

**NEW HORIZONS OF THE
TREASURE COAST, INC.**

**Financial Statements
with
Independent Auditors' Report**

June 30, 2013
(With Comparative Totals for June 30, 2012)

Table of Contents

	Page
Independent Auditors' Report	2 - 3
Financial Statements:	
Statement of Financial Position	4
Statement of Activities and Changes in Net Assets	5
Statement of Functional Expenses	6 - 9
Statement of Cash Flows.....	10
Notes to Financial Statements	11 - 17
Additional Information:	
Program/Cost Center Actual Expenses and Revenues Schedule	19 - 25
Schedule of Revenues	26
Schedule of Expenditures of Federal Awards and State Financial Assistance	27
Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance	28
Schedule of State Earnings	29
Schedule of Bed-Day Availability Payments.....	30
Schedule of Related Party Transaction Adjustments	31
Schedule of Local Financial Assistance.....	32
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 <i>Government Auditing Standards</i>	33 - 34
Independent Auditors' Report on Compliance for Each Major Federal Program and State Project and on Internal Control over Compliance in Accordance with OMB Circular A-133 and Chapter 10.650, Rules of the Auditor General	35 - 36
Schedule of Findings and Questioned Costs	37
Summary Schedule of Prior Audit Findings	38
Management Letter	39



KMETZ • NUTTALL • ELWELL • GRAHAM, PLLC
Certified Public Accountants

Independent Auditors' Report

To the Board of Directors
New Horizons of the Treasure Coast, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of New Horizons of the Treasure Coast, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2013, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. 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 New Horizons of the Treasure Coast, Inc. as of June 30, 2013, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

2800 Ocean Drive • Vero Beach, Florida 32963 • T: 772.231.6902 • F: 772.231.4099

www.knegcpa.com

Michael L. Kmetz, CPA, PFS • Scott A. Nuttall, CPA, CFP • Brian J. Elwell, CPA • Patrick K. Graham, CPA, MA • Aurelius J. (Reese) Brackins, CPA
Teresa M. LaSota, CPA • David P. Reisinger, CPA • James F. McGuigan, Jr., CPA • Christina M. Vorce, CPA, MBA

To the Board of Directors
New Horizons of the Treasure Coast, Inc.

Report on Summarized Comparative Information

We have previously audited New Horizons of the Treasure Coast, Inc.'s 2012 financial statements, and our report dated December 20, 2012, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2012, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards and state financial assistance, as required by the Office of Management and Budget Circular A-133, *Audits of States, and Local Governments, and Non-Profit Organizations*, and Chapter 10.650, Rules of the Auditor General, is presented for the purposes of additional analysis and is not a required part of the financial statements. In addition, the accompanying program/cost center actual expenses and revenue schedule, schedule of revenues, schedule of state earnings, schedule of bed-day availability payments, schedule of related party transaction adjustments, and schedule of local financial assistance are also presented for additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subject 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 *Governmental Auditing Standards*, we have also issued our report dated October 28, 2013 on our consideration of New Horizons of the Treasure Coast, Inc.'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 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 New Horizons of the Treasure Coast, Inc.'s internal control over financial reporting and compliance.



Kmetz, Nuttall, Elwell, Graham, PLLC
Certified Public Accountants

October 28, 2013

New Horizons of the Treasure Coast, Inc.
Statement of Financial Position
June 30, 2013
(With comparative totals for 2012)

	2013	2012
		Total (memo only)
Assets		
Current Assets:		
Cash and cash equivalents	\$ 4,448,363	\$ 4,483,115
Patient accounts receivable, less allowance for uncollectible accounts of \$1,198,585	708,180	643,586
Public support receivable	2,214,260	969,735
Pledges receivable - current portion	61,684	67,394
Inventory - pharmaceuticals/supplies	60,904	106,606
Prepaid expenses and other current assets	206,842	179,745
Total current assets	7,700,233	6,450,181
Other Assets:		
Pledges receivable - less current portion	-	400
Deposits	61,804	61,841
Loan costs, net of amortization	50,595	84,915
Construction in progress	509,491	-
Total other assets	621,890	147,156
Property and Equipment, net	9,988,813	10,452,468
Total assets	\$ 18,310,936	\$ 17,049,805
Liabilities and Unrestricted Net Assets		
Current Liabilities:		
Accounts payable	\$ 197,279	\$ 232,457
Accrued expenses	710,571	706,716
Patient deposits and employee funds	102,943	43,188
Current portion of long-term debt	192,859	149,145
Total current liabilities	1,203,652	1,131,506
Long-Term Liabilities:		
Long-term debt less current portion	3,991,794	4,155,802
Net Assets		
Unrestricted		
Designated	495,956	500,000
Undesignated	12,619,534	11,262,497
Total Net Assets	13,115,490	11,762,497
Total liabilities and net assets	\$ 18,310,936	\$ 17,049,805

See accompanying notes to financial statements.

New Horizons of the Treasure Coast, Inc.

Statement of Activities and Changes in Net Assets

For the year ended June 30, 2013

(With comparative totals for 2012)

	2013			2012
	Unrestricted	Temporarily Restricted	Total	Total (memo only)
Revenues and other support				
Department of Children & Families/ Southeast Florida Behavioral Health Network	\$ 12,393,282	\$ -	\$ 12,393,282	\$ 12,490,015
County and other government grants	2,955,461	-	2,955,461	2,910,513
Contributions and donations	360,850	-	360,850	257,512
Patient fees (net of contractual allowances and discounts)	6,931,595	-	6,931,595	6,521,546
Provision for bad debts	(743,754)	-	(743,754)	(660,178)
In-kind contributions	1,533,070	-	1,533,070	1,450,645
Interest	2,712	-	2,712	2,030
Other income	49,699	-	49,699	25,659
Total revenues and other support	23,482,915	-	23,482,915	22,997,742
Expenses				
Program services:				
Case Management	802,033	-	802,033	729,265
Forensic Case Management	88,930	-	88,930	107,825
Intensive Case Management	428,400	-	428,400	467,616
Mobile Crisis	297,156	-	297,156	285,452
Residential Level I - SRT	1,598,970	-	1,598,970	1,425,637
Residential IV - CSS	243,450	-	243,450	318,657
Crisis Stabilization	2,797,530	-	2,797,530	2,474,817
Outpatient Treatment	617,329	-	617,329	410,223
Crisis Support/Emergency	1,269,187	-	1,269,187	1,197,852
Outpatient Medical Services	3,899,984	-	3,899,984	3,572,505
Supported Community Services	761,659	-	761,659	688,719
Criminal Justice St. Lucie Co.	454,163	-	454,163	422,976
FACT	1,171,969	-	1,171,969	1,123,515
ASA Independence Recovery	322,232	-	322,232	311,192
ASA Outpatient Treatment	11,550	-	11,550	36,574
Detox Residential	938,632	-	938,632	826,772
Family Intervention	212,629	-	212,629	202,367
CMH Case Management	478,710	-	478,710	435,690
CMH Outpatient Treatment	783,356	-	783,356	836,150
CMH Medical Services	291,271	-	291,271	310,885
CMH Crisis Stabilization	2,059,000	-	2,059,000	1,846,329
Prevention-SAP	663,373	-	663,373	670,396
Non-State Funded SAMH Cost Centers	340,236	-	340,236	354,126
Non-SAMH Cost Centers	2,316	-	2,316	2,919
Total program services	20,534,065	-	20,534,065	19,058,459
Supporting services:				
Administration	1,595,857	-	1,595,857	2,248,583
Support services	-	-	-	1,005,414
Total supporting services	1,595,857	-	1,595,857	3,253,997
Total expenses	22,129,922	-	22,129,922	22,312,456
Increase in net assets	1,352,993	-	1,352,993	685,286
Net assets, beginning of year	11,762,497	-	11,762,497	11,077,211
Net assets, end of year	\$ 13,115,490	\$ -	\$ 13,115,490	\$ 11,762,497

See accompanying notes to financial statements.

New Horizons of the Treasure Coast, Inc.

Statement of Functional Expenses

For the year ended June 30, 2013

(With comparative totals for 2012)

	Program Services							
	Case Management	Forensic Case Management	Intensive Case Management	Mobile Crisis	Residential Level I SRT	Residential IV CSS	Crisis Stabilization	Outpatient Treatment
Personnel expenses:								
Salaries	\$ 510,447	\$ 42,129	\$ 278,220	\$ 192,715	\$ 913,931	\$ 453	\$ 1,663,041	\$ 412,346
Fringe benefits	117,833	11,517	65,961	45,158	216,253	101	382,744	91,211
Total personnel expenses	628,280	53,646	344,181	237,873	1,130,184	554	2,045,785	503,557
Other Expenses:								
Building occupancy	42,316	1,547	19,001	11,049	43,190	14	75,355	33,260
Professional services	-	-	-	-	54,500	-	112,147	-
Travel	9,259	4,252	6,304	1,711	3,344	-	8,185	5,077
Equipment costs	11,093	506	3,417	2,092	14,778	166	24,788	10,408
Food services	597	-	430	2	112,484	-	141,161	4
Medical and pharmacy	116	4	70	22	62,244	-	86,457	54
Subcontracted services	22,620	1,826	11,841	8,035	40,105	69	77,874	24,307
Depreciation	19,075	1,958	8,380	11,052	32,667	-	58,696	8,349
Insurance	14,585	1,335	7,557	12,207	41,261	13	74,836	13,849
Interest	-	-	-	6,946	22,539	-	43,182	2,983
Telephone	29,017	2,311	15,182	4,100	6,997	4	9,951	9,654
Operating supplies/expenses	5,354	229	2,217	1,952	11,067	31	26,667	5,021
Other expenses	19,721	21,316	9,820	115	23,610	242,599	12,446	806
Total other expenses	173,753	35,284	84,219	59,283	468,786	242,896	751,745	113,772
Total expenses	\$ 802,033	\$ 88,930	\$ 428,400	\$ 297,156	\$ 1,598,970	\$ 243,450	\$ 2,797,530	\$ 617,329

New Horizons of the Treasure Coast, Inc.

Statement of Functional Expenses (continued)

For the year ended June 30, 2013

(With comparative totals for 2012)

	Program Services							
	Crisis Support/ Emergency	Outpatient Medical Services	Supported Community Services	Criminal Justice St. Lucie Co.	FACT	ASA Independence Recovery	ASA Outpatient Treatment	Detox Residential
Personnel expenses:								
Salaries	\$ 853,303	\$ 1,367,695	\$ 476,099	\$ 223,842	\$ 664,985	\$ 176,585	\$ 4,315	\$ 534,543
Fringe benefits	192,428	255,559	111,397	54,000	132,327	48,775	1,731	121,073
Total personnel expenses	1,045,731	1,623,254	587,496	277,842	797,312	225,360	6,046	655,616
Other Expenses:								
Building occupancy	50,037	43,809	39,633	1,586	17,293	14,735	860	27,167
Professional services	-	385,556	-	-	-	-	-	62,855
Travel	2,374	3,884	12,537	791	19,227	4,337	1,432	1,115
Equipment costs	14,194	18,316	6,801	1,748	8,943	2,383	173	12,330
Food services	12,722	13	3,032	2	799	31,375	-	59,136
Medical and pharmacy	2,844	1,629,598	122	24,281	675	1,551	1	21,735
Subcontracted services	47,787	70,175	20,503	8,510	23,593	7,953	803	26,758
Depreciation	18,096	29,565	23,299	2,745	28,821	8,887	547	19,989
Insurance	26,356	60,063	23,520	6,593	35,432	10,619	419	24,037
Interest	28,374	3,833	-	-	-	7,757	-	13,814
Telephone	7,646	15,494	20,041	2,964	22,179	2,169	226	3,523
Operating supplies/expenses	11,225	13,512	4,296	1,134	3,453	3,048	1,041	7,062
Other expenses	1,801	2,912	20,379	125,967	214,242	2,058	2	3,495
Total other expenses	223,456	2,276,730	174,163	176,321	374,657	96,872	5,504	283,016
Total expenses	\$ 1,269,187	\$ 3,899,984	\$ 761,659	\$ 454,163	\$ 1,171,969	\$ 322,232	\$ 11,550	\$ 938,632

New Horizons of the Treasure Coast, Inc.
Statement of Functional Expenses (continued)
For the year ended June 30, 2013
(With comparative totals for 2012)

	Program Services								
	Family Intervention	CMH Case Management	CMH Outpatient Treatment	CMH Medical Services	CMH Crisis Stabilization	Prevention SAP	Non-State Funded SAMH Cost Centers	Non-SAMH Cost Centers	Total Program Services
Personnel expenses:									
Salaries	\$ 119,200	\$ 305,530	\$ 488,936	\$ 212,470	\$ 1,127,278	\$ 434,012	\$ 225,452	\$ -	\$ 11,227,527
Fringe benefits	28,208	63,766	103,100	44,731	227,099	108,173	44,894	-	2,468,039
Total personnel expenses	147,408	369,296	592,036	257,201	1,354,377	542,185	270,346	-	13,695,566
Other Expenses:									
Building occupancy	13,349	27,589	28,776	4,025	75,833	29,067	12,388	-	611,879
Professional services	-	-	-	-	48,739	-	6,588	-	670,385
Travel	6,105	14,750	22,083	1,931	1,273	8,597	6,159	-	144,727
Equipment costs	1,771	4,176	5,885	1,230	21,087	6,300	2,777	-	175,362
Food services	1	62	4	1	73,866	-	5,763	-	441,454
Medical and pharmacy	13	29	3,656	48	52,601	1	6	2,316	1,888,444
Subcontracted services	19,705	22,350	76,245	13,952	93,484	17,672	9,184	-	645,351
Depreciation	3,659	7,866	12,103	4,294	149,988	6,907	3,318	-	460,261
Insurance	4,175	8,656	14,792	4,519	38,445	14,029	11,080	-	448,378
Interest	-	-	-	-	118,641	-	1,387	-	249,456
Telephone	4,874	20,104	18,138	2,082	10,865	17,170	3,419	-	228,110
Operating supplies/expenses	1,319	3,195	5,675	1,880	12,100	5,221	4,840	-	131,539
Other expenses	10,250	637	3,963	108	7,701	16,224	2,981	-	743,153
Total other expenses	65,221	109,414	191,320	34,070	704,623	121,188	69,890	2,316	6,838,499
Total expenses	\$ 212,629	\$ 478,710	\$ 783,356	\$ 291,271	\$ 2,059,000	\$ 663,373	\$ 340,236	\$ 2,316	\$ 20,534,065

New Horizons of the Treasure Coast, Inc.
Statement of Functional Expenses (continued)
For the year ended June 30, 2013
(With comparative totals for 2012)

				2013	2012
Supporting Services				Total	Total (memo only)
	Administration	Support Services	Total		
Personnel expenses:					
Salaries	\$ 900,218	\$ 218,995	\$ 1,119,213	\$ 12,346,740	\$ 12,243,650
Fringe benefits	189,793	55,623	245,416	2,713,455	2,688,287
Total personnel expenses	1,090,011	274,618	1,364,629	15,060,195	14,931,937
Other Expenses:					
Building occupancy	3,683	4,898	8,581	620,460	631,396
Professional services	102,207	-	102,207	772,592	915,853
Travel	21,054	40	21,094	165,821	163,563
Equipment costs	13,136	24,821	37,957	213,319	189,576
Food services	4,277	(234,536)	(230,259)	211,195	203,044
Medical and pharmacy	6,241	(88,401)	(82,160)	1,806,284	1,738,495
Subcontracted services	48,329	8,585	56,914	702,265	856,569
Depreciation	46,242	214	46,456	506,717	553,529
Insurance	47,428	6,611	54,039	502,417	473,682
Interest	-	-	-	249,456	270,798
Telephone	3,731	1,028	4,759	232,869	210,482
Operating supplies/expenses	58,843	2,086	60,929	192,468	236,973
Other expenses	150,675	36	150,711	893,864	936,559
Total other expenses	505,846	(274,618)	231,228	7,069,727	7,380,519
Total expenses	\$ 1,595,857	\$ -	\$ 1,595,857	\$ 22,129,922	\$ 22,312,456

See accompanying notes to financial statements.

New Horizons of the Treasure Coast, Inc.

Statement of Cash Flows

For the year ended June 30, 2013

(With comparative totals for 2012)

	2013	2012
		Total (memo only)
Cash flows from operating activities:		
Increase in net assets	\$ 1,352,993	\$ 685,286
Adjustments to reconcile increase in unrestricted net assets to net cash flows provided by operating activities		
Depreciation	506,717	553,529
Amortization	4,305	4,826
Loss on disposal of property and equipment	9,161	21,067
Loss on mortgage issue costs	81,250	-
(Increase) decrease in:		
Patient accounts receivable, net	(64,594)	99,191
Public support receivable	(1,244,525)	(377,448)
Pledges receivable	6,110	112,838
Inventory - pharmaceuticals/supplies	45,702	(16,712)
Prepaid expenses and other current assets	(27,097)	14,620
Deposits	37	18,175
Increase (decrease) in:		
Accounts payable	(35,178)	(86,142)
Accrued expenses	3,855	60,255
Patient deposits and employee funds	59,755	(20,639)
Net cash provided by operating activities	698,491	1,068,846
Cash flows from investing activities:		
Purchase of buildings and equipment	(52,223)	(98,120)
Payments for construction in progress	(509,491)	-
Net cash used for investing activities	(561,714)	(98,120)
Cash flows from financing activities:		
Proceeds from long-term debt	4,216,000	-
Payments on long-term debt	(4,336,294)	(137,539)
Payments for loan costs	(51,235)	(14,468)
Net cash used for financing activities	(171,529)	(152,007)
Net increase (decrease) in cash	(34,752)	818,719
Cash and cash equivalents, beginning of year	4,483,115	3,664,396
Cash and cash equivalents, end of year	\$ 4,448,363	\$ 4,483,115
<i>See accompanying notes to financial statements.</i>		
Supplemental disclosures:		
Cash paid for interest	\$ 249,456	\$ 270,798

New Horizons of the Treasure Coast, Inc.
Notes to Financial Statements

Note 1 – Nature of Organization and Summary of Significant Accounting Policies

Organization

New Horizons of the Treasure Coast, Inc. (New Horizons) is a Florida nonprofit organization incorporated in September 1958 to provide treatment, counseling, and prevention for mental health, drug, and alcohol related problems to residents of St. Lucie, Indian River, Martin, and Okeechobee Counties, Florida.

Method of Accounting

The accompanying financial statements have been prepared in accordance with generally accepted accounting principals, using the accrual basis of accounting.

Basis of Presentation

In accordance with ASC 958-205-05-6, New Horizons reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. New Horizons has no temporarily or permanently restricted net assets.

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires, that is, when a stipulated time restriction ends or purpose of restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

New Horizons receives contributed services, including counseling, instruction, and other volunteer services related to each of its programs. These services do not meet ASC 958-605-25-16 criteria for recognizing donated services, and accordingly, are not recognized as revenue in the accompanying financial statements.

Costs incurred for soliciting contributions and for promotional materials, as well as costs of holding fundraising events, are recorded as fundraising expenses and are included in general and administrative expenses in the accompanying financial statements.

Public Support

Public support revenue from government grants is recorded based upon 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, New Horizons will be required to reimburse any overpayments.

New Horizons of the Treasure Coast, Inc.
Notes to Financial Statements (continued)

Note 1 – Summary of Significant Accounting Policies (continued)

Public Support, Revenues and Expenses

For purposes of presentation, all transactions are deemed by management to be ongoing, major, or central to the provision of health care services and, accordingly, are recorded as public support, revenues and expenses.

Cash and Cash Equivalents

New Horizons classifies all highly liquid investments with a maturity of 90 days or less when purchased as cash equivalents. At June 30, 2013, cash included patient custodial accounts of \$90,040.

Patient Accounts Receivable

Accounts receivable are reduced by an allowance for doubtful accounts. In evaluating the collectability of accounts receivable, New Horizons analyzes its past history and identifies trends for each of its major payor sources of revenue to estimate the appropriate allowance for doubtful accounts and provision for bad debts. Management regularly reviews data about these major payor sources of revenue in evaluating the sufficiency of the allowance for doubtful accounts. For receivables associated with services provided to patients who have third-party coverage, New Horizons analyzes contractually due amounts and provides an allowance for doubtful accounts and a provision for bad debts, if necessary. For receivables associated with self-pay patients (which include both patients without insurance and patients with deductible and copayment balances due for which third-party coverage exists for part of the bill), New Horizons records a significant provision for bad debt in the period of service on the basis of its past experience, which indicates that many patients are unable or unwilling to pay the portion of their bill for which they are financially responsible. The difference between the standard rates (or the discount rates if negotiated) and the amounts actually collected after all reasonable collection efforts have been exhausted is charged off against the allowance for doubtful accounts.

Inventories

Inventories of medical, office and janitorial supplies and forms are stated at the lower of cost or market, with cost determined on a first-in, first-out basis (FIFO).

Property and Equipment

Property and equipment acquisitions greater than \$1,000 is capitalized and is stated at cost. Donated property and equipment is recorded at the fair market value at the date of the gift. Depreciation is provided on a straight-line basis over the estimated useful life of the related assets. Amortization of equipment under capital leases is included in depreciation expense and accumulated depreciation.

Estimated useful lives of property and equipment range as follows:

Land and improvements	5 - 25 years
Building and improvements	5 - 40 years
Furniture and equipment	3 - 20 years
Leasehold improvements	3 - 20 years

New Horizons of the Treasure Coast, Inc.
Notes to Financial Statements (continued)

Note 1 – Summary of Significant Accounting Policies (continued)

Property and Equipment (continued)

Fixed assets acquired by New Horizons with state monies are considered to be owned by New Horizons. Florida administrative code provides that real property purchased, constructed, or expanded with state funds shall be used for the originally authorized purpose for a period of twenty years. If the property is not used for the originally authorized purpose for twenty years, the state maintains an equitable interest in the property purchased as well as the right to determine the use of any proceeds from the sale of these assets. New Horizons obtains approval from the state when the use of such property is changed. The following is a schedule of fixed assets, which have a twenty-year limitation:

Year	Description	
2010	Childrens Crisis and Stabilization Unit	\$ 1,590,000
2001	SRT renovations	315,800
2000	Land-Midway Road	550,000
1997	Crisis Stabilization Unit	4,350,000
		\$ 6,805,800

New Horizons has purchased certain equipment and beds with Federal and State funds in the amounts of \$70,173 and \$491,201, respectively. These assets are restricted for specific purpose and the grantors maintain the right to reclaim equipment at the end of the contract period or if the contract is terminated.

Concentration of Credit Risk

New Horizons grants credit without collateral to its patients. Credit losses are provided for in the accompanying financial statements as an allowance for uncollectible patient accounts receivable, and have consistently been within management's expectations.

Income Tax Status

New Horizons is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes on related income pursuant to section 501(a) of the internal Revenue Code and Chapter 220.13 of the Florida Statutes. New Horizons believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements. In addition, New Horizons has been determined not to be a private foundation within the meaning of Section 509(a) of the Code.

Functional Allocation of Expenses

The cost of providing the various programs and other activities has been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Use of 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. Accordingly, actual results could differ from those estimates.

New Horizons of the Treasure Coast, Inc.

Notes to Financial Statements (continued)

Subsequent Events

Management has evaluated subsequent events through October 28, 2013, the date the financial statements were available to be issued.

Note 2 – Uninsured Cash and Cash Equivalent Balances

Corporate cash accounts at banking institutions and credit unions are insured by the Federal Deposit Insurance Corporation (FDIC) or the National Credit Union Administration (NCUA) up to \$250,000 in total per institution and regardless of deposit category. Money market funds maintained with brokerage firms are insured by the Securities Investor Protection Corporation (SIPC) up to \$250,000. As of June 30, 2013, New Horizons uninsured cash balance was approximately \$2,273,000. Approximately \$2,000,000 of this was collateralized at the institution level by specific Federal Home Loan Bank securities.

Note 3 – Pledges Receivable

Pledges receivable consist of the following at June 30, 2013:

	Due in 1 Year	Due in 1 - 5 Years	Total
Capital campaign pledges receivable	\$ 61,684	\$ -	\$ 61,684
Less:			
Allowance for uncollectible pledges	-	-	-
Net pledges receivable	\$ 61,684	\$ -	\$ 61,684

The effect of a discount rate on the pledges receivable has been determined to be immaterial to these financial statements. Uncollectible pledges are expected to be insignificant. The capital campaign pledges receivable were restricted in use for construction related costs and expenses of the new facility, however because the costs have already been incurred, the restriction has been met.

Note 4 – Property and Equipment, net

	Balance June 30, 2012	Additions	Deletions	Balance June 30, 2013
Land and improvements	\$ 1,787,348	\$ 6,200	\$ -	\$ 1,793,548
Building and improvements	12,234,590	26,895	(15,622)	12,245,863
Furniture and equipment	1,943,080	19,128	(317,907)	1,644,301
Leasehold improvements	35,417	-	-	35,417
	16,000,435	52,223	(333,529)	15,719,129
Accumulated depreciation	(5,547,967)	(506,717)	324,368	(5,730,316)
	\$ 10,452,468	\$ (454,494)	\$ (9,161)	\$ 9,988,813

New Horizons of the Treasure Coast, Inc.

Notes to Financial Statements (continued)

Note 5 – Line of Credit

New Horizons originally opened a bank line of credit on August 19, 2009 for \$1,000,000 with an initial term of one year. The line of credit has been renewed and the term extended through March 1, 2014. The interest rate is equal to the Wall Street Journal Prime Rate plus 1% or 4.5%, whichever is higher. Interest is payable monthly. The line of credit is secured by a Security Agreement and UCC Financing Statement which encumbers personal property, inventory and receivables situated in St. Lucie County, Florida. The line of credit balance at June 30, 2013 was \$0.

Note 6 – Long-Term Debt

Long-term debt consists of the following at June 30, 2013:

Mortgage payable, secured by real estate and fixtures situated in St. Lucie County, Florida, due April 2029, monthly principal and interest payments of \$29,825, at a fixed interest rate of 3.97% for the first eight years, and then adjusted to an index rate plus 300 basis points with a minimum interest rate of 3.97% for the remaining term of the loan.	\$ 4,184,653
	<u>4,184,653</u>
Less amounts due within one year	(192,859)
	<u><u>\$ 3,991,794</u></u>

The following schedule represents aggregate maturities on long-term debt:

Year Ending June 30,	
2014	\$ 192,859
2015	200,774
2016	209,014
2017	217,592
2018	226,593
Thereafter	3,137,821
	<u><u>\$4,184,653</u></u>

New Horizons of the Treasure Coast, Inc.

Notes to Financial Statements (continued)

Note 7 – Net Assets

Net assets, designated consist of resources that have been voluntarily set aside by the Board of Directors of New Horizons for future capital projects.

Note 8 – Patient Fees for Services

New Horizons provides services to patients regardless of their ability to pay or access to third-party medical insurance coverage. Patient fees for services are recorded from sliding fee scales and other reimbursement methods which are based on an assessment of the patient's ability to pay. New Horizons provides care to patients who meet certain criteria under its charity care policy at amounts less than its established rates. Since New Horizons does not pursue collection of amounts determined to qualify as charity care, it is not reported as revenue. On the basis of historical experience, a significant portion of New Horizons uninsured patients will be unable or unwilling to pay for the services provided. Thus New Horizons records a significant provision for bad debts related to uninsured patients in the period the services are provided. Unreimbursed charity care provided is excluded from gross patient service revenue. Charity services provided were \$14,312,921 for the year ended June 30, 2013.

New Horizons recognizes patient service revenue associated with services provided to patients who have third-party payor coverage on the basis of contractual rates for the services rendered. For uninsured patients that do not qualify for charity care, New Horizons recognizes revenue based on the basis of its standard rates for services (or on the basis of discounted rates, if negotiated or provided by policy). Patient service revenue, net of contractual allowance and discounts (but before the provision for bad debts), recognized in the period from these major payor sources, is as follows:

	Third-Party Payors	Self-Pay	Total All Payors
Patient Service Revenue (net of contractual allowances and discounts)	5,901,226	1,030,369	\$ 6,931,595

Note 9 – In-Kind Contributions

New Horizons receives donated medication from pharmaceutical companies for eligible needy clients and has estimated the value to be \$1,533,070 for the year ended June 30, 2013. This amount has been recognized in the accompanying financial statements as an in-kind contribution and as medical and pharmacy expense.

New Horizons of the Treasure Coast, Inc.

Notes to Financial Statements (continued)

Note 10 – Retirement Plan

New Horizons participates in a defined contribution retirement plan covering substantially all eligible employees, which is based on a minimum length of service. New Horizons' contribution to the Plan is equal to a percentage of the compensation of participants. Effective May 25, 2006, contribution rates decreased from a range of 2% to 6% to the new range of 1% to 3%. However, participants must make contributions representing percentages of their gross salary, ranging from 1% to 3%, in order to obtain employer matching benefits. New Horizons' contribution to the retirement plan for the year ended June 30, 2013, was \$196,443.

Note 11 – Operating Leases

New Horizons leases various facilities from third parties. Rental expense incurred under operating leases for the year ending June 30, 2013 amounted to \$106,154. The future minimum rental payments are as follows:

June 30, 2014	\$ 104,766
June 30, 2015	29,681
	<u>\$ 134,447</u>

Note 12 – Malpractice and Professional Liability Insurance

New Horizons has an occurrence-based medical malpractice and professional liability policy. The policy coverage is limited to \$1,000,000 per occurrence and \$3,000,000 in aggregate, with no self-insured retention.

Management is unaware of any claim against New Horizons not covered by insurance requiring accrual in the accompanying financial statements. Incurred but not reported losses cannot be estimated by management and therefore, no accrual has been included in the accompanying financial statements

Note 13 – Dependency on Governmental Support

New Horizons receives a substantial amount of support from state and local governmental agencies for specific programs supporting poor and indigent clients. A reduction in the level of future support from the state and local governmental agencies could have a substantial effect on these programs and activities.

ADDITIONAL INFORMATION

New Horizons of the Treasure Coast, Inc.
Program/Cost Center Actual Expenses and Revenues Schedule
For the year ended June 30, 2013

	Program Services				
	Case Management	Forensic Case Management	Intensive Case Management	Mobile Crisis	Residential Level I SRT
Funding Sources and Revenues					
State SAMH Funding:					
District 15	\$ 472,816	\$ 101,145	\$ 183,150	\$ 225,293	\$ 1,650,897
Other Gov't Funding:					
Other State Agency funding	-	-	-	-	-
Medicaid	183,102	-	103,126	-	-
Other government	118,908	-	129,828	35,798	-
Total other gov't funding	302,010	-	232,954	35,798	-
All Other Revenues					
1st and 2nd party payments	(7,204)	-	(3,670)	-	14,233
3rd party pymts (except Medicare)	289,909	-	100,870	-	37,111
Medicare	-	-	-	-	-
Contributions and donations	1,295	-	500	-	125
Other income	(211)	-	-	(318)	(1,205)
In-kind	-	-	-	-	-
Total all other revenues	283,789	-	97,700	(318)	50,264
Total funding	\$ 1,058,615	\$ 101,145	\$ 513,804	\$ 260,773	\$ 1,701,161
Expense Categories					
Personnel expenses:					
Salaries	\$ 510,447	\$ 42,129	\$ 278,220	\$ 192,715	\$ 913,931
Fringe benefits	117,833	11,517	65,961	45,158	216,253
Total personnel expenses	628,280	53,646	344,181	237,873	1,130,184
Other Expenses:					
Building occupancy	42,316	1,547	19,001	11,049	43,190
Professional services	-	-	-	-	54,500
Travel	9,259	4,252	6,304	1,711	3,344
Equipment costs	11,093	506	3,417	2,092	14,778
Food services	597	-	430	2	112,484
Medical and pharmacy	116	4	70	22	62,244
Subcontracted services	22,620	1,826	11,841	8,035	40,105
Depreciation	19,075	1,958	8,380	11,052	32,667
Insurance	14,585	1,335	7,557	12,207	41,261
Interest	-	-	-	6,946	22,539
Telephone	29,017	2,311	15,182	4,100	6,997
Operating supplies/expenses	5,354	229	2,217	1,952	11,067
Other expenses	19,721	21,316	9,820	115	23,610
Total other expenses	173,753	35,284	84,219	59,283	468,786
Total personnel and other expenses	802,033	88,930	428,400	297,156	1,598,970
Distributed Indirect Costs:					
Administration	54,899	5,072	28,941	22,228	131,878
Other support	-	-	-	-	-
Total distr'd indirect costs	54,899	5,072	28,941	22,228	131,878
Total Actual Operating Expenses	856,932	94,002	457,341	319,384	1,730,848
Unallowable Costs	6,357	655	2,786	3,690	10,892
Total allowable oper expenses	\$ 850,575	\$ 93,347	\$ 454,555	\$ 315,694	\$ 1,719,956
Capital expenditures	\$ 934	\$ -	\$ -	\$ 1,216	\$ 14,076

New Horizons of the Treasure Coast, Inc.

Program/Cost Center Actual Expenses and Revenues Schedule (continued)

For the year ended June 30, 2013

	Program Services				
	Residential IV CSS	Crisis Stabilization	Outpatient Treatment	Crisis Support/ Emergency	Outpatient Medical Services
Funding Sources and Revenues					
State SAMH Funding:					
District 15	\$ 354,567	\$ 2,130,422	\$ -	\$ 1,247,726	\$ 1,507,021
Other Gov't Funding:					
Other State Agency funding	-	-	-	-	-
Medicaid	-	-	106,685	-	235,426
Other government	-	239,880	23,240	158,538	235,356
Total other gov't funding	-	239,880	129,925	158,538	470,782
All Other Revenues					
1st and 2nd party payments	79,944	(3,480)	10,120	(755)	24,203
3rd party pymts (except Medicare)	-	697,344	405,237	(576)	748,422
Medicare	-	-	105,681	-	188,783
Contributions and donations	-	150	-	-	-
Other income	-	(2,114)	(348)	(1,408)	(389)
In-kind	-	-	-	-	1,532,884
Total all other revenues	79,944	691,900	520,690	(2,739)	2,493,903
Total funding	\$ 434,511	\$ 3,062,202	\$ 650,615	\$ 1,403,525	\$ 4,471,706
Expense Categories					
Personnel expenses:					
Salaries	\$ 453	\$ 1,663,041	\$ 412,346	\$ 853,303	\$ 1,367,695
Fringe benefits	101	382,744	91,211	192,428	255,559
Total personnel expenses	554	2,045,785	503,557	1,045,731	1,623,254
Other Expenses:					
Building occupancy	14	75,355	33,260	50,037	43,809
Professional services	-	112,147	-	-	385,556
Travel	-	8,185	5,077	2,374	3,884
Equipment costs	166	24,788	10,408	14,194	18,316
Food services	-	141,161	4	12,722	13
Medical and pharmacy	-	86,457	54	2,844	1,629,598
Subcontracted services	69	77,874	24,307	47,787	70,175
Depreciation	-	58,696	8,349	18,096	29,565
Insurance	13	74,836	13,849	26,356	60,063
Interest	-	43,182	2,983	28,374	3,833
Telephone	4	9,951	9,654	7,646	15,494
Operating supplies/expenses	31	26,667	5,021	11,225	13,512
Other expenses	242,599	12,446	806	1,801	2,912
Total other expenses	242,896	751,745	113,772	223,456	2,276,730
Total personnel and other expenses	243,450	2,797,530	617,329	1,269,187	3,899,984
Distributed Indirect Costs:					
Administration	44,307	238,843	49,678	95,179	194,684
Other support	-	-	-	-	-
Total distr'd indirect costs	44,307	238,843	49,678	95,179	194,684
Total Actual Operating Expenses	287,757	3,036,373	667,007	1,364,366	4,094,668
Unallowable Costs	-	19,607	2,738	5,964	9,881
Total allowable oper expenses	\$ 287,757	\$ 3,016,766	\$ 664,269	\$ 1,358,402	\$ 4,084,787
Capital expenditures	\$ -	\$ 15,695	\$ 1,463	\$ 5,522	\$ 1,639

New Horizons of the Treasure Coast, Inc.

Program/Cost Center Actual Expenses and Revenues Schedule (continued)

For the year ended June 30, 2013

	Program Services				
	Supported Community Services	Criminal Justice St. Lucie Co.	FACT	Total AMH Revenues	ASA Independence Recovery
Funding Sources and Revenues					
State SAMH Funding:					
District 15	\$ 431,367	\$ 67,323	\$ 1,209,024	\$ 9,580,751	\$ 106,458
Other Gov't Funding:					
Other State Agency funding	-	-	-	-	-
Medicaid	156,525	3,548	-	788,412	-
Other government	130,827	415,192	-	1,487,567	166,435
Total other gov't funding	287,352	418,740	-	2,275,979	166,435
All Other Revenues					
1st and 2nd party payments	(12,577)	(851)	-	99,963	115,680
3rd party pymts (except Medicare)	192,964	100	-	2,471,381	-
Medicare	-	80	-	294,544	-
Contributions and donations	260	-	300	2,630	-
Other income	3,357	-	2,944	308	(401)
In-kind	-	-	-	1,532,884	-
Total all other revenues	184,004	(671)	3,244	4,401,710	115,279
Total funding	\$ 902,723	\$ 485,392	\$ 1,212,268	\$ 16,258,440	\$ 388,172
Expense Categories					
Personnel expenses:					
Salaries	\$ 476,099	\$ 223,842	\$ 664,985	\$ 7,599,206	\$ 176,585
Fringe benefits	111,397	54,000	132,327	1,676,489	48,775
Total personnel expenses	587,496	277,842	797,312	9,275,695	225,360
Other Expenses:					
Building occupancy	39,633	1,586	17,293	378,090	14,735
Professional services	-	-	-	552,203	-
Travel	12,537	791	19,227	76,945	4,337
Equipment costs	6,801	1,748	8,943	117,250	2,383
Food services	3,032	2	799	271,246	31,375
Medical and pharmacy	122	24,281	675	1,806,487	1,551
Subcontracted services	20,503	8,510	23,593	357,245	7,953
Depreciation	23,299	2,745	28,821	242,703	8,887
Insurance	23,520	6,593	35,432	317,607	10,619
Interest	-	-	-	107,857	7,757
Telephone	20,041	2,964	22,179	145,540	2,169
Operating supplies/expenses	4,296	1,134	3,453	86,158	3,048
Other expenses	20,379	125,967	214,242	695,734	2,058
Total other expenses	174,163	176,321	374,657	5,155,065	96,872
Total personnel and other expenses	761,659	454,163	1,171,969	14,430,760	322,232
Distributed Indirect Costs:					
Administration	52,662	25,510	64,447	1,008,328	22,676
Other support	-	-	-	-	-
Total distr'd indirect costs	52,662	25,510	64,447	1,008,328	22,676
Total Actual Operating Expenses	814,321	479,673	1,236,416	15,439,088	344,908
Unallowable Costs	7,762	-	-	70,332	-
Total allowable oper expenses	\$ 806,559	\$ 479,673	\$ 1,236,416	\$ 15,368,756	\$ 344,908
Capital expenditures	\$ -	\$ -	\$ -	\$ 40,545	\$ 1,806

New Horizons of the Treasure Coast, Inc.

Program/Cost Center Actual Expenses and Revenues Schedule (continued)

For the year ended June 30, 2013

	Program Services				
	ASA Outpatient Treatment	Detox Residential	Family Intervention	Total ASA Revenues	CMH Case Management
Funding Sources and Revenues					
State SAMH Funding:					
District 15	\$ -	\$ 694,625	\$ 255,390	\$ 1,056,473	\$ 56,373
Other Gov't Funding:					
Other State Agency funding	-	-	-	-	-
Medicaid	1,444	-	-	1,444	55,902
Other government	-	204,321	-	370,756	64,366
Total other gov't funding	1,444	204,321	-	372,200	120,268
All Other Revenues					
1st and 2nd party payments	(1,325)	42,564	-	156,919	(8,310)
3rd party pymts (except Medicare)	49	114,649	-	114,698	313,546
Medicare	23	-	-	23	-
Contributions and donations	-	100	-	100	100
Other income	-	(722)	-	(1,123)	(137)
In-kind	-	-	-	-	-
Total all other revenues	(1,253)	156,591	-	270,617	305,199
Total funding	\$ 191	\$1,055,537	\$ 255,390	\$ 1,699,290	\$ 481,840
Expense Categories					
Personnel expenses:					
Salaries	\$ 4,315	\$ 534,543	\$ 119,200	\$ 834,643	\$ 305,530
Fringe benefits	1,731	121,073	28,208	199,787	63,766
Total personnel expenses	6,046	655,616	147,408	1,034,430	369,296
Other Expenses:					
Building occupancy	860	27,167	13,349	56,111	27,589
Professional services	-	62,855	-	62,855	-
Travel	1,432	1,115	6,105	12,989	14,750
Equipment costs	173	12,330	1,771	16,657	4,176
Food services	-	59,136	1	90,512	62
Medical and pharmacy	1	21,735	13	23,300	29
Subcontracted services	803	26,758	19,705	55,219	22,350
Depreciation	547	19,989	3,659	33,082	7,866
Insurance	419	24,037	4,175	39,250	8,656
Interest	-	13,814	-	21,571	-
Telephone	226	3,523	4,874	10,792	20,104
Operating supplies/expenses	1,041	7,062	1,319	12,470	3,195
Other expenses	2	3,495	10,250	15,805	637
Total other expenses	5,504	283,016	65,221	450,613	109,414
Total personnel and other expenses	11,550	938,632	212,629	1,485,043	478,710
Distributed Indirect Costs:					
Administration	1,492	97,864	15,963	137,995	32,224
Other support	-	-	-	-	-
Total distr'd indirect costs	1,492	97,864	15,963	137,995	32,224
Total Actual Operating Expenses	13,042	1,036,496	228,592	1,623,038	510,934
Unallowable Costs	131	6,655	1,214	8,000	2,595
Total allowable oper expenses	\$ 12,911	\$1,029,841	\$ 227,378	\$ 1,615,038	\$ 508,339
Capital expenditures	\$ -	\$ 6,526	\$ -	\$ 8,332	\$ 607

New Horizons of the Treasure Coast, Inc.

Program/Cost Center Actual Expenses and Revenues Schedule (continued)

For the year ended June 30, 2013

	Program Services				
	CMH Outpatient Treatment	CMH Medical Services	CMH Crisis Stabilization	Prevention SAP	Total Childrens Services
Funding Sources and Revenues					
State SAMH Funding:					
District 15	\$ 149,518	\$ 44,332	\$ 671,593	\$ 334,242	\$ 1,256,058
Other Gov't Funding:					
Other State Agency funding	-	-	-	-	-
Medicaid	67,312	15,511	-	-	138,725
Other government	87,599	44,300	133,434	407,204	736,903
Total other gov't funding	154,911	59,811	133,434	407,204	875,628
All Other Revenues					
1st and 2nd party payments	15,106	3,202	27,091	-	37,089
3rd party pymts (except Medicare)	594,469	221,057	951,314	-	2,080,386
Medicare	-	-	-	-	-
Contributions and donations	-	-	355,241	-	355,341
Other income	(211)	(42)	-	(211)	(601)
In-kind	-	-	-	-	-
Total all other revenues	609,364	224,217	1,333,646	(211)	2,472,215
Total funding	\$ 913,793	\$ 328,360	\$ 2,138,673	\$ 741,235	\$ 4,603,901
Expense Categories					
Personnel expenses:					
Salaries	\$ 488,936	\$ 212,470	\$ 1,127,278	\$ 434,012	\$ 2,568,226
Fringe benefits	103,100	44,731	227,099	108,173	546,869
Total personnel expenses	592,036	257,201	1,354,377	542,185	3,115,095
Other Expenses:					
Building occupancy	28,776	4,025	75,833	29,067	165,290
Professional services	-	-	48,739	-	48,739
Travel	22,083	1,931	1,273	8,597	48,634
Equipment costs	5,885	1,230	21,087	6,300	38,678
Food services	4	1	73,866	-	73,933
Medical and pharmacy	3,656	48	52,601	1	56,335
Subcontracted services	76,245	13,952	93,484	17,672	223,703
Depreciation	12,103	4,294	149,988	6,907	181,158
Insurance	14,792	4,519	38,445	14,029	80,441
Interest	-	-	118,641	-	118,641
Telephone	18,138	2,082	10,865	17,170	68,359
Operating supplies/expenses	5,675	1,880	12,100	5,221	28,071
Other expenses	3,963	108	7,701	16,224	28,633
Total other expenses	191,320	34,070	704,623	121,188	1,160,615
Total personnel and other expenses	783,356	291,271	2,059,000	663,373	4,275,710
Distributed Indirect Costs:					
Administration	54,750	26,107	147,393	57,286	317,760
Other support	-	-	-	-	-
Total distr'd indirect costs	54,750	26,107	147,393	57,286	317,760
Total Actual Operating Expenses	838,106	317,378	2,206,393	720,659	4,593,470
Unallowable Costs	3,990	1,452	39,750	1,974	49,761
Total allowable oper expenses	\$ 834,116	\$ 315,926	\$ 2,166,643	\$ 718,685	\$ 4,543,709
Capital expenditures	\$ 934	\$ 187	\$ 238	\$ 934	\$ 2,900

New Horizons of the Treasure Coast, Inc.

Program/Cost Center Actual Expenses and Revenues Schedule (continued)

For the year ended June 30, 2013

	Program Services				
	Total for State SAMH Funded Cost Centers	Non-State Funded SAMH Cost Centers	Total for all State Designated SAMH Cost Centers	Non-SAMH Cost Centers	Total
Funding Sources and Revenues					
State SAMH Funding:					
District 15	\$ 11,893,282	\$ -	\$ 11,893,282	\$ -	\$ 11,893,282
Other Gov't Funding:					
Other State Agency funding	-	-	-	-	-
Medicaid	928,581	-	928,581	-	928,581
Other government	2,595,226	360,235	2,955,461	-	2,955,461
Total other gov't funding	3,523,807	360,235	3,884,042	-	3,884,042
All Other Revenues					
1st and 2nd party payments	293,971	-	293,971	4,257	298,228
3rd party pymts (except Medicare)	4,666,465	-	4,666,465	-	4,666,465
Medicare	294,567	-	294,567	-	294,567
Contributions and donations	358,071	-	358,071	-	358,071
Other income	(1,416)	(117)	(1,533)	-	(1,533)
In-kind	1,532,884	-	1,532,884	-	1,532,884
Total all other revenues	7,144,542	(117)	7,144,425	4,257	7,148,682
Total funding	\$ 22,561,631	\$ 360,118	\$ 22,921,749	\$ 4,257	\$ 22,926,006
Expense Categories					
Personnel expenses:					
Salaries	\$ 11,002,075	\$ 225,452	\$ 11,227,527	\$ -	\$ 11,227,527
Fringe benefits	2,423,145	44,894	2,468,039	-	2,468,039
Total personnel expenses	13,425,220	270,346	13,695,566	-	13,695,566
Other Expenses:					
Building occupancy	599,491	12,388	611,879	-	611,879
Professional services	663,797	6,588	670,385	-	670,385
Travel	138,568	6,159	144,727	-	144,727
Equipment costs	172,585	2,777	175,362	-	175,362
Food services	435,691	5,763	441,454	-	441,454
Medical and pharmacy	1,886,122	6	1,886,128	2,316	1,888,444
Subcontracted services	636,167	9,184	645,351	-	645,351
Depreciation	456,943	3,318	460,261	-	460,261
Insurance	437,298	11,080	448,378	-	448,378
Interest	248,069	1,387	249,456	-	249,456
Telephone	224,691	3,419	228,110	-	228,110
Operating supplies/expenses	126,699	4,840	131,539	-	131,539
Other expenses	740,172	2,981	743,153	-	743,153
Total other expenses	6,766,293	69,890	6,836,183	2,316	6,838,499
Total personnel and other expenses	20,191,513	340,236	20,531,749	2,316	20,534,065
Distributed Indirect Costs:					
Administration	1,464,083	27,749	1,491,832	-	1,491,832
Other support	-	-	-	-	-
Total distr'd indirect costs	1,464,083	27,749	1,491,832	-	1,491,832
Total Actual Operating Expenses	21,655,596	367,985	22,023,581	2,316	22,025,897
Unallowable Costs	128,093	1,090	129,183	-	129,183
Total allowable oper expenses	\$ 21,527,503	\$ 366,895	\$ 21,894,398	\$ 2,316	\$ 21,896,714
Capital expenditures	\$ 51,777	\$ 446	\$ 52,223	\$ -	\$ 52,223

New Horizons of the Treasure Coast, Inc.

Program/Cost Center Actual Expenses and Revenues Schedule (continued)

For the year ended June 30, 2013

	Supporting Services			Total
	Administration	Support Services	Total	
Funding Sources and Revenues				
State SAMH Funding:				
District 15	\$ 500,000	\$ -	\$ 500,000	\$ 12,393,282
Other Gov't Funding:				
Other State Agency funding	-	-	-	-
Medicaid	-	-	-	928,581
Other government	-	-	-	2,955,461
Total other gov't funding	-	-	-	3,884,042
All Other Revenues				
1st and 2nd party payments	-	-	-	298,228
3rd party pymts (except Medicare)	-	-	-	4,666,465
Medicare	-	-	-	294,567
Contributions and donations	2,779	-	2,779	360,850
Other income	53,944	-	53,944	52,411
In-kind	186	-	186	1,533,070
Total all other revenues	56,909	-	56,909	7,205,591
Total funding	\$ 556,909	\$ -	\$ 556,909	\$ 23,482,915
Expense Categories				
Personnel expenses:				
Salaries	\$ 900,218	\$ 218,995	\$ 1,119,213	\$ 12,346,740
Fringe benefits	189,793	55,623	245,416	2,713,455
Total personnel expenses	1,090,011	274,618	1,364,629	15,060,195
Other Expenses:				
Building occupancy	3,683	4,898	8,581	620,460
Professional services	102,207	-	102,207	772,592
Travel	21,054	40	21,094	165,821
Equipment costs	13,136	24,821	37,957	213,319
Food services	4,277	(234,536)	(230,259)	211,195
Medical and pharmacy	6,241	(88,401)	(82,160)	1,806,284
Subcontracted services	48,329	8,585	56,914	702,265
Depreciation	46,242	214	46,456	506,717
Insurance	47,428	6,611	54,039	502,417
Interest	-	-	-	249,456
Telephone	3,731	1,028	4,759	232,869
Operating supplies/expenses	58,843	2,086	60,929	192,468
Other expenses	150,675	36	150,711	893,864
Total other expenses	505,846	(274,618)	231,228	7,069,727
Total personnel and other expenses	1,595,857	-	1,595,857	22,129,922
Distributed Indirect Costs:				
Administration	(1,491,832)	-	(1,491,832)	-
Other support	-	-	-	-
Total distr'd indirect costs	(1,491,832)	-	(1,491,832)	-
Total Actual Operating Expenses	104,025	-	104,025	22,129,922
Unallowable Costs	104,025	-	104,025	233,208
Total allowable oper expenses	\$ -	\$ -	\$ -	\$ 21,896,714
Capital expenditures	\$ -	\$ -	\$ -	\$ 52,223

New Horizons of the Treasure Coast, Inc.

Schedule of Revenues

For the year ended June 30, 2013

(With comparative totals for 2012)

	2013	2012
	Total	Total (memo only)
State ADM Grants:		
State of Florida, Department of Children & Families Alcohol, Drug Abuse and Mental Health	\$ 12,393,282	\$ 12,490,015
Government and Other Local Funding:		
Other Government funding	367,094	275,002
Local government grants:		
St. Lucie County	1,640,100	1,640,558
Indian River County	512,528	562,478
Martin County	364,534	361,962
Okeechobee County	71,205	70,513
Total government and other local funding	2,955,461	2,910,513
All other Funding and Revenues:		
Medicaid	928,581	813,073
Medicare	294,567	259,684
First and third party fees	4,964,693	4,788,611
Contributions and donations	360,850	257,512
In-kind contributions	1,533,070	1,450,645
Interest	2,712	2,030
Other income	49,699	25,659
Total all other funding and revenues	8,134,172	7,597,214
Total revenues	\$ 23,482,915	\$ 22,997,742

New Horizons of the Treasure Coast, Inc.

Schedule of Expenditures of Federal Awards and State Financial Assistance

For the year ended June 30, 2013

Federal Grantor/Pass-through Grantor/Program Title	CFDA/ CSFA Number	Grant Contract Number	Expenditures
U.S. Department of Health and Human Services:			
Pass Through from Florida Department of Children & Families / Southeast Florida Behavioral Health:			
Projects for Assistance in Transition from Homelessness (PATH)	93.150	ZH302	\$ 97,721
Social Services Block Grant	93.667	ZH302	201,336
Children's Health Insurance Program	93.767	ZH101	35,623
Medical Assistance Program	93.778	ZH305	371,872
Block Grants for Community Mental Health Services	93.958	ZH302/ZH305	973,432
Block Grants for Prevention and Treatment of Substance Abuse	93.959	ZH302/101S9	948,404
Total federal expenditures			\$ 2,628,388
State Grantor/Pass-through Grantor/Program Title			
Florida Department of Children & Families / Southeast Florida Behavioral Health:			
Children's Baker Act Services	60.001	ZH302	\$ 765,703
Baker Act	60.006	ZH302	1,132,450
Adult Community Mental Health Florida Assertive	60.042	ZH305	112,470
Community Forensic Beds	60.114	ZH302	51,575
United for Families			
Community Based Care Support	60.094	UA-110,111&998	150,413
Total state expenditures			\$ 2,212,611

See accompanying notes to schedule of expenditures of federal awards and state financial assistance.

New Horizons of the Treasure Coast, Inc.

Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance

Note A – Basis of Presentation

The accompanying schedule of expenditures of federal awards and state financial assistance was prepared to include the activity of all Federal and State awards of New Horizons and is presented 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*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note B – Matching Requirements

New Horizons receives a substantial portion of its support from grants passed through the Department of Children and Families. Some of these grants require local match in the form of cash and/or in-kind resources.

Current match received includes local county revenues and in-kind contributions.

During the year ended June 30, 2013, the expenses on grants requiring a local match were as follows:

Contract Number	ZH302	Total
Required local match	\$ 1,643,338	\$ 1,643,338
Current match received	2,867,356	2,867,356
Excess match	\$ 1,224,018	\$ 1,224,018

The above match amounts are applied to the following cost centers:

Cost Center	
Case Management	\$ 79,568
Intensive Case Management	123,549
Crisis Stabilization	240,030
Mobile Crisis	35,798
Outpatient Medical Services	1,536,959
Supported Community Services	102,437
Crisis Support/Emergency	158,538
Residential Level I SRT	125
FACT	300
Independence Recovery	91,500
Detox Residential	204,421
Childrens Case Management	64,466
Childrens Outpatient Services	83,420
Childrens Crisis Stabilization	133,501
Childrens Medical Services	1,800
Student Assistance Program	10,944
	\$ 2,867,356

New Horizons of the Treasure Coast, Inc.
Schedule of State Earnings
For the year ended June 30, 2013

Total Expenditures	\$ 22,129,922
Less:	
Other State and Federal funds	(1,590,242)
Non-Match SAMH funds	(6,889,480)
Unallowable costs	(233,208)
Net allowable expenditures	13,416,992
Maximum available earnings (75% of allowable expenditures)	10,062,744
Amount of State funds requiring match	4,930,014
Amount due to Department of Children and Families	\$ -

New Horizons of the Treasure Coast, Inc.
Schedule of Bed-Day Availability Payments
For the year ended June 30, 2013

Program	Cost Center	State Contracted Rate	Total Units of Service Provided	Total Units of Service Paid for by 3rd Party Contracts, Local Gov't or other State Agencies	Maximum # of Units Eligible for Payment by Department (D-E)	Amount Paid for Services by the Department	Maximum \$ Value of Units in Column F (FxC)	Amount Owed to Department (G-H) or \$0, whichever is greater
A	B	C	D	E	F	G	H	I
Adult MH	Crisis stabilization unit	\$ 291.24	10,950	1,380	9,570	\$ 2,130,422	\$ 2,787,119	\$ -
Adult SA	Substance abuse detox	197.30	4,380	536	3,844	694,625	758,499	-
Children's SA/MH	Children's crisis stabilization unit	291.24	7,300	1,640	5,660	671,593	1,648,418	-
Adult MH	Short term residential treatment	247.28	7,300	76	7,224	1,650,897	1,786,335	-
Total amount owed to Department								\$ -

New Horizons of the Treasure Coast, Inc.
 Schedule of Related Party Transaction Adjustments
 For the year ended June 30, 2013

	Related * Party	Allocation of Related Party Transactions Adjustment			
		Cost Centers			Total
		1	2	3	
Revenues from Grantees:					
Rent	\$ -				
Services	-				
Interest	-				
Other income	-				
Total revenues from grantees	-				
Expenses Associated with Grantee Transactions:					
Personnel services	-				
Depreciation	-				
Interest	-				
Other expenses	-				
Total associated expenses	-				
Related party transaction adjustment	\$ -				

* This schedule is not applicable for the current year. No related party transactions were identified.

New Horizons of the Treasure Coast, Inc.
Schedule of Local Financial Assistance
For the year ended June 30, 2013

	Accrued or (Deferred) Revenue at July 1, 2012	Cash Received	Reimbursable Expenditures	Accrued or (Deferred) Revenue at June 30, 2013
Local Grants:				
St. Lucie County Match	\$ -	\$ 673,606	\$ 673,606	\$ -
Martin County Match	-	331,445	331,445	-
Indian River County Match	50,554	308,889	281,147	22,812
Okeechobee County Match	7,500	45,291	45,375	7,584
Indian River County Forensic Contract	8,616	106,251	106,007	8,372
Indian River County Steps to Freedom	4,937	57,640	57,440	4,737
Indian River County Healthcare District	6,428	69,406	67,934	4,956
Martin County Steps to Recovery	2,582	32,856	33,089	2,815
St. Lucie County Children's Services Council	34,415	413,884	410,978	31,509
St. Lucie County Jail Diversion	40,424	459,383	491,060	72,101
St. Lucie County Mental Health Court	16,250	65,000	65,000	16,250
Okeechobee County Children's Service Council	1,458	22,860	25,830	4,428
Total local assistance	\$ 173,164	\$ 2,586,511	\$ 2,588,911	\$ 175,564



KMETZ • NUTTALL • ELWELL • GRAHAM, PLLC
Certified Public Accountants

**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***

To the Board of Directors
New Horizons of the Treasure Coast, Inc.

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 the Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of New Horizons of the Treasure Coast, Inc. (NHTC) (a not for profit organization), which comprise the statement of financial position as of June 30, 2013, and the related statements of activities and changes in net assets, functional expenses, and cash flows or the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 28, 2013.

Internal Control over Financial Reporting

In planning and performing our audit, we considered NHTC'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 NHTC'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 financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

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

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.



Kmetz, Nuttall, Elwell, Graham, PLLC
Certified Public Accountants

October 28, 2013



KMETZ NUTTALL ELWELL GRAHAM, PLLC
Certified Public Accountants

Independent Auditors' 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

To the Board of Directors
New Horizons of the Treasure Coast, Inc.

Report on Compliance for Each Major Federal Program and State Project

We have audited New Horizons of the Treasure Coast Inc.'s (NHTC) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* and the requirements described in the *Department of Financial Services State Projects Compliance Supplement* that could have a direct and material effect on each of NHTC's major federal programs and state projects for the year ended June 30, 2013. NHTC'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 laws, regulations, contracts, and grants applicable to its federal programs and state financial assistance projects.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each type of NHTC's major federal programs and state projects based on our audit 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 Organization*, 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 financial assistance project occurred. An audit includes examining, on a test basis, evidence about NHTC'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 NHTC's compliance.

Opinion on Each Major Federal Program and State Project

In our opinion, NHTC 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.


Report on Internal Control Over Compliance

Management of NHTC 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 NHTC'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 our opinion on compliance for each major federal program and state financial assistance 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 NHTC'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 financial assistance project on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program or state financial assistance 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 combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program or state financial assistance 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.



Kmetz, Nuttall, Elwell, Graham, PLLC
Certified Public Accountants

October 28, 2013

**New Horizons of the Treasure Coast, Inc.
Schedule of Findings and Questioned Costs
Federal Awards Programs and State Projects
Year Ended June 30, 2013**

A. Summary of Audit Results

1. The auditor's report expresses an unqualified opinion on the financial statements of New Horizons of the Treasure Coast, Inc.
2. No significant deficiencies relating to the audit of the financial statements are reported in the Independent Auditors' Report.
3. No instances of noncompliance material to the financial statements of New Horizons of the Treasure Coast, Inc. were disclosed during our audit.
4. No significant deficiencies relating to the audit of the major federal award program and/or state projects are reported in the Independent Auditors' Report on Compliance with Requirements Applicable to Each Major Federal Program and State Financial Assistance Project and on Internal Control over Compliance in Accordance with OMB Circular A-133 and Chapter 10.650, Rules of the Auditor General.
5. The auditor's report on compliance for the major federal award program and state projects for New Horizons of the Treasure Coast, Inc. expresses an unqualified opinion.
6. Our audit disclosed no findings or questioned costs required to be reported related to federal programs under section 510(a) of OMB Circular A-133 or did our audit disclose any findings or questioned costs related to state projects required to be disclosed under Chapter 10.656.
7. The program/projects tested as major program/projects include:

<u>Federal Program</u>	<u>Federal CFDA No.</u>
Projects for Assistance in Transition from Homelessness (PATH)	93.150
Social Services Block Grant	93.667
Medical Assistance Program	93.778
<u>State Project</u>	<u>State CSFA No.</u>
Baker Act	60.006
Adult Community Mental Health Florida Assertive	60.042
8. The threshold for distinguishing Type A and B programs was \$300,000 for major federal award programs and major state financial assistance projects.
9. New Horizons of the Treasure Coast, Inc. was determined to be a low-risk auditee pursuant to OMB Circular A-133.

B. Findings - Financial Statements Audit - None

C. Findings and Questioned Costs - Major Federal Award Program and/or Major State Financial Assistance Project Audits - None

**New Horizons of the Treasure Coast, Inc.
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2013**

There were no instances of findings or questioned costs for major federal award programs or major state financial assistance projects in prior years.



KMETZ NUTTALL ELWELL GRAHAM, PLLC
Certified Public Accountants

Management Letter

To the Board of Directors and
Senior Management
New Horizons of the Treasure Coast, Inc.
Fort Pierce, Florida

We have completed our audit of the financial statements of New Horizons of the Treasure Coast, Inc. (New Horizons) for the year ended June 30, 2013, and issued our reports thereon dated October 28, 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 *Governmental 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 on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*, Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by OMB Circular A-133 and Chapter 10.650, Rules of the Auditor General, and Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule, which are dated October 28, 2013, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with Chapter 10.650, Rules of the Auditor General, which requires disclosure in the management letter of violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse, that have an effect on the financial statements or State project amounts that is less than material but more than inconsequential. In addition, for matters that have an inconsequential effect on the financial statements or State project amounts, considering both quantitative and qualitative factors, the following may be reported based on professional judgment: (1) violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse, that have occurred, or are likely to have occurred, (2) deficiencies in internal control that are not significant deficiencies. In connection with our audit, there were no matters that are required to be disclosed.

CURRENT YEAR FINDINGS AND RECOMMENDATIONS

No current year findings.

STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS

No prior year findings.

Pursuant to Chapter 119, Florida Statutes, this management letter is a public record and its distribution is not limited. Auditing standards generally accepted in the United States of America require us to indicate that this 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.

Kmetz, Nuttall, Elwell, Graham, PLLC
Certified Public Accountants
October 28, 2013