

**CHAUTAUQUA OFFICES OF
PSYCHOTHERAPY AND EVALUATION, INC.**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED JUNE 30, 2014

**CHAUTAUQUA OFFICES OF PSYCHOTHERAPY
AND EVALUATION, INC.
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JUNE 30, 2014**

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Board of Directors
Chautauqua Offices of Psychotherapy
and Evaluation, Inc.

INDEPENDENT AUDITORS' REPORT

Report on the Financial Statements

We have audited the accompanying statement of financial position of Chautauqua Offices of Psychotherapy and Evaluation, Inc. (COPE) as of June 30, 2014, and the related statements of activities, functional expenses and cash flows for the year then ended.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our 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 Chautauqua Offices of Psychotherapy and Evaluation, Inc. as of June 30, 2014, and the changes in its net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Chautauqua Offices of Psychotherapy and Evaluation, Inc.'s 2013 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 23, 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

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 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, *Florida Single Audit Act Audits- Nonprofit and For-profit Organizations*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 5, 2015, February 05, 2015 on our consideration of COPE's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Warren Averett, LLC

Destin, Florida
February 05, 2015

CHAUTAUQUA OFFICES OF PSYCHOTHERAPY AND EVALUATION, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2014
(WITH SUMMARIZED COMPARATIVE TOTALS AS OF JUNE 30, 2013)

ASSETS	2014	2013
CURRENT ASSETS		
Cash	\$ 1,557,613	\$ 1,094,653
Investments	105,470	104,783
Accounts receivable, net	739,725	402,907
Grants receivable	461,382	179,720
Prepaid expenses	168,017	8,620
Total current assets	3,032,207	1,790,683
NON-CURRENT ASSETS		
Restricted cash	152,797	93,839
Debt issuance costs, net of amortization	50,358	54,490
Property and equipment, net	2,522,636	3,148,786
Total non-current assets	2,725,791	3,297,115
TOTAL ASSETS	\$ 5,757,998	\$ 5,087,798
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 23,187	\$ 18,843
Accrued expenses payable		
Salaries and other related liabilities	170,583	128,648
Annual leave	86,873	93,788
Medicaid carveout reserve	47,586	47,101
Client trust funds	7,166	7,860
Current portion of long-term debt	120,899	121,333
Current portion of capital lease obligations	27,098	42,563
Total current liabilities	483,392	460,136
NON-CURRENT LIABILITIES		
Long-term debt, less current portion	1,280,230	1,401,129
Capital lease obligations, less current portion	66,841	80,856
Total non-current liabilities	1,347,071	1,481,985
Total liabilities	1,830,463	1,942,121
NET ASSETS	3,927,535	3,145,677
TOTAL LIABILITIES AND NET ASSETS	\$ 5,757,998	\$ 5,087,798

See notes to the financial statements.

CHAUTAUQUA OFFICES OF PSYCHOTHERAPY AND EVALUATION, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014
(WITH SUMMARIZED COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2013)

	<u>Unrestricted</u>	<u>Temporarily Unrestricted</u>	<u>2014</u>	<u>2013</u>
PUBLIC SUPPORT AND REVENUE				
Public support				
Federal awards and state financial assistance:				
Alcohol, drug abuse and mental health funding	\$ -	\$ 1,641,121	\$ 1,641,121	\$ 1,631,571
Other federal and state funding	-	1,164,058	1,164,058	893,793
Other grants and contracts	-	204,418	204,418	260,884
Client service fees, net of discounts:				
Client and third party fees	845,754	-	845,754	689,017
Medicaid	3,438,637	-	3,438,637	3,584,776
Contributions and donations	76,641	-	76,641	20,621
Total public support	<u>4,361,032</u>	<u>3,009,597</u>	<u>7,370,629</u>	<u>7,080,662</u>
Other revenue				
Miscellaneous revenue	105,376	-	105,376	102,613
Gain on sale of fixed asset	502,875	-	502,875	-
Net assets released from restriction				
Satisfaction of program restrictions	<u>3,009,597</u>	<u>(3,009,597)</u>	<u>-</u>	<u>-</u>
Total other revenue	<u>3,617,848</u>	<u>(3,009,597)</u>	<u>608,251</u>	<u>102,613</u>
Total public support and other revenue	<u>7,978,880</u>	<u>-</u>	<u>7,978,880</u>	<u>7,183,275</u>
Program expenses				
Alcohol, drug abuse and mental health programs (ADM)				
Adult Mental Health	3,132,322	-	3,132,322	2,963,583
Children's Mental Health	2,115,831	-	2,115,831	2,188,501
Adult Substance Abuse	227,706	-	227,706	208,925
Children's Substance Abuse	129,825	-	129,825	137,263
Total ADM program services	<u>5,605,684</u>	<u>-</u>	<u>5,605,684</u>	<u>5,498,272</u>
Other non-ADM programs	655,237	-	655,237	602,965
Total program expenses	<u>6,260,921</u>	<u>-</u>	<u>6,260,921</u>	<u>6,101,237</u>
Supporting services				
Administrative support	936,091	-	936,091	886,483
Total supporting services	<u>936,091</u>	<u>-</u>	<u>936,091</u>	<u>886,483</u>
Total expenses	<u>7,197,012</u>	<u>-</u>	<u>7,197,012</u>	<u>6,987,720</u>
Change in net assets	781,868	-	781,868	195,555
NET ASSETS - JULY 1	<u>3,145,667</u>	<u>-</u>	<u>3,145,667</u>	<u>2,950,122</u>
NET ASSETS - JUNE 30	<u>\$ 3,927,535</u>	<u>\$ -</u>	<u>\$ 3,927,535</u>	<u>\$ 3,145,677</u>

See notes to the financial statements.

CHAUTAUQUA OFFICES OF PSYCHOTHERAPY AND EVALUATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2014
(WITH SUMMARIZED COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2013)

	Program Services					Supporting Services	Total	
	Adult Mental Health	Children's Mental Health	Adult Substance Abuse	Children's Substance Abuse	Other Non-ADM Programs	Administrative Support	2014	2013
DIRECT EXPENSES								
Salaries	\$ 1,670,734	\$ 1,059,411	\$ 158,790	\$ 97,831	\$ 324,148	\$ 412,505	\$ 3,723,419	\$ 3,659,502
Fringe benefits	384,757	232,160	40,829	22,643	90,006	104,913	875,308	854,362
Total salaries and related expenses	2,055,491	1,291,571	199,619	120,474	414,154	517,418	4,598,727	4,513,864
Occupancy	140,227	36,569	8,920	474	42,719	19,608	248,517	226,627
Professional services	25,746	567,308	661	351	61,355	31,050	686,471	649,371
Training and travel	46,942	31,947	1,346	950	16,222	36,362	133,769	101,482
Equipment	7,335	8,222	33	14	1,152	29	16,785	9,196
Food services	92,806	181	-	-	46,125	14	139,126	133,394
Medical and pharmacy	32,175	780	3,349	12	5,125	-	41,441	42,648
Insurance	79,774	60,077	5,581	3,698	16,877	23,595	189,602	169,375
Medicaid administration fee	190,909						190,909	190,909
Interest	570	226	112	4	84	83,481	84,477	85,374
Supplies and other operating expenses	418,152	99,436	5,406	3,249	37,310	94,055	657,608	656,128
Depreciation	42,195	19,514	2,679	599	14,114	130,479	209,580	209,352
Total direct expenses	3,132,322	2,115,831	227,706	129,825	655,237	936,091	7,197,012	6,987,720
DISTRIBUTED COSTS								
Administrative support	448,761	337,930	31,359	21,344	96,697	(936,091)	-	-
TOTAL EXPENSES	\$ 3,581,083	\$ 2,453,761	\$ 259,065	\$ 151,169	\$ 751,934	\$ -	\$ 7,197,012	\$ 6,987,720

See notes to the financial statements.

CHAUTAUQUA OFFICES OF PSYCHOTHERAPY AND EVALUATION, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2014
(WITH SUMMARIZED COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2013)

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets	\$ 781,868	\$ 195,555
Adjustments to reconcile change in net assets to cash flows from operating activities:		
Depreciation	209,580	209,352
Amortization of debt issuance costs	4,132	1,959
(Increase) decrease in		
Accounts receivable	(336,818)	65,013
Grants receivable	(281,662)	78,579
Prepaid expense	(159,397)	(2,285)
Increase (decrease) in		
Accounts payable	4,344	(861)
Salaries and other related liabilities	41,935	5,348
Annual leave	(6,915)	(1,005)
Medicaid carveout	485	35,901
Client trust funds	(694)	(9,919)
Net cash flows provided by operating activities	256,858	577,637
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of equipment	(26,557)	(108,648)
Disposition of equipment	443,117	3,574
Purchases of investments	(105,470)	(104,783)
Redemption of investments	104,783	103,864
Net cash provided by investing activities	415,873	(105,993)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on long term debt	(121,333)	(117,592)
Payments on capital lease obligations	(29,480)	35,953
Net cash used in financing activities	(150,813)	(81,639)
NET INCREASE IN CASH	521,918	390,005
CASH AT BEGINNING OF YEAR	1,188,492	798,487
CASH AT END OF YEAR	1,710,410	1,188,492
COMPOSITION OF CASH		
Cash - unrestricted	1,557,613	1,094,653
Cash - restricted	152,797	93,839
CASH - JUNE 30	1,710,410	1,188,492
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Interest paid	84,477	\$ 85,374

See notes to the financial statements.

CHAUTAUQUA OFFICES OF PSYCHOTHERAPY AND EVALUATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Purpose

Chautauqua Offices of Psychotherapy and Evaluation, Inc. (hereinafter referred to as COPE) is a tax-exempt 501(c)(3) non-profit organization. COPE was established in 1973 to provide economical behavioral health services to individuals in Walton County, Florida who could not otherwise afford private full-fee treatment.

COPE provides a variety of services to more than 3,500 clients per year. COPE offers a sliding fee scale for services based on total family income and the number of dependents. Services include a wide array of family treatment and evaluation programs including clinical, rehabilitative and residential services.

Basis of Accounting

The financial statements for COPE have been prepared using the accrual basis of accounting, which recognizes revenue when earned and expenses as incurred. Federal grants are recorded as revenue when performance occurs under the terms of the grant agreement.

Financial Statement Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (FASB) Codification Standards for Not-for-Profit Entities. Under the Not-for-Profit Entities Topic of the FASB Accounting Standards Codification (ASC), COPE is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted net assets.

- *Unrestricted net assets* are not restricted by donors, or the donor-imposed restrictions have expired. Board designated or appropriated amounts are reported as part of the unrestricted class since the Board has the authority to change or withdraw such designations or appropriations.
- *Temporarily restricted net assets* contain donor-imposed restrictions that require COPE to use or expend the assets as specified. The restrictions are satisfied either by the passage of time or by the satisfaction of donor-imposed restrictions.
- *Permanently restricted net assets* contain donor-imposed restrictions requiring the resources be maintained permanently, but generally allowing COPE to use or expend part or all of the income derived from the donated assets for either specified or unspecified purposes. At the present time COPE does not have any permanently restricted net assets.

The financial statements include certain prior-year summarized comparative information in total but not by asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with COPE's financial statements for the year ended June 30, 2013, from which the summarized information was derived.

CHAUTAUQUA OFFICES OF PSYCHOTHERAPY AND EVALUATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -CONTINUED

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, COPE considers all unrestricted highly liquid investments with an initial maturity of three months or less, which are not permanently restricted, to be cash equivalents.

Investments

Investments held by COPE consist of a certificate of deposit. This investment is considered to be held to maturity and is recorded at cost.

Restricted and Unrestricted Revenue and Support

COPE receives client fees for services and recognizes these fees and other miscellaneous income when earned as an increase in unrestricted net assets.

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions.

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 restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of net activities as "net assets released from restrictions". Federal and state grant awards are classified as refundable advances until expended for the purposes of grants since they are conditional promises to give.

Property and Equipment

Property and equipment is recorded at cost and depreciated on the straight-line basis over the estimated useful lives of assets ranging from 5 to 7 years for equipment and 15 to 40 years for buildings and leasehold improvements.

COPE capitalizes all expenditures for equipment in excess of \$1,000 for property and equipment at cost. Contributed property and equipment is recorded at fair value at the date of the donation. Gains or losses from the sale of property and equipment are reported in the Statement of Activities as an increase or decrease in net assets (permanently restricted, temporarily restricted, or unrestricted, as appropriate).

Accrued Annual Leave

COPE's policy for paid leave permits all regular full-time employees to earn paid leave based on their number of years of service starting from the date of hire. This time is to be used for any leave of absence such as sickness, personal business and vacation. If terminated, employees are paid for unused annual leave earned up to the date of termination not to exceed 80 hours. In addition, employees earn five days of bereavement leave. Unused bereavement leave is not paid upon termination.

CHAUTAUQUA OFFICES OF PSYCHOTHERAPY AND EVALUATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES –CONTINUED

Income Taxes

COPE has been granted an exemption from income taxes under Internal Revenue Code, Section 501(c)(3) as a not-for-profit corporation. COPE has also been classified as an entity that is not a private foundation within the meaning of Section 509(a) and qualifies for deductible contributions as provided in section 170(b)(1)(A)(vi). COPE is not aware of any uncertain tax positions that would require disclosure or accrual in accordance with generally accepted accounting principles. With few exceptions, COPE is no longer subject to federal, state, or local income tax examinations by tax authorities for years before 2011.

Statement of Functional Expenses

The costs of providing the various programs and other activities have been detailed in the Statement of Functional Expenses and summarized on a functional basis in the Statement of Activities. Salaries and other expenses directly benefiting an individual program are charged directly to that program. Salaries and expenses that benefit more than one program are allocated to individual programs based upon criteria relevant to the type of expense. Costs that benefit all programs are accumulated in an indirect cost pool and spread to all programs based on an established basis. Costs that do not benefit programs directly or indirectly are not allocated to programs.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Reclassifications

Certain amounts presented in the prior year have been reclassified in order to be consistent with the current year presentation. Such reclassifications have no effect on net assets previously reported.

Events Occurring After Reporting Date

COPE has evaluated events and transactions that occurred between June 30, 2014 and February 5, 2015, which is the date the financial statements were available to be issued, for possible recognition or disclosure in the financial statements.

CHAUTAUQUA OFFICES OF PSYCHOTHERAPY AND EVALUATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2014

2. CONCENTRATIONS

Grants and Contracts

COPE receives a substantial portion of its funding directly or indirectly in the form of pass through funding from the State of Florida Department of Health and Human Services (DHHS). The largest amount is received through alcohol, drug abuse and mental health (ADM) funding. During the year ended June 30, 2014, 28% of total funding was from the DHHS under contracts A007, C-003-100, and 01-1314.

Concentration of Credit Risk

COPE maintains cash balances in excess of the federally insured limits of \$250,000 for the year ended June 30, 2014. COPE's exposure to credit loss for deposits held in the bank was \$1,437,772 at June 30, 2014. COPE has not experienced any losses and believes there is little or no exposure to any significant credit risk.

3. RESTRICTED CASH

COPE has three bank accounts with cash restrictions. One account is used for out of area inpatient hospital stays and is managed by Lakeview Center, Inc. COPE has ownership of the account but no signature authority. The other accounts contain residential patient monies which are held by COPE in an agency capacity for the patients. Each account has a corresponding liability presented in the Statement of Financial Position.

4. INVESTMENTS

At June 30, 2014, the investment balance of \$105,470 consisted of one certificate of deposit that matures in January 2015, and bears interest at .55%

5. ACCOUNTS RECEIVABLE

Accounts receivable as of June 30, 2014 consisted of the following:

Private pay	\$ 117,486
Medicaid	359,308
Third party	100,146
Other	251,000
	<u>827,940</u>
Less allowance for uncollectible accounts	<u>(88,215)</u>
Total accounts receivable, net	<u>\$ 739,725</u>

The allowance for uncollectible accounts is an estimate based on prior collection history. COPE determines a percentage of uncollected accounts for the categories of private pay, third party, and Medicaid collections. Management reviews this percentage and updates it as deemed necessary.

CHAUTAUQUA OFFICES OF PSYCHOTHERAPY AND EVALUATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2014

6. PROPERTY AND EQUIPMENT

Property and equipment at June 30, 2014, was as follows:

Land	\$ 907,030
Buildings and improvement	2,147,960
Equipment and vehicles	1,175,440
	<u>4,230,430</u>
Less accumulated depreciation	<u>(1,707,794)</u>
Property and equipment, net	<u>\$ 2,522,636</u>

7. CAPITAL LEASE OBLIGATIONS

In a lease agreement dated October 30, 2012, COPE committed to lease multiple pieces of copier equipment with a capitalized cost of \$92,917. The lease requires monthly payments of \$2,083, including interest at an imputed rate of 11.79%, and is collateralized by the copier equipment with a net book value of \$65,816 at June 30, 2014. Depreciation expense on the copier equipment totaled \$18,583 for the year ended June 30, 2014. The lease expires in June 2017.

In a lease agreement dated November 1, 2010, COPE committed to lease computer equipment with a capitalized cost of \$98,107. The lease requires monthly payments of \$2,395, including interest at an imputed rate of 8.0%, and is collateralized by the computer equipment with a net book value of \$8,175 at June 30, 2014. Depreciation expense on the copier equipment totaled \$24,527 for the year ended June 30, 2014. The lease expires November 2015.

In a lease agreement dated December 30, 2013, COPE committed to lease computer equipment with a capitalized cost of \$14,452. The lease requires monthly payments of \$320, including interest at an imputed rate of 11.23%, and is collateralized by the computer equipment with a net book value of \$13,511 at June 30, 2014. Depreciation expense on the copier equipment totaled \$1,324 for the year ended June 30, 2014. The lease expires December 2018.

Future minimum lease payments and present minimum value of lease payments at June 30, 2014, are as follows:

2015	\$ 27,098
2016	28,834
2017	28,834
2018	27,234
2019	1,922
Total future minimum lease payments	<u>113,922</u>
Less amounts representing interest	<u>(19,983)</u>
Present value of future minimum lease payments	<u>\$ 93,939</u>

**CHAUTAUQUA OFFICES OF PSYCHOTHERAPY AND EVALUATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2014**

8. LONG-TERM DEBT

Long-term debt consisted of the following at June 30, 2014:

\$2,000,000 note payable to Bank of America; due in monthly installments of \$12,921, including interest at 4.68%, due December 19, 2025; secured by real estate and assignments of leases and rents.	\$ 1,372,149
\$100,442 note payable to Bank of America; due in monthly installments of \$2,945, including interest at 3.5%, due April 16, 2015; secured by equipment, inventory and receivables.	<u>28,980</u>
Total long-term debt	<u><u>\$ 1,401,129</u></u>

Aggregate maturities of long-term debt at June 30, 2014, are as follows:

<u>Fiscal years ending June 30</u>	
2015	\$ 120,899
2016	96,557
2017	101,174
2018	106,012
2019	111,081
Thereafter	<u>865,406</u>
Total long term debt	1,401,129
Less current portion	<u>(120,899)</u>
Long term debt, less current portion	<u><u>\$ 1,280,230</u></u>

9. 403(b) MONEY PURCHASE PLAN

The Board of Directors has elected to contribute an amount equal to six percent of full-time employees' compensation to an Internal Revenue Code Section 403(b) Money Purchase Plan (the Plan) administered by the Hartford Group. The Plan is a voluntary defined contribution plan available to all employees of COPE that have completed one year of service and work more than twenty hours a week. Upon hire, employees may, at their option, contribute a specific amount of their compensation to the Plan. Participating employees are fully vested in their contributions at all times. Vesting in COPE's contributions, however, is based on years of continuous service. Participating employees become fully vested after three years of service.

The amount of employer's contribution to the Plan for the year ended June 30, 2014 was \$176,913.

**CHAUTAUQUA OFFICES OF PSYCHOTHERAPY AND EVALUATION, INC.
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED JUNE 30, 2014**

10. SUPPORT REQUIRING MATCH

COPE received a substantial portion of its support from grants that require the local entity to match federal and state expenditures with expenditures funded through local sources. Those grant and match requirements were as follows:

	<u>Contract #</u>	<u>Funds Requiring Match</u>	<u>Required Match</u>
Big Bend Community Based Care	A007	\$ 792,324	\$ 198,081
Lakeview Center, Inc.	C-003-100	167,582	41,985
		<u>\$ 959,906</u>	<u>\$ 240,066</u>

The following schedule shows that COPE exceeded the required expenditure match:

**CALCULATION OF EXCESS MATCH EXPENDITURES
 FOR THE YEAR ENDED June 30, 2014**

Total expenses reported in the Statement of Activities	\$ 7,197,012
Less expenses funded by:	
Grant funds not requiring match	(829,942)
Other federal and state grants	(712,131)
Client and third party funds and other contracts and donations	<u>(4,466,408)</u>
Total reimbursable expenses available for matching	<u>1,188,531</u>
Less amount of required match	(240,066)
Excess of expenses over required match	<u>\$ 948,465</u>

COMPLIANCE SECTION

CHAUTAUQUA OFFICES OF PSYCHOTHERAPY AND EVALUATION, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE
FINANCIAL ASSISTANCE
YEAR ENDED JUNE 30, 2014

Grantor/Program Title	CFDA/ CSFA Number	Contract Grant Number	Federal Expenditure	State Expenditure
Federal Awards				
U. S. Department of Health and Human Services				
Passed through Big Bend Community Based Care				
Temporary Assistance for Needy Families (TANF)	93.558	A007	\$ 11,556	\$ -
Block Grants for Community Mental Health Services	93.958	A007	1,137,246	-
Block Grants for Prevention and Treatment of Substance Abuse	93.959	A007	473,480	-
Passed through Lakeview Center, Inc.				
Promoting Safe and Stable Families	93.556	C-003-100	126,037	-
Temporary Assistance for Needy Families	93.558	C-003-100	236,622	-
Child Abuse Prevention and Treatment Grant	93.669	C-003-100	10,551	-
Child Welfare Services	93.645	C-003-100	12,981	-
Passed through Healthy Start Coalition of Okaloosa-Walton Counties				
Maternal and Child Health Services Block Grant to the States	93.994	01-1314	151,963	-
Medical Assistance Program	93.778	01-1314	82,836	-
Passed through the Community Drug & Alcohol Council, Inc.				
Block Grants for Prevention and Treatment of Substance Abuse	93.959	CDAC	1,049	-
Total U. S. Department of Health and Human Services			<u>2,244,321</u>	-
Florida Department of Children and Families				
Block Grants for Prevention and Treatment of Substance Abuse	93.959	Off contract	18,855	-
Department of Justice				
Passed through Florida Coalition Against Domestic Violence				
"ARRA"- STOP Violence Against Women Formula Grants	16.588	14-6021-CCII	27,241	-
State Financial Assistance				
Florida Department of Children and Families				
Passed through Lakeview Center, Inc.				
Community Based Care (CBC) Supports	60.074	C-003-200	-	48,207
Community Based Care (CBC) Supports	60.074	53-1 SVC	-	27,083
Community Based Care (CBC) Supports	60.074	C-003-100	-	165,202
IV-E Waiver MOE Equivalent	60.075	C-003-100	-	<u>123,802</u>
Total Florida Department of Children and Families			-	<u>364,294</u>
Florida Department of Health				
Passed through Tobacco Prevention Programs				
Tobacco Prevention Community Program	64.093	COTEP	-	114,718
Florida Department of Corrections				
Community Corrections, Education, and Programs	70.016	C2773	-	<u>35,750</u>
Total expenditures of federal awards and state financial assistance			<u>\$ 2,290,417</u>	<u>\$ 514,762</u>

**CHAUTAUQUA OFFICES OF PSYCHOTHERAPY AND EVALUATION, INC.
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL
AWARDS AND STATE FINANCIAL ASSISTANCE
YEAR ENDED JUNE 30, 2014**

1. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance presents the activity of all federal programs and state financial assistance projects of COPE. All federal awards and state projects received directly from federal or state agencies as well as federal awards passed through other government agencies are included on the schedule. The information in this schedule is presented in accordance with requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore some of the amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

2. BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance is presented using the accrual basis of accounting, which is described in Note 1 of COPE's basic financial statements.

**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
Chautauqua Offices of Psychotherapy
and Evaluation, 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 *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Chautauqua Offices of Psychotherapy and Evaluation, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2014, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated February 5, 2015.

Internal Control over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

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

Purpose of this Report

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

Warren Averett, LLC

Destin, Florida
February 5, 2015

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

Board of Directors
Chautauqua Offices of Psychotherapy
and Evaluation, Inc.

Report on Compliance for Each Major Federal and State Program

We have audited Chautauqua Offices of Psychotherapy and Evaluation, Inc.'s (COPE) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and the requirements described in the *Florida Department of Financial Services' State Compliance Supplement* that could have a direct and material effect on each of COPE's major federal programs and state projects for the year ended June 30, 2014. COPE'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 projects.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of COPE's major federal programs and state projects based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and Chapter 10.650, *Rules of the Auditor General*. Those standards and OMB Circular A-133 and Chapter 10.650, *Rules of the Auditor General*, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program or state project occurred. An audit includes examining, on a test basis, evidence about OWCCS' 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 and state program. However, our audit does not provide a legal determination of COPE's compliance.

Opinion on Each Major Federal Program and State Project

In our opinion, COPE 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, 2014.

Report on Internal Control over Compliance

Management of COPE 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 COPE 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 purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of COPE'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 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 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 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.

Warren Averett, LLC

Destin, Florida
February 05, 2015

**CHAUTAUQUA OFFICES OF PSYCHOTHERAPY AND EVALUATION, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2014**

I. SUMMARY OF INDEPENDENT AUDITORS' RESULTS

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency (ies) identified that are not considered to be material weakness(es)? _____ Yes X None Reported

Noncompliance material to the financial statements noted: _____ Yes X No

Federal and State Awards

Internal control over major programs:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency (ies) identified that are not considered to be material weakness(es)? _____ Yes X None Reported

Type of auditor's report issued on compliance for major programs: Unqualified

- Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133 and Chapter 10.650, *Rules of the Auditor General*? _____ Yes X No

Identification of major programs:

Federal

CFDA #	Name of Federal Program or Cluster
93.959	Block Grants for Prevention and Treatment of Substance Abuse
93.994	Maternal and Child Health Services Block Grant to the State

State

CSFA #	Name of State Project
60.074	IV-E Waiver MOE Equipment
60.075	Community Based Care (CBC) Supports

Dollar threshold used to distinguish between Type A and B programs for federal awards \$ 300,000

Dollar threshold used to distinguish between Type A and B programs for state awards \$ 300,000

Auditee qualified as low-risk auditee? _____ Yes X No

**CHAUTAUQUA OFFICES OF PSYCHOTHERAPY AND EVALUATION, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS-CONTINUED
YEAR ENDED JUNE 30, 2014**

II. FINANCIAL STATEMENT FINDINGS

- The results of our audit of COPE did not disclose any findings required to be reported in under *Government Auditing Standards*.

III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS AND STATE PROJECTS

- We noted no matters involving noncompliance that are required to be reported in accordance with the U.S. Office of Management and Budget Circular A-133 and Chapter 10.650, *Rules of the Auditor General*.

IV. SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

The prior year's single audit disclosed no findings in the Schedule of Findings and Questioned Costs and no uncorrected or unresolved findings exist for the prior audit's Summary of Prior Audit Findings

MANAGEMENT LETTER

MANAGEMENT LETTER

To the Board of Directors
Chautauqua Offices of Psychotherapy
and Evaluation, Inc.

Report on the Financial Statements

We have audited the financial statements of the Chautauqua Offices of Psychotherapy and Evaluation, Inc. (COPE), as of and for the fiscal year ended June 30, 2014, and have issued our report thereon dated February 5, 2015/February 05, 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and Chapter 10.650, *Rules of the Auditor General*.

Other Reports and Schedule

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent Auditors' Report on Compliance with Requirements for Each Major Program and State Project and on Internal Control over Compliance in Accordance with OMB Circular A-133 and Chapter 10.650, *Rules of the Florida Auditor General*. Disclosures in those reports and schedule, which are dated February 5, 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 federal program and 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. **Note:** Fraud, noncompliance with provisions of laws or regulations and contracts or grant agreements, or abuse material weaknesses or significant deficiencies may be reported in the management letter based on professional judgment.

Purpose of this Letter

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

Warren Averett, LLC

Destin, Florida
February 5, 2015