

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT**

**THE CENTERS, INC.
OCALA, FLORIDA**

JUNE 30, 2014

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT**

**THE CENTERS, INC.
OCALA, FLORIDA**

JUNE 30, 2014

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**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT**

**THE CENTERS, INC.
OCALA, FLORIDA**

JUNE 30, 2014

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INDEPENDENT AUDITORS' REPORT

Board of Directors
The Centers, Inc.
Ocala, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of The Centers, Inc. (the Centers), a governmental nonprofit organization, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Centers' basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. 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 opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Centers, as of June 30, 2014, and the changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Certified Public Accountants

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MEMBERS OF AMERICAN AND FLORIDA INSTITUTES OF CERTIFIED PUBLIC ACCOUNTANTS
MEMBER OF AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS PRIVATE COMPANIES AND S.E.C. PRACTICE SECTIONS

Board of Directors
The Centers, Inc.
Ocala, Florida

INDEPENDENT AUDITORS' REPORT
(Continued)

Report on Summarized Comparative Information

We have previously audited the Centers' financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our audit report dated November 20, 2013. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2013, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 6 be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Government Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Centers' financial statements. Additional accompanying information, as listed in the table of contents, is presented for purposes of additional analysis as required by the State of Florida Department of Children and Families, and is not a required part of the basic financial statements. The schedule of expenditures of federal awards and state financial assistance is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and Chapter 10.650, *Rules of the Auditor General*, and is also not a required part of the financial statements.

The additional accompanying information, as listed in the table of contents, and the schedule of expenditures of federal awards and state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion the accompanying information, as listed in the table of contents, and the schedule of expenditures of federal awards and state financial assistance is fairly stated in all material respects to the basic financial statements as a whole.

Board of Directors
The Centers, Inc.
Ocala, Florida

INDEPENDENT AUDITORS' REPORT
(Concluded)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 9, 2015, on our consideration of the Centers' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Centers' internal control over financial reporting and compliance.

Purvis, Gray and Company, LLP

January 9, 2015
Ocala, Florida

THE CENTERS, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

The discussion and analysis of the financial performance of the Centers provides an overall review of the Centers' financial activities for the fiscal year ended June 30, 2014. The intent of this discussion and analysis is to look at the Centers' financial performance as a whole. Readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the Centers' financial performance.

FINANCIAL HIGHLIGHTS

- The assets of the Centers exceeded its liabilities at the close of the fiscal year ended June 30, 2014, by \$10.2 million. Total net assets decreased \$.9 million during the year ended June 30, 2014.
- State and Federal revenues accounted for \$26.1 million or 90% of the Centers' total revenue of \$29.2 million. County revenues accounted for \$1.5 million or 5% of total revenue. Client and insurance fees, other contracts and grants accounted for \$1.3 million or 4% of total revenue. Interest income and contributions (non-operating revenue) accounted for \$0.3 million or less than 1% of total revenue.
- Salaries, benefits and professional development of \$23.5 million represented 78.3% of total expenses and contractual services represented \$1.8 million or 6% of total expenses, for a total of 84.3% of the Centers' total expenses of \$30 million. Equipment and facilities expense accounted for \$3.4 million or 11.3% of total expenses. Expenses related to program operating costs accounted for \$1 million or 3.4% of total expenses. Interest and fundraising (non-operating expenses) accounted for \$0.3 million or 1% of total expense.
- Total assets decreased \$.2 million, and 1.3% decrease from 2013. Total liabilities increased \$.6 million, an 8.1% increase from 2013.

USING THIS ANNUAL FINANCIAL REPORT

This report consists of a series of financial statements, the notes to those statements, and supplementary information to allow readers to review the financial activities of the Centers as a whole or to obtain a more detailed view of the Centers' operations, as they prefer.

OVERVIEW OF THE FINANCIAL STATEMENTS

Statement of Net Assets and the Statement of Activities

The view of the Centers as a whole is presented in the accompanying financial statements and is designed to provide readers with a broad overview of the Centers' finances, in a manner similar to a private-sector business. The Statement of Net Assets presents information on all assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Centers is improving or deteriorating.

The Statement of Activities provides summary information concerning the financial operations of the Centers. In evaluating the Centers' overall position, non-financial factors should also be taken into consideration, such as the current economic situation as a whole, changes in the governmental contracts for services, the age and condition of the Centers' buildings and equipment, and other such factors.

Both the Statement of Net Assets and the Statement of Activities use the accrual basis of accounting. This basis of accounting takes into account all revenues earned and all expenses incurred in the current year regardless of when cash is received or paid.

THE CENTERS, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)

REPORTING THE CENTERS' MOST SIGNIFICANT FUNDS

The Centers is involved in one business type activity: providing a variety of behavioral health care/child welfare services designed to help children and adults reach their highest level of functioning. This activity is recorded in a single enterprise fund.

FINANCIAL ANALYSIS OF THE CENTERS AS A WHOLE

Business-type Activities

The Statement of Net Assets provides an overall view of the Centers as of year-end and over time can serve as a useful indicator of the Centers' financial position.

Total assets decreased 1.3%, from \$18.4 million in fiscal year 2013 to \$18.2 million in fiscal year 2014, a decrease of \$.2 million. This \$.2 million decrease in total assets is primarily due to the net of decrease of cash and cash equivalents.

Total liabilities increased 8.1% from \$7.4 million in fiscal year 2013 to \$8 million in fiscal year 2014, a increase of \$0.6 million. This \$.6 million increase in total liabilities is due to a \$0.78 million increase in short-term liabilities, and decrease of \$0.18 million in long-term liabilities.

The Statement of Activities reports the financial operations of the Centers during the current fiscal year. \$17.4 million, or 60%, of the Centers' \$29.1 million in revenues in 2014 were earned from services provided directly to the Department of Children & Families (DCF) of the State of Florida or indirectly to DCF under the Kids Central, Inc. (KCI) contracts. Medicare and Medicaid revenues represented \$8.6 million, or 29.5% of fiscal year 2014 revenues. Funding from Marion County and Citrus County, the two counties which the Centers' principally serves, totaled \$1.5 million or 5% of revenues. Client and insurance fees, other contracts and grants accounted for \$1.3 million or 4.5% of total revenue. Interest income and contributions (non-operating) represented \$0.3 million which is less than 1% of revenues.

Total revenues decreased from \$30 million in fiscal year 2013 to \$29.1 million in fiscal year 2014, a decrease of \$.9 million. This \$.9 million decrease is due primarily to decreased earnings from State and Federal revenue programs.

Total expenses decreased from \$31 million in fiscal year 2013 to \$30 million in fiscal year 2014, a decrease of \$1 million. This decrease is due primarily to a decrease staffing and contractual services as well as program expenses. Salaries and benefits, professional development, and contractual services accounted for \$25.4 million or 85% of the Centers' \$30 million total expenses in fiscal year 2014. Equipment and facilities expense accounted for \$3.3 million or 11% of total expenses. Program operating expenses accounted for \$1 million or 3% of total expenses; the remaining \$0.3 million or 1% of the total expenses is interest and fundraising (non-operating) expense.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of the fiscal year 2014, the Centers had \$9.4 million, net of accumulated depreciation, invested in capital assets such as furniture and equipment, land, and buildings and improvements. This amount is not a significant change from the prior fiscal year.

THE CENTERS, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Concluded)

CAPITAL ASSET AND DEBT ADMINISTRATION *(Concluded)*

Debt

At year end, the Centers had \$4.6 million in short and long-term notes and mortgages payable relating to existing land and buildings.

In addition the Centers has a current liability of .95 million payable to the line of credit.

CURRENT ECONOMIC CONDITION AND OUTLOOK

The Centers is a private not-for-profit corporation that has contracted with the State of Florida (DCF) to provide mental health and substance abuse services to adults and children of Marion and Citrus counties. In fiscal year 2014, services provided under these contracts resulted in \$9.4 million of revenues.

The Centers is contracted with Kids Central, Inc. to provide Community Based Care services and Crisis Response Team services. In fiscal year 2014, services provided under these contracts resulted in \$8.2 million of revenues.

During the 2015 fiscal year the Centers will continue to expand care coordination through use of Technology Assisted Care in targeted areas of need. This project is being funded via a Technology Assisted Care Grant for \$280,000 per year, over three years, from the Substance Abuse and Mental Health Services Administration.

Other than the above, the Centers is not aware of any currently known facts, decisions, or conditions that are expected to have a significant effect on the financial position or results of operations during fiscal year 2015.

CONTACTING THE CENTERS' FINANCIAL MANAGEMENT

This financial report is designed to provide readers with a general overview of the Centers' finances and to reflect the Centers' accountability for the revenues it receives. If you have questions about this report or need additional financial information, contact the CEO, at the Centers, Inc., 5664 S.W. 60th Avenue, Ocala, Florida 34474.

STATEMENTS OF NET POSITION
BUSINESS-TYPE ACTIVITY - ENTERPRISE FUND
JUNE 30, 2014,
WITH COMPARATIVE TOTALS FOR JUNE 30, 2013
THE CENTERS, INC. - OCALA, FLORIDA

ASSETS	2014	2013
Current Assets		
Cash and Cash Equivalents	\$ 2,987,991	\$ 2,621,582
Accounts Receivable:		
Client Fees (Net of Allowance for Uncollectible Accounts of \$1,006,400 2014 and \$797,091 in 2013)	2,439,890	1,842,876
Other	3,510	14,275
Contracts and Grants Receivable	2,299,399	3,229,709
Prepaid Expenses	140,951	102,154
Inventories	130,389	98,425
Total Current Assets	8,002,130	7,909,021
Noncurrent Assets		
Restricted Cash and Cash Equivalents:		
Debt Service Reserve	436,372	423,809
Investments, Board Reserve Funds	317,954	314,406
Capital Assets, Net of Accumulated Depreciation	9,378,534	9,722,534
Other Assets:		
Security Deposits and Other	64,380	78,029
Total Noncurrent Assets	10,197,240	10,538,778
Total Assets	18,199,370	18,447,799
LIABILITIES AND NET POSITION		
Current Liabilities		
Accounts Payable and Other Accrued Expenses	712,227	932,305
Accrued Salaries and Payroll Taxes	1,061,985	1,007,074
Accrued Vacation and Sick Leave	490,379	585,631
Current Portion of Long-term Mortgage Notes Payable	310,255	298,681
Current Portion of Leases Payable	83,617	0
Line of Credit Payable	950,000	0
Total Current Liabilities	3,608,463	2,823,691
Long-term Liabilities		
Mortgage Notes Payable	4,313,498	4,616,296
Leases Payable	121,663	0
Total Long-term Liabilities	4,435,161	4,616,296
Total Liabilities	8,043,624	7,439,987
Net Position		
Net Investment in Capital Assets	4,549,501	4,807,557
Restricted for Debt Service	436,372	423,809
Unrestricted	5,169,873	5,776,446
Total Net Position	\$ 10,155,746	\$ 11,007,812

See accompanying notes.

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
BUSINESS-TYPE ACTIVITY - ENTERPRISE FUND
FOR THE YEAR ENDED JUNE 30, 2014
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2013
THE CENTERS, INC. - OCALA, FLORIDA

	2014	2013
Operating Revenues		
State and Federal Revenues		
DCF Contracts - Mental Health:		
Adult	\$ 4,021,274	\$ 3,943,331
Children	1,222,104	1,320,374
DCF Contracts - Substance Abuse:		
Adult	2,413,679	2,366,881
Children	777,419	932,479
DCF Contracts - Other:	883,884	1,002,506
KCI Contracts:		
Child Welfare Services	8,173,192	8,201,096
Other Intergovernmental Revenues	17,500	0
Medicare and Medicaid	8,571,189	8,961,469
Indigent Drug Program	68,585	68,585
Total State and Federal Revenues	26,148,826	26,796,721
County Revenues		
Marion County	1,143,758	1,143,758
Citrus County	405,344	395,263
Total County Revenues	1,549,102	1,539,021
Other Revenues		
Client and Insurance Fees	862,197	478,219
Other Contracts and Service Fees	188,153	312,513
Total Other Revenues	1,050,350	790,732
Total Operating Revenues	28,748,278	29,126,474
Operating Expenses		
Personnel		
Salaries	19,051,096	18,695,359
Benefits and Taxes	3,610,341	3,750,997
Total Personnel	22,661,437	22,446,356
Contractual Services		
Service Contracts	55,892	156,794
Professional Fees	1,774,087	2,287,520
Total Contractual Services	1,829,979	2,444,314
Professional Development	16,151	12,084

See accompanying notes.

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
BUSINESS-TYPE ACTIVITY - ENTERPRISE FUND
FOR THE YEAR ENDED JUNE 30, 2014
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2013
THE CENTERS, INC. - OCALA, FLORIDA
(Concluded)

	2014	2013
Operating Expenses (Concluded)		
Equipment and Facilities Expenses		
Depreciation	\$ 939,552	\$ 869,624
Rental	541,125	699,518
Repairs and Maintenance	626,367	622,047
Utilities	762,140	730,533
Total Equipment and Facilities Expenses	2,869,184	2,921,722
Supplies Expenses		
Educational/Medical Supplies	455,039	604,200
Food/Household Supplies	338,535	401,345
Office Supplies	307,181	411,700
Printing/Reproduction	42,548	58,439
Total Supplies Expenses	1,143,303	1,475,684
Travel and Transportation Expenses		
Travel	374,710	394,986
Conferences/Workshops	33,414	32,597
Total Travel and Transportation Expenses	408,124	427,583
Other Expenses		
Insurance	452,732	444,635
State Indigent Drugs	(5,161)	81,920
Other	296,402	358,550
Total Other Expenses	743,973	885,105
(Total Operating Expenses)	(29,672,151)	(30,612,848)
(Loss) from Operations	(923,873)	(1,486,374)
Nonoperating Revenues (Expenses)		
Contributions and Special Events	205,416	170,931
Investment Income	14,467	9,319
Interest Expense	(237,441)	(235,913)
Fundraising Expense	(103,963)	(126,988)
(Loss) on Disposal of Capital Asset	(98,283)	(7,306)
Total Nonoperating Income and (Expense)	(219,804)	(189,957)
(Deficiencies) of Revenues (Under) Expenses Before Capital Grants and Contributions	(1,143,677)	(1,676,331)
Capital Grants and Contributions	291,611	286,873
(Decrease) in Net Position	(852,066)	(1,389,458)
Net Position, Beginning of Year	11,007,812	12,397,270
Net Position, End of Year	\$ 10,155,746	\$ 11,007,812

See accompanying notes.

STATEMENTS OF CASH FLOWS
BUSINESS-TYPE ACTIVITY - ENTERPRISE FUND
FOR THE YEAR ENDED JUNE 30, 2014,
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2013
THE CENTERS, INC. - OCALA, FLORIDA

	<u>2014</u>	<u>2013</u>
Cash Flows from Operating Activities		
Receipts from and on Behalf of Patients	\$ 9,242,701	\$ 9,571,300
Operating Grant and Contract Receipts	19,870,949	19,526,827
Payments to Suppliers	(6,374,462)	(7,380,501)
Payments for Salaries, Benefits, and Taxes	(22,701,778)	(22,400,435)
Net Cash Provided by (Used in) Operating Activities	<u>37,410</u>	<u>(682,809)</u>
Cash Flows from Noncapital Financing Activities		
Noncapital Grants and Contributions	116,760	47,682
Fund-raising Expense	(15,307)	(3,739)
Net Cash Provided by (Used in) Noncapital Financing Activities	<u>101,453</u>	<u>43,943</u>
Cash Flows from Capital Financing Activities		
Capital Grants and Contributions	278,000	286,873
Principal Paid on Long-term Debt and Capital Leases	(321,430)	(367,918)
Interest Paid on Long-term Debt and Capital Leases	(237,441)	(235,913)
Net Proceeds from Line of Credit	950,000	0
Purchase of Capital Assets	(440,358)	(713,277)
Proceeds from Disposal of Capital Asset	700	600
Net Cash Provided by (Used in) Capital Financing Activities	<u>229,471</u>	<u>(1,029,635)</u>
Cash Flows from Investing Activities		
Interest Received	14,186	9,132
Purchase of Investments	(3,548)	(94,195)
Net Cash Provided by (Used in) Investing Activities	<u>10,638</u>	<u>(85,063)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	378,972	(1,753,564)
Cash and Cash Equivalents, Beginning of Year	<u>3,045,391</u>	<u>4,798,955</u>
Cash and Cash Equivalents, End of Year	<u>\$ 3,424,363</u>	<u>\$ 3,045,391</u>
<u>Reconciliation of Cash and Cash Equivalents to the</u>		
<u>Statements of Net Assets</u>		
Cash and Cash Equivalents in Current Assets	\$ 2,987,991	\$ 2,621,582
Restricted Cash and Cash Equivalents	436,372	423,809
Total Cash and Cash Equivalents	<u>\$ 3,424,363</u>	<u>\$ 3,045,391</u>

See accompanying notes.

STATEMENTS OF CASH FLOWS
BUSINESS-TYPE ACTIVITY - ENTERPRISE FUND
FOR THE YEARS ENDED JUNE 30, 2014 AND 2013
THE CENTERS, INC. - OCALA, FLORIDA
(Concluded)

	<u>2014</u>	<u>2013</u>
<u>Reconciliation of Income from Operations to Net Cash Provided</u>		
<u>by (Used in) Operating Activities</u>		
Operating Income	\$ (923,873)	\$ (1,486,374)
Adjustments to Reconcile Income from Operations to Net Cash Provided by (Used in) Operating Activities:		
Depreciation	939,552	869,623
Change in:		
Accounts Receivable	(597,014)	(204,097)
Accounts Receivable - Other	10,765	16,347
Contracts and Grants Receivable	943,921	159,403
Prepaid Expenses	(38,797)	29,231
Inventories	(43,622)	42,794
Security Deposits and Other Assets	6,900	(2,527)
Accounts Payable	(220,081)	(153,130)
Accrued Payroll and Taxes	54,911	53,328
Accrued Sick and Vacation	(95,252)	(7,407)
Net Cash Provided by (Used in) Operating Activities	<u>\$ 37,410</u>	<u>\$ (682,809)</u>
 Schedule of Noncash Capital and Related Financing Activities:		
Capital Lease for Computer Equipment	<u>\$ 235,488</u>	<u>\$ 0</u>

See accompanying notes.

**NOTES TO FINANCIAL STATEMENTS
THE CENTERS, INC. - OCALA, FLORIDA**

Note 1 - Summary of Significant Accounting Policies

Reporting Entity

The Centers, Inc. (the Centers), formerly Marion-Citrus Mental Health Centers, Inc., is a not-for-profit Florida corporation that provides comprehensive mental health, substance abuse, and children's services to the general public of Marion and Citrus counties in cooperation with other human service agencies and programs. Because Marion and Citrus counties have final approval of all members elected to the Board of Directors, the Centers is considered to be a governmental, nonprofit organization.

For financial statement purposes, the Centers is considered a special purpose government engaged only in business-type activities and uses enterprise fund accounting. Accordingly, the accompanying financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned and expenses are recorded when an obligation has occurred. The accompanying financial statements present the assets, liabilities, revenues, and expenses of the Centers. The financial statements of the Centers have been prepared in accordance with generally accepted accounting principles as applied to governmental units. Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting.

Expendable Restricted Resources

Operating and capital asset funds restricted by the donor, grantor, or other outside party for particular operating purposes or for property acquisitions are deemed to be earned and reported as revenues of operating accounts or as additions to capital assets accounts, respectively, when the Centers has incurred expenditures in compliance with the specific restrictions. Such amounts received, but not yet earned, are reported as amounts payable to grantor agencies.

Capital Assets and Depreciation

Donated assets are capitalized at fair value on the date of donation. Proceeds from the sale of capital assets, if unrestricted, are transferred to operating fund balances, or, if restricted, are paid to grantor agencies. Assets purchased using funds from grants that specify that title remains with grantor agency, or that proceeds from the sale of the asset are payable to the grantor agency, are capitalized at cost as the Centers typically has control and use of the asset over the asset's useful life. The grantor usually does not reclaim the asset, and reversion of title is legal protection for the grantor in case the activities of the Centers are prematurely terminated.

Property and equipment are recorded at cost with estimated lives of three to ten years for software, transportation and other equipment, and fifteen to thirty years for various buildings and leasehold improvements. Improvements made to leased buildings or property are amortized over the life of the lease. The straight-line method of depreciation is used. Maintenance and repairs are expensed as incurred.

Cash and Cash Equivalents

The Centers considers cash and cash equivalents to include cash deposits, certificates of deposits, and money market accounts which are treated as cash equivalents in the statement of cash flows.

NOTES TO FINANCIAL STATEMENTS
THE CENTERS, INC. - OCALA, FLORIDA
(Continued)

Note 1 - Summary of Significant Accounting Policies (Continued)

Restricted Cash and Cash Equivalents

Cash, which has been accumulated in accordance with certain loan agreements for repayment thereof, has been segregated on the statement of net positions under the headings "Restricted Cash and Cash Equivalents, Debt Service Reserve." These amounts are required to be held separately by the Centers and can only be used for debt service payments related to certain mortgage loans.

Net Position

Net position of the Centers are classified in three components. Net position invested in capital assets, net of related debt consist of capital assets net of accumulated depreciation and reduced by the current balances of any outstanding borrowings used to finance the purchase or construction of those assets. Restricted net position are noncapital net assets that must be used for a particular purpose, as specified by creditors, grantors, or contributors external to the Centers. Unrestricted net position are remaining net assets that do not meet the definition of invested in capital assets net of related debt or restricted net assets. When the Centers has both restricted and unrestricted resources available to finance a particular program, it is the Centers' policy to use restricted resources before unrestricted resources.

Inventories

Inventory consists of in-patient and indigent drugs, and is valued at cost using the first-in, first-out (FIFO) method.

Accounts Receivable

Accounts receivable are shown at the anticipated realizable value, net of allowance for uncollectible accounts. Accounts receivable consist primarily of contract and fee amounts due from state and county governments, clients, and third party payers.

Income Taxes

The Centers has been recognized as a not-for-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code (IRC), and is exempt from federal income tax on related income pursuant to Section 501(a) of the IRC. The Centers has been classified as an organization that is not a private foundation under Section 509(a)(2) of the IRC and qualifies for the charitable contributions deduction for donors.

In-kind Revenues and Expenses

Revenues and expenses from in-kind contributions are recognized when received based upon the estimated fair market value of the contribution, provided that there is a clearly measurable basis to value such contributions.

Capitation Revenue Agreements

The Centers had an agreement through March 2014, with North Florida Behavioral Health Partners, Inc. to provide certain medical services to patients in the Florida Prepaid Mental Health Plan. Under the agreement, the Centers received monthly capitation payments based on the number of patients in the Florida Prepaid Mental Health Plan area. In addition, North Florida Behavioral Health Partners, Inc. makes fee-for-service payments to the Centers for certain covered services based upon contracted fee schedules. North Florida Behavioral Health Partners, Inc. is a related party as further described in Note 12.

NOTES TO FINANCIAL STATEMENTS
THE CENTERS, INC. - OCALA, FLORIDA
(Continued)

Note 1 - Summary of Significant Accounting Policies (Concluded)

Capitation Revenue Agreements (Concluded)

The Centers has an agreement with the Department of Children and Families to provide certain medical services to patients qualifying under the Florida KidCare Program. Under the agreement, the Centers receives monthly capitation payments based on the number of patients enrolled in the Behavioral Health Care Network within the Centers' service area.

Accounting 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. The primary area of management estimates is determining the collectability of amounts due from service fee receivables including Medicare, Medicaid, insurance, and client fees, as well as contingency reserves.

Reclassifications

Certain prior year amounts have been reclassified to conform with current year financial reporting and to facilitate comparison of financial data.

Capitalized Interest

It is the policy of the Centers to capitalize interest incurred during the construction of buildings and related improvements.

Operating Revenues and Expenses

The Centers statement of revenues, expenses, and changes in net position distinguishes between operating and nonoperating revenues and expenses. Operating revenues result from exchange transactions associated with providing comprehensive mental health, substance abuse, and children's services to the general public - the Centers' principal activity. Nonexchange revenues, including grants and contributions received for purposes other than capital asset acquisition, are reported as nonoperating revenues. Operating expenses are all expenses incurred to provide the Centers' principal activities, other than financing costs.

Charity Care

The Centers provides care to its patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Because the Centers does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue.

Compensated Absences

The Centers recognizes a liability for accrued and vested vacation and sick leave pay.

NOTES TO FINANCIAL STATEMENTS
THE CENTERS, INC. - OCALA, FLORIDA
(Continued)

Note 2 - Cash, Cash Equivalents, and Investments

Cash and Cash Equivalents

As of June 30, 2014, the carrying amount of the Centers' demand deposits, money market funds, and certificates of deposits was \$3,420,328 and the bank balances totaled \$3,573,012. Petty cash totaled \$4,035. The Centers' deposits, money market funds, and certificates of deposits are partially or fully covered by the Federal Deposit Insurance Corporation (FDIC). The FDIC insures the first \$250,000 of the majority of the Centers' deposits at each financial institution. Additionally, specific noninterest bearing accounts can be fully insured through special programs with the FDIC.

Custodial Credit Risk Deposits—Custodial credit risk is the risk that in the event of a bank failure, the Centers' deposits may not be returned. As of June 30, 2014, \$1,228,285 of the Centers' bank balance of \$3,573,012, was exposed to custodial credit risk as being uninsured and uncollateralized cash deposits.

Investments

The Centers' investment policy states that funds shall be invested according to the principles of safety of principal, liquidity and accessibility, professional management, reasonable and normal costs, and return. Permitted investments include: U.S. government obligations, U.S. government agency obligations, certificates of deposit, repurchase agreements, money market mutual funds, and corporate debt.

Investments are recorded at fair market value. The carrying amount and fair market value at June 30, 2014, are as follows:

<u>Investments</u>	<u>Credit Ratings</u>	<u>Maturities (Years)</u>	<u>Fair Value</u>
U.S. Government Agencies	Aaa	3-28	\$ 114,226
Corporate and Local Governmental Bonds	AAA-Baa2	3-27	203,728
Total Investments			<u>\$ 317,954</u>

NOTES TO FINANCIAL STATEMENTS
THE CENTERS, INC. - OCALA, FLORIDA
(Continued)

Note 3 - Capital Assets

Capital assets activity for the year ended June 30, 2014, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital Assets Not Being Depreciated				
Land and Improvements	\$ 570,138	\$ 0	\$ 0	\$ 570,138
Construction in Process	49,971	0	(15,228)	34,743
Total Capital Assets Not Being Depreciated	<u>620,109</u>	<u>0</u>	<u>(15,228)</u>	<u>604,881</u>
Capital Assets Being Depreciated				
Buildings and Improvements	15,401,960	50,853	(4,769)	15,448,044
Vehicles	288,108	0	(47,580)	240,528
Furniture and Fixtures	577,980	0	(5,865)	572,115
Machinery and Equipment	1,461,183	56,553	(19,325)	1,498,411
Computers	1,177,350	583,670	(165,244)	1,595,776
Total Capital Assets Being Depreciated	<u>18,906,581</u>	<u>691,076</u>	<u>(242,783)</u>	<u>19,354,874</u>
Less Accumulated Depreciation				
Buildings and Improvements	(7,660,387)	(528,223)	1,541	(8,187,069)
Vehicles	(233,078)	(19,392)	47,580	(204,890)
Furniture and Fixtures	(417,468)	(49,056)	5,865	(460,659)
Machinery and Equipment	(961,436)	(124,728)	17,561	(1,068,603)
Computers	(531,787)	(218,153)	89,940	(660,000)
Total Accumulated Depreciation	<u>(9,804,156)</u>	<u>(939,552)</u>	<u>162,487</u>	<u>(10,581,221)</u>
Total Capital Assets Being Depreciated, Net	<u>9,102,425</u>	<u>(248,476)</u>	<u>(80,296)</u>	<u>8,773,653</u>
Business-type Activities Capital Assets, Net	<u>\$ 9,722,534</u>	<u>\$ (248,476)</u>	<u>\$ (95,524)</u>	<u>\$ 9,378,534</u>

NOTES TO FINANCIAL STATEMENTS
THE CENTERS, INC. - OCALA, FLORIDA
(Continued)

Note 4 - Long-term Debt and Lines of Credit

The following is a summary of mortgage notes payable:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Mortgage Notes Payable -					
Collateralized by Real Estate					
USDA - Rural Development, Payable in Monthly Installments of \$13,210 Including 5.0% Interest	\$ 1,112,376	\$ 0	\$ (105,286)	\$ 1,007,090	\$ 110,673
USDA - Rural Development, Payable in Monthly Installments of \$7,803 Including 4.5% Interest	791,072	0	(59,247)	731,825	61,968
USDA - Rural Development, Payable in Monthly Installments of \$4,605 Including 4.5% Interest	574,403	0	(30,024)	544,379	31,403
USDA - Rural Development, Payable in Monthly Installments of \$7,219 Including 4.5% Interest	1,160,561	0	(35,118)	1,125,443	36,731
USDA - Rural Development, Payable in Monthly Installments of \$1,024 Including 4.5% Interest	164,466	0	(4,989)	159,477	5,218
USDA - Rural Development, Payable in Monthly Installments of \$2,605 Including 4.0% Interest	453,020	0	(13,382)	439,638	13,927
SunTrust Bank, Payable in Monthly Installments of \$508 to \$2,556 in Principal Payments Plus Interest, the Interest Rate was 2.25% + LIBOR (1 month index) as of June 30, 2014	251,088	0	(13,656)	237,432	20,472
Branch Banking and Trust, Payable in Monthly Installments of \$4,116 Including 4.955% Interest	407,991	0	(29,522)	378,469	29,863
Total Mortgage Notes Payable	<u>\$ 4,914,977</u>	<u>\$ 0</u>	<u>\$ (291,224)</u>	<u>\$ 4,623,753</u>	<u>\$ 310,255</u>

NOTES TO FINANCIAL STATEMENTS
THE CENTERS, INC. - OCALA, FLORIDA
(Continued)

Note 4 - Long-term Debt and Lines of Credit (Concluded)

The following are estimated principal requirements until maturity for the Centers' long-term indebtedness:

<u>Year Ending</u> <u>June 30</u>	<u>Principal</u>	<u>Interest</u>
2015	\$ 311,479	\$ 201,359
2016	325,028	187,199
2017	340,225	171,528
2018	359,064	155,565
2019	382,049	138,701
2020-2024	1,709,314	433,337
2025-2029	629,632	189,495
2030-2034	545,003	62,943
2035-2040	21,959	349
Total	<u>\$ 4,623,753</u>	<u>\$ 1,540,476</u>

Total interest incurred was \$231,635 for the year ended June 30, 2014, and none of which was capitalized in 2014.

Under loan agreements with Rural Economic and Community Development, the Centers is required to make monthly deposits to a debt service reserve account until the maximum reserve balance accumulates to \$456,510. The balance in this account was \$436,372 as of June 30, 2014.

Debt Covenant

For the year ended June 30, 2014, the Centers was not in compliance with a debt covenant required by the loan agreement with BB&T. The debt covenant requires the Centers to maintain a minimum cash flow to debt service coverage ratio that they were unable to meet. Upon default of the covenant, the bank may declare the balance of the note due and payable immediately along with other remedies. However, the Centers received a waiver from BB&T for the 2014 fiscal year.

Lines of Credit and Loan Commitment

The Centers has \$1,500,000 of funds available on approved lines of credit with Branch Banking and Trust Company, a \$700,000 secured line and an \$800,000 unsecured line. The balance in these accounts as of June 30, 2014, was \$696,747 on the secured line of credit and \$253,253 on the unsecured line of credit.

Note 5 - Capital Leases

The Centers entered into lease agreements for financing the acquisition of computers. These lease agreements qualify as capital leases for accounting purposes and therefore, have been recorded at the present value of the future minimum lease payments of the inception date.

The assets acquired through capital lease are as follows:

NOTES TO FINANCIAL STATEMENTS
THE CENTERS, INC. - OCALA, FLORIDA
(Continued)

Note 5 - Capital Leases (Concluded)

Asset	
Computers and Accessories	\$ 235,488
(Accumulated Depreciation)	<u>(3,957)</u>
Total	<u>\$ 231,531</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2014, were as follows:

Year Ending		
June 30,		
2015	\$	93,289
2016		93,289
2017		<u>33,513</u>
Total Minimum Lease Payments		220,091
(Less: Amount Representing Interest)		<u>(14,811)</u>
Present Value of Minimum Lease Payments	\$	<u>205,280</u>

Note 6 - Defined Contribution Pension Plan

The Centers has a 401(k) defined contribution retirement plan covering substantially all employees. This plan is the Centers, Inc. 401(k) Savings Plan (the Plan). The Plan is administered by the Centers and its Trustees are the Centers' Board of Directors. Authority to amend the Plan rests with the Trustees. The matching contribution was 100% of each participant's contribution, up to 3% of each participating employee's compensation. Vesting occurs ratably over three years of service. Employer contributions, net of forfeitures (retirement expense) to the Plan during the fiscal year ended June 30, 2014, was \$167,138.

Note 7 - Concentration and Stratification of Revenue Sources

The Centers has three revenue sources which constitute a majority of the Centers' total revenues. The Centers' major revenue sources are as follows:

For the Year Ending June 30, 2014:

	<u>Amount</u>	<u>Percentage</u>
State of Florida Department of Children and Families (Including Federal Portion)	\$ 9,318,360	32%
Kids Central, Inc. (Pass-through from the State of Florida Department of Children and Families)	8,173,192	28%
Medicare and Medicaid	8,571,189	29%
Other Revenues	<u>3,098,748</u>	<u>11%</u>
Total Revenues	<u>\$ 29,161,489</u>	<u>100%</u>

NOTES TO FINANCIAL STATEMENTS
THE CENTERS, INC. - OCALA, FLORIDA
(Continued)

Note 8 - Operating Rental Agreements

The Centers has several operating leases for buildings and office equipment. Various building and office equipment rental agreements extend beyond one year and are cancelable only if state funding were to be withdrawn. Building and office equipment rental agreements are scheduled as follows:

<u>Description</u>	<u>Lease</u>	<u>Future Minimum Lease Payment</u>				
	<u>Expense</u>	<u>6/30/15</u>	<u>6/30/16</u>	<u>6/30/17</u>	<u>6/30/18</u>	<u>6/30/19</u>
Buildings	\$ 448,159	\$ 288,088	\$ 243,001	\$ 231,744	\$ 236,091	\$ 0
Office Equipment	93,386	126,519	149,776	149,523	75,945	1,183
Total	541,545	\$ 414,607	\$ 392,777	\$ 381,267	\$ 312,036	\$ 1,183
(Less Sublease)	(420)					
Rental Expense	<u>\$ 541,125</u>					

Note 9 - Grants, Medicare, and Medicaid

The Centers receives federal and state grants for Medicare and Medicaid. These funds are subject to compliance audits by the providers or their representatives. The audits of the programs for, or including, the years ended June 30, 2011 through 2014, have not yet been settled. The amount, if any, of expenditures which may be disallowed cannot be determined, however, in the opinion of management, adequate provisions have been made for any adjustments that may result from auditors or other claims.

Note 10 - Matching Requirements

The Centers' main contract with the State of Florida Department of Children and Families requires the Centers to provide matching local funds, as dictated in the Florida Statutes, Chapter 394, Section 76 under Public Health Title XXIX, as well as in the Florida Administrative Code Chapter 65, 65E-14.005. During the fiscal year ended June 30, 2014, the Centers received local matching of \$1,143,758 from Marion County and \$405,344, from Citrus County with respect to the community alcohol and mental health services contracted with the State of Florida Department of Children and Families. The funding from Marion County and Citrus County was used solely for local match requirements. The allocation of funding between counties is determined based on relative population. All contract matching requirements for the year ended June 30, 2014, have been met, as summarized in the schedule of state earnings included in this report.

Note 11 - Charity Care

The estimated cost for services and supplies furnished under the Centers' charity care policy aggregated to \$1,958,902 for the fiscal year ended June 30, 2014.

NOTES TO FINANCIAL STATEMENTS
THE CENTERS, INC. - OCALA, FLORIDA
(Concluded)

Note 12 - Related Parties

North Florida Behavioral Health Network, Inc.

During April 2004, the Centers became a member in the North Florida Behavioral Health Network, Inc. for the purpose of bidding on one or more contracts for the provision behavioral health care services pursuant to the State of Florida in connection with the Florida Medicaid Prepaid Mental Health Plan. North Florida Behavioral Health Network, Inc. is a 50% shareholder in North Florida Behavioral Health Partners, Inc., which in turn executed the bids and was ultimately awarded the contract under the Florida Medicaid Prepaid Mental Health Plan during the year ended June 30, 2007. The Centers, as members of the North Florida Behavioral Health Network, Inc., provided services under contract for prepaid mental health services and fees for services during the year ended June 30, 2014, recognizing revenue of \$2,650,167. This agreement discontinued in March of 2014 and was replaced with individual Health Maintenance Organization (HMO) agreements.

Note 13 - Contingent Liabilities

The Centers is a defendant in various lawsuits. The outcome of these lawsuits is not presently determinable, and the attorney for these matters is unable to conclude that the likelihood of an adverse outcome is probable or remote.

**ADDITIONAL ELEMENTS OF REPORT PREPARED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*
AND OFFICE OF MANAGEMENT AND BUDGET (OMB)
CIRCULAR A-133 AND CHAPTER 10.650, *RULES OF THE*
AUDITOR GENERAL SINGLE AUDIT REQUIREMENTS**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2014
THE CENTERS, INC. - OCALA, FLORIDA**

	<u>CFDA/CSFA Number</u>	<u>Contract Number</u>	<u>Expenditures</u>
Federal Awards			
U.S. Department of Health and Human Services			
Indirect Projects:			
Passed Through Florida Department of Children and Families:			
Projects for Assistance in Transition from Homelessness *	93.150	NE004	\$ 144,635
State Children's Insurance Program *	93.767	NE004	503,588
Temporary Assistance for Needy Families*	93.558	NE004	209,573
Block Grant for Community Mental Health Services *	93.958	NE004	547,723
Block Grant for Prevention and Treatment of Substance Abuse *	93.959	NE004	1,697,402
Total Passed Through Florida Department of Children and Families			<u>3,102,921</u>
Passed Through Kids Central, Inc.:			
Promoting Safe and Stable Families	93.556	C1314-CRT-MC005	19,444
Promoting Safe and Stable Families	93.556	C1314-CMA-MC005	49,247
			<u>68,691</u>
Child Abuse and Neglect	93.669	C1314-CRT-MC005	28,406
Temporary Assistance for Needy Families	93.558	C1314-CMA-MC005	1,282,716
			<u>1,282,716</u>
Child Welfare Services	93.645	C1314-CRT-MC005	11,977
Child Welfare Services	93.645	C1314-CMA-MC005	224,215
			<u>236,192</u>
Foster Care - Title IV-E	93.658	C1314-FBT-MC005	207,411
Foster Care - Title IV-E	93.658	C1314-CMA-MC005	1,800,568
			<u>2,007,979</u>
Adoption Assistance	93.659	C1314-CMA-MC005	481,848
Total Passed Through Kids Central, Inc.			<u>4,105,832</u>
Total U.S. Department of Health and Human Services			<u>7,208,753</u>
US Department of Agriculture			
Indirect Project:			
Passed Through Florida Department of Agriculture:			
Child Nutrition Cluster:			
National School Lunch Program	10.553	01-0501	9,132
National School Lunch Program	10.555	01-0501	17,230
Total Child Nutrition Cluster			<u>26,362</u>
Total U.S. Department of Agriculture			<u>26,362</u>

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2014
THE CENTERS, INC. - OCALA, FLORIDA
(Concluded)**

	CFDA/CSFA Number	Contract Number	Expenditures
<u>Federal Awards (Concluded)</u>			
U. S. Department of Health and Human Services Substance Abuse and Mental Health Services Administration			
Direct Projects:			
Substance Abuse and Mental Health Services Administration	93.243	1 H79TI024763-01	\$ 291,611
Indirect Project:			
Consolidated Health Centers	93.224	2013-2014	45,000
Total U. S. Department of Health and Human Services Substance Abuse and Mental Health Services Administration			336,611
Total Federal Awards			7,571,726
<u>State Financial Assistance</u>			
State of Florida Department of Children and Families			
Direct Projects:			
Children's Mental Health Recovery and Resiliency	60.100	NE004	91,431
Total Direct Projects from Department of Children and Families:			91,431
Indirect Projects:			
Passed Through Marion County, Florida			
Public Safety, Mental Health, and Substance Abuse Local Matching Grant	60.115	2013-2014	37,814
Passed Through Kids Central, Inc.			
In Home Care	60.075	C1314-CRT-MC005	201,535
In Home Care	60.075	C1314-CMA-MC005	511,659
In Home Care	60.075	C1314-IRP-MC005	21,231
Out of Home Care	60.074	C1314-CMA-MC005	981,495
Out of Home Care	60.074	C1314-IRP-MC005	3,357
			1,719,277
Total State of Florida Department of Children and Families			1,848,522
Total State Financial Assistance			1,848,522
Total Expenditures of Federal Awards and State Financial Assistance			\$ 9,420,248

**NOTE TO THE SCHEDULE OF EXPENDITURES OF FEDERAL
AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2014
THE CENTERS, INC. - OCALA, FLORIDA**

Basis of Presentation

The accompanying schedule of expenditures of federal awards and state financial assistance is presented on the accrual basis of accounting. The information on this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-profit Organizations*, and Chapter 10.550, *Rules of the Auditor General, Local Government Entity Audits*. Therefore, amounts presented in this schedule may differ from amounts presented in, or used in, the preparation of the basic financial statements.

Federal and State awards include \$368,084 of funding that represents fees withheld from the managing entity, which have been netted against the revenues for presentation on the statement of revenues, expenses, and changes in net position.

- * Expenditures for the indicated awards are determined using the units of service cost approach, whereby expenditures are based on units of service provided, multiplied by the expenditure rate identified in the agreement with the pass-through agency.

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

Board of Directors
The Centers, Inc.
Ocala, Florida

We have audited, 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, the financial statements of the business-type activities of The Centers, Inc. (the Centers) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Centers', a nonprofit organization, basic financial statements, and have issued our report thereon dated January 9, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Centers' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Centers' internal control. Accordingly, we do not express an opinion on the effectiveness of the Centers' 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 misstatements on a timely basis. A *material weakness* is a deficiency or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material 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.

Certified Public Accountants

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MEMBERS OF AMERICAN AND FLORIDA INSTITUTES OF CERTIFIED PUBLIC ACCOUNTANTS
MEMBER OF AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS PRIVATE COMPANIES AND S.E.C. PRACTICE SECTIONS

Board of Directors
The Centers, Inc.
Ocala, Florida

**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*
(*Concluded*)**

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Centers' 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Purvis, Gray and Company, LLP

January 9, 2015
Ocala, Florida

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

Board of Directors
The Centers, Inc.
Ocala, Florida

Report on Compliance for Each Major Federal Program and State Project

We have audited The Centers, Inc.'s (the Centers) compliance with the types of compliance requirements described in the 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 the Centers' major federal programs and state financial assistance projects for the year ended June 30, 2014. The Centers' major federal programs and state financial assistance 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 requirements of laws, regulations, contracts, and grants applicable to its federal programs and state financial assistance projects.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance each of for the Centers' 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, and OMB Circular A-133, *Audits of States of Local Governments, and Non-Profit Organization*; and Chapter 10.650, *Rules of the Auditor General*. Those standards and OMB Circular A-133 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 Centers' 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 financial assistance project. However, our audit does not provide a legal determination on the Centers' compliance.

Opinion on Each Major Federal Program

In our opinion, the Centers 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, 2014.

Certified Public Accountants

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Board of Directors
The Centers, Inc.
Ocala, Florida

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
(Concluded)

Report on Internal Control Over Compliance

Management of the Centers 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 Centers' internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program and state project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and state project and to test and report on internal control over compliance in accordance with OMB Circular A-133 and Chapter 10.650, *Rules of the Auditor General*, but not for the purposes of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Centers' 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 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 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 may not have 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.

Purvis, Gray and Company, LLP

January 9, 2015
Ocala, Florida

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FEDERAL AWARDS PROGRAMS AND
STATE FINANCIAL ASSISTANCE PROJECTS
THE CENTERS, INC. - OCALA, FLORIDA**

1. **Summary of Audit Results**

I. **Type of Audit Report Issued on Financial Statements**

Unmodified Opinion

II. **Significant Deficiencies and/or Material Weaknesses in Internal Control**

Audit disclosed no instances of significant deficiencies in internal control or significant deficiencies which were material weaknesses in internal control.

III. **Noncompliance Material to Auditee Financial Statements**

Audit disclosed no material instances of noncompliance.

IV. **Significant Deficiencies and/or Material Weaknesses in Internal Control Over Major Federal Awards Programs and State Financial Assistance Projects**

Audit disclosed no instances of significant deficiencies or significant deficiencies that were material weaknesses in internal controls over major federal award programs and state financial assistance projects that are required to be reported in the schedule of findings and questioned costs.

V. **Type of Audit Report Issued on Compliance with Requirements Applicable to Major Federal Awards Programs and State Financial Assistance Projects**

Unmodified Opinion

VI. **Audit Findings Relative to Section .510(a) of OMB Circular A-133 and Chapter 10.650, *Rules of the Auditor General***

The audit disclosed no findings required to be reported under Section .510(a) of OMB Circular A-133 and Chapter 10.650, *Rules of Auditor General*.

VII. **Major Federal Programs and Major State Financial Assistance Projects**

Federal Programs:

U.S. Department of Health and Human Services:

- Foster Care Title IV-E (93.658)
- State Children's Insurance Program (93.767)

State Assistance Projects:

State of Florida Department of Children and Families:

- Out of Home (60.074)
- In Home (60.075)

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FEDERAL AWARDS PROGRAMS AND
STATE FINANCIAL ASSISTANCE PROJECTS
THE CENTERS, INC. - OCALA, FLORIDA
(Concluded)**

1. **Summary of Audit Results (Concluded)**

VIII. **Dollar Threshold Used to Distinguish Between Type A and Type B Federal Programs/State Assistance Projects**

\$300,000 for both Federal Programs and State Assistance Projects for Type A Programs.

IX. **Auditee Qualification as Low-risk Auditee**

The auditee qualifies as a low-risk auditee per criteria set forth in Section .530 of OMB Circular A-133. This does not apply to state financial assistance projects.

2. **Findings Related to the Financial Statements Required to be Reported Under GAGAS**

The audit disclosed no findings which are required to be reported under GAGAS.

3. **Findings and Questioned Costs for Major Federal Programs Required to be Reported Under Section .510(a) of OMB Circular A-133**

The audit disclosed no findings which are required to be reported under Section .510(1) of OMB Circular A-133.

4. **Findings and Questioned Costs for Major State Financial Assistance Projects Under Chapter 10.650, Rules of the Auditor General**

The audit disclosed no findings which are required to be reported under Chapter 10.650, *Rules of the Auditor General*.

5. **Prior Audit Findings**

There were no prior year audit findings.

MANAGEMENT LETTER

Board of Directors
The Centers, Inc.
Ocala, Florida

Report on the Financial Statements

We have audited the financial statements of The Centers, Inc. (the Centers), as of and for the fiscal year ended June 30, 2014, and have issued our report thereon dated January 9, 2015.

Auditors' Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and Chapter 10.650, *Rules of the Florida Auditor General*.

Other Reports and Schedule

We have issued our Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Governmental Auditing Standards*, 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*, and Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule, which are dated January 9, 2015, should be considered in conjunction with this management letter.

Other Matter

Section 10.654 (1)(e), *Rules of the Auditor General*, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements or State project amounts that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

Purpose of this Letter

Our management letter is intended solely for the information and use of Legislative Auditing Committee, members of the Florida State 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.



January 9, 2015
Ocala, Florida

Certified Public Accountants

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ADDITIONAL INFORMATION

**SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES
PROGRAM/COST CENTER
REVENUES SCHEDULE AND ACTUAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2014
THE CENTERS, INC. - OCALA, FLORIDA**

Funding Sources and Revenues	Case Management	Outpatient	Outreach	Supported Housing	Crisis Stabilization Unit	Crisis Support/ Emergency	Drop-In	Medical Services	Clubhouse	Total for Adult Mental Health
State SAMH Funding										
From the District Funding										
this Contract	\$300,300	\$635,638	\$80,153	\$80,108	\$1,852,816	\$169,696	\$78,130	\$644,691	\$229,405	\$4,070,937
Total State SAMH Funding	300,300	635,638	80,153	80,108	1,852,816	169,696	78,130	644,691	229,405	4,070,937
Other Government Funding										
Other State Agency Funding	0	0	0	0	0	0	0	68,585	0	68,585
Medicaid	212,446	357,829	0	0	377,918	10,222	0	423,734	82,117	1,464,266
Local Government	0	0	0	0	1,010,377	180,082	0	0	0	1,190,459
Total Other Government Funding	212,446	357,829	0	0	1,388,295	190,304	0	492,319	82,117	2,723,310
All Other Revenues										
First and Second Party Payments	13	6,762	0	0	6,571	5,722	0	9,103	0	28,171
Third Party Payments (Except Medicare)	617	28,825	0	0	99,799	3,600	0	44,720	0	177,561
Medicare	0	38,611	0	0	119,307	14,786	0	215,736	0	388,440
Contributions and Donations	0	5,000	0	0	110	0	0	0	1,416	6,526
Other	29,325	(2,028)	16,196	738	(7,989)	(820)	(457)	5,780	667	41,412
In-kind	0	0	0	0	0	0	1,441	0	0	1,441
Total All Other Revenues	29,955	77,170	16,196	738	217,798	23,288	984	275,339	2,083	643,551
Total Funding	\$542,701	\$1,070,637	\$96,349	\$80,846	\$3,458,909	\$383,288	\$79,114	\$1,412,349	\$313,605	\$7,437,798

**SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES
PROGRAM/COST CENTER
REVENUES SCHEDULE AND ACTUAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2014
THE CENTERS, INC. - OCALA, FLORIDA
(Continued)**

Funding Sources and Revenues	Case Management	Outpatient	Outreach	Prevention	Intervention	Residential Level II	Detox	Total for Adult Substance Abuse
State SAMH Funding								
From the District Funding this Contract	\$ 7,706	\$ 217,247	\$ 23,302	\$ 109,841	\$ 4,792	\$ 1,819,279	\$ 368,447	\$ 2,550,614
Total State SAMH Funding	<u>7,706</u>	<u>217,247</u>	<u>23,302</u>	<u>109,841</u>	<u>4,792</u>	<u>1,819,279</u>	<u>368,447</u>	<u>2,550,614</u>
Other Government Funding								
Other State Agency Funding	0	0	0	0	0	0	0	0
Medicaid	0	116,978	0	0	0	0	3,114	120,092
Local Government	0	0	0	0	0	0	240,769	240,769
Total Other Government Funding	<u>0</u>	<u>116,978</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>243,883</u>	<u>360,861</u>
All Other Revenues								
First and Second Party Payments	0	71,770	0	0	0	43,543	5,567	120,880
Third Party Payments (Except Medicare)	0	3,871	0	0	0	14,637	7,673	26,181
Medicare	0	3,382	0	0	0	0	2,295	5,677
Contributions and Donations	0	0	0	0	0	17,140	0	17,140
Other	60	55,331	33	(224)	85	(3,081)	(2,098)	50,106
In-kind	0	0	0	0	0	0	0	0
Total All Other Revenues	<u>60</u>	<u>134,354</u>	<u>33</u>	<u>(224)</u>	<u>85</u>	<u>72,239</u>	<u>13,437</u>	<u>219,984</u>
Total Funding	<u>\$ 7,766</u>	<u>\$ 468,579</u>	<u>\$ 23,335</u>	<u>\$ 109,617</u>	<u>\$ 4,877</u>	<u>\$ 1,891,518</u>	<u>\$ 625,767</u>	<u>\$ 3,131,459</u>

**SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES
PROGRAM/COST CENTER
REVENUES SCHEDULE AND ACTUAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2014
THE CENTERS, INC. - OCALA, FLORIDA
(Continued)**

<u>Funding Sources and Revenues</u>	<u>Intervention</u>	<u>Crisis Stabilization</u>	<u>Crisis Support/ Emergency</u>	<u>Total for Children's Mental Health</u>
State SAMH Funding				
From the District Funding this Contract	\$ 32,088	\$ 779,102	\$ 407,163	\$ 1,218,353
Total State SAMH Funding	<u>32,088</u>	<u>779,102</u>	<u>407,163</u>	<u>1,218,353</u>
Other Government Funding				
Other State Agency Funding	0	0	0	0
Medicaid	0	794,731	8,735	803,466
Local Government	0	117,876	0	117,876
Total Other Government Funding	<u>0</u>	<u>912,607</u>	<u>8,735</u>	<u>921,342</u>
All Other Revenues				
First and Second Party Payments	0	917	47	964
Third Party Payments (Except Medicare)	0	134,463	2,236	136,699
Medicare	0	0	0	0
Contributions and Donations	0	800	0	800
Other	(35)	(3,858)	(750)	(4,643)
In-kind	0	0	0	0
Total All Other Revenues	<u>(35)</u>	<u>132,322</u>	<u>1,533</u>	<u>133,820</u>
Total Funding	<u>\$ 32,053</u>	<u>\$ 1,824,031</u>	<u>\$ 417,431</u>	<u>\$ 2,273,515</u>

**SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES
PROGRAM/COST CENTER
REVENUES SCHEDULE AND ACTUAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2014
THE CENTERS, INC. - OCALA, FLORIDA
(Continued)**

<u>Funding Sources and Revenues</u>	<u>Outpatient</u>	<u>Adolescent Residential Substance Abuse Treatment</u>	<u>Prevention</u>	<u>Outreach</u>	<u>Total for Children's Substance Abuse</u>
State SAMH Funding					
From the District Funding this Contract	\$ 28,969	\$ 578,596	\$ 163,620	\$ 25,213	\$ 796,398
Total State SAMH Funding	<u>28,969</u>	<u>578,596</u>	<u>163,620</u>	<u>25,213</u>	<u>796,398</u>
Other Government Funding					
Other State Agency Funding	0	0	0	0	0
Medicaid	14,154	0	0	0	14,154
Local Government	0	0	0	0	0
Total Other Government Funding	<u>14,154</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>14,154</u>
All Other Revenues					
First and Second Party Payments	592	21,267	0	0	21,859
Third Party Payments (Except Medicare)	217	1,094	0	0	1,311
Medicare	0	0	0	0	0
Contributions and Donations	0	23,190	0	0	23,190
Other	45	22,606	(352)	(195)	22,104
In-kind	0	342	0	0	342
Total all Other Revenues	<u>854</u>	<u>68,499</u>	<u>(352)</u>	<u>(195)</u>	<u>68,806</u>
Total Funding	<u>\$ 43,977</u>	<u>\$ 647,095</u>	<u>\$ 163,268</u>	<u>\$ 25,018</u>	<u>\$ 879,358</u>

**SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES
PROGRAM/COST CENTER
REVENUES SCHEDULE AND ACTUAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2014
THE CENTERS, INC. - OCALA, FLORIDA
(Continued)**

<u>Funding Sources and Revenues</u>	<u>Total for State Funded SAMH Cost Centers</u>	<u>Total for Non-State Funded SAMH Cost Centers</u>	<u>Total for All State Designated SAMH Cost Centers</u>	<u>Adult Psychiatric Unit Non-SAMH Cost Center</u>	<u>Other Non-SAMH Funding</u>	<u>Total Funding</u>
State SAMH Funding						
From the District Funding this Contract	\$ 8,636,302	\$ (26,942)	\$ 8,609,360	\$ 0	\$ 0	\$ 8,609,360
Total State SAMH Funding	<u>8,636,302</u>	<u>(26,942)</u>	<u>8,609,360</u>	<u>0</u>	<u>0</u>	<u>8,609,360</u>
Other Government Funding						
Other State Agency Funding	68,585	709,000	777,585	0	8,173,192	8,950,777
Medicaid	2,401,979	3,283,949	5,685,928	604,458	7,948	6,298,334
Local Government	1,549,104	0	1,549,104	0	0	1,549,104
Total Other Government Funding	<u>4,019,668</u>	<u>3,992,949</u>	<u>8,012,617</u>	<u>604,458</u>	<u>8,181,140</u>	<u>16,798,215</u>
All Other Revenues						
First and Second Party Payments	171,874	12,816	184,690	3,916	0	188,606
Third Party Payments (Except Medicare)	341,752	178,516	520,268	153,322	0	673,590
Medicare	394,117	0	394,117	1,878,738	0	2,272,855
Contributions and Donations	47,656	1,422	49,078	0	56,117	105,195
Other	108,979	1,624	110,603	(5,379)	308,224	413,448
In-kind	1,783	0	1,783	0	98,437	100,220
Total All Other Revenues	<u>1,066,161</u>	<u>194,378</u>	<u>1,260,539</u>	<u>2,030,597</u>	<u>462,778</u>	<u>3,753,914</u>
Total Funding	<u>\$ 13,722,131</u>	<u>\$ 4,160,385</u>	<u>\$ 17,882,516</u>	<u>\$ 2,635,055</u>	<u>\$ 8,643,918</u>	<u>\$ 29,161,489</u>

**SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES
PROGRAM/COST CENTER
REVENUES SCHEDULE AND ACTUAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2014
THE CENTERS, INC. - OCALA, FLORIDA
(Continued)**

Expense Categories	Case Management	Outpatient	Outreach	Supported Housing	Crisis Stabilization Unit	Crisis Support/ Emergency	Drop-In	Medical Services	Clubhouse	Total for Adult Mental Health
Personnel Expenses										
Salaries	\$ 320,855	\$ 556,908	\$ 54,626	\$ 66,363	\$ 1,652,019	\$ 229,647	\$ 29,709	\$ 863,943	\$ 147,858	\$ 3,921,928
Fringe Benefits	94,823	124,148	12,281	12,397	243,429	32,946	7,658	114,498	33,111	675,291
Total Personnel Expenses	<u>415,678</u>	<u>681,056</u>	<u>66,907</u>	<u>78,760</u>	<u>1,895,448</u>	<u>262,593</u>	<u>37,367</u>	<u>978,441</u>	<u>180,969</u>	<u>4,597,219</u>
Other Expenses										
Building Occupancy	40,653	61,592	7,581	13,643	134,479	19,633	6,867	44,156	37,545	366,149
Professional Services	10,054	27,270	1,474	2,248	481,165	6,119	1,207	65,172	5,438	600,147
Travel	17,903	1,368	4,523	5,757	1,748	448	0	405	3,889	36,041
Equipment	13,799	17,325	2,175	3,265	30,238	4,780	1,674	12,667	13,425	99,348
Food Services	545	944	157	418	77,524	33	7	1,539	1,620	82,787
Medical and Pharmacy	0	40	0	0	41,937	1,504	0	4,731	0	48,212
Subcontracted Services	0	0	0	0	11,969	518	0	0	0	12,487
Insurance	9,076	13,834	1,635	2,376	32,405	4,697	1,146	9,702	4,953	79,824
Interest Paid	6,556	9,750	569	0	24,079	3,463	842	7,121	0	52,380
Operating Supplies and Expenses	10,133	20,033	1,441	2,961	31,269	5,136	1,892	25,210	17,732	115,807
Other	29,058	6,029	0	27,678	1,023	976	180	4,242	125	69,311
In-Kind	0	0	0	0	0	0	1,441	0	0	1,441
Total Other Expenses	<u>137,777</u>	<u>158,185</u>	<u>19,555</u>	<u>58,346</u>	<u>867,836</u>	<u>47,307</u>	<u>15,256</u>	<u>174,945</u>	<u>84,727</u>	<u>1,563,934</u>
Total Personnel Expenses and Other Expenses	<u>553,455</u>	<u>839,241</u>	<u>86,462</u>	<u>137,106</u>	<u>2,763,284</u>	<u>309,900</u>	<u>52,623</u>	<u>1,153,386</u>	<u>265,696</u>	<u>6,161,153</u>
Distributed Indirect Costs										
Other Support Costs (Optional)	147,997	353,393	19,409	25,750	442,751	45,306	15,631	271,257	13,786	1,335,280
Administration	85,957	146,095	13,073	19,937	391,874	43,469	8,498	170,281	34,318	913,502
Total Distributed Indirect Costs	<u>233,954</u>	<u>499,488</u>	<u>32,482</u>	<u>45,687</u>	<u>834,625</u>	<u>88,775</u>	<u>24,129</u>	<u>441,538</u>	<u>48,104</u>	<u>2,248,782</u>
Total Operating Expenses	<u>787,409</u>	<u>1,338,729</u>	<u>118,944</u>	<u>182,793</u>	<u>3,597,909</u>	<u>398,675</u>	<u>76,752</u>	<u>1,594,924</u>	<u>313,800</u>	<u>8,409,935</u>
Unallowable Costs										
Depreciation	0	0	0	0	(24,817)	(3,259)	0	0	0	(28,076)
(Total Unallowable Costs)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(24,817)</u>	<u>(3,259)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(28,076)</u>
Total Allowable Operating Expenses Excluding Unallowable Costs	<u>\$ 787,409</u>	<u>\$ 1,338,729</u>	<u>\$ 118,944</u>	<u>\$ 182,793</u>	<u>\$ 3,573,092</u>	<u>\$ 395,416</u>	<u>\$ 76,752</u>	<u>\$ 1,594,924</u>	<u>\$ 313,800</u>	<u>\$ 8,381,859</u>

**SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES
PROGRAM/COST CENTER
REVENUES SCHEDULE AND ACTUAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2014
THE CENTERS, INC. - OCALA, FLORIDA
(Continued)**

Expense Categories	Case Management	Outpatient	Outreach	Prevention	Intervention	Residential Level II	Detox	Recovery Support	Total for Adult Substance Abuse
Personnel Expenses									
Salaries	\$ 11,597	\$ 221,017	\$ 24,516	\$ 63,965	\$ 6,741	\$ 481,179	\$ 376,597	\$ 0	\$ 1,185,612
Fringe Benefits	5,428	44,939	11,015	10,321	1,265	104,114	60,030	0	237,112
Total Personnel Expenses	17,025	265,956	35,531	74,286	8,006	585,293	436,627	0	1,422,724
Other Expenses									
Building Occupancy	3,884	50,428	5,331	20,934	2,140	93,865	36,569	0	213,151
Professional Services	364	5,343	777	1,652	366	24,849	67,683	0	101,034
Travel	2,519	1,014	0	3,230	201	5,252	357	0	12,573
Equipment	836	6,585	789	1,727	464	21,427	8,150	0	39,978
Food Services	207	171	135	16	44	124,653	8,335	0	133,561
Medical and Pharmacy	0	22,392	0	0	0	17,513	3,063	0	42,968
Subcontracted Services	0	0	0	0	0	0	3,061	0	3,061
Insurance	371	5,022	842	1,659	371	17,360	8,815	0	34,440
Interest Paid	245	3,617	163	1,028	264	12,383	6,543	0	24,243
Operating Supplies and Expenses	412	7,810	595	2,590	818	36,698	7,492	0	56,415
Other	0	1,841	0	68	0	1,973	6	0	3,888
In-Kind	0	0	0	0	0	0	0	0	0
Total Other Expenses	8,838	104,223	8,632	32,904	4,668	355,973	150,074	0	665,312
Total Personnel Expenses and Other Expenses	25,863	370,179	44,163	107,190	12,674	941,266	586,701	0	2,088,036
Distributed Indirect Costs									
Other Support Costs (Optional)	5,291	126,582	9,828	27,623	9,713	532,890	99,189	0	811,116
Administration	3,922	60,791	6,537	16,669	2,942	180,739	83,670	0	355,270
Total Distributed Indirect Costs	9,213	187,373	16,365	44,292	12,655	713,629	182,859	0	1,166,386
Total Operating Expenses	35,076	557,552	60,528	151,482	25,329	1,654,895	769,560	0	3,254,422
Unallowable Costs									
Depreciation	0	0	0	0	0	0	(6,629)	0	(6,629)
Interest Expenses	0	0	0	0	0	0	0	0	0
(Total Unallowable Costs)	0	0	0	0	0	0	(6,629)	0	(6,629)
Total Allowable Operating Expenses Excluding Unallowable Costs	\$ 35,076	\$ 557,552	\$ 60,528	\$ 151,482	\$ 25,329	\$ 1,654,895	\$ 762,931	\$ 0	\$ 3,247,793

**SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES
PROGRAM/COST CENTER
REVENUES SCHEDULE AND ACTUAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2014
THE CENTERS, INC. - OCALA, FLORIDA
(Continued)**

<u>Expense Categories</u>	<u>Intervention</u>	<u>Crisis Stabilization Unit</u>	<u>Crisis Support/ Emergency</u>	<u>Total for Children's Mental Health</u>
Personnel Expenses				
Salaries	\$ 3,547	\$ 871,270	\$ 232,536	\$ 1,107,353
Fringe Benefits	1,566	123,384	35,361	160,311
Total Personnel Expenses	<u>5,113</u>	<u>994,654</u>	<u>267,897</u>	<u>1,267,664</u>
Other Expenses				
Building Occupancy	566	68,061	24,393	93,020
Professional Services	554	139,505	5,936	145,995
Travel	12	711	345	1,068
Equipment	117	16,018	5,499	21,634
Food Services	5	20,637	34	20,676
Medical and Pharmacy	0	23,695	1,724	25,419
Subcontracted Services	0	5,966	510	6,476
Insurance	122	16,408	5,834	22,364
Interest Paid	70	12,184	4,198	16,452
Operating Supplies and Expenses	82	13,743	4,873	18,698
Other	0	479	174	653
Total Other Expenses	<u>1,528</u>	<u>317,407</u>	<u>53,520</u>	<u>372,455</u>
Total Personnel Expenses and Other Expenses	<u>6,641</u>	<u>1,312,061</u>	<u>321,417</u>	<u>1,640,119</u>
Distributed Indirect Costs				
Other Support Costs (Optional)	3,640	195,219	56,137	254,996
Administration	1,307	184,008	46,084	231,399
Total Distributed Indirect Costs	<u>4,947</u>	<u>379,227</u>	<u>102,221</u>	<u>486,395</u>
Total Operating Expenses	<u>11,588</u>	<u>1,691,288</u>	<u>423,638</u>	<u>2,126,514</u>
Unallowable Costs				
Depreciation	0	(12,291)	(3,211)	(15,502)
Interest Expense	0	0	0	0
(Total Unallowable Costs)	<u>0</u>	<u>(12,291)</u>	<u>(3,211)</u>	<u>(15,502)</u>
Total Allowable Operating Expenses Excluding Unallowable Costs	<u>\$ 11,588</u>	<u>\$ 1,678,997</u>	<u>\$ 420,427</u>	<u>\$ 2,111,012</u>

**SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES
PROGRAM/COST CENTER
REVENUE SCHEDULES AND ACTUAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2014
THE CENTERS, INC. - OCALA, FLORIDA
(Continued)**

Expense Categories	Outpatient	Adolescent Residential Substance Abuse Treatment	Prevention	Outreach	Total for Children's Substance Abuse
Personnel Expenses					
Salaries	\$ 25,536	\$ 349,491	\$ 68,925	\$ 21,857	\$ 465,809
Fringe Benefits	6,136	52,370	11,407	7,991	77,904
Total Personnel Expenses	31,672	401,861	80,332	29,848	543,713
Other Expenses					
Building Occupancy	3,719	62,288	17,941	3,422	87,370
Professional Services	987	14,290	1,926	691	17,894
Travel	1,092	4,333	598	0	6,023
Equipment	1,076	14,600	2,007	1,060	18,743
Food Services	46	38,004	153	22	38,225
Medical and Pharmacy	4,114	4,093	0	0	8,207
Subcontracted Services	0	0	0	0	0
Insurance	708	10,884	1,935	645	14,172
Interest Paid	498	7,755	1,011	498	9,762
Operating Supplies and Expenses	850	11,156	1,483	518	14,007
Other	79	410	0	0	489
In-Kind	0	342	0	0	342
Total Other Expenses	13,169	168,155	27,054	6,856	215,234
Total Personnel Expenses and Other Expenses	44,841	570,016	107,386	36,704	758,947
Distributed Indirect Costs					
Other Support Costs (Optional)	18,455	156,138	29,558	10,569	214,720
Administration	7,844	88,899	16,669	5,883	119,295
Total Distributed Indirect Costs	26,299	245,037	46,227	16,452	334,015
Total Operating Expenses	71,140	815,053	153,613	53,156	1,092,962
Unallowable Costs					
Depreciation	0	(6,529)	0	0	(6,529)
Interest Expense	0	0	0	0	0
(Total Unallowable Costs)	0	(6,529)	0	0	(6,529)
Total Allowable Operating Expenses Excluding Unallowable Costs	\$ 71,140	\$ 808,524	\$ 153,613	\$ 53,156	\$ 1,086,433

**SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES
PROGRAM/COST CENTER
REVENUE SCHEDULES AND ACTUAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2014
THE CENTERS, INC. - OCALA, FLORIDA
(Concluded)**

Expense Categories	Total for State Funded SAMH Cost Centers	Total for Non- State Funded SAMH Cost Centers	Total for All State Designated SAMH Cost Centers	Adult Psychiatric Unit Non-SAMH Cost Center	Other Non- SAMH Support Cost Centers (Optional)	Other Support Cost Centers (Optional)	Administration	Total Expenses
Personnel Expenses								
Salaries	\$ 6,680,702	\$ 1,695,990	\$ 8,376,692	\$ 1,086,152	\$ 5,078,163	\$ 2,436,998	\$ 2,073,093	\$ 19,051,098
Fringe Benefits	1,150,618	308,819	1,459,437	167,181	1,063,779	514,407	405,537	3,610,341
Total Personnel Expenses	7,831,320	2,004,809	9,836,129	1,253,333	6,141,942	2,951,405	2,478,630	22,661,439
Other Expenses								
Building Occupancy	759,690	183,276	942,966	113,367	451,910	393,316	210,208	2,111,767
Professional Services	865,070	290,252	1,155,322	263,097	81,381	92,724	162,493	1,755,017
Travel	55,705	50,789	106,494	1,280	325,401	41,540	32,081	506,796
Equipment	179,703	49,732	229,435	22,984	179,378	94,079	72,205	598,081
Food Services	275,249	1,463	276,712	41,677	3,640	3,138	13,368	338,535
Medical and Pharmacy	124,806	164,215	289,021	61,597	1,210	9,764	1,700	363,292
Subcontracted Services	22,024	0	22,024	7,732	42,166	3,038	0	74,960
Insurance	150,800	33,048	183,848	22,829	122,721	74,361	48,973	452,732
Interest Paid	102,837	23,102	125,939	16,963	5,024	54,092	35,423	237,441
Operating Supplies and Expenses	204,927	39,104	244,031	43,760	108,247	108,295	72,308	576,641
Other	74,341	98,215	172,556	5,092	45,182	0	25,368	248,198
In-kind	1,783	0	1,783	0	86,873	0	0	88,656
Total Other Expenses	2,816,935	933,196	3,750,131	600,378	1,453,133	874,347	674,127	7,352,116
Total Personnel Expenses and Other Expenses	10,648,255	2,938,005	13,586,260	1,853,711	7,595,075	3,825,752	3,152,757	30,013,555
Distributed Indirect Costs								
Other Support Costs (Optional)	2,616,112	749,441	3,365,553	297,748	42,470	(3,825,752)	119,981	0
Administration	1,619,466	451,358	2,070,824	266,513	935,399	0	(3,272,736)	0
Total Distributed Indirect Costs	4,235,578	1,200,799	5,436,377	564,261	977,869	(3,825,752)	(3,152,755)	0
Total Operating Expenses	14,883,833	4,138,804	19,022,637	2,417,972	8,572,944	0	2	30,013,555
Unallowable Costs								
Depreciation	(56,736)	0	(56,736)	0	0	0	0	(56,736)
Interest Expenses	0	0	0	0	0	0	0	0
Contributions	0	0	0	0	(1,510)	0	0	(1,510)
(Total Unallowable Costs)	(56,736)	0	(56,736)	0	(1,510)	0	0	(58,246)
Total Allowable Operating Expenses Excluding Unallowable Costs	\$ 14,827,097	\$ 4,138,804	\$ 18,965,901	\$ 2,417,972	\$ 8,571,434	\$ 0	\$ 2	\$ 29,955,309

**SCHEDULE OF STATE EARNINGS
FOR THE YEAR ENDED JUNE 30, 2014
THE CENTERS, INC. - OCALA, FLORIDA**

Total Expenditures	\$ 30,013,553
(Less Other State and Federal Funds)	(14,907,693)
(Less Nonmatch SAMH Funds)	(4,957,442)
(Less Expenses Related to Nonmatch Services)	(3,032,538)
(Less Unallowable Costs Per 65E-14, F.A.C.)	<u>(58,245)</u>
Total Allowable Expenditures	<u><u>\$ 7,057,635</u></u>
Maximum Available Earnings	<u><u>\$ 5,293,226</u></u>
Amount of State Funds Requiring Match	<u><u>\$ 5,030,288</u></u>
Amount Due to Department	<u><u>\$ 0</u></u>

**SCHEDULE OF BED - DAY AVAILABILITY PAYMENTS
FOR THE YEAR ENDED JUNE 30, 2014
THE CENTERS, INC. - OCALA, FLORIDA**

<u>Program</u>	<u>Cost Center</u>	<u>State Contracted Rate</u>	<u>Total Units of Service Provided</u>	<u>Total Units of Service Paid for by 3rd Party Contracts, Local Government, or Other State Agencies</u>	<u>Maximum Number of Units Eligible for Payment By Department</u>	<u>Amount Paid for Services By Department</u>	<u>Maximum Dollar Value of Units</u>	<u>Amount Owed to Department</u>
Children's MH	Crisis Stabilization Unit	\$ 291.24	4,380	1,126	3,254	\$ 744,118	\$ 947,695	\$ 0
Adult MH	Crisis Stabilization Unit	291.24	8,760	574	8,186	1,913,447	2,384,091	0
Adult SA	Substance Abuse Detox	204.94	2,190	17	2,173	383,002	445,335	0
Total Amount Owed to Department								\$ 0

**SCHEDULE OF RELATED PARTY TRANSACTION ADJUSTMENTS
FOR THE YEAR ENDED JUNE 30, 2014
THE CENTERS, INC. - OCALA, FLORIDA**

	<u>Related Party</u>	<u>Allocation of Related Party Transactions Adjustment</u>	
		<u>State-Designated Cost Centers</u>	<u>Total</u>
Revenues from Grantee	_____		
Total Revenues from Grantee	_____		Related Party Transaction Adjustments Not Applicable
Expenses Associated with Grantee Transactions	_____		
Total Associated Expenses	_____		
Related Party Transaction Adjustment	=====	=====	=====