

GATEWAY COMMUNITY SERVICES, INC.
AND GATEWAY COMMUNITY SERVICES FOUNDATION, INC.

FINANCIAL REPORT

Years Ended June 30, 2013 and 2012

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To the Board of Directors
Gateway Community Services, Inc.
and Gateway Community Services Foundation, Inc.
Jacksonville, Florida

Independent Auditor's Report

Report on the Financial Statements

We have audited the accompanying combined financial statements of Gateway Community Services, Inc. and Gateway Community Services Foundation, Inc. which comprise the statements of financial position as of June 30, 2013 and 2012 and the related combined 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 combined 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 combined 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 combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined 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 combined 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 combined financial statements.

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



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Independent Auditor's Report
(Continued)

Opinion

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of Gateway Community Services, Inc. and Gateway Community Services Foundation, Inc. as of June 30, 2013 and 2012, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audits were conducted for the purpose of forming an opinion on the combined financial statements as a whole. The schedule of state earnings, schedule of source and expenditure of city grant funds and related notes are presented for additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of financial awards is presented for the purposes of additional analysis, as required by the 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 also not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 17, 2013, on our consideration of Gateway Community Services, Inc. and Gateway Community Services Foundation, Inc.'s internal control over financial reporting and on our tests of their 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 Gateway Community Services, Inc. and Gateway Community Services Foundation, Inc.'s internal control over financial reporting and compliance.

Smoak, Davis & Nixon LLP

Jacksonville, Florida
October 17, 2013

GATEWAY COMMUNITY SERVICES, INC.
AND GATEWAY COMMUNITY SERVICES FOUNDATION, INC.

COMBINED STATEMENTS OF FINANCIAL POSITION

June 30, 2013 and 2012

ASSETS	2013				2012			
	Gateway Community Services, Inc.	Gateway Community Services Foundation, Inc.	Elimination	Total	Gateway Community Services, Inc.	Gateway Community Services Foundation, Inc.	Elimination	Total
Current Assets:								
Cash and cash equivalents	1,346,637	19,173		1,365,810	1,315,672	1,280		1,316,952
Investments				0	274,753			274,753
Patient accounts receivable, net	93,958			93,958	91,971			91,971
Public support receivable	1,408,696			1,408,696	1,262,228			1,262,228
Prepaid expenses and other current assets	60,156			60,156	57,295			57,295
Deposits	1,003			1,003	1,003			1,003
Total current assets	2,910,450	19,173	0	2,929,623	3,002,922	1,280	0	3,004,202
Land, buildings and equipment	6,111,923	526,281		6,638,204	5,811,882	540,386		6,352,268
Total Assets	9,022,373	545,454	0	9,567,827	8,814,804	541,666	0	9,356,470
LIABILITIES AND NET ASSETS								
Current Liabilities:								
Accounts payable	197,735			197,735	110,120			110,120
Salary and wages payable	229,043			229,043	151,295			151,295
Accrued leave time payable	296,488			296,488	353,223			353,223
Payroll taxes and benefits payable	92,562			92,562	92,184			92,184
Third party payable	82,632			82,632	86,387			86,387
Other	46,502			46,502	45,052			45,052
Deferred revenue				0	14,500			14,500
Current portion - long-term debt				0	68,978			68,978
Total current liabilities	944,962	0	0	944,962	921,739	0	0	921,739
Long-term debt, non-current portion	252,675	0	0	252,675	252,675	0	0	252,675
Net Assets:								
Unrestricted	7,624,284	545,454		8,169,738	7,436,960	541,666		7,978,626
Temporarily Restricted	200,452			200,452	203,430			203,430
Total Net Assets	7,824,736	545,454	0	8,370,190	7,640,390	541,666	0	8,182,056
Total Liabilities and Net Assets	9,022,373	545,454	0	9,567,827	8,814,804	541,666	0	9,356,470

The Notes to Combined Financial Statements are an integral part of these statements.

GATEWAY COMMUNITY SERVICES, INC.
AND GATEWAY COMMUNITY SERVICES FOUNDATION, INC.

COMBINED STATEMENTS OF ACTIVITIES

Years Ended June 30, 2013 and 2012

	2013				2012			
	Gateway Community Services, Inc.	Gateway Community Services Foundation, Inc.	Elimination	Total	Gateway Community Services, Inc.	Gateway Community Services Foundation, Inc.	Elimination	Total
CHANGES IN UNRESTRICTED NET ASSETS:								
Revenues, Gains and Other Support:								
Public Support:								
State ADM grants	6,214,703			6,214,703	6,520,744			6,520,744
Other state and federal grants	1,818,768			1,818,768	1,866,849			1,866,849
Local government grants	3,536,875			3,536,875	4,589,300			4,589,300
Contributions	235,300			235,300	220,952			220,952
Total Public Support	11,805,646	0	0	11,805,646	13,197,845	0	0	13,197,845
Revenues:								
Net patient service revenue	317,647			317,647	324,307			324,307
Interest income	437	4		441	197	128		325
Other revenue	764,616	18,000	(18,000)	764,616	833,813	30,000	(30,000)	833,813
Net assets released from restrictions	77,978			77,978	77,978			77,978
Total Revenues	1,160,678	18,004	(18,000)	1,160,682	1,236,295	30,128	(30,000)	1,236,423
Total Unrestricted Revenues, Gains and Other Support	12,966,324	18,004	(18,000)	12,966,328	14,434,140	30,128	(30,000)	14,434,268
Expenses and Losses:								
Program Services:								
Assessment	283,526			283,526	296,049			296,049
Detoxification	1,693,762			1,693,762	1,700,590			1,700,590
Outpatient	1,171,888	14,105	(18,000)	1,167,993	1,388,501	23,052	(30,000)	1,381,553
Research	1,675,560			1,675,560	2,278,614			2,278,614
Residential II	1,862,002			1,862,002	2,028,542			2,028,542
Cutting Edge/Taste Buds	159,526			159,526	280,278			280,278
Room/Board with Supervision	203,136			203,136	114,726			114,726
Prevention	353,720			353,720	497,683			497,683
Intervention	100,102			100,102	86,514			86,514
Case Management	219,525			219,525	230,700			230,700
Non-ADM services	2,032,103	111		2,032,214	2,000,593	4,780		2,005,373
	9,754,850	14,216	(18,000)	9,751,066	10,902,790	27,832	(30,000)	10,900,622
Supporting Services:								
Clinical support	435,437			435,437	453,846			453,846
Operations support	972,352			972,352	993,578			993,578
Administration	1,616,361			1,616,361	1,773,145			1,773,145
	3,024,150	0	0	3,024,150	3,220,569	0	0	3,220,569
Total Expenses and Losses	12,779,000	14,216	(18,000)	12,775,216	14,123,359	27,832	(30,000)	14,121,191
Increase in unrestricted net assets	187,324	3,788	0	191,112	310,781	2,296	0	313,077
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS:								
Contributions	75,000			75,000	75,000			75,000
Net Assets released from restrictions	(77,978)			(77,978)	(77,978)			(77,978)
Decrease in temporarily restricted net assets	(2,978)	0	0	(2,978)	(2,978)	0	0	(2,978)
Increase in total net assets	184,346	3,788	0	188,134	307,803	2,296	0	310,099
Total net assets, beginning of year	7,640,390	541,666	0	8,182,056	7,332,587	539,370	0	7,871,957
Total net assets, end of year	7,824,736	545,454	0	8,370,190	7,640,390	541,666	0	8,182,056

The Notes to Combined Financial Statements are an integral part of these statements.

GATEWAY COMMUNITY SERVICES, INC.
AND GATEWAY COMMUNITY SERVICES FOUNDATION, INC.
COMBINED STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2013

	Program Services											Supporting Services				Total	
	Assessment	Detox-ification	Out-patient	Research	Residential	Cutting Edge/ Taste Buds	Room & Board with Supervision	Prevention	Intervention	Case Management	Non-ADM	Total Program Services	Clinical Support	Operations Support	Admin-istration		Total Supporting Services
Salaries	172,744	1,117,409	746,771	985,366	968,015	26,830	100,978	249,894	64,122	139,862	926,401	5,498,392	298,867	573,825	786,800	1,659,492	7,157,884
Fringe benefits	36,257	203,726	154,161	146,739	182,095	5,199	18,547	46,976	13,212	28,875	176,876	1,012,663	39,953	118,697	170,704	329,354	1,342,017
Contract or Temp employees	1,232		23,105	33,550	1,223	115	287	50	2,156	4,313	3,471	69,502		9,328	125	9,453	78,955
Total salaries and fringe benefits	210,233	1,321,135	924,037	1,165,655	1,151,333	32,144	119,812	296,920	79,490	173,050	1,106,748	6,580,557	338,820	701,850	957,629	1,998,299	8,578,856
Building occupancy	8,686	72,203	38,174	30,737	235,815	1,309	21,543	12,366	5,004	10,506	266,279	702,622	24,657	86,212	112,367	223,236	925,858
Professional services	41,427		38,404	324,240	2,566		37	6,285	1,932	7,306	17,810	440,007		14,139	171,403	185,542	625,549
Travel	7,857	1,385	24,250	36,729	1,563		25	13,735	1,988	4,550	7,551	99,633	652	4,167	9,686	14,505	114,138
Equipment costs	2,325	6,332	11,281	2,855	6,513		188	3,177	981	2,112	13,222	48,986	7,012	4,551	18,502	30,065	79,051
Food Services		86,769	1,534	158,369	110,060		22,410				189,003	568,145		6,195	13,485	19,680	587,825
Medical/pharmacy	4,078	92,955	58,190	18,855	24,985		5,283		5,390	10,865	41,845	262,446	55,621		3,129	58,750	321,196
Insurance	5,273	30,841	24,344	14,836	27,705	1,793	3,744	6,130	2,105	4,558	52,823	174,152	4,041	7,601	19,007	30,649	204,801
Interest												0		1,903	6,064	7,967	7,967
Operating supplies and expenses	1,411	45,821	15,422	70,750	157,598	11,783	16,421	14,447	1,415	2,881	202,558	540,507	3,120	132,657	70,181	205,958	746,465
Other expenses	818	730	5,031	6,430	4,453	240	580	660	446	941	9,498	29,827	1,009	5,172	85,773	91,954	121,781
Depreciation	1,418	35,591	28,860	2,939	91,102	2,197	13,093		1,351	2,756	124,877	304,184	505	7,905	149,135	157,545	461,729
Total direct expenses	73,293	372,627	243,956	509,905	710,669	127,382	83,324	56,800	20,612	46,475	925,466	3,170,509	96,617	270,502	658,732	1,025,851	4,196,360
Total program expenses	283,526	1,693,762	1,167,993	1,675,560	1,862,002	159,526	203,136	353,720	100,102	219,525	2,032,214	9,751,066	435,437	972,352	1,616,361	3,024,150	12,775,216
Clinical support	14,002	83,644	57,873	62,782	91,952		10,032		4,943	10,841	99,368	435,437	(435,437)			(435,437)	0
Operations support	19,781	211,534	81,759	116,900	232,544		25,370	24,678	6,984	15,316	237,486	972,352		(972,352)		(972,352)	0
Administration	47,761	285,320	197,408	282,253	313,661		34,219	59,585	16,863	36,980	342,311	1,616,361			(1,616,361)	(1,616,361)	0
Total expenses	365,070	2,274,260	1,505,033	2,137,495	2,500,159	159,526	272,757	437,983	128,892	282,662	2,711,379	12,775,216	0	0	0	0	12,775,216

The Notes to Combined Financial Statements are an integral part of this statement.

GATEWAY COMMUNITY SERVICES, INC.
AND GATEWAY COMMUNITY SERVICES FOUNDATION, INC.
COMBINED STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2012

	Program Services											Supporting Services				Total	
	Assessment	Detox-ification	Out-patient	Research	Residential	Cutting Edge/ Taste Buds	Room & Board with Supervision	Prevention	Intervention	Case Management	Non-ADM	Total Program Services	Clinical Support	Operations Support	Admin-istration		Total Supporting Services
Salaries	180,874	1,138,120	880,223	1,402,451	1,049,468	60,113	54,589	377,095	55,778	148,742	918,671	6,266,124	357,348	543,389	844,401	1,745,138	8,011,262
Fringe benefits	34,833	222,959	173,779	221,403	212,996	9,625	11,056	63,687	11,133	29,687	183,449	1,174,607	51,138	124,101	187,006	362,245	1,536,852
Contract or Temp employees	2,314		18,270	38,525	24,174	263		166	1,356	3,615	578	89,261				0	89,261
Total salaries and fringe benefits	218,021	1,361,079	1,072,272	1,662,379	1,286,638	70,001	65,645	440,948	68,267	182,044	1,102,698	7,529,992	408,486	667,490	1,031,407	2,107,383	9,637,375
Building occupancy	9,802	72,128	43,080	30,113	245,782	1,753	11,056	15,915	5,348	14,260	291,296	740,533	27,320	139,245	87,255	253,820	994,353
Professional services	33,126	0	50,345	303,243	38,862		4,090	2,300	60	160	15,911	448,097		8,824	160,584	169,408	617,505
Travel	4,328	536	20,326	100,493	1,447		63	14,785	1,267	3,379	4,518	151,142	584	3,813	9,660	14,057	165,199
Equipment costs	2,266	7,737	11,267	5,410	7,299		110	3,512	721	1,922	8,564	48,808	7,851	4,195	15,522	27,568	76,376
Food Services	0	77,409	3	4,632	152,661	162,447	12,313	2,361		1	202,622	614,449		8,014	9,126	17,140	631,589
Medical/pharmacy	4,925	90,915	71,899	57,582	18,576		1,502		5,910	15,759	32,067	299,135		40	89,054	89,094	388,229
Insurance	1,752	9,768	14,790	2,797	47,376	2,726	3,062	3,666	1,114	2,971	59,367	149,389	6,693	7,914	16,431	31,038	180,427
Interest											4,744	4,744		629	15,003	15,632	20,376
Operating supplies and expenses	19,491	51,280	52,791	103,625	149,685	28,979	11,042	12,362	2,158	5,754	152,669	589,836	2,407	137,737	67,711	207,855	797,691
Other expenses	636	1,079	4,102	5,401	5,181	848	196	1,834	288	769	6,165	26,499		3,782	131,505	135,287	161,786
Depreciation	1,702	28,659	40,678	2,939	75,035	13,524	5,647		1,381	3,681	124,752	297,998	505	11,895	139,887	152,287	450,285
Total direct expenses	78,028	339,511	309,281	616,235	741,904	210,277	49,081	56,735	18,247	48,656	902,675	3,370,630	45,360	326,088	741,738	1,113,186	4,483,816
Total program expenses	296,049	1,700,590	1,381,553	2,278,614	2,028,542	280,278	114,726	497,683	86,514	230,700	2,005,373	10,900,622	453,846	993,578	1,773,145	3,220,569	14,121,191
Clinical support	14,117	81,092	66,210	83,914	96,730		5,471		4,125	11,001	91,186	453,846	(453,846)			(453,846)	0
Operations support	18,359	208,039	86,104	141,303	248,159		14,035	30,863	5,365	14,306	227,045	993,578		(993,578)		(993,578)	0
Administration	49,418	283,868	231,773	380,353	338,612		19,150	83,075	14,441	38,509	333,946	1,773,145			(1,773,145)	(1,773,145)	0
Total expenses	377,943	2,273,589	1,765,640	2,884,184	2,712,043	280,278	153,382	611,621	110,445	294,516	2,657,550	14,121,191	0	0	0	0	14,121,191

The Notes to Combined Financial Statements are an integral part of this statement.

GATEWAY COMMUNITY SERVICES, INC.
AND GATEWAY COMMUNITY SERVICES FOUNDATION, INC.

COMBINED STATEMENTS OF CASH FLOWS

Years Ended June 30, 2013 and 2012

	2013				2012			
	Gateway Community Services, Inc.	Gateway Community Services Foundation, Inc.	Elimination	Total	Gateway Community Services, Inc.	Gateway Community Services Foundation, Inc.	Elimination	Total
CASH FLOWS FROM OPERATING ACTIVITIES								
Change in total net assets	184,346	3,788		188,134	307,803	2,296		310,099
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:								
Depreciation and amortization	447,624	14,105		461,729	427,233	23,052		450,285
Forgiveness of long-term debt	(68,978)			(68,978)	(63,439)			(63,439)
Patient accounts and public support receivable	(148,455)			(148,455)	415,519			415,519
Prepaid expenses and other assets	(2,861)			(2,861)	(13,276)			(13,276)
Accounts payable and accrued expenses	92,201			92,201	(35,933)			(35,933)
Net cash provided by operating activities	503,877	17,893	0	521,770	1,037,907	25,348	0	1,063,255
CASH FLOWS FROM INVESTING ACTIVITIES								
Purchase of land, building and equipment	(747,665)			(747,665)	(397,473)			(397,473)
Purchase of Investments				0	(274,753)			(274,753)
Proceeds from sale of Investments	274,753			274,753	274,668			274,668
Net cash used in investing activities	(472,912)	0	0	(472,912)	(397,558)	0	0	(397,558)
CASH FLOWS FROM FINANCING ACTIVITIES								
Principal payments on long-term debt				0		(78,468)		(78,468)
Net cash used in financing activities	0	0	0	0	0	(78,468)	0	(78,468)
Increase (decrease) in cash and cash equivalents	30,965	17,893	0	48,858	640,349	(53,120)	0	587,229
Cash and cash equivalents, beginning of year	1,315,672	1,280	0	1,316,952	675,323	54,400	0	729,723
Cash and cash equivalents, end of year	1,346,637	19,173	0	1,365,810	1,315,672	1,280	0	1,316,952
SUPPLEMENTAL DISCLOSURES FOR CASH FLOW INFORMATION								
Cash paid for interest during the year				0		4,744		4,744

The Notes to Combined Financial Statements are an integral part of these statements.

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 1. Nature of Activities and Significant Accounting Policies

Nature of Activities:

Gateway Community Services, Inc. (the "Organization") is a private not-for-profit organization incorporated under the laws of the State of Florida. The Organization offers comprehensive services to residents of Jacksonville, Florida and surrounding communities who suffer from alcoholism and drug abuse. The Organization extends their rehabilitative services to these individuals as well as to their family members, based on their ability to pay. The Organization is controlled by a Board of Directors consisting of volunteers from the community.

Basis of Combination:

The combined statements include the accounts of Gateway Community Services Foundation, Inc., a not-for-profit organization which provides financial and other support services and programs to Gateway Community Services, Inc. All significant intercompany accounts and transactions have been eliminated.

Financial Statement Presentation:

In accordance with generally accepted accounting principles, the Organization is required to report information regarding its financial positions and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, the Organization is required to present a statement of cash flows.

Unrestricted Net Assets:

Net assets not subject to donor-imposed stipulations.

Temporarily Restricted Net Assets:

Net assets subject to donor-imposed stipulations that may or will be met by actions of the Organization and/or the passage of time.

Functional Expense Allocation:

The costs related to the administration of the Organization's programs have been detailed in the statement of functional expenses, and are summarized on a program basis in the statement of activities. Personnel and operating expenses which are associated with a specific program are charged directly to that program. Personnel and operating expenses which benefit more than one program are allocated to the various programs based on the relative benefit provided. Administrative expenses represent indirect costs of administering these programs.

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 1. (Continued)

Cash and Cash Equivalents:

For purposes of the statement of cash flows, the Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

The City of Jacksonville requires a separate bank demand and/or time deposit account for all city funds. The amount of city cash maintained as of June 30, 2013 and 2012 was \$5,630 and \$4,994, respectively.

Subsequent events:

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through October 17, 2013, the date the financial statements were available to be issued.

Land, Building and Equipment:

Land, building and equipment are recorded at historical cost or fair market value at date of donation. Land, building and equipment purchased in excess of \$1,500 is capitalized. Depreciation is computed using the straight-line method over the useful lives of the related assets. The Organization takes a full year of depreciation in the year of acquisition and no depreciation in the year of disposal. The State of Florida and the City of Jacksonville are entitled to the proceeds from the disposal of certain land, building and equipment, in accordance with grant provisions.

The Organization reports gifts of land, building, and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time. The Organization does not imply time restrictions expiring over the estimated useful life of contributed long lived assets.

Periodically, management reviews property and equipment for impairment whenever events or changes in circumstances indicate that the carrying amount of assets may not be recoverable. Impairment is measured by comparing the carrying amount of the asset to the sum of expected future cash flows (undiscounted and without interest charges) resulting from use of the asset and its eventual disposition. Management believes that there are no impairment losses on long-lived assets as of June 30, 2013 and 2012.

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 1. (Continued)

Concentrations of Credit Risk:

The Organization's financial instruments that are exposed to concentration of credit risk consist primarily of cash and cash equivalents. The Organization places its cash and cash equivalents and certificates of deposit with high credit quality institutions. At times these financial instruments may be in excess of the Federal Deposit Insurance Corporation (FDIC) insurance limits.

Public Support:

Public support from government grants are recorded based on the terms of the grantor allotment which generally provides that revenue is earned when the allowable costs or units of service of the specific grant provisions have been incurred or provided. Such revenue is subject to audit by the grantor and, if the examination results in a non-allowance of units of service or expenses, the Organization will be required to reimburse any overpayments.

Contributions:

In accordance with generally accepted accounting principles, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restriction. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor.

The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of operations and changes in net assets as net assets released from restrictions.

Contributed Services:

No amounts have been reflected in the statements for donated services since no objective basis is available to measure the value of such services.

Net Patient Service Revenue:

Net patient service revenue is recorded at standard rates which are reduced by allowances based upon the client's financial capabilities and by amounts estimated by management to be non-reimbursable by third-party payors and state programs under the provisions of applicable program payment arrangements. Final determination of amounts earned is subject to third-party payor audit and retroactive adjustment.

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 1. (Continued)

Financial Statement Estimates:

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

Income Taxes:

The Organizations are private not-for-profit corporations as described in Section 501(c)(3) of the Internal Revenue Code and are exempt from federal and state income taxes on related income pursuant to Section 510(a) of the Internal Revenue Code and Chapter 220.13 of the Florida Statutes, respectively.

The Organization applies generally accepted accounting principles related to income tax uncertainties. The Organization has determined that there were no unrecognized tax benefits for the years ended June 30, 2013 and 2012. The Organization files tax returns in the U.S. federal and state jurisdictions. Tax years that remain subject to examination by major tax jurisdictions are 2010 and forward.

Note 2. Investments

Investments as of June 30, 2013 and 2012 consists of certificates of deposits. The value of the certificates of deposit is \$0 and \$274,753 at June 30, 2013 and 2012. The certificates of deposits were not renewed during 2013.

Note 3. Patient Accounts Receivable

The Organization records receivables for services with private insurance and other receivables. A summary of these receivables at June 30, 2013 and 2012 is as follows:

	2013	2012
Private insurance	278,483	302,185
Other	49,724	53,542
	<u>328,207</u>	<u>355,727</u>
Less allowance for doubtful accounts	234,249	263,756
	<u>93,958</u>	<u>91,971</u>

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 4. Land, Building and Equipment

Major classes of land, building, equipment and accumulated depreciation are as follows:

	2013	2012
Land	1,039,565	1,039,565
Building and leasehold improvements	8,637,937	8,061,977
Equipment and furniture	1,124,882	1,001,137
Construction in progress	358,067	310,107
	11,160,451	10,412,786
Less accumulated depreciation	(4,522,247)	(4,060,518)
Land, building and equipment	6,638,204	6,352,268

Depreciation expense for the year ended June 30, 2013 and 2012 was approximately \$461,729 and \$450,285, respectively.

Note 5. Long-Term Debt

Long-term debt obligations are as follows:

	2013	2012
Department of Juvenile Justice Note	0	68,978
Duval County Finance Authority Note	69,791	69,791
Jacksonville Housing Authority Note	182,884	182,884
	252,675	321,653
Less current portion	0	(68,978)
	252,675	252,675

DJJ Note:

The Organization has a note payable dated December 31, 2001 with the Department of Juvenile Justice for the Organization's Impact House facility. The loan has imputed interest at 8.4% and will be forgiven over a ten year period beginning December 31, 2003. As of June 30, 2013, this note has been forgiven.

DCFA Note:

The Organization has a note payable dated June 30, 2004 with the Duval County Finance Authority for \$165,000 to conduct a program, activity, or project. The loan has imputed interest at 5.75% and will be forgiven on June 30, 2019.

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 5. (Continued)

JHA Note:

The Organization has a note payable dated June 30, 2005 with the Jacksonville Housing Authority for \$576,000 to conduct a program, activity, or project. The loan has imputed interest at 5.75% and will be forgiven on June 30, 2025.

Aggregate principal payments and loan forgiveness on long-term debt in the succeeding years are due as follows:

Year ended June 30, 2014	0
2015	0
Thereafter	<u>252,675</u>
	<u><u>252,675</u></u>

Interest related to the debt instruments that were charged to expense during the years ended June 30, 2013 and 2012 was approximately \$6,023 and \$16,305, respectively.

Note 6. Operating Leases

The Organization entered into an operating lease in 2011 for a facility in which it provides adolescent residential substance abuse services. The Organization will pay annual rental payments of \$118,860 for a term of three years with one optional renewal term of three years. The Organization also leases other buildings and equipment under operating leases expiring in various years through 2019.

As of June 30, 2013, future minimum lease payments under non-cancelable operating leases are as follows:

Year ended June 30, 2014	153,330
2015	34,434
2016	26,922
2017	21,556
2018	21,556
Thereafter	<u>5,389</u>
	<u><u>263,187</u></u>

Rental expense under operating leases was approximately \$191,813 and \$194,228 for the years ended June 30, 2013 and 2012, respectively.

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 7. Dependency on Governmental Support

The Organization receives a substantial amount of support from federal, state and local governmental agencies. A reduction in the level of future support from the state or local governmental agencies could have a substantial effect on the Organization's programs and activities.

Note 8. Employee Retirement Plan

Effective September 1, 1993 the Organization established a defined contribution retirement plan, which covers all employees meeting certain eligibility requirements. In accordance with the agreement with the retirement fund, employee and employer contributions are a percentage of the participating employees' salary. The Organization's contributions are limited to a percentage of the employee contributions as determined by the Board of Directors on an annual basis. Total contributions made by the Organization for 2013 and 2012 were \$0.

Note 9. Net Assets Released from Restriction

Net assets were released from restrictions due to acquisitions of land, building and equipment of \$75,000 for the year ended June 30, 2013 and 2012, respectively, and incurring depreciation expense of \$2,978 in 2013 and 2012 related to a temporarily restricted building donated in 2000.

Note 10. Temporarily Restricted Net Assets

Temporarily restricted net assets of \$200,452 and \$203,430 consist of various fixed assets that are available for providing program services for the fiscal years ended June 30, 2013 and 2012, respectively.

Note 11. Related Party

Gateway Community Services Foundation, Inc. was formed for the purpose of providing financial and other support services to the Organization. Expenses for both 2013 and 2012 include \$18,000 and \$30,000, respectively, paid to the Foundation in building rent which has been eliminated in the combined financial statements.

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 12. Fair Value Measurements

The Organization applies generally accepted accounting principles for fair value measurements of financial assets and liabilities. These accounting principles define fair value and establishes a hierarchy that prioritizes fair value measurements based on the types of inputs used for the various valuation techniques. The three levels of inputs used to measure fair value are as follows:

Level 1 - Values measured using quoted prices in active markets for identical investments.

Level 2 - Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3 - Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

The carrying amounts reflected in the statements of financial position for cash and cash equivalents, patient and public receivables, prepaid expenses and other current assets, accounts payable, accrued expenses and deferred revenue approximates fair value due to the relative terms and/or short maturity of these financial instruments. Investments are reflected in the accompanying financial statements at fair value. The fair value of long-term debt at June 30, 2013 and 2012 approximates carrying value due to the variable and imputed interest rates in effect.

The following is a summary of the levels within the fair value hierarchy for the Organization's assets measured at fair value on a recurring basis as of June 30, 2013 and 2012:

Fair Value Measurements on a Recurring Basis as of June 30, 2013			
	Level 1	Level 2	Level 3
	Total		
Assets:			
Investments			
Certificates of deposit			0
Total	0	0	0

Fair Value Measurements on a Recurring Basis as of June 30, 2012			
	Level 1	Level 2	Level 3
	Total		
Assets:			
Investments			
Certificates of deposit		274,753	274,753
Total	0	274,753	0

SUPPLEMENTARY INFORMATION

GATEWAY COMMUNITY SERVICES, INC. AND
GATEWAY COMMUNITY SERVICES FOUNDATION, INC.
SCHEDULE OF EXPENDITURES OF FINANCIAL AWARDS

For the Year Ended June 30, 2013

Federal/State Grantor/Pass-Through Grantor/Federal Program/State Project	CFDA CSFA Number	Contract Number	Program or Award Amount	Accrued Revenue at June 30, 2012	Cash Received	Disburse- ments/ Expenses	Accrued Revenue at June 30, 2013
FEDERAL PROGRAMS:							
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:							
Passed through LSF Health Systems							
Block Grants for Prevention and Treatment of Substance Abuse	93.959	D0032	3,159,003	587,512	3,332,830	3,032,959	287,641
Block Grants for Prevention and Treatment of Substance Abuse	93.959	PG004	75,000		54,006	72,008	18,002
				<u>587,512</u>	<u>3,386,836</u>	<u>3,104,967</u>	<u>305,643</u>
Passed through LSF Health Systems and Family Services:							
Temporary Assistance for Needy Families	93.558	D0032	161,599	35,697	107,129	94,777	23,345
Passed through the City of Jacksonville, Florida							
HIV Emergency Relief Project Grants	93.914	9479-16	146,079	26,975	124,332	97,357	0
HIV Emergency Relief Project Grants	93.914	9479-23	53,620		34,352	58,036	23,684
				<u>26,975</u>	<u>158,684</u>	<u>155,393</u>	<u>23,684</u>
Passed through Northeast Florida Healthy Start Coalition							
Maternal and Child Health Services Block Grant to the States	93.994		97,150	22,733	16,369	(6,364)	0
Passed through the University of Miami							
Drug Abuse and Addiction Research Programs	93.279	5U10DA13720-04	20,363	6,736	9,256	2,520	0
Drug Abuse and Addiction Research Programs	93.279	5U10DA13720-04	23,047		11,144	20,067	8,923
Drug Abuse and Addiction Research Programs	93.279	CTN-0014	21,407	7,778	7,778		0
Drug Abuse and Addiction Research Programs	93.279	CTN-0014	21,407	2,997	2,997		0
Drug Abuse and Addiction Research Programs	93.279	CTN-0031	212,737	21,026	21,026		0
Drug Abuse and Addiction Research Programs	93.279	CTN-0046	230,907	31,577	52,583	21,006	0
Drug Abuse and Addiction Research Programs	93.279	CTN-0046			6,446	12,385	5,939
Drug Abuse and Addiction Research Programs	93.279	CTN-0037	386,905	63,441	114,472	51,031	0
Drug Abuse and Addiction Research Programs	93.279	CTN-0037			63,264	154,823	91,559
Drug Abuse and Addiction Research Programs	93.279	CTN-0052		11,614	23,176	11,562	0
Drug Abuse and Addiction Research Programs	93.279	CTN-0052			75,810	184,717	108,907
				<u>145,169</u>	<u>387,952</u>	<u>458,111</u>	<u>215,328</u>

GATEWAY COMMUNITY SERVICES, INC. AND
GATEWAY COMMUNITY SERVICES FOUNDATION, INC.
SCHEDULE OF EXPENDITURES OF FINANCIAL AWARDS
For the Year Ended June 30, 2013

Federal/State Grantor/Pass-Through Grantor/Federal Program/State Project	CFDA CSFA Number	Contract Number	Program or Award Amount	Accrued Revenue at June 30, 2012	Cash Received	Disburse- ments/ Expenses	Accrued Revenue at June 30, 2013
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:							
Substance Abuse and Mental Health Services_ Projects of Regional and National Significance	93.243	5 H79-TI019760-02	450,000	32,287	157,159	124,872	0
Substance Abuse and Mental Health Services_ Projects of Regional and National Significance	93.243	5 H79-TI019760-03	450,000		296,197	335,167	38,970
Substance Abuse and Mental Health Services_ Projects of Regional and National Significance	93.243	5 U79-SM058764-02	400,000	28,478	105,746	77,268	0
Substance Abuse and Mental Health Services_ Projects of Regional and National Significance	93.243	5 U79-SM058764-04	400,000		84,817	84,817	0
Substance Abuse and Mental Health Services_ Projects of Regional and National Significance	93.243	1 H79-TI019578-01	468,916	32,456	137,324	104,868	0
Substance Abuse and Mental Health Services_ Projects of Regional and National Significance	93.243	1 H79-TI020870-02	300,000	21,574	79,979	58,405	0
Substance Abuse and Mental Health Services_ Projects of Regional and National Significance	93.243	1 H79-TI020870-03	300,000		91,564	91,564	0
Substance Abuse and Mental Health Services_ Projects of Regional and National Significance	93.243	1 H79-TI023375-02	400,000	26,419	162,157	135,738	0
Substance Abuse and Mental Health Services_ Projects of Regional and National Significance	93.243	1 H79-TI023375-03	400,000		299,298	344,898	45,600
Substance Abuse and Mental Health Services_ Projects of Regional and National Significance	93.243	1 H79-TI024370-01	500,000		179,745	235,743	55,998
				<u>141,214</u>	<u>1,593,986</u>	<u>1,593,340</u>	<u>140,568</u>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:							
Supportive Housing Program	14.235	FL0128B4H101104	61,705	6,381	49,806	43,425	0
Supportive Housing Program	14.235	FL0128L4H101205	66,553			15,276	15,276
Supportive Housing Program	14.235	FL0129B4H101104	54,727	3,938	45,885	41,947	0
Supportive Housing Program	14.235	FL0129L4H101205	55,769		9,576	9,576	9,576
				<u>10,319</u>	<u>95,691</u>	<u>110,224</u>	<u>24,852</u>
Passed through the City of Jacksonville, Florida Housing Opportunities for Persons with AIDS	14.241	9479-14 (FL29H11F001)	66,001	4,187	17,774	13,587	0
Housing Opportunities for Persons with AIDS	14.241	9479-22 (FL29H12F001)	70,024		33,283	44,943	11,660
				<u>4,187</u>	<u>51,057</u>	<u>58,530</u>	<u>11,660</u>

GATEWAY COMMUNITY SERVICES, INC. AND
GATEWAY COMMUNITY SERVICES FOUNDATION, INC.
SCHEDULE OF EXPENDITURES OF FINANCIAL AWARDS
For the Year Ended June 30, 2013

Federal/State Grantor/Pass-Through Grantor/Federal Program/State Project	CFDA CSFA Number	Contract Number	Program or Award Amount	Accrued Revenue at June 30, 2012	Cash Received	Disburse- ments/ Expenses	Accrued Revenue at June 30, 2013
U.S. DEPARTMENT OF AGRICULTURE:							
Passed through the Florida Department of Education School Breakfast Program	10.553	01-0364		2,248	31,067	31,200	2,381
Passed through the Florida Department of Education National School Lunch Program	10.555	01-0364		4,468	61,420	61,693	4,741
Total Expenditures of Federal Awards				980,522	5,890,191	5,661,871	752,202
STATE PROJECTS:							
FLORIDA DEPARTMENT OF JUVENILE JUSTICE:							
Passed through First Coast Management Services, Inc. Mental Health Services	80.011	X1521		9,715	9,715		0
Mental Health Services	80.011	X1521			115,320	127,540	12,220
				<u>9,715</u>	<u>125,035</u>	<u>127,540</u>	<u>12,220</u>
Delinquency Non-Secure Residential Services	80.016	R-2042	820,520	66,196	66,196		0
Delinquency Non-Secure Residential Services	80.016	R-2042	820,520		665,808	802,880	137,072
				<u>66,196</u>	<u>732,004</u>	<u>802,880</u>	<u>137,072</u>
Total Expenditures of State Projects				75,911	857,039	930,420	149,292
GENERAL STATE FUNDING:							
Passed through LSF Health Systems Block Grants for Prevention and Treatment of Substance Abuse Temporary Assistance for Needy Families					2,748,782	3,025,231	276,449
Block Grants for Prevention and Treatment of Substance Abuse					61,736	61,736	0
					72,007	72,007	0
Passed through Clay County Behavioral Health Center, Inc. Substance Abuse Treatment and Aftercare Services for Adults				6,246	32,493	37,557	11,310
Passed through Northeast Florida Healthy Start Coalition Healthy Start/Azalea Project			98,836		79,457	92,212	12,755
Florida Medicaid Program				21,945	365,984	379,831	35,792
Department of Juvenile Justice Mental Health and/or Substance Abuse Treatment Services				10,616	53,253	42,637	0
Total Expenditures of General State Funding				38,807	3,413,712	3,711,211	336,306

GATEWAY COMMUNITY SERVICES, INC. AND
GATEWAY COMMUNITY SERVICES FOUNDATION, INC.
SCHEDULE OF EXPENDITURES OF FINANCIAL AWARDS

For the Year Ended June 30, 2013

Federal/State Grantor/Pass-Through Grantor/Federal Program/State Project	CFDA CSFA Number	Contract Number	Program or Award Amount	Accrued Revenue at June 30, 2012	Cash Received	Disburse- ments/ Expenses	Accrued Revenue at June 30, 2013
LOCAL ASSISTANCE:							
FLORIDA STATE ATTORNEY'S OFFICE:							
Passed through the City of Jacksonville, Florida							
Intensive Delinquency Diversion Services (City Teen Court)							
				90	870	780	0
CITY MENTAL HEALTH AND WELFARE:							
Passed through the City of Jacksonville, Florida							
Alcohol Trust Fund		9479-15	513,661	39,484	139,221	99,737	0
Alcohol Trust Fund		9479-19	435,499		261,068	350,169	89,101
Residential, Homeless, and Transitional Living		9479-12	372,400	59,665	146,274	86,609	0
Residential, Homeless, and Transitional Living		9479-20	372,400		249,984	288,931	38,947
Residential, Homeless, and Transitional Living		9479-11	245,802	33,306	94,896	61,590	0
Residential, Homeless, and Transitional Living		9479-21	245,802		164,263	190,106	25,843
Keep Kids Drug Free					39,000	39,000	0
Title XX Day Care					25,428	25,428	0
Substance Abuse Geriatric Education Services (SAGES)		9479-13	63,526	4,507	23,995	19,488	0
Substance Abuse Geriatric Education Services (SAGES)		9479-18	63,526		27,644	40,622	12,978
Gang Intervention		9479-10	250,000	19,436	57,703	38,267	0
Duval County Teen and Truancy Court						2,360	2,360
				156,398	1,229,476	1,242,307	169,229
LOCAL GRANTS:							
Buffalo Valley Research Evaluation					16,037	17,704	1,667
Emergency Services & Homeless Coalition		12-FL-627			6,053	6,053	0
Sulzbacher				10,500	10,500		0
				10,500	32,590	23,757	1,667
Total Expenditures of Local Assistance				166,988	1,262,936	1,266,844	170,896
Total Expenditures of Federal Awards and State Financial Assistance and Local Assistance				1,262,228	11,423,878	11,570,346	1,408,696

**GATEWAY COMMUNITY SERVICES, INC.
AND GATEWAY COMMUNITY SERVICES FOUNDATION, INC.**

NOTES TO SCHEDULE OF EXPENDITURES OF FINANCIAL AWARDS

For The Year Ended June 30, 2013

1. BASIS OF ACCOUNTING

The accompanying schedule of expenditures of financial awards includes the federal, state and local grant activity of Gateway Community Services, Inc. and is prepared on the accrual basis of accounting.

The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the requirements described in the Executive Office of the Governor's State Projects Compliance Supplement. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Type A programs are those federal programs and state projects with expenditures greater than or equal to \$300,000 and \$279,126, respectively. All other programs are considered Type B.

2. PASS-THROUGH AWARDS

The Organization receives certain federal awards and state financial assistance from pass-through awards of the State, local government and other entities. The total amount of such pass-through awards is included on the supplementary schedule of expenditures of financial awards.

3. TRANSFERS TO SUBRECIPIENTS

The Organization transferred \$58,9740 from contract number 5 H79-TI019760-03, \$180,729 from contract number 1 H79-TI023375-02, and \$78,261 from contract number 1 H79-TI024370-01 for the fiscal year ended June 30, 2013 to an unrelated third party.

4. MANAGING ENTITY

The Organization paid LSF Health Systems ("managing entity") a fee of \$258,201 as part of contract number D0032 and \$5,985 as a part of contract number PG004. The managing entity has a contract with the Florida Department of Children and Family Services in which a 3.99% fee is deducted from the expenditures incurred by the subrecipients. The schedule of awards reflects the net of the fee as the cash was not received from the managing entity.

GATEWAY COMMUNITY SERVICES, INC.
AND GATEWAY COMMUNITY SERVICES FOUNDATION, INC.

SCHEDULE OF STATE EARNINGS

For the Year Ended June 30, 2013

	<u>2013</u>
1. Total Expenditures	12,779,000
2. Less Other State and Federal Funds	(4,341,182)
3. Less Non-Match SAMH Funds	(3,012,237)
4. Less Unallowable Costs per 65E-14, F.A.C.	<u>0</u>
5. Total Allowable Expenditures (Sum of lines 1, 2, 3, and 4)	<u><u>5,425,581</u></u>
6. Maximum Available Earnings (Line 5 times 75%)	4,069,186
7. Amount of State Funds Requiring Match	<u>3,458,971</u>
8. Amount Due to Department (Subtract line 7 from 6. If negative, the amount of the difference is due the department up to the amount of line 7.)	<u><u>610,215</u></u>

GATEWAY COMMUNITY SERVICES, INC.
 SCHEDULE OF SOURCE AND EXPENDITURES OF CITY GRANT FUNDS
 For the Year Ended June 30, 2013

Contract #	Contract Period	Total Budget	Receipts/Expenditures		Balance Remaining 2013
Alcohol Trust Fund					
9479-15	10/1/11-9/30/12		10/1/11-6/30/12	7/1/12-9/30/12	
Receipts:		513,661	374,421	139,221	19
Expenditures:					
Salaries which do not include those prohibited by 118.301 {vi, vii}		388,910	307,743	81,167	
Payroll taxes and benefits					
FICA & Med. Tax.		28,700	23,542	5,158	
Health Insurance		50,019	42,722	7,297	
Workers Comp		8,150	6,975	1,175	
Unemployment tax		9,900	8,743	1,157	
Group Life		477	413	64	
Dental		300	220	60	
EAP		27	22	5	
Occupancy expenses					
Maintenance & repairs		80	80		
Telephone		331	331		
Utilities		3,900	3,900		
Office expenses					
Office & Janitorial supplies		47	47		
Direct client expenses					
Food		22,820	19,166	3,654	
Total Expenditures		513,661	413,904	99,737	20

GATEWAY COMMUNITY SERVICES, INC.
 SCHEDULE OF SOURCE AND EXPENDITURES OF CITY GRANT FUNDS
 For the Year Ended June 30, 2013

Contract #	Contract Period	Total Budget	Receipts/Expenditures	Balance Remaining 2013
Alcohol Trust Fund				
9479-19	10/1/12-9/30/13		10/1/12-6/30/13	
Receipts:		435,499	261,068	174,431
Expenditures:				
Salaries which do not include those prohibited by 118.301 {vi, vii}		344,543	274,457	
Payroll taxes and benefits				
FICA & Med. Tax.		25,826	21,145	
Health Insurance		19,377	16,507	
Dental		1,520	1,200	
Workers Comp		9,216	6,914	
Unemployment tax		6,957	4,810	
Group Life		1,699	1,351	
EAP		7	7	
Occupancy expenses				
Utilities		4,313	4,313	
Office expenses		16	16	
Direct client expenses				
Food		22,025	19,462	
Total Expenditures		435,499	0	350,182
				85,317

GATEWAY COMMUNITY SERVICES, INC.
SCHEDULE OF SOURCE AND EXPENDITURES OF CITY GRANT FUNDS
For the Year Ended June 30, 2013

Contract #	Contract Period	Total Budget	Receipts/Expenditures		Balance Remaining 2013
Residential, Homeless, and Transitional Living					
9479-12 (Prof 2)	10/1/11-9/30/12		10/1/11-6/30/12	7/1/12-9/30/12	
Receipts:		372,400	212,143	146,274	13,983
Expenditures:					
Salaries which do not include those prohibited by 118.301 {vi, vii}		109,305	80,105	28,073	
Payroll taxes and benefits		21,784	15,667	5,168	
Occupancy expenses					
Telephone		8,300	5,288	2,064	
Utilities		33,000	24,760	8,240	
Maint. & repairs		29,000	20,706	8,294	
Insurance Prop. & Gen.		9,100	6,677	1,922	
Office expenses					
Supplies		10,830	8,434	2,396	
Postage		12	11	1	
Printing / Adv		30	30		
Contract/ Prof. fees & service		220			
Background Screenings		1			
Other equip < 1000		2,000	1,103	587	
Other Taxes & Licenses		420	136	84	
Travel expenses not related to entertainment or amusement		1,040	494	33	
Equipment expenses rent/ lease		3,450	2,454	512	
Vehicle Fuel & Maintenance		8,838	6,283	2,555	
Vehicle Insurance		1,500	1,177	269	
Direct client expenses					
Food		97,040	71,499	17,619	
Medical supplies		501			
Personal		1,100	715	216	
Transportation		230	148		
Other - recreational		900	774	126	
Operating Capital		2			
Allocated management and general		33,797	25,348	8,449	
Total Expenditures		372,400	271,809	86,608	13,983

GATEWAY COMMUNITY SERVICES, INC.
SCHEDULE OF SOURCE AND EXPENDITURES OF CITY GRANT FUNDS
For the Year Ended June 30, 2013

Contract #	Contract Period	Total Budget	Receipts/Expenditures	Balance Remaining 2013
Residential, Homeless, Detox and Transitional Living				
9479-20 (Prof 2)	10/1/12-9/30/13		10/1/12-6/30/13	
Receipts:		372,400	249,984	122,416
Expenditures:				
Salaries which do not include those prohibited by 118.301 {vi, vii}		108,588	81,360	
Payroll taxes and benefits		24,991	18,631	
Occupancy expenses				
Telephone		5,807	4,018	
Utilities		27,826	23,985	
Maint. & repairs		27,268	26,048	
Insurance Prop. & Gen.		7,687	5,923	
Office expenses				
Office & other		10,453	8,080	
Postage		12	12	
Printing / Adv		30	30	
Other equip < 1000		2,690	1,728	
Other Taxes & Licenses		220	220	
Travel expenses not related to entertainment or amusement		527	456	
Equipment expenses rent/lease		8,386	5,857	
Vehicle Fuel & Maintenance		9,496	7,995	
Vehicle Insurance		454	388	
Direct client expenses				
Food		96,741	73,315	
Medical supplies		600	100	
Personal		474	474	
Other - recreational		550	372	
Allocated management and general		39,900	29,925	
Total Expenditures		372,700	0	288,917
				83,783

GATEWAY COMMUNITY SERVICES, INC.
SCHEDULE OF SOURCE AND EXPENDITURES OF CITY GRANT FUNDS
For the Year Ended June 30, 2013

Contract #	Contract Period	Total Budget	Receipts/Expenditures		Balance Remaining 2013
Alumni House					
9479-11 (Prof 1)	10/1/11-9/30/12		10/1/11-6/30/12	7/1/12-9/30/12	
Receipts:		245,802	122,388	94,896	28,518
Expenditures:					
Salaries which do not include those prohibited by 118.301 {vi, vii}		44,795	34,317	10,478	
Payroll taxes and benefits		13,641	9,049	3,296	
Occupancy expenses					
Telephone		6,942	4,020	1,623	
Utilities		32,700	22,865	9,828	
Maint. & repairs		30,300	15,968	10,246	
Insurance Prop. & Gen.		10,072	6,307	1,669	
Office expenses					
Supplies		11,030	6,300	4,327	
Postage		58	7	51	
Printing & Adv		70	70		
Publications					
Staff Training					
Directors & Officers Insur.					
Contract/ Prof. fees & service		480			
Background Screenings					
Other equip < 1000		6,500	2,603	2,284	
Other Taxes & Licenses		381	178	56	
Travel expenses not related to entertainment or amusement		1,111	329	22	
Equipment expenses					
Lease & rental		2	1		
Vehicle expenses					
Fuel & Maint.		6,002	644	1,766	
Insurance		202	1	201	
Direct client expenses					
Food		57,903	36,269	10,143	
Medical Supplies		2			
Personal		1,100	275	67	
Transportation		151	1		
Recreational Supplies		501	95	68	
Allocated management and general		21,859	16,394	5,465	
Total Expenditures		245,802	155,693	61,590	28,519

GATEWAY COMMUNITY SERVICES, INC.
SCHEDULE OF SOURCE AND EXPENDITURES OF CITY GRANT FUNDS
For the Year Ended June 30, 2013

Contract #	Contract Period	Total Budget	Receipts/Expenditures	Balance Remaining 2013
Alumni House				
9479-21 (Prof 1)	10/1/12-9/30/13		10/1/12-6/30/13	
Receipts:		245,802	164,263	81,539
Expenditures:				
Salaries which do not include those prohibited by 118.301 {vi, vii}		36,717	28,302	
Payroll taxes and benefits		9,150	6,847	
Occupancy expenses				
Rent-occupancy		24,000	18,000	
Telephone		3,400	2,678	
Utilities		29,425	23,951	
Maint. & repairs		23,687	23,166	
Insurance Prop. & Gen.		7,278	5,126	
Office expenses				
Supplies		7,685	5,476	
Postage		160	62	
Printing & Adv.		510	70	
Contract./Prof fees & service				
Other equip < 1000		4,884	3,826	
Other Taxes & Licenses		120	120	
Travel expenses not related to entertainment or amusement		360	304	
Equipment expenses				
Lease & rental		5,900	4,293	
Vehicle expenses				
Fuel & Maint.		8,307	5,686	
Insurance		1,986	1,629	
Direct client expenses				
Food		54,681	40,132	
Medical supplies		600	100	
Personal		525	525	
Recreational supplies		100	67	
Allocated management and general		26,327	19,746	
Total Expenditures		245,802	0	190,106
				55,696

GATEWAY COMMUNITY SERVICES, INC.
SCHEDULE OF SOURCE AND EXPENDITURES OF CITY GRANT FUNDS
For the Year Ended June 30, 2013

Contract #	Contract Period	Total Budget	Receipts/Expenditures		Balance Remaining 2013
Substance Abuse Geriatric Education Services (SAGES)					
9479-13	10/1/11 - 9/30/12		10/1/11-6/30/12	7/1/12-9/30/13	
Receipts:		63,526	39,506	23,995	25
Expenditures:					
Salaries which do not include those prohibited by 118.301 (vi, vii)		44,467	33,989	10,470	
Payroll taxes and benefits		8,421	6,431	1,983	
Supplies		80	25	55	
Postage					
Printing & Advertising		5,138	1,300	3,838	
Training					
Professional Fees & Service		5,055	2,000	3,055	
Travel expenses not related to entertainment or amusement		365	268	87	
Total Expenditures		63,526	44,013	19,488	25
Substance Abuse Geriatric Education Services (SAGES)					
9479-18	10/1/12 - 9/30/13		10/1/11-6/30/12		
Receipts:		63,526		39,506	24,020
Expenditures:					
Salaries which do not include those prohibited by 118.301 (vi, vii)		45,567		30,677	
Payroll taxes and benefits		8,696		6,755	
Telephone & Utilities		2			
Maintenance & Repairs		506		222	
Insurance		1			
Supplies		120		120	
Postage		50			
Printing & Advertising		2,000		195	
Training					
Professional Fees & Service		5,500		2,250	
Other Equipment < \$1,000		1			
Travel expenses not related to entertainment or amusement		1,083		403	
Total Expenditures		63,526	0	40,622	22,904

GATEWAY COMMUNITY SERVICES, INC.
SCHEDULE OF SOURCE AND EXPENDITURES OF CITY GRANT FUNDS
For the Year Ended June 30, 2013

Contract #	Contract Period	Total Budget	Receipts/Expenditures		Balance Remaining 2013
Housing Opportunities for Persons with AIDS					
9479-14 (FL29H11F001)	10/1/11 - 9/30/12		10/1/11-6/30/12	7/1/12-9/30/12	
Receipts:		66,001	43,774	17,774	4,453
Expenditures:					
Support Services		61,381	44,496	12,432	
Administrative Costs		4,620	3,465	1,155	
Total Expenditures		66,001	47,961	13,587	4,453
Housing Opportunities for Persons with AIDS					
9479-22 (FL29H12F001)	10/1/12 - 9/30/13			10/1/12-6/30/13	
Receipts:		70,024		33,283	36,741
Expenditures:					
Support Services		65,198		41,323	
Administrative Costs		4,826		3,620	
Total Expenditures		70,024	0	44,943	25,081
Ryan White - Title I					
9479-16	3/1/12 - 2/28/13		3/1/12-9/30/12	10/1/12-2/28/13	
Receipts:		146,079	48,141	83,276	14,662
Expenditures:					
Substance Abuse Services					
Direct Service Expense				(1,392)	
Outpatient		22,812	4,422	8,132	
Residential Level II		123,267	65,609	54,646	
Total Expenditures		146,079	70,031	61,386	14,662
Ryan White - Title I					
9479-23	3/1/13 - 2/28/14			3/1/13-6/30/13	
Receipts:		53,620		34,352	19,268
Expenditures:					
Outpatient		8,360		7,632	
Residential		45,260		45,248	
Total Expenditures		53,620	0	52,880	740

GATEWAY COMMUNITY SERVICES, INC.
SCHEDULE OF SOURCE AND EXPENDITURES OF CITY GRANT FUNDS
For the Year Ended June 30, 2013

Contract #	Contract Period	Receipts/Expenditures				2013 Balance	
		Gang Intervention					
		Amended Budget	5/16/11- 6/30/11	7/1/11- 5/31/12	6/1/12- 6/30/12	7/1/12- 9/30/12	Balance Remaining 2013
9479-10 (amended)	5/16/11-5/16/12						
Receipts:	250,000		162,292	30,005	57,703	0	
Expenditures:							
Compensation	191,467	5,161	139,281	15,711	31,314		
Payroll Taxes and Benefits	40,769	431	30,642	3,457	6,239		
Recruitment & marketing							
Printing	585		585				
Equipment							
Cell phones	2,783		2,267	160	356		
Laptops	4,000	4,000					
Transportation	5,108		4,766	108	234		
General Operating	5,288		5,164		124		
Total Expenditures	250,000	9,592	182,705	19,436	38,267	0	

**GATEWAY COMMUNITY SERVICES, INC.
AND GATEWAY COMMUNITY SERVICES FOUNDATION, INC.**

NOTES TO SCHEDULE OF SOURCE AND EXPENDITURE OF CITY GRANT FUNDS

For The Year Ended June 30, 2013

BASIS OF ACCOUNTING

The accompanying schedule of source and expenditure of city grant funds includes grant activity related to funding from the various departments within the City of Jacksonville.

The information in this schedule is presented in accordance with the requirements of Ordinance Code Chapter 118.208(e) of the City of Jacksonville, Florida. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

CONTRACT 9479-15

The remaining expenditures balance of \$20 for contract number 9479-15 reflects expenditures not incurred by Gateway Community Services, Inc. (the "Organization") during the contract period and will not be billed to the City of Jacksonville (the "City").

CONTRACT 9479-19

The remaining expenditures balance of \$85,317 for contract number 9479-19 reflects expenditures to be incurred by the Organization during the remaining contract period. The remaining balance of \$174,431 represents both funds to be received from the City for expenditures incurred as of June 30, 2013 and funds to be disbursed by the City for expenses incurred during the remaining contract period.

CONTRACT 9479-12

The remaining expenditures balance of \$13,983 for contract number 9479-12 reflects expenditures not incurred by the Organization during the contract period and will not be billed to the City.

CONTRACT 9479-20

The remaining expenditures balance of \$83,783 for contract number 9479-20 reflects expenditures to be incurred by the Organization during the remaining contract period. The remaining balance of \$122,416 represents both funds to be received from the City for expenditures incurred as of June 30, 2013 and funds to be disbursed by the City for expenses incurred during the remaining contract period.

NOTES TO SCHEDULE OF SOURCE AND EXPENDITURE OF CITY GRANT FUNDS

CONTRACT 9479-11

The remaining expenditures balance of \$28,519 for contract number 9479-11 reflects expenditures not incurred by the Organization during the contract period and will not be billed to the City.

CONTRACT 9479-21

The remaining expenditures balance of \$55,696 for contract number 9479-21 reflects expenditures to be incurred by the Organization during the remaining contract period. The remaining balance of \$81,539 represents both funds to be received from the City for expenditures incurred as of June 30, 2013 and funds to be disbursed by the City for expenses incurred during the remaining contract period.

CONTRACT 9479-13

The remaining expenditures balance of \$25 for contract number 9479-13 reflects expenditures not incurred by the Organization during the contract period and will not be billed to the City.

CONTRACT 9479-18

The remaining expenditures balance of \$22,904 for contract number 9479-18 reflects expenditures to be incurred by the Organization during the remaining contract period. The remaining balance of \$24,020 represents both funds to be received from the City for expenditures incurred as of June 30, 2013 and funds to be disbursed by the City for expenses incurred during the remaining contract period.

CONTRACT 9479-14 (FL29H11F001)

The remaining expenditures balance of \$4,453 for contract number 9479-14 reflects expenditures not incurred by the Organization during the contract period and will not be billed to the City.

CONTRACT 9479-22 (FL29H12F001)

The remaining expenditures balance of \$25,081 for contract number 9479-22 reflects expenditures to be incurred by the Organization during the remaining contract period. The remaining balance of \$36,741 represents both funds to be received from the City for expenditures incurred as of June 30, 2013 and funds to be disbursed by the City for expenses incurred during the remaining contract period.

NOTES TO SCHEDULE OF SOURCE AND EXPENDITURE OF CITY GRANT FUNDS

CONTRACT 9479-16

The remaining expenditures balance of \$14,662 for contract number 9479-16 reflects expenditures not incurred by the Organization during the contract period and will not be billed to the City.

CONTRACT 9479-23

The remaining expenditures balance of \$740 for contract number 9479-23 reflects expenditures to be incurred by the Organization during the remaining contract period. The remaining balance of \$19,268 represents both funds to be received from the City for expenditures incurred as of June 30, 2013 and funds to be disbursed by the City for expenses incurred during the remaining contract period.

CONTRACT 9479-10

Contract number 9479-10 was initially a five year grant for \$250,000 per year, but due to budget cuts the City discontinued the funding of this program. The City had approved the remaining expenditures from the initial grant to be carried over and used by the Organization until expended in fiscal year 2013. The contract has been fully earned and the Organization has been fully reimbursed as of June 30, 2013.



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To the Board of Directors
Gateway Community Services, Inc.
and Gateway Community Services Foundation, Inc.
Jacksonville, Florida

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

We have audited, in accordance with the 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, the combined financial statements of Gateway Community Services, Inc. and Gateway Community Services Foundation, Inc. (the "Organization"), which comprise the statements of financial position as of and for the years ended 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, and have issued our report thereon dated October 17, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the combined financial statements, we considered the Organization'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 combined financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization'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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's combined 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.



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Independent Auditor's Report
(Continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Gateway Community Services, Inc.'s and Gateway Community Services Foundation Inc.'s combined 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.

Smoak, Davis & Nixon LLP

Jacksonville, Florida
October 17, 2013



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To the Board of Directors
 Gateway Community Services, Inc.
 and Gateway Community Services Foundation, Inc.
 Jacksonville, Florida

INDEPENDENT AUDITOR'S REPORT
ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND STATE PROJECT AND ON
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133 AND CHAPTER
10.650, RULES OF THE AUDITOR GENERAL

Report on Compliance for Each Major Federal Program and State Project

We have audited Gateway Community Services, Inc. and Gateway Community Services Foundation, Inc.'s (the "Organization") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement*, and the requirements described in the *Department of Financial Services' State Projects Compliance Supplement*, that could have a direct and material effect on each of the Organization's major federal programs and state projects for the year ended June 30, 2013. The Organization's major federal programs and state projects are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Organization'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, Rules of the Auditor General, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program or state project occurred. An audit includes examining, on a test basis, evidence about the Organization'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 Organization's compliance.

Opinion on Each Major Federal and State Project

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



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Independent Auditor's Report
(Continued)

Report on Internal Control Over Compliance

Management of the Organization 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 Organization's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program or 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, 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 Organization's internal control over compliance.

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

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.

Smoak, Davis & Nixon LLP

Jacksonville, Florida
October 17, 2013

GATEWAY COMMUNITY SERVICES, INC.
AND GATEWAY COMMUNITY SERVICES FOUNDATION, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2013

SUMMARY OF AUDITOR'S RESULTS

Financial Statement Section

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	_____ Yes <u> X </u> No
Significant deficiencies identified that are not considered to be material weakness(es)?	_____ Yes <u> X </u> No
Noncompliance material to financial statement noted?	_____ Yes <u> X </u> No

Federal Awards and State Financial Assistance Section

Dollar Threshold used to determine Federal Type A programs:	300,000
Dollar Threshold used to determine State Type A projects:	279,126
Auditee qualified as low-risk auditee for federal awards purposes?	<u> X </u> Yes _____ No

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

Unmodified

Material weakness(es) identified?	_____ Yes <u> X </u> No
Significant deficiencies identified that are not considered to be material weakness(es)?	_____ Yes <u> X </u> No
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133 and Chapter 10.650, Rules of the Auditor General?	_____ Yes <u> X </u> No

GATEWAY COMMUNITY SERVICES, INC.
AND GATEWAY COMMUNITY SERVICES FOUNDATION, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2012

SUMMARY OF AUDITOR'S RESULTS

Identification of major federal programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
93.959	Block Grants for Prevention and Treatment of Substance Abuse
93.279	Drug Abuse and Addiction Research Programs
14.235	Supportive Housing Program

Identification of major state financial assistance projects:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
80.016	Delinquency Non-Secure Residential Services

SCHEDULE OF FINANCIAL STATEMENT FINDINGS

None

FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL PROGRAMS AND STATE FINANCIAL ASSISTANCE PROJECTS

None

SCHEDULE OF PRIOR AUDIT FINDINGS

None – No prior audit findings to be reported

MANAGEMENT LETTER

None – No findings required to be reported

CORRECTIVE ACTION PLAN

None – No findings are reported