy	-	-	-	348,932
Interest	14,732	-	14,732	14,732
Insurance	11,875	17,262	29,137	377,516
Office Expense and Other	142,692	53,861	196,553	712,860
Incidentals	2,643	-	2,643	138,584
Bad Debts	-	-	-	5,134,509
Total Operating Expenses	<u>392,804</u>	<u>133,346</u>	<u>526,150</u>	<u>8,917,679</u>
Total Direct Expenses	1,221,455	852,092	2,073,547	21,796,040
ALLOCATED EXPENSES				
Administration	(1,221,455)	-	(1,221,455)	-
Other Support	-	(852,092)	(852,092)	-
Total Allocated Expenses	<u>(1,221,455)</u>	<u>(852,092)</u>	<u>(2,073,547)</u>	<u>-</u>
Total Expenses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,796,040</u>
SUPPLEMENTAL DISCLOSURES				
State Excluded Costs	<u>\$ 28,810</u>	<u>\$ 3,276</u>	<u>\$ 32,086</u>	<u>\$ 5,055,602</u>

**DAVID LAWRENCE MENTAL HEALTH CENTER, INC.
SCHEDULE OF STATE EARNINGS
YEAR ENDED JUNE 30, 2013**

1.	Total Expenditures	\$ 21,796,040
2.	Less Other State and Federal Funds	(4,431,633)
3.	Less Non-Match SAMH Funds	(5,982,558)
4.	Less Unallowable Costs per 65E-14, FAC	(5,055,602)
5.	Less Unallowable Patient Fees	<u>-</u>
6.	Total Allowable Expenditures	<u><u>\$ 6,326,247</u></u>
7.	Total Amount of State Earnings (Line 6 times 75%)	\$ 4,744,685
8.	Amount of State Funds Required Match	<u>1,519,587</u>
9.	Amount Due to Department (Subtract Line 8 from Line 7. If negative, the amount of the difference is due the department up to the amount of Line 8.)	<u><u>\$ 3,225,098</u></u>

**DAVID LAWRENCE MENTAL HEALTH CENTER, INC.
SCHEDULE OF BED-DAY AVAILABILITY PAYMENTS
YEAR ENDED JUNE 30, 2013**

Program A	Cost Center B	State Contracted Rate C	Total Units of Service Provided D	Total Units of Service Paid for by 3rd Party Contracts Local Government or Other State Agencies E	Maximum Number of Units Eligible for Payment by Department F	Amount Paid for Services by the Department G	Maximum Dollar Value of Units in Column F H	Amount Owed to Department (G less H or \$0 Whichever is Greater) I
Children's MH	Crisis Stabilization Unit	\$ 391.24	1460	165	1295	\$ 350,290	\$ 506,656	\$ -
Adult MH	Crisis Stabilization Unit	\$ 391.24	7288	1788	5500	1,694,027	2,151,820	-
Adult SA	Substance Abuse Detox	\$ 204.94	4380	667	3713	<u>630,090</u>	<u>760,942</u>	<u>-</u>
Total Amount Owed to Department						<u>\$ 2,674,407</u>	<u>\$ 3,419,418</u>	<u>\$ -</u>

**DAVID LAWRENCE MENTAL HEALTH CENTER, INC.
SCHEDULE OF RELATED PARTY TRANSACTION ADJUSTMENTS
YEAR ENDED JUNE 30, 2013**

	FIS Case Management	Comprehensive Community Service Team (CCST)	Crisis Service Unit (CSU)	Crisis Support	Day Night	Drop in Center	Intervention	O/P Medical	O/P Ind/Group	Prevention
Revenues From Grantee										
Rent	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Revenue from Grantee	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Expenses Associated with Grantee Transactions										
Depreciation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	-	-	-	-	-	-	-	-	-	-
Professional Services	-	-	-	-	-	-	-	-	-	-
Total Associated Expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Related Party Transactions Adjustment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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

DAVID LAWRENCE MENTAL HEALTH CENTER, INC.
SCHEDULE OF RELATED PARTY TRANSACTION ADJUSTMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2013

2 of 2

	Recovery Support	Residential Level 1	Detox	Outreach	Title 21	Total SAMH	Non SAMH	Other Support	ADMIN	Total
Revenues From Grantee										
Rent	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Revenue from Grantee	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Expenses Associated with Grantee										
Transactions										
Depreciation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	-	-	-	-	-	-	-	-	-	-
Professional Services	-	-	-	-	-	-	-	-	-	-
Total Associated Expenses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Related Party Transactions Adjustment	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

INDEPENDENT AUDITORS' 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
David Lawrence Mental Health Center, Inc.
Naples, 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 continued in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of David Lawrence Mental Health Center, Inc. (the "Center") 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, and have issued our report thereon dated November 25, 2013. The financial statements of the David Lawrence Foundation for Mental Health, Inc. were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Center'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Center's internal control. Accordingly, we do not express an opinion on the effectiveness of the Center'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 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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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.


Board of Directors
David Lawrence Mental Health Center, Inc.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Center’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 intended solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity’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 entity’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CliftonLarsonAllen LLP

Fort Myers, Florida
November 25, 2013

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT
COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR FEDERAL
PROGRAM OR 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
David Lawrence Mental Health Center, Inc.
Naples, Florida

Report on Compliance for Each Major Federal Program and State Project

We have audited David Lawrence Mental Health Center, Inc.'s (the "Center") 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 the Center's major federal programs and state projects for the year ended June 30, 2013. The Center's major federal programs and state projects are identified in the summary of auditors' 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 and state projects.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Center's major federal programs and 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 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 the Center'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 and state project. However, our audit does not provide a legal determination of the Center's compliance.

Opinion on Each Major Federal Program and State Project

In our opinion, the Center 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 and state projects for the year ended June 30, 2013.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and Chapter 10.650 and which are described in the accompanying schedule of findings and questioned costs as items 2013-01 and 2013-02. Our opinion on each major federal program is not modified with respect to these matters.

The Center's response to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The Center's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of the Center 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 the Center's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program and state project 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 and state project and to test and report on internal control over compliance in accordance with OMB Circular A-133 and Chapter 10.650, 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 Center'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 and state project 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 and state project will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program and state project that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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.

Board of Directors
David Lawrence Mental Health Center, Inc.

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 result of that testing based on the requirements of OMB Circular A-133 and Chapter 10.650. Accordingly, this report is not suitable for any other purpose.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Fort Myers, Florida
November 25, 2013

**DAVID LAWRENCE MENTAL HEALTH CENTER, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
YEAR ENDED JUNE 30, 2013**

FEDERAL / STATE AGENCY <i>Pass-through entity</i> Federal Program / State Project	CFDA NUMBER	CONTRACT NUMBER	EXPENDITURES
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			
<i>Passed through Central Florida Behavioral Health Network</i>			
Projects for Assistance in Transition from Homelessness (PATH)	93.150	CF2011-1202	\$ 113,639
Temporary Assistance for Needy Families (TANF)	93.558	CF2011-1202	209,663
Block Grants for Community Mental Health Services	93.958	CF2011-1202	315,010
Block Grants for Prevention and Treatment of Substance Abuse	93.959	CF2011-1202	1,359,140
Block Grants for Social Services	93.667	CF2011-1202	49,909
Children's Health Insurance Program (CHIP)	93.767	CF2011-1202	<u>697,008</u>
Total Department of Health and Human Services			<u>2,744,369</u>
<u>U.S. DEPARTMENT OF JUSTICE - BUREAU OF JUSTICE ASSISTANCE</u>			
<i>Passed through Collier County</i>			
Drug Court Discretionary Grant Program	16.585	2010-DC-BX-0016	68,126
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
<i>Passed through Collier County</i>			
Community Development Block Grant/Entitlement Grants	14.218	B-11-UC-12-0016	124,358
Community Development Block Grant/Entitlement Grants	14.218	B-12-UC-12-0016	49,257
Community Development Block Grant/Entitlement Grants	14.218	B-09-UC-12-0016 and B-10-UC-12-0016	<u>344,427</u>
Total Department of Housing and Urban Development			<u>518,042</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u><u>\$ 3,330,537</u></u>

(Continued)

**DAVID LAWRENCE MENTAL HEALTH CENTER, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE (CONTINUED)
YEAR ENDED JUNE 30, 2013**

	<u>CSFA NUMBER</u>	<u>GRANT/ CONTRACT NUMBER</u>	<u>EXPENDITURES</u>
<u>STATE OF FLORIDA,</u>			
<u>DEPARTMENT OF CHILDREN AND FAMILIES</u>			
<i>Passed through Central Florida Behavioral Health Network</i>			
Children's Baker Act Services	60.001	CF2011-1202	\$ 123,516
Baker Act	60.006	CF2011-1202	1,012,003
Children's Mental Health - Special Projects - Emergency Stabilization	60.059	CF2011-1202	277,523
Community Forensic Beds and Competency Restoration Training	60.114	CF2011-1202	<u>106,545</u>
TOTAL EXPENDITURES OF STATE FINANCIAL ASSISTANCE			<u>\$ 1,519,587</u>

DAVID LAWRENCE MENTAL HEALTH CENTER, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
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 69I-5, Rules of the Florida Department of Financial Services, Florida Administrative Code, *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 69I-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 nonstate 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 total 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 69I-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."

**DAVID LAWRENCE MENTAL HEALTH CENTER, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
YEAR ENDED JUNE 30, 2013**

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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 69I-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.

**DAVID LAWRENCE MENTAL HEALTH CENTER, INC.
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS –
 FEDERAL PROGRAMS AND STATE PROJECTS
 YEAR ENDED JUNE 30, 2013**

Section I – Summary of Auditors’ Results

Financial Statements

Type of auditors’ report issued:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____ yes X no
- Significant deficiency(s) identified that are not considered to be 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(s) identified that are not considered to be material weakness(es)? _____ yes X none reported

Type of auditors’ report issued on compliance for major federal programs and state projects:

Unmodified

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?

 X yes _____ no

**DAVID LAWRENCE MENTAL HEALTH CENTER, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS –
FEDERAL PROGRAMS AND STATE PROJECTS (CONTINUED)
YEAR ENDED JUNE 30, 2013**

Section I – Summary of Auditors’ Results (Continued)

Identification of major programs/projects:

CFDA Number(s)	Name of Federal Program or Cluster
14.218	Community Development Block Grants
93.959	Block Grants for Prevention and Treatment of Substance Abuse
93.558	Temporary Assistance for Needy Families
CSFA Number(s)	Name of State Project
60.006	Baker Act Services

Dollar threshold used to distinguish between
Type A or Type B programs/projects was:
Major Federal Program
Major State Project

\$ 300,000
\$ 300,000

Auditee qualified as low-risk auditee pursuant to
OMB Circular A-133?

 X yes no

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 did not disclose any matters required to be reported in accordance with Section 510(a) of OMB Circular A-133.

2013-01

**Department of Health and Human Services
Block Grants for Prevention and Treatment of Substance Abuse
CFDA # 93.959
Passed through entity: Central Florida Behavioral Network, Inc.
Grant No. CF2011-2012 ; Grant Period July 1, 2012 – June 30, 2013**

Criteria: Per the grant contract, the Center shall ensure that 95% of all billed units will be supported by a corresponding data unit submitted for payment.

**DAVID LAWRENCE MENTAL HEALTH CENTER, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS –
FEDERAL PROGRAMS AND STATE PROJECTS (CONTINUED)
YEAR ENDED JUNE 30, 2013**

Condition: We noted one error in our sample of 40 units of service selected for testing.

Questioned costs: Known - \$7; Likely - \$ 2,279

Context: A sample of 40 units of service was selected for testing from a population of 7,251.84 units of service. Payments received for these units of service totaled \$783,797.

Cause: A non-billable service was miscoded in the medical record.

Effect: A payment has been received for non-billable service.

Recommendation: We understand that the Center has policies and procedures in place to meet the standards set under the grant contract. We suggest continued training of staff regarding review of documentation prior to the posting of the unit of service to the electronic medical record.

Views of responsible officials and planned corrective actions: With the current controls in place, the error rate of 2.5% is less than the 5% error rate allowed under the contract.

We have implemented new Electronic Medical Software that will enhance our controls better enabling us to prevent future errors. The system, Credible, allows for creation of mandatory information that will prevent staff from not entering data required for billing as well as enabling staff to review documentation before submitting to billing.

Quality Improvement staff will develop reports to monitor outliers for services that do not meet the minimum time requirements.

Person responsible for corrective action: Sharie Boscaglia

Anticipated completion date: June 30, 2014

Section IV – Findings and Questioned Costs – Major State Projects

2013-02

Florida Department of Children and Families

Baker Act

CSFA # 60.006

Passed through entity: Central Florida Behavioral Network, Inc.

Grant No. CF2011-2012; Grant Period July 1, 2012 – June 30, 2013

Criteria: Per the grant contract, the Center shall ensure that 95% of all billed units will be supported by a corresponding data unit submitted for payment.

Condition: We noted one error in our sample of 40 units of service selected for testing.

Questioned costs: Known – Less than \$3.60; Likely - \$ 5,111

**DAVID LAWRENCE MENTAL HEALTH CENTER, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS –
FEDERAL PROGRAMS AND STATE PROJECTS (CONTINUED)
YEAR ENDED JUNE 30, 2013**

Context: A sample of 40 units of service was selected for testing from a population of 11,094.71 units of service. Payments received for these units of service totaled \$1,986,064.

Cause: A non-billable service was miscoded in the medical record.

Effect: A payment has been received for non-billable service.

Recommendation: We understand that the Center has policies and procedures in place to meet the standards set under the grant contract. We suggest continued training of staff regarding review of documentation prior to the posting of the unit of service to the electronic medical record.

Views of responsible officials and planned corrective actions: With the current controls in place, the error rate of 2.5% is less than the 5% error rate allowed under the contract.

We have implemented new Electronic Medical Software that will enhance our controls better enabling us to prevent future errors. The system, Credible, allows for creation of mandatory information that will prevent staff from not entering data required for billing as well as enabling staff to review documentation before submitting to billing.

Quality Improvement staff will develop reports to monitor outliers for services that do not meet the minimum time requirements.

Person responsible for corrective action: Sharie Boscaglia

Anticipated completion date: June 30, 2014

**DAVID LAWRENCE MENTAL HEALTH CENTER, INC.
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS—
FEDERAL PROGRAMS AND STATE PROJECTS
YEAR ENDED JUNE 30, 2013**

**PRIOR YEAR FINDINGS AND QUESTIONED COSTS –
MAJOR FEDERAL PROGRAMS**

There were no findings in the prior year single audit.

**PRIOR YEAR FINDINGS AND QUESTIONED COSTS –
MAJOR STATE PROJECTS**

There were no findings in the prior year single audit.



MANAGEMENT LETTER

Board of Directors
David Lawrence Mental Health Center, Inc.
Naples, Florida

We have audited the financial statements of the David Lawrence Mental Health Center, Inc. (the "Center"), as of and for the fiscal year ended June 30, 2013, and have issued our report thereon dated November 25, 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 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, and Schedule of Findings and Questioned Costs. Disclosures in those reports and schedules, which are dated November 25, 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 noncompliance with 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. In connection with our audit, we did not have any such findings.

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 agencies, and applicable management and is not intended to be and should not be used by anyone other than these specified parties.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Fort Myers, Florida
November 25, 2013