

HENDERSON BEHAVIORAL HEALTH,  
INC. AND SUBSIDIARIES

COMBINED FINANCIAL STATEMENTS  
AND ADDITIONAL INFORMATION

June 30, 2014

**HENDERSON BEHAVIORAL HEALTH, INC.  
AND SUBSIDIARIES  
COMBINED FINANCIAL STATEMENTS  
AND ADDITIONAL INFORMATION  
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**COMBINED FINANCIAL STATEMENTS**

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# COMBINED FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Henderson Behavioral Health, Inc. and Subsidiaries  
Fort Lauderdale, Florida

**Report on the Combined Financial Statements**

We have audited the accompanying combined financial statements of Henderson Behavioral Health, Inc. and Subsidiaries (the "Organization") (a nonprofit organization), which comprise the statement of financial position as of June 30, 2014, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

**Management's Responsibility for the Combined Financial Statements**

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

**Auditor's Responsibility**

Our responsibility is to express an opinion on these combined financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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 combined financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2014, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Report on Summarized Comparative Information**

We have previously audited the Organization's 2013 combined financial statements and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 25, 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 combined financial statements from which it has been derived.

**Other Matters**

*Other Information*

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, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the Florida Single Audit Act, is presented for purposes of additional analysis and is not a required part of the financial statements. Further, the schedules of other state funding, local financial assistance, program/cost center actual expenses and revenues, state earnings and bed day availability payments are also presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated October 21, 2014, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.



KEEFE McCULLOUGH

Fort Lauderdale, Florida  
October 21, 2014

HENDERSON BEHAVIORAL HEALTH, INC. AND SUBSIDIARIES  
 COMBINED STATEMENT OF FINANCIAL POSITION  
 June 30, 2014  
 (with comparative totals as of June 30, 2013)

ASSETS

	2014	2013
ASSETS:		
Cash and cash equivalents	\$ 8,190,934	\$ 5,941,720
Restricted cash	2,519,999	2,474,551
Investments	3,849,919	3,526,339
Accounts receivable, less allowance for doubtful accounts of \$ 235,243 in 2014 and 2013	1,655,732	1,838,030
Grants and contracts receivable	4,144,256	5,291,790
Promises to give	-	104,441
Prepaid expenses	128,450	96,915
Property and equipment, less accumulated depreciation of \$ 11,251,954 and \$ 10,407,033 in 2014 and 2013, respectively	10,751,814	11,359,185
Deposits and other assets	137,096	134,367
Total assets	\$ 31,378,200	\$ 30,767,338

LIABILITIES AND NET ASSETS

LIABILITIES:		
Accounts payable	\$ 195,791	\$ 217,349
Accrued expenses and other liabilities	452,441	398,463
Deferred revenue	70,748	63,174
Accrued employee compensation	777,078	686,655
Accrued employee leave benefits	537,826	555,509
Obligation under interest rate swap	1,199,256	1,237,692
Capital lease payable	88,566	156,536
Debt	5,830,043	6,231,993
Total liabilities	9,151,749	9,547,371

COMMITMENTS AND CONTINGENCIES  
 (Notes 9, 13 and 18)

- -

NET ASSETS:

Unrestricted:		
Undesignated	6,474,530	8,296,258
Board designated (Note 11)	15,000,000	12,000,000
Total unrestricted net assets	21,474,530	20,296,258
Temporarily restricted	-	171,788
Permanently restricted	751,921	751,921
Total net assets	22,226,451	21,219,967
Total liabilities and net assets	\$ 31,378,200	\$ 30,767,338

The accompanying notes to combined financial statements are an integral part of these statements.

**HENDERSON BEHAVIORAL HEALTH, INC. AND SUBSIDIARIES**  
**COMBINED STATEMENT OF ACTIVITIES**  
For the Year Ended June 30, 2014  
(with comparative totals for the year ended June 30, 2013)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total 2014</u>	<u>Total 2013</u>
<b>REVENUES, GAINS AND OTHER SUPPORT:</b>					
Grants from governmental agencies	\$ 26,323,762	\$ -	\$ -	\$ 26,323,762	\$ 26,212,958
Net client service revenue	7,641,737	-	-	7,641,737	7,310,348
Donated in facility use, goods and services	1,140,507	-	-	1,140,507	1,132,916
Student counseling	936,381	-	-	936,381	929,181
Rental income	878,969	-	-	878,969	903,520
Received directly - contributions	594,379	-	-	594,379	327,415
Investment income	371,373	-	-	371,373	194,209
Miscellaneous	160,382	-	-	160,382	491,048
	<u>38,047,490</u>	<u>-</u>	<u>-</u>	<u>38,047,490</u>	<u>37,501,595</u>
Net assets released from restrictions:					
Expiration of time and donor restrictions	171,788	(171,788)	-	-	-
	<u>38,219,278</u>	<u>(171,788)</u>	<u>-</u>	<u>38,047,490</u>	<u>37,501,595</u>
<b>EXPENSES:</b>					
Program services:					
Case management	6,599,135	-	-	6,599,135	6,011,084
Outpatient	3,743,769	-	-	3,743,769	3,412,889
Medical services	3,571,791	-	-	3,571,791	2,904,412
Crisis support/emergency	2,220,857	-	-	2,220,857	1,627,963
Crisis stabilization	2,172,150	-	-	2,172,150	1,377,566
Florida assertive community treatment (FACT) team	1,844,860	-	-	1,844,860	2,408,842
In-home and on-site	1,831,342	-	-	1,831,342	2,325,498
Day/night	1,478,648	-	-	1,478,648	1,901,257
Residential level II	1,231,815	-	-	1,231,815	1,406,721
Non-state funded SAMH cost centers	949,576	-	-	949,576	2,382,170
Intervention	792,916	-	-	792,916	780,085
Room and board with supervision level II	769,576	-	-	769,576	399,584
Residential level III	489,624	-	-	489,624	425,697
Room and board with supervision Level I	476,815	-	-	476,815	146,346
Room and board with supervision level III	380,370	-	-	380,370	253,292
Residential level I	365,172	-	-	365,172	556,836
Outreach	326,898	-	-	326,898	97,548
Supported employment	247,352	-	-	247,352	183,675
Incidental expenses	130,056	-	-	130,056	27,533
Training and clinical supervision	112,694	-	-	112,694	-
	<u>29,735,416</u>	<u>-</u>	<u>-</u>	<u>29,735,416</u>	<u>28,628,998</u>

The accompanying notes to combined financial statements are an integral part of these statements.

**HENDERSON BEHAVIORAL HEALTH, INC. AND SUBSIDIARIES**  
**COMBINED STATEMENT OF ACTIVITIES**  
(continued)  
For the Year Ended June 30, 2014  
(with comparative totals for the year ended June 30, 2013)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total 2014</u>	<u>Total 2013</u>
<b>Support services:</b>					
Administrative and general	5,055,522	-	-	5,055,522	5,048,957
Headway New Vistas, LLC	960,077	-	-	960,077	1,661,599
Branch services	1,169,584	-	-	1,169,584	1,821,934
Fundraising	<u>158,843</u>	<u>-</u>	<u>-</u>	<u>158,843</u>	<u>147,391</u>
<b>Total support services</b>	<u>7,344,026</u>	<u>-</u>	<u>-</u>	<u>7,344,026</u>	<u>8,679,881</u>
<b>Total expenses</b>	<u>37,079,442</u>	<u>-</u>	<u>-</u>	<u>37,079,442</u>	<u>37,308,879</u>
<b>Change in net assets before change in fair value of interest rate swap</b>	<u>1,139,836</u>	<u>(171,788)</u>	<u>-</u>	<u>968,048</u>	<u>192,716</u>
<b>Change in fair value of interest rate swap</b>	<u>38,436</u>	<u>-</u>	<u>-</u>	<u>38,436</u>	<u>327,679</u>
<b>Change in net assets</b>	<u>1,178,272</u>	<u>(171,788)</u>	<u>-</u>	<u>1,006,484</u>	<u>520,395</u>
<b>NET ASSETS, AT BEGINNING OF YEAR</b>	<u>20,296,258</u>	<u>171,788</u>	<u>751,921</u>	<u>21,219,967</u>	<u>20,699,572</u>
<b>NET ASSETS, AT END OF YEAR</b>	<u>\$ 21,474,530</u>	<u>\$ -</u>	<u>\$ 751,921</u>	<u>\$ 22,226,451</u>	<u>\$ 21,219,967</u>

The accompanying notes to combined financial statements are an integral part of these statements.



**HENDERSON BEHAVIORAL HEALTH, INC. AND SUBSIDIARIES**  
**COMBINED STATEMENT OF FUNCTIONAL EXPENSES**  
For the Year Ended June 30, 2014  
(with comparative totals for the year ended June 30, 2013)

	Program Services								
	Case Management	Crisis Support/ Emergency	Day/Night	In-Home and On-Site	Florida Assertive Community Treatment (FACT) Team	Medical Services	Outpatient	Outreach	Residential Level I
<b>PROGRAM EXPENSES:</b>									
Salaries	\$ 4,311,280	\$ 1,377,713	\$ 940,554	\$ 1,281,400	\$ 976,916	\$ 1,877,383	\$ 2,687,463	\$ 224,151	\$ 175,805
Fringe benefits	858,103	273,322	197,144	250,281	195,824	374,976	546,721	52,807	35,204
Building occupancy	301,321	45,391	40,398	36,664	62,318	93,830	112,623	4,444	43,886
Other	349,578	105,902	65,186	36,602	411,269	75,057	156,282	20,563	10,282
Professional services	103,405	73,962	10,376	27,492	19,244	53,919	3,814	1,774	24,388
In-kind donations	-	114,051	-	-	-	683,857	109,245	-	-
Equipment	119,071	105,593	68,747	30,058	82,807	25,598	17,647	8,339	5,527
Travel	279,043	33,994	16,268	112,427	18,446	9,456	57,919	3,750	216
Food service	17,845	3,482	89,162	9,077	3,917	-	187	-	37,306
Insurance	72,915	26,489	16,931	12,071	24,032	26,435	25,670	6,663	6,172
Operating supplies and expenses	32,244	23,160	13,439	4,940	13,386	21,885	10,942	-	850
Medical and pharmacy	66,192	2,543	2,815	363	10,260	304,716	272	-	20,248
Interest expense	-	-	-	-	-	-	-	-	-
<b>Total direct expenses</b>	<b>6,510,997</b>	<b>2,185,602</b>	<b>1,461,020</b>	<b>1,801,375</b>	<b>1,818,419</b>	<b>3,547,112</b>	<b>3,728,785</b>	<b>322,491</b>	<b>359,884</b>
Provision for depreciation	88,138	35,255	17,628	29,967	26,441	24,679	14,984	4,407	5,288
<b>Total functional expenses</b>	<b>\$ 6,599,135</b>	<b>\$ 2,220,857</b>	<b>\$ 1,478,648</b>	<b>\$ 1,831,342</b>	<b>\$ 1,844,860</b>	<b>\$ 3,571,791</b>	<b>\$ 3,743,769</b>	<b>\$ 326,898</b>	<b>\$ 365,172</b>
Allocation of branch services	\$ 290,520	\$ 108,263	\$ 61,928	\$ 88,412	\$ 87,743	\$ 149,147	\$ 93,716	\$ 19,687	\$ 11,946
Allocation of administration	\$ 1,064,036	\$ 405,557	\$ 172,620	\$ 333,304	\$ 330,781	\$ 562,269	\$ 353,298	\$ 76,802	\$ 45,037

The accompanying notes to combined financial statements are an integral part of these statements.

**HENDERSON BEHAVIORAL HEALTH, INC. AND SUBSIDIARIES**  
**COMBINED STATEMENT OF FUNCTIONAL EXPENSES**  
(continued)  
For the Year Ended June 30, 2014  
(with comparative totals for the year ended June 30, 2013)

	Program Services									
	Room and Board with Supervision Level I	Residential Level II	Room and Board with Supervision Level II	Residential Level III	Room and Board with Supervision Level III	Non-State Funded SAMH Cost Centers	Training and Clinical Supervision	Supported Employment	Intervention	Crisis Stabilization
<b>PROGRAM EXPENSES:</b>										
Salaries	\$ 263,707	\$ 581,372	\$ 439,511	\$ 215,954	\$ 219,756	\$ 431,307	\$ 87,902	\$ 164,817	\$ 573,443	\$ 1,428,412
Fringe benefits	52,806	114,896	88,011	42,197	44,005	88,011	17,602	33,004	112,435	285,594
Building occupancy	25,285	158,928	19,115	110,697	52,654	128,703	-	36,881	850	32,151
Other	10,282	46,062	10,282	20,769	10,282	74,645	-	2,056	18,507	123,381
Professional services	23,146	23,235	14,189	14,100	887	27,847	-	887	355	65,271
In-kind donations	-	-	-	-	-	-	-	-	-	114,051
Equipment	7,660	29,089	12,314	3,103	2,909	22,205	-	4,169	2,133	13,963
Travel	176	6,079	241	4,340	123	15,860	7,190	-	44,452	3,563
Food service	37,306	163,588	107,442	19,337	16,912	104,520	-	124	187	8,145
Insurance	6,773	31,077	15,675	15,075	13,654	16,385	-	3,714	9,067	17,969
Operating supplies and expenses	1,062	8,287	7,968	690	850	13,652	-	1,700	5,046	17,104
Medical and pharmacy	136	454	182	45	45	-	-	-	-	18,477
Interest expense	-	-	-	30,096	9,479	-	-	-	-	-
<b>Total direct expenses</b>	<b>428,339</b>	<b>1,163,067</b>	<b>714,930</b>	<b>476,403</b>	<b>371,556</b>	<b>923,135</b>	<b>112,694</b>	<b>247,352</b>	<b>766,475</b>	<b>2,128,081</b>
Provision for depreciation	48,476	68,748	54,646	13,221	8,814	26,441	-	-	26,441	44,069
<b>Total functional expenses</b>	<b>\$ 476,815</b>	<b>\$ 1,231,815</b>	<b>\$ 769,576</b>	<b>\$ 489,624</b>	<b>\$ 380,370</b>	<b>\$ 949,576</b>	<b>\$ 112,694</b>	<b>\$ 247,352</b>	<b>\$ 792,916</b>	<b>\$ 2,172,150</b>
Allocation of branch services	\$ 10,147	\$ 47,699	\$ 30,723	\$ 18,122	\$ 10,752	\$ -	\$ 3,509	\$ 5,483	\$ 33,803	\$ 95,167
Allocation of administration	\$ 38,253	\$ 179,821	\$ 115,823	\$ 68,318	\$ 50,646	\$ 386,439	\$ 65,216	\$ 29,819	\$ 127,421	\$ 358,770

The accompanying notes to combined financial statements are an integral part of these statements.

**HENDERSON BEHAVIORAL HEALTH, INC. AND SUBSIDIARIES**  
**COMBINED STATEMENT OF FUNCTIONAL EXPENSES**  
 (continued)  
 For the Year Ended June 30, 2014  
 (with comparative totals for the year ended June 30, 2013)

	Program Services				Support Services				Total 2014	Total 2013
	Incidental Expenses	Total Program Services	Administrative and General	Branch Services	Headway New Vistas LLC	Fundraising	Total Support Services			
<b>PROGRAM EXPENSES:</b>										
Salaries	\$ -	\$ 18,258,846	\$ 2,646,957	\$ 621,733	\$ 366,990	\$ 81,038	\$ 3,716,718	\$ 21,975,564	\$ 21,669,058	
Fringe benefits	-	3,662,943	528,063	120,636	73,489	15,399	737,587	4,400,530	4,351,307	
Building occupancy	-	1,306,139	239,528	16,602	9,888	5,164	271,182	1,577,321	1,675,535	
Other	102,817	1,649,804	338,681	29,406	4,935	33,518	406,540	2,056,344	2,058,122	
Professional services	-	488,291	226,410	163,178	4,434	4,523	398,545	886,836	1,448,026	
In-kind donations	-	1,021,204	119,303	-	-	-	119,303	1,140,507	1,092,166	
Equipment	-	560,932	295,352	84,649	18,229	10,472	408,702	969,634	991,136	
Travel	-	613,543	97,580	3,119	3,563	1,239	105,501	719,044	645,893	
Food service	-	618,537	-	-	3,235	-	3,235	621,772	645,867	
Insurance	-	346,767	74,716	-	124,694	-	199,410	546,177	533,829	
Operating supplies and expenses	-	177,205	303,842	42,123	531	7,490	353,986	531,191	532,733	
Medical and pharmacy	27,239	453,987	-	-	-	-	-	453,987	487,253	
Interest expense	-	39,575	-	-	279,577	-	279,577	319,152	317,136	
<b>Total direct expenses</b>	<b>130,056</b>	<b>29,197,773</b>	<b>4,870,432</b>	<b>1,081,446</b>	<b>889,565</b>	<b>158,843</b>	<b>7,000,286</b>	<b>36,198,059</b>	<b>36,448,061</b>	
Provision for depreciation	-	537,643	185,090	88,138	70,512	-	343,740	881,383	860,818	
<b>Total functional expenses</b>	<b>\$ 130,056</b>	<b>\$ 29,735,416</b>	<b>\$ 5,055,522</b>	<b>\$ 1,169,584</b>	<b>\$ 960,077</b>	<b>\$ 158,843</b>	<b>\$ 7,344,026</b>	<b>\$ 37,079,442</b>	<b>\$ 37,308,879</b>	
Allocation of other support costs	\$ 2,815	\$ 1,169,582	\$ -	\$ (1,169,582)	\$ -	\$ -	\$ (1,169,582)	\$ -	\$ -	
Allocation of administration	\$ 31,490	\$ 4,795,720	\$ (5,055,522)	\$ -	\$ 235,740	\$ 24,062	\$ (4,795,720)	\$ -	\$ -	

The accompanying notes to combined financial statements are an integral part of these statements.

HENDERSON BEHAVIORAL HEALTH, INC. AND SUBSIDIARIES  
 COMBINED STATEMENT OF CASH FLOWS  
 For the Year Ended June 30, 2014  
 (with comparative totals for the year ended June 30, 2013)

	2014	2013
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 1,006,484	\$ 520,395
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Provision for depreciation	881,383	860,818
Gain (loss) on sale of assets	(2,702)	-
Grant for property and equipment	(61,407)	-
Realized/unrealized (gains) losses on investments	(210,970)	(249,401)
Change in fair value of interest rate swap	(38,436)	(327,679)
Changes in assets and liabilities:		
(Increase) decrease in restricted cash (Note 3)	(45,448)	(183,232)
(Increase) decrease in accounts receivable	182,298	(178,049)
(Increase) decrease in grants and contracts receivable	1,147,534	(555,344)
(Increase) decrease in promises to give	104,441	139,360
(Increase) decrease in prepaid expenses	(31,535)	124,834
(Increase) decrease in deposits and other assets	(2,729)	(31,292)
Increase (decrease) in accounts payable	(21,558)	28,682
Increase (decrease) in accrued expenses and other liabilities	53,978	(10,754)
Increase (decrease) in deferred revenue	7,574	55,674
Increase (decrease) in accrued employee compensation	90,423	53,525
Increase (decrease) in accrued employee leave benefits	(17,683)	(946)
	<u>3,041,647</u>	<u>246,591</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Proceeds from sale of investments	813,673	802,965
Proceeds from sale of assets	2,702	-
Purchases of property and equipment	(212,603)	(262,063)
Purchase of investments	(926,283)	(724,262)
	<u>(322,511)</u>	<u>(183,360)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Principal payments on capital lease	(67,972)	(65,507)
Principal payments on debt	(401,950)	(401,950)
	<u>(469,922)</u>	<u>(467,457)</u>
Net increase (decrease) in cash and cash equivalents	2,249,214	(404,226)
CASH AND CASH EQUIVALENTS, AT BEGINNING OF YEAR	<u>5,941,720</u>	<u>6,345,946</u>
CASH AND CASH EQUIVALENTS, AT END OF YEAR	<u>\$ 8,190,934</u>	<u>\$ 5,941,720</u>

The accompanying notes to combined financial statements are an integral part of these statements.

HENDERSON BEHAVIORAL HEALTH, INC. AND SUBSIDIARIES  
NOTES TO COMBINED FINANCIAL STATEMENTS  
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NOTE 1 - ORGANIZATION AND OPERATIONS

Henderson Behavioral Health, Inc. and Subsidiaries (the "Organization") provides behavioral health care throughout South Florida in Broward and Palm Beach Counties, the Treasure Coast and Okeechobee. The Organization charges fees based upon its patients' ability to pay for clinical services and receive grants, contracts and contributions from various governmental and charitable agencies. Gifts, donations and volunteer services are also received from individuals and corporations.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the Organization's significant accounting policies consistently applied in the preparation of the combined financial statements follows:

Basis of presentation:

Financial statement presentation follows the recommendation of the Financial Accounting Standards Board in its Accounting Standards Codification (ASC) No. 958 *Not-for-Profit Entities*. Under ASC No. 958, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

The combined financial statements include the accounts of Henderson Behavioral Health, Inc. (a not-for-profit, tax exempt organization), the parent and sole member of its two Limited Liability Company (LLC) subsidiaries, Henderson Behavioral Health, LLC and Headway New Vistas, LLC. Henderson Behavioral Health, LLC (the "Center") is responsible for delivering health services, management and other administrative services and functions. Headway New Vistas, LLC ("Headway") owns all the real estate property, which is leased to third-party tenants and the Center (Notes 15 and 16). Both of these entities operate to further enhance Henderson Behavioral Health, Inc.'s 501(c)(3) not-for-profit status.

Restricted and unrestricted revenue and support:

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Noncash contributions are recorded at their fair value on the date received.

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

Cash and cash equivalents:

The Organization considers all liquid investments with a maturity of three months or less when purchased to be cash equivalents. The Organization maintains its cash balances in two financial institutions located in Florida, which at times, has exceeded federally insured limits.

**HENDERSON BEHAVIORAL HEALTH, INC. AND SUBSIDIARIES**  
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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

**Investments:**

Readily marketable investments are primarily held in brokerage accounts administered for the Organization. The broker is responsible for the custody and disbursement of funds on instructions from the Board of Directors/Finance Committee of the Organization.

Readily marketable investments are stated at fair value using quoted market prices. In accordance with the policy of stating investments at fair value, net unrealized appreciation or depreciation for the year is reflected in the accompanying statements of activities.

**Accounts receivable:**

Accounts receivable are carried at amounts estimated to be realized by the Organization based on past experience.

Client services are provided at rates established periodically, primarily by Medicaid intermediaries and state and local funding authorities. Payments for services may differ from the amounts billed due to subsequent changes in rates, discrepancies as to eligibility dates and approved services, and other similar issues. Allowances for doubtful accounts are recorded to reflect the differences between the amounts billed for services and expected reimbursement. The expense for these billing differences is recorded as an offset to revenue.

The Organization has established a sliding fee scale based on the Federal poverty guidelines wherein the clients are expected to pay amounts based upon their individual financial ability. Client services rendered to Medicaid program beneficiaries are reimbursed under a maximum fee for service methodology. The Organization is reimbursed at a predictable rate.

**Promises to give (Notes 5 and 10):**

Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases in liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met. At June 30, 2014 and 2013, the Organization had no conditional promises to give.

**Inventories:**

Inventories consist of drugs. Donated drugs are stated at fair market value. Purchased drugs are stated at current replacement cost and the resulting carrying amounts are not significantly different from that which would result if the lower of cost (first-in, first-out method) or market were used. At June 30, 2014 and 2013, drug inventory amounted to \$ 51,977 and \$ 66,748, respectively, and is included in deposits and other assets in the accompanying combined statement of financial position.

**HENDERSON BEHAVIORAL HEALTH, INC. AND SUBSIDIARIES**  
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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Prepaid expenses/deposits and other assets:**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses. Deposits and other assets primarily include security deposits, utility deposits and drug inventories.

**Property and equipment:**

Property and equipment are carried at cost if purchased or, if donated, at fair value on the date of donation, less accumulated depreciation. The Organization follows the policy of providing for depreciation using the straight-line method over the estimated useful life of each type of asset which is as follows:

Buildings and improvements	10-39.50 years
Equipment, including air-conditioning	5-20 years
Vehicles	5 years
Furniture and fixtures	5-10 years
Landscaping, parking lot, sprinklers	10-20 years
Leasehold improvements	Lesser of lease term or 39.50 years

Donations of property and equipment are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Without donor stipulations regarding how long these donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated assets are placed in service, reclassifying temporarily restricted net assets to unrestricted net assets at that time. The Organization received \$ 61,407 from a grant for property and equipment for the year ended June 30, 2014.

Maintenance and repairs to property and equipment are charged to expense when incurred. Additions and major renovations are capitalized.

**Deferred revenue:**

Grant and contract revenue that is not recognized because the allowable cost as defined by the individual contract has not been incurred is considered deferred revenue.

**Accrued employee leave benefits:**

The Organization accrues for employee vacation time up to a maximum of 100 hours per employee. The accrual is calculated at current salary rates.

**Derivative financial instruments (Note 7):**

The Organization makes limited use of derivative instruments for the purpose of managing interest rate risks. An interest rate swap agreement is used to partially convert the Organization's variable rate long-term debt to a fixed rate.

**HENDERSON BEHAVIORAL HEALTH, INC. AND SUBSIDIARIES**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Grant and contract revenue:**

Grant and contract revenue is recognized when the allowable costs as defined by the individual grants or contracts are incurred and/or the unit of service has been performed. Grant and contracts receivable at year end represent units of service performed and/or allowable expenditures, which have not yet been reimbursed by the granting agency.

**Donated services, goods, and facilities:**

The Organization pays for most services requiring specific expertise. However, a number of volunteers have donated their time in certain of the Organization's program service areas. Because these donated services do not require specialized skills, its value has not been recorded in the accompanying combined financial statements. However, when the value of donated services requires specific expertise, they are reflected in the combined financial statements as revenues and expenses. For the years ended June 30, 2014 and 2013, the Organization recorded \$ 299,785 and \$ 165,207, respectively, for donated services, which related to medical services (therapists and psychiatrists) and \$ 66,972 and \$ 40,700, respectively, for advertising and public relations. Donated goods are recorded as contributions and a corresponding expense at their estimated fair value at the date of donation. During the years ended June 30, 2014 and 2013, the Center recorded \$ 523,750 and \$ 677,009, respectively, in such donations, consisting principally of drugs allocated to several of the Organization's programs.

For the years ended June 30, 2014 and 2013, the Organization also recorded donated facilities space at its fair rental value estimated at \$ 250,000 to be used for the Crisis Stabilization Unit.

**Functional expenses:**

The Organization has a number of programs (reporting units) and maintains accounting records separately for each of them. Expenses incurred are charged to each program for direct expenditures incurred. All expenses not directly chargeable to a program are allocated based on the program's proportionate share of total expenditures.

**Joint costs of fundraising appeals:**

The Organization utilizes various pamphlets, brochures and information methods to inform the general public of their activities and to solicit funds. These costs are charged to fundraising.

**Use of estimates:**

The presentation of combined 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 combined financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Reclassifications:**

Certain accounts in the prior year combined financial statements have been reclassified to conform with the presentation in the current year combined financial statements.



**HENDERSON BEHAVIORAL HEALTH, INC. AND SUBSIDIARIES**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Date of management review:**

Subsequent events were evaluated by management through October 21, 2014, which is the date the combined financial statements were available for issuance.

**NOTE 3 – RESTRICTED CASH**

Restricted cash consists of cash deposited in the Organization's bank accounts on behalf of clients. The Organization is trustee for client funds which are expended on behalf of the clients for personal items. The related liability is included in "accrued expenses and other liabilities" on the combined statement of financial position. The total amount of restricted cash held on behalf of clients at June 30, 2014 and 2013 was \$ 303,456 and \$ 274,551, respectively.

In addition, the Organization is also required to have collateral for the interest rate swap agreement (Note 7) which is also classified as restricted cash. The balance of this collateral account was \$ 2,216,543 and \$ 2,200,000 at June 30, 2014 and 2013, respectively and is recorded in a separate account held by the same financial institution which holds the interest rate swap.

**NOTE 4 - INVESTMENTS**

The Organization follows Statement of Financial Accounting Standards in its Accounting Standards Codification (ASC) No. 820, *Fair Value Measurements and Disclosures* for fair value measurements of investments that are recognized and disclosed at fair value in the combined financial statements on a recurring basis. ASC No. 820 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical investments that the Organization has the ability to access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the investments, either directly or indirectly (e.g. quoted prices in active markets for similar securities valuations based on commonly quoted benchmarks, interest rates and yield curves, and/or securities indices).
- Level 3 inputs are unobservable inputs for the investments (e.g. information about assumptions, including risk, market participants would use in pricing a security).

The level in the fair value hierarchy within which a fair measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

**HENDERSON BEHAVIORAL HEALTH, INC. AND SUBSIDIARIES**  
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**NOTE 4 – INVESTMENTS (continued)**

The following table represents the investments as held by the Organization at June 30, 2014:

ASSET CLASS:	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total 2014</u>
Domestic fixed income securities	\$ 1,292,960	\$ -	\$ -	\$ 1,292,960
U.S. treasury securities	714,540	-	-	714,540
Domestic equities	697,460	-	-	697,460
International equities	626,182	-	-	626,182
International fixed income securities	211,076	-	-	211,076
Money market/cash	112,703	-	-	112,703
Real estate funds	105,548	-	-	105,548
Commodities	<u>89,450</u>	<u>-</u>	<u>-</u>	<u>89,450</u>
Total	<u>\$ 3,849,919</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,849,919</u>

The following table represents the investments as held by the Organization at June 30, 2013:

ASSET CLASS:	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total 2013</u>
Domestic fixed income securities	\$ 1,293,189	\$ -	\$ -	\$ 1,293,189
U.S. treasury securities	737,997	-	-	737,997
Domestic equities	694,389	-	-	694,389
International equities	421,450	-	-	421,450
Real estate funds	114,129	-	-	114,129
International fixed income securities	106,914	-	-	106,914
Commodities	76,375	-	-	76,375
Money market/cash	<u>81,896</u>	<u>-</u>	<u>-</u>	<u>81,896</u>
Total	<u>\$ 3,526,339</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,526,339</u>

The input or methodology used for valuing securities is not necessarily an indicator of risk associated with investing in those securities.

**HENDERSON BEHAVIORAL HEALTH, INC. AND SUBSIDIARIES**  
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**NOTE 4 – INVESTMENTS (continued)**

Investment income (loss) relative to these investments is composed of:

		2014		2013
Interest and dividend income	\$	128,824	\$	78,866
Investment fees and charges		(16,214)		(12,624)
Unrealized gain (loss) on investments		134,376		119,030
Realized gain (loss) on investments		76,594		(14,574)
	\$	323,580	\$	170,698

In addition, the Organization earned other interest income totaling \$ 47,793 and \$ 23,511 for 2014 and 2013, respectively.

At June 30, 2014, the Organization's investments are categorized as follows:

		2014
Unrestricted	\$	3,097,998
Permanently restricted		751,921
	\$	3,849,919

At June 30, 2013, the Organization's investments are categorized as follows:

		2013
Unrestricted	\$	2,774,418
Permanently restricted		751,921
	\$	3,526,339

**NOTE 5 - PROMISES TO GIVE**

The composition of unconditional promises to give (Notes 2 and 10) is as follows:

		2014		2013
Receivable in less than one year	\$	-	\$	107,814
Less discounts to net present value at 3.25 %		-		(3,373)
Net unconditional promises to give	\$	-	\$	104,441

Promises to give are expected to be fully collected in the year they are due and no allowance for uncollectible promises to give was recorded as of June 30, 2013.

**HENDERSON BEHAVIORAL HEALTH, INC. AND SUBSIDIARIES**  
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**NOTE 6 - PROPERTY AND EQUIPMENT**

	2014		2013
Buildings and improvements	\$ 15,034,046	\$	15,030,999
Equipment, including air-conditioning	3,529,008		3,350,676
Vehicles	912,439		856,268
Furniture and fixtures	601,353		601,353
Landscaping, parking lot, sprinklers	80,877		80,877
Leasehold improvements	74,976		74,976
	20,232,699		19,995,149
Less accumulated depreciation	<u>(11,251,954)</u>		<u>(10,407,033)</u>
	8,980,745		9,588,116
Land	<u>1,771,069</u>		<u>1,771,069</u>
	<u>\$ 10,751,814</u>	\$	<u>11,359,185</u>

The provision for depreciation for the years ended June 30, 2014 and 2013 was \$ 881,383 and \$ 860,818, respectively.

**NOTE 7 - DEBT**

Debt at June 30, 2014 and 2013 is summarized as follows:

	2014	2013
<p>Broward County (FL) Health Facilities Authority Variable Rate (0.06% and 0.08%) at June 30, 2014 and 2013, respectively) Demand Revenue Bonds, Series 2004, payable in monthly installments of interest only through June 2018; and principal and interest monthly installments beginning July 2018 through July 2029 with principal amounts ranging from \$ 26,250 to \$ 46,666. Collateralized by a \$ 5,100,000 letter of credit expiring on December 15, 2017. The letter of credit which collateralizes the revenue bonds is secured by real property with a net book value of approximately \$ 6,333,000 (2014) and \$ 6,608,000 (2013) plus certain improvements, equipment, furniture and fixtures, and an assignment of rents/leases. Further, the letter of credit is cross-collateralized and cross-defaulted with the mortgage loan described below and the line of credit discussed in Note 8, as well as the restricted cash of \$ 2,216,543 as discussed in Note 3.</p>	\$ 5,100,000	\$ 5,100,000

**HENDERSON BEHAVIORAL HEALTH, INC. AND SUBSIDIARIES**  
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**NOTE 7 – DEBT (continued)**

First mortgage loan, variable interest rate based on Prime plus .50% (3.75% at June 30, 2014 and 2013) payable in a monthly fixed principal amount of \$ 8,496 plus interest through December 2014, at which time a lump payment of approximately \$ 688,000 will be due. During the year ended June 30, 2014, the Organization prepaid \$ 300,000 of the previous outstanding principal balance reducing the lump payment to the amount noted above. This mortgage loan is secured by real property with a net book value of approximately \$ 6,333,000 (2014) and \$ 6,608,000 (2013) plus certain improvements, equipment, furniture and fixtures and an assignment of rents/leases. Further, this mortgage loan is cross-collateralized and cross-defaulted with the letter of credit described above and the line of credit discussed in Note 8.

	730,043	1,131,993
\$	5,830,043	\$ 6,231,993

During the year ended June 30, 2013, the Organization renegotiated a swap agreement previously entered into in conjunction with the issuance of the Broward County (FL) Health Facilities Authority Variable Rate Demand Revenue Bonds that expires in July 2029. The agreement effectively converts the variable rate debt to fixed rate debt to the extent of the notional amount. The fixed rate increased to 4.33% and allowed for monthly interest payments to be calculated using a floating rate of 0.67. All other terms of the previous swap agreement remained consistent. Actual interest payments received from the bank was 0.10% and 0.13% as of June 30, 2014 and 2013, respectively (BMA index - Bond Market Association average market rate paid on tax exempt notes).

The fair value (obligation) of the interest rate swap at June 30, 2014 and 2013 was \$ (1,199,256) and \$ (1,237,692), respectively. The net change in fair value of fixed interest rate swap for the years ended June 30, 2014 and 2013 was \$ 38,436 and \$ 327,679, respectively. The fair value obligation associated with the interest rate swap agreement would have been incurred had the Organization elected to close this transaction at June 30, 2014 and 2013. However, it is management's intention to carry this transaction through maturity.

Future maturities of debt at June 30, 2014, are approximately as follows:

Year Ending June 30		
2015	\$	730,000
2016	\$	-
2017	\$	-
2018	\$	-
2019	\$	315,000
Thereafter	\$	4,785,000
	\$	5,830,000

**HENDERSON BEHAVIORAL HEALTH, INC. AND SUBSIDIARIES**  
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**NOTE 8 - LINE OF CREDIT**

At June 30, 2014 and 2013, the Organization had available a \$ 500,000 revolving line of credit with a bank for working capital needs which will expire in November 2014. Interest is charged at the bank's variable prime rate (3.25% at June 30, 2014 and 2013) and payable monthly on the outstanding balance. In addition, this line of credit is cross-collateralized and cross-defaulted with the debt agreements above (Note 7). At June 30, 2014 and 2013, the Organization had no outstanding balance on the line of credit. The line of credit requires adherence to a number of restrictive covenants which must be adhered to by the Organization. Among other provisions, the agreement requires the Organization to maintain a minimum net worth to be greater than \$ 17 million and a debt service coverage ratio of no less than 1.00 to 1.00. At June 30, 2014 and 2013, the Organization was in compliance with all of its covenants.

**NOTE 9 - LEASE COMMITMENTS**

Operating leases:

The Organization maintains real estate rental arrangements at two locations, these respective leases expire in various years through December 2017. Monthly rental payments range from approximately \$ 1,000 to \$ 5,000, plus applicable incidental expenses. Total rent expense in connection with these arrangements and other expired arrangements amounted to approximately \$ 128,000 and \$ 118,000 in 2014 and 2013, respectively.

In addition, the Organization leased certain real estate from Headway (Note 2) for approximately \$ 788,000 and \$ 777,000 in fiscal years 2014 and 2013, respectively.

The future minimum lease payments required under these leases and as of June 30, 2014 are as follows:

<u>Year Ending</u> <u>June 30</u>		
2015	\$	96,000
2016	\$	56,000
2017	\$	57,700
2018	\$	29,300
Thereafter	\$	NONE

Capital lease:

The Organization previously entered into a lease agreement for office equipment that was classified as a capital lease. The cost of the equipment under this capital lease is included in the statement of financial position as property and equipment of \$ 330,585. Accumulated depreciation of the leased equipment at June 30, 2014 and 2013 was \$ 247,939 and \$ 181,822, respectively.

**HENDERSON BEHAVIORAL HEALTH, INC. AND SUBSIDIARIES**  
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**NOTE 9 - LEASE COMMITMENTS (continued)**

The future minimum lease payments required under this capital lease and the present value of the net minimum lease payments as of June 30, 2014 are as follows:

<u>Year ending June 30</u>	<u>Amount</u>
2015	\$ 72,612
2016	<u>18,152</u>
Total minimum lease payments	\$ 90,764
Less: amount representing interest at 3.25%	<u>2,198</u>
Present value of net minimum capital lease payments	<u>\$ 88,566</u>

**NOTE 10 - TEMPORARY RESTRICTED NET ASSETS**

Temporarily restricted net assets at June 30, 2013 consisted of promises to give (Notes 2 and 5) restricted for the succeeding year's activities and donor restricted support for the purchases of computer and related equipment, respectively. There were no temporarily restricted net assets at June 30, 2014. Restricted promises to give and donor restricted support totaled \$ 171,788 at June 30, 2013.

**NOTE 11 - DESIGNATED UNRESTRICTED NET ASSETS**

At June 30, 2014 and 2013, the Board of Directors had designated unrestricted net assets to be set-aside for the following purposes:

	<u>2014</u>	<u>2013</u>
Operating expenses reserve	\$ 10,000,000	\$ 9,000,000
Capital and technology purchases	<u>5,000,000</u>	<u>3,000,000</u>
	<u>\$ 15,000,000</u>	<u>\$ 12,000,000</u>

**NOTE 12 - ENDOWMENTS**

The Organization's endowment consists of three individual funds established for a variety of purposes. These donor-restricted funds function as endowments. As required by GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

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**NOTE 12 – ENDOWMENTS (continued)**

**Interpretations of Relevant Law:**

The Organization has interpreted the State of Florida’s Uniform Prudent Management of Institutional Funds Act (“FUPMIFA”) as requiring the preservation of the fair value of an original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by FUPMIFA. In accordance with FUPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the Organization and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the Organization
- (7) The investment policies of the Organization

Endowment net asset composition by type of fund as of June 30, 2014 is as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total 2014</u>
Donor-restricted endowment funds	\$ (8,385)	\$ -	\$ 751,921	\$ 743,536
Board-designated endowment funds	-	-	-	-
<b>Total funds</b>	<b>\$ <u>(8,385)</u></b>	<b>\$ <u>-</u></b>	<b>\$ <u>751,921</u></b>	<b>\$ <u>743,536</u></b>

Endowment net asset composition by type of fund as of June 30, 2013 is as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total 2013</u>
Donor-restricted endowment funds	\$ (9,123)	\$ -	\$ 751,921	\$ 742,798
Board-designated endowment funds	-	-	-	-
<b>Total funds</b>	<b>\$ <u>(9,123)</u></b>	<b>\$ <u>-</u></b>	<b>\$ <u>751,921</u></b>	<b>\$ <u>742,798</u></b>



**HENDERSON BEHAVIORAL HEALTH, INC. AND SUBSIDIARIES**  
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**NOTE 12 – ENDOWMENTS (continued)**

Changes in endowment net assets for the year ended June 30, 2014 is as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total 2014</u>
Endowment net assets, at beginning of year	\$ (9,123)	\$ -	\$ 751,921	\$ 742,798
Investment income	3,832	-	-	3,832
Net depreciation (realized and unrealized)	580	-	-	580
Contributions	-	-	-	-
Expenditures	(3,674)	-	-	(3,674)
Other transfers	-	-	-	-
Endowment net assets, at end of year	\$ <u>(8,385)</u>	\$ <u>-</u>	\$ <u>751,921</u>	\$ <u>743,536</u>

Changes in endowment net assets for the year ended June 30, 2013 is as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total 2013</u>
Endowment net assets, at beginning of year	\$ (1,329)	\$ -	\$ 751,921	\$ 750,592
Investment income	7,906	-	-	7,906
Net appreciation (realized and unrealized)	(276)	-	-	(276)
Contributions	-	-	-	-
Expenditures	(11,236)	-	-	(11,236)
Other transfers	(4,188)	-	-	(4,188)
Endowment net assets, at end of year	\$ <u>(9,123)</u>	\$ <u>-</u>	\$ <u>751,921</u>	\$ <u>742,798</u>

**Funds with Deficiencies:**

From time to time the fair value of certain endowments may fall under historical values (original gift/book values), and therefore, are considered to be underwater. The fair value of deficiencies of underwater investments was \$ 8,385 and \$ 9,123 at June 30, 2014 and 2013, respectively. These deficiencies have been recorded as reductions in unrestricted net assets in accordance with accounting principles generally accepted in the United States of America. Future gains will be used to restore this deficiency in unrestricted net assets before any net appreciation above the historical cost value of such funds increases unrestricted net assets.

**Return Objectives and Risk Parameters:**

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for a donor-specified period(s) as well as board-designated funds. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce expected returns of the consumer price index plus 500 basis points while assuming a moderate level of investment risk. Actual returns in any given year may vary from this amount.

**HENDERSON BEHAVIORAL HEALTH, INC. AND SUBSIDIARIES**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
June 30, 2014  
(with comparative totals for the year ended June 30, 2013)

**NOTE 12 – ENDOWMENTS (continued)**

**Strategies Employed for Achieving Objectives:**

To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation that includes equity investments, fixed income investments, mutual funds, treasury securities, money markets, and cash using prudent risk constraints.

**Spending Policy and How the Investment Objectives Relate to Spending Policy:**

The Organization has a policy of appropriating for distribution each year 5 percent of the trailing three years average market value on June 30<sup>th</sup> of the preceding fiscal year in which the distribution is planned. In establishing this policy, the Organization considered the long-term expected return on its endowment. Accordingly, over the long term, the Organization expects the current spending policy to allow its endowment to grow at an annual rate equal or greater than the consumer price index. This is consistent with the Organization's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

**Permanent Endowment:**

The Organization previously entered into agreements with the Community Foundation of Broward, Inc., a Florida non-profit corporation (the "Foundation") to create designated funds to serve as permanent endowments on behalf of the Organization. Distributions from the funds will only be made with the approval and authorization of the Board of Trustees of the Foundation and the funds are the property of the Foundation. As such, they are not carried as an asset of the Organization. It is the general policy of the Foundation to make distributions to the Organization from the endowments at least once annually. The ending asset value of the endowments at June 30, 2014 and 2013 was \$ 196,461 and \$ 181,053, respectively.

**NOTE 13 - GRANTS AND CONTRACTS FOR ORGANIZATION OPERATIONS**

Funding agreements for services to be provided are generally entered into on an annual basis. The release of funds are subject to monies being made available by the Federal government, the Florida Legislature, the Broward County Board of County Commissioners and certain other grantor agencies. Generally, agreements may be terminated by either party upon thirty to ninety days written notice. However, such an event would be unlikely if contract performance continues to be satisfactory.

In addition, certain funding arrangements require the Organization to provide additional services on a specified matching basis. In all such contract arrangements, the Organization has met its matching requirements.

Program expenditures made by the Organization are subject to additional audit by grantor agencies. As a result of such audits, the grantor may require that amounts be returned. In certain instances, the grantor may increase its grant of funds to the Organization to offset amounts which would otherwise be refundable based on audits. As of June 30, 2014, the Organization had no amounts required to be returned as a result of such audits.

**HENDERSON BEHAVIORAL HEALTH, INC. AND SUBSIDIARIES**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
June 30, 2014  
(with comparative totals for the year ended June 30, 2013)

**NOTE 13 - GRANTS AND CONTRACTS FOR ORGANIZATION OPERATIONS (continued)**

Matching requirements, which are based on revenues earned for the year ended June 30, 2014, rather than contractual amounts, are as follows:

<u>Grantor</u>	<u>Contract Number</u>	<u>Matching Requirement</u>
Broward Behavioral Health Coalition, Inc.	34318	\$ 2,936,929
	34317	397,058
Broward County	12-CP-CSA-8263-01	33,369
	12-CP-CSAD-8263-01/1	38,259
	12-CP-CSA-8263-03	71,804
	12-CP-CSA-8263-02	67,563
	12-CP-CSA-8263-04	24,822
	10-CP-CSA-8263-01	12,963
	12-CSAD-8263-01/2	39,347
	10-CP-HIP-8263-7	21,822
	10-HIP-8263-8	82,452
	07-8263-HUD-2	68,545
Broward Healthy Start Coalition, Inc.	HMHC/CC10	80,345
ChildNet, Inc	HEN13FSS	21,180
Children's Services Council of Broward County	11-2153	46,296
	08-2151	13,517
	13-2155	24,059
	10-2152	573
	11-2154	27,706
Department of Transportation	---	6,823
		<u>\$ 4,015,432</u>

**NOTE 14 - INCOME TAXES**

Henderson Behavioral Health, Inc. is a not-for-profit organization, exempt from tax under Internal Revenue Code Section 501(c)(3). Henderson Behavioral Health, LLC and Headway New Vistas, LLC are both Florida limited liability companies wholly owned by Henderson Behavioral Health, Inc. Both limited liability companies are treated as disregarded entities for Federal and state income tax and exist to further enhance Henderson Behavioral Health, Inc.'s 501(c)(3) not-for-profit status. Therefore, no tax provision has been made in the accompanying combined financial statements (Note 2).

**HENDERSON BEHAVIORAL HEALTH, INC. AND SUBSIDIARIES**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
June 30, 2014  
(with comparative totals for the year ended June 30, 2013)

**NOTE 15 - EMPLOYEE BENEFIT PLANS**

The Organization provides a noncontributory revenue sharing retirement plan (the "Plan") covering substantially all of its employees. Contributions by the Organization to the Plan are determined annually by the Board of Directors and allocated based on participant compensation. The revenue sharing retirement plan contributions for the years ended June 30, 2014 and 2013 was \$ 656,492 and \$ 650,089, respectively.

The Organization also offers all employees a tax sheltered annuity program under Internal Revenue Code Section 403(b). Employees may contribute a maximum of 20% of their annual compensation to the program subject to certain limitations. No contributions are made by the Organization to this program.

In addition, the Organization maintains a Section 125 cafeteria plan for the benefit of its employees. No contribution is required of the Organization to this Plan.

**NOTE 16 - RELATED PARTY TRANSACTIONS**

The Organization is related to Henderson Center Residential Services, Inc., a Florida not-for-profit corporation, through common board members. The Organization has sponsored Henderson Center Residential Services, Inc. in a program with the United States Department of Housing and Urban Development (HUD).

The HUD program consists of operating a sixteen unit independent living facility in Pompano Beach, Florida. HUD granted Henderson Center Residential Services, Inc. a 9.25%, forty year mortgage note in 1990. Principal and interest are payable in monthly installments of \$ 4,524 over 40 years. This mortgage note had a balance of \$ 447,295 and \$ 459,584 as of June 30, 2014 and 2013, respectively. The Organization has guaranteed this mortgage obligation. The Organization would be required to perform under the guarantee in the event of nonpayment of mortgage note payments to HUD. At June 30, 2014, the maximum potential amount of future payments the Organization could be required to make under the agreement is the outstanding balance of the obligation and any accrued interest thereon. There are no Organizational assets held as security for the loan. Collateral for the mortgage note is the purchased facility.

Henderson Center Residential Services, Inc. relies on the Organization to provide it with support in areas such as management and accounting. The Organization charges Henderson Center Residential Services, Inc. a monthly management fee for these services. Total management fees for the years ended June 30, 2014 and 2013 were \$ 4,500. Additionally, the Organization had balances included in accounts receivable for the years ended June 30, 2014 and 2013 of \$ 499,958 and \$ 460,824, respectively, relating to amounts paid by the Organization on behalf of Henderson Center Residential Services, Inc.; however, management maintains a reserve of \$ 235,243 as of June 30, 2014 and 2013 due to the remote likelihood of its collection in full.

**HENDERSON BEHAVIORAL HEALTH, INC. AND SUBSIDIARIES**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
 June 30, 2014  
 (with comparative totals for the year ended June 30, 2013)

**NOTE 17 - CONCENTRATION IN OPERATIONS**

The Organization received approximately 40% of its total revenues from the State of Florida Department of Children and Families for the year ended June 30, 2014. The Organization also received 17% of its total funding from Broward County during the year ended June 30, 2014.

In addition, receivables due from the State of Florida Department of Children and Families and Broward County were approximately 39% and 46%, respectively, of total grants and contract receivables at June 30, 2014. A significant change in funding from these governmental entities could have an adverse effect on the Organization's operations.

**NOTE 18 - CONTINGENCIES**

The Organization is subject to claims and litigations arising in the normal course of operations. The Organization does not believe the outcome of any such claims will be material to its financial position.

At June 30, 2014 and 2013, a portion of the Organization's real property, with a net book value of approximately \$ 1,271,900 and \$ 1,331,900, respectively, was originally acquired with funds provided under a contract with Broward County, Florida. Certain "special provisions" of the contract require that the property shall be used for the originally authorized purpose for a period ending September 2023. If the property is no longer necessary for operations prior to September 2023, the Organization must obtain approval from Broward County, Florida to use the property for other purposes. After September 2023, Broward County, Florida will no longer have a claim to the property. Broward County's claim to the property is evidenced by recorded mortgages. Such liens reported an outstanding balance as of June 30, 2014 and 2013 of approximately \$ 458,000 and \$ 563,500, respectively.

In addition, Broward County has awarded the Organization funds to provide for the rehabilitation of several properties. Certain "special provisions" of the contracts restrict the use of the facilities through January 2016. Broward County's claim to the properties is evidenced by recorded mortgages. Such liens reported an outstanding balance as of June 30, 2014 and 2013 of approximately \$ 3,100 and \$ 5,000, respectively.

**NOTE 19 - SUPPLEMENTAL CASH FLOW INFORMATION**

**Supplemental Disclosure of Other Cash Flow Information:**

	<u>2014</u>	<u>2013</u>
Cash received during the year for - Interest and dividend income	\$ 176,617	\$ 102,377
Cash paid during the year for - Interest expense	\$ 320,439	\$ 317,678



## ADDITIONAL INFORMATION

HENDERSON BEHAVIORAL HEALTH, INC. AND SUBSIDIARIES  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
AND STATE FINANCIAL ASSISTANCE  
For the Year Ended June 30, 2014

Federal/State Agency, Pass-through Entity Federal Program/State Project	CFDA CSFA Number	Contract/ Grant Number	Expenditures	Transfers to Subrecipients
FEDERAL AGENCY NAME:				
Indirect Programs:				
Department of Health and Human Services - Passed through the State of Florida				
Department of Children and Families - Passed through the Broward Behavioral Health Coalition, Inc. -				
Alcohol, Drug Abuse and Mental Services	93.958	34317	137,979	-
	93.778	34317	275,958	-
	93.150	34318	239,164	-
	93.958	34318	1,180,815	-
	93.959	34318	256,642	-
	93.767	34319	942,000	-
Department of Health and Human Services - Passed through the State of Florida				
Department of Children and Families - Passed through the Southeast Florida Behavioral Health Network, Inc. -				
Alcohol, Drug Abuse and Mental Services	93.958	IH-595	134,555	-
	93.778	IH-595	269,110	-
	93.958	PNC24	15,067	-
Passed through the University of South Florida -				
Research on Healthcare Costs				
Quality and Outcomes	93.778	5820-1161-00-J	32,500	-
Research on Medical Assistance Program	93.226	5820-1161-00-J	57,585	-
Research on Medical Assistance Program	93.778	6119-1275-00-B	15,896	-

**HENDERSON BEHAVIORAL HEALTH, INC. AND SUBSIDIARIES**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**AND STATE FINANCIAL ASSISTANCE**  
**For the Year Ended June 30, 2014**  
**(continued)**

Federal/State Agency, Pass-through Entity Federal Program/State Project	CFDA CSFA Number	Contract/ Grant Number	Expenditures	Transfers to Subrecipients
FEDERAL AGENCY NAME (continued):				
Indirect Programs (continued):				
Passed through Child Net, Inc. -				
Placement Partnership Program	93.958	HEN13PPP	513,269	-
Residential Group Care Program Services	93.658	HEN13RGC	186,052	-
	93.667	HEN13RGC	166,516	-
Residential Group Care Program Services	93.658	HEN13RGC2	96,084	-
	93.667	HEN13RGC2	85,995	-
Family Support Services	93.556	HEN13FSS	51,031	-
	93.958	HEN13FSS	12,323	-
Passed through Broward Healthy Start Coalition, Inc. -				
Care Coordination Services	93.778	HMHC/CC10	122,692	-
	93.994	HMHC/CC10	22,308	-
Passed through The Feinstein Institute for Medical Research -				
Health Care Innovation Awards	93.610	500559-HEN-02	83,120	-
Passed through The Substance Abuse and Mental Health Services Administration -				
Helping Individuals Live Longer Program	93.243	1H79SM06083-01	397,144	-
Department of Housing and Urban Development -				
Passed through Broward County, Florida Supportive Housing Program	14.267	14-CP-HIPHUD-8263-1	274,178	-



**HENDERSON BEHAVIORAL HEALTH, INC. AND SUBSIDIARIES**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**AND STATE FINANCIAL ASSISTANCE**  
(continued)  
For the Year Ended June 30, 2014

Federal/State Agency, Pass-through Entity Federal Program/State Project	CFDA CSFA Number	Contract/ Grant Number	Expenditures	Transfers to Subrecipients
<b>FEDERAL AGENCY NAME (continued):</b>				
<b>Indirect Programs (continued):</b>				
Passed through Hollywood Housing Authority - Shelter Plus Care	14.238	FL14K001003	159,658	-
Passed through Broward County Emergency Shelter Grants Program	14.231	-	34,584	-
Department of Education - Passed through the State of Florida Department of Education Supported Employment Services	84.126	VJ-962	54,308	-
Department of Transportation - Passed through the State of Florida Department of Transportation Capital Assistance Program for Elderly Persons and Persons with Disabilities	20.513	-	61,407	-
Department of Agriculture - Passed through State of Florida Department of Elder Affairs Child and Adult Care Food Program	10.558 10.558	Y-4050 Y-3050	32,080 15,692	- -
<b>Total expenditures of Federal Awards</b>			<b>\$ 5,925,712</b>	<b>\$ -</b>

HENDERSON BEHAVIORAL HEALTH, INC. AND SUBSIDIARIES  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 AND STATE FINANCIAL ASSISTANCE  
 (continued)  
 For the Year Ended June 30, 2014

Federal/State Agency, Pass-through Entity Federal Program/State Project	CFDA CSFA Number	Contract/ Grant Number	Expenditures	Transfers to Subrecipients
STATE AGENCY NAME:				
Direct Projects:				
State of Florida, Department of Juvenile Justice - Mental Health and Substance Abuse Services	80.011	D2049	109,643	-
	80.011	D2053	21,075	-
State of Florida, Department of Corrections - Substance Abuse Services - Recently Assertive Community Treatment	70.016	HENDERSON	48,272	-
Indirect Projects:				
Passed through the State of Florida Department of Children and Families - Passed through the Broward Behavioral Health Coalition, Inc. - Alcohol, Drug Abuse and Mental Services	60.114	34318	184,509	-
State of Florida, Department of Children and Families - Passed through Child Net, Inc. - Placement Partnership Program	60.094	HEN13PPP	210,386	-
Residential Group Care	60.094	HEN13RGC	112,561	-
Residential Group Care	60.094	HEN13RGC2	58,131	-
Total Expenditures of State Financial Assistance			\$ <u>744,577</u>	<u>-</u>

HENDERSON BEHAVIORAL HEALTH, INC. AND SUBSIDIARIES  
SCHEDULE OF OTHER STATE FUNDING  
For the Year Ended June 30, 2014

Grantor	Program Title	Contract/ Grant Number	Expenditures	Transfers to Subrecipients
OTHER STATE FUNDING				
Department of Health and Human Services - Passed through the State of Florida Department of Children and Families - Passed through the Broward Behavioral Health Coalition, Inc. -	Alcohol, Drug Abuse and Mental Health Services	34318 34317	\$ 9,552,280 840,417	\$ - -
Department of Health and Human Services - Passed through the State of Florida Department of Children and Families - Passed through the Southeast Florida Behavioral Health Network, Inc -	Alcohol, Drug Abuse and Mental Health Services	IH-595 PNC24	819,563 85,379	- -
Total Expenditures of Other State Financial Assistance			\$ <u>11,297,639</u>	\$ <u>-</u>

**HENDERSON BEHAVIORAL HEALTH, INC. AND SUBSIDIARIES**  
**SCHEDULE OF LOCAL FINANCIAL ASSISTANCE**  
**For the Year Ended June 30, 2014**

<u>Grantor</u>	<u>Program Title</u>	<u>Contract Number</u>	<u>County Taxonomy Code</u>	<u>Expenditures</u>
LOCAL FINANCIAL ASSISTANCE: Broward County	Local Match	13-CP-HCS-8263-LM	PH-100, RR-650, TJ-650.630, RP-655, RM-700, LX-825, RR	\$ 1,254,583
	Responding Effectively to Adolescents and Children at Home (REACH) -	12-CP-CSA-8263-02	--	675,634
	Safe Haven - Board and Care	10-HIP-8263-8	PF-100	833,572
	Dual Diagnosis	12-CP-CSA-8263-03	RP-330, RF-200, RF-250, TP-850.850	718,039
	Crisis Stabilization	13-CP-HCS-8263-LM	RM-330.330	509,597
	General Case Management	12-CP-CSAD-8263-01/1	PH-100, PH-236,950, TJ300.800	382,590
	Family Counseling	12-CP-CSA-8263-04	RF-330, RF-200, RF-250	377,851
	Wraparound Case Management	12-CSAD-8263-01/2	PH-100, PH-236,950, TJ300.800	393,469
	Mobile Crisis Services	08-SAHCS-8263-01	RP-150	344,210
	Mental Health	12-CP-CSA-8263-04	RF-300, RF-200, RF-250	333,685
	Court Project - Crisis Shelter, Transitional Shelter and Rental Assistance	10-HIP-8263-7	BH-180.150, BH-18-950,	218,220

**HENDERSON BEHAVIORAL HEALTH, INC. AND SUBSIDIARIES**  
**SCHEDULE OF LOCAL FINANCIAL ASSISTANCE**  
 (continued)  
 For the Year Ended June 30, 2014

<u>Grantor</u>	<u>Program Title</u>	<u>Contract Number</u>	<u>County Taxonomy Code</u>	<u>Expenditures</u>
<b>LOCAL FINANCIAL ASSISTANCE</b>				
<b>(continued):</b>				
Broward County (continued)	Chronic Homeless Initiative (HHOPE) - Supported Employment Services, Co-Occurring Treatment and Peer Mentoring	12-CP-HIP-8263-05	ND-360,825, RF-650, RD-150	<u>230,050</u>
				<u>6,271,500</u>
Broward County - Sheriff's Office	Drug Court - Medical Director	--	--	<u>61,711</u>
Child Net, Inc. -	Residential Group Care	--		<u>6,419</u>
Broward Healthy Start Coalition, Inc. -	Case Management Services	HMHC/CC10		<u>133,846</u>
Carrfour Supportive Housing, Inc. -	Supportive Services for Veteran Families Program	--	--	<u>89,099</u>
The Feinstein Institute for Medical Research (FIMR)	Recovery After Schizophrenia Episode (RAISE)	HHSN-271-2009-0019C	--	<u>30,765</u>

**HENDERSON BEHAVIORAL HEALTH, INC. AND SUBSIDIARIES**  
**SCHEDULE OF LOCAL FINANCIAL ASSISTANCE**  
 (continued)  
 For the Year Ended June 30, 2014

<u>Grantor</u>	<u>Program Title</u>	<u>Contract Number</u>	<u>County Taxonomy Code</u>	<u>Expenditures</u>
LOCAL FINANCIAL ASSISTANCE (continued):				
Children Services Council of Broward County	Preventing Unnecessary Placements (PUP)	11-2154		492,904
	Family Strengthening - Multi-Systemic Therapy	11-2153	--	466,374
	Diversion Wraparound	10-2152	--	253,417
	Wilson Gardens	13-2155	--	58,583
	Wilson Gardens Children's After School Program	08-2151	--	16,069
		--	--	<u>43,744</u>
				<u>1,331,091</u>
United Way of Broward County	Recovery, Employment and Prosperity (REAP)	--	--	39,249
	Family Resource Team	--	--	99,500
	Military Outreach Program	--	--	48,500
	Henderson Emergency Lifeline Program	--	--	25,000
				<u>212,249</u>
City of Fort Lauderdale	Juvenile Mental Health	133-11217	--	<u>15,000</u>
	Total expenditures of Local Financial Assistance			\$ <u><u>8,151,680</u></u>

HENDERSON BEHAVIORAL HEALTH, INC. AND SUBSIDIARIES  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
AND STATE FINANCIAL ASSISTANCE, OTHER STATE FUNDING  
AND LOCAL FINANCIAL ASSISTANCE  
June 30, 2014

NOTE 1 – BASIS OF PRESENTATION

The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance, Other State Funding and Local Financial Assistance include the grant activity of Henderson Behavioral Health, Inc. and Subsidiaries and are presented on the accrual basis of accounting. The information in the Schedule of Expenditures of Federal Awards and State Financial Assistance is presented in accordance with the requirements of by U.S. 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 Auditor General*. Therefore, some amounts presented in these schedules may differ from amounts presented in or used in the preparation of the financial statements.

NOTE 2 – CONTINGENCY

The grant revenue amounts received are subject to audit and adjustment. If any expenditures or expenses are disallowed by the grantor agencies as a result of such an audit, any claim for reimbursement to the grantor agencies would become a liability of Henderson Behavioral Health, Inc. and Subsidiaries. In the opinion of management, all grant expenditures are in compliance with the terms of the grant agreements and applicable Federal and state laws and regulations.

**HENDERSON BEHAVIORAL HEALTH, INC. AND SUBSIDIARIES**  
**SCHEDULE OF PROGRAM/COST CENTER ACTUAL EXPENSES AND REVENUES**  
For the Year Ended June 30, 2014

Adult Mental Health

Funding Sources and Revenues	Case Management	Outpatient	Medical Services	In-Home and On-Site	Day/Night	Outreach	Crisis Stabilization	Crisis/Support Emergency	Florida Assertive Community Treatment (FACT) Team	Residential Level I
<b>STATE SAMH FUNDING:</b>										
From the District funding these contracts										
34317	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,254,354	\$ -
34318	1,619,799	611,025	1,818,581	129,368	-	-	1,913,447	1,226,104	-	413,314
34319	-	-	-	-	-	-	-	-	-	-
IH595	-	-	-	-	-	-	-	-	1,223,228	-
PNC24	100,446	-	-	-	-	-	-	-	-	-
<b>Total state SAMH funding</b>	<b>1,720,245</b>	<b>611,025</b>	<b>1,818,581</b>	<b>129,368</b>	<b>-</b>	<b>-</b>	<b>1,913,447</b>	<b>1,226,104</b>	<b>2,477,582</b>	<b>413,314</b>
<b>OTHER GOVERNMENT FUNDING:</b>										
Local government	216,221	14,235	251,773	-	150,216	150,349	392,322	248,693	-	-
Medicaid	1,620,568	181,244	778,422	333,043	1,580,129	6,909	540	11,838	-	-
Federal grants and contracts	408,531	-	-	-	428,031	-	-	-	-	-
Other state agency funding	17,787	1,171	20,713	-	12,357	12,368	32,274	20,458	-	-
<b>Total other government funding</b>	<b>2,263,107</b>	<b>196,650</b>	<b>1,050,908</b>	<b>333,043</b>	<b>2,170,733</b>	<b>169,626</b>	<b>425,136</b>	<b>280,989</b>	<b>-</b>	<b>-</b>
<b>ALL OTHER REVENUES:</b>										
Other	-	35,766	-	-	-	-	-	-	-	-
Rental income	-	-	-	-	-	-	-	-	-	-
Student counseling	-	936,381	-	-	-	-	-	-	-	-
In-kind	-	299,785	523,750	-	-	-	250,000	-	-	-
Contributions and donations	13,909	-	-	-	-	-	-	-	-	-
First and second party payments	2,500	39,481	51,200	290	-	-	29,978	15,351	-	49,267
Medicare	-	-	199,219	-	-	-	-	-	-	-
<b>Total all other revenues</b>	<b>16,409</b>	<b>1,311,413</b>	<b>774,169</b>	<b>290</b>	<b>-</b>	<b>-</b>	<b>279,978</b>	<b>15,351</b>	<b>-</b>	<b>49,267</b>
<b>Total funding</b>	<b>\$ 3,999,761</b>	<b>\$ 2,119,088</b>	<b>\$ 3,643,658</b>	<b>\$ 462,701</b>	<b>\$ 2,170,733</b>	<b>\$ 169,626</b>	<b>\$ 2,618,561</b>	<b>\$ 1,522,444</b>	<b>\$ 2,477,582</b>	<b>\$ 462,581</b>



**HENDERSON BEHAVIORAL HEALTH, INC. AND SUBSIDIARIES**  
**SCHEDULE OF PROGRAM/COST CENTER ACTUAL EXPENSES AND REVENUES**  
 (continued)  
 For the Year Ended June 30, 2014

Funding Sources and Revenues	Adult Mental Health								
	Room and Board with Supervision Level I	Residential Level II	Room and Board with Supervision Level II	Residential Level III	Room and Board with Supervision Level III	Incidental Expenses	Supported Employment	Training and Clinical Supervision	Total for Adult Mental Health
<b>STATE SAMH FUNDING:</b>									
From the District funding these contracts									
34317	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,254,354
34318	272,667	459,787	209,955	257,630	156,586	192,980	-	88,713	9,369,956
34319	-	-	-	-	-	-	-	-	-
IHS95	-	-	-	-	-	-	-	-	1,223,228
PNC24	-	-	-	-	-	-	-	-	100,446
<b>Total state SAMH funding</b>	<b>272,667</b>	<b>459,787</b>	<b>209,955</b>	<b>257,630</b>	<b>156,586</b>	<b>192,980</b>	<b>-</b>	<b>88,713</b>	<b>11,947,984</b>
<b>OTHER GOVERNMENT FUNDING:</b>									
Local government	-	-	446,316	216,356	-	-	-	100,312	2,186,793
Medicaid	32,242	14,869	76,757	-	35,412	-	-	-	4,671,973
Federal grants and contracts	-	-	-	-	-	-	69,260	23,087	928,909
Other state agency funding	-	36,716	-	17,798	-	-	-	8,252	179,894
<b>Total other government funding</b>	<b>32,242</b>	<b>51,585</b>	<b>523,073</b>	<b>234,154</b>	<b>35,412</b>	<b>-</b>	<b>69,260</b>	<b>131,651</b>	<b>7,967,569</b>
<b>ALL OTHER REVENUES:</b>									
Other	-	-	-	-	-	-	-	-	35,766
Rental income	-	-	-	-	-	-	-	-	-
Student counseling	-	-	-	-	-	-	-	-	936,381
In-kind	-	-	-	-	-	-	-	-	1,073,535
Contributions and donations	-	-	-	-	-	-	-	-	13,909
First and second party payments	41,639	95,493	95,493	-	-	-	-	-	420,692
Medicare	-	-	-	-	-	-	-	-	199,219
<b>Total all other revenues</b>	<b>41,639</b>	<b>95,493</b>	<b>95,493</b>	<b>-</b>	<b>-</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 220,364</b>	<b>\$ 2,679,502</b>
<b>Total funding</b>	<b>\$ 346,548</b>	<b>\$ 606,865</b>	<b>\$ 828,521</b>	<b>\$ 491,784</b>	<b>\$ 191,998</b>	<b>192,980</b>	<b>69,260</b>	<b>440,728</b>	<b>22,595,055</b>

**HENDERSON BEHAVIORAL HEALTH, INC. AND SUBSIDIARIES**  
**SCHEDULE OF PROGRAM/COST CENTER ACTUAL EXPENSES AND REVENUES**  
 (continued)  
 For the Year Ended June 30, 2014

Children's Mental Health										
Funding Sources and Revenues	Case Management	Outpatient	Medical Services	In-Home and On-Site	Intervention	Crisis Support/ Emergency	Residential Level II	Residential Level III	Incidental Expenses	Total For Children's Mental Health
<b>STATE SAMH FUNDING:</b>										
From the District funding these contracts										
34317	\$ -	-	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
34318	-	160,592	72,905	30,885	471,743	957,201	-	-	113,608	1,806,934
34319	942,000	-	-	-	-	-	-	-	-	942,000
IH595	-	-	-	-	-	-	-	-	-	-
PNC24	-	-	-	-	-	-	-	-	-	-
<b>Total state SAMH funding</b>	<b>942,000</b>	<b>160,592</b>	<b>72,905</b>	<b>30,885</b>	<b>471,743</b>	<b>957,201</b>	<b>-</b>	<b>-</b>	<b>113,608</b>	<b>2,748,934</b>
<b>OTHER GOVERNMENT FUNDING:</b>										
Local government	1,557,443	869,733	-	1,074,386	351,236	10,658	345,490	53,291	-	4,262,237
Medicaid	1,036,818	249,236	167,477	333,080	88,126	16,780	143,694	-	-	2,035,211
Federal grants and contracts	69,260	871,015	121,213	69,260	-	-	249,006	-	-	1,379,754
Other state agency funding	128,121	71,547	-	88,383	28,894	877	28,421	4,384	-	350,627
<b>Total other government funding</b>	<b>2,791,642</b>	<b>2,061,531</b>	<b>288,690</b>	<b>1,565,109</b>	<b>468,256</b>	<b>28,315</b>	<b>766,611</b>	<b>57,675</b>	<b>-</b>	<b>8,027,829</b>
<b>ALL OTHER REVENUES:</b>										
Other	-	-	-	-	11,280	-	-	-	-	11,280
Rental income	-	-	-	-	-	-	-	-	-	-
Student counseling	-	-	-	-	-	-	-	-	-	-
In-kind	-	-	-	-	-	-	-	-	-	-
Contributions and donations	45,986	-	-	-	-	-	-	58,967	-	104,953
First and second party payments	31,876	881	15,228	3,087	1,022	-	-	-	-	52,094
Medicare	-	-	-	-	-	-	-	-	-	-
<b>Total all other revenues</b>	<b>77,862</b>	<b>881</b>	<b>15,228</b>	<b>3,087</b>	<b>12,302</b>	<b>-</b>	<b>-</b>	<b>58,967</b>	<b>-</b>	<b>168,327</b>
<b>Total funding</b>	<b>\$ 3,811,504</b>	<b>2,223,004</b>	<b>376,823</b>	<b>\$ 1,599,081</b>	<b>\$ 952,301</b>	<b>\$ 985,516</b>	<b>\$ 766,611</b>	<b>\$ 116,642</b>	<b>\$ 113,608</b>	<b>\$ 10,945,090</b>

**HENDERSON BEHAVIORAL HEALTH, INC. AND SUBSIDIARIES**  
**SCHEDULE OF PROGRAM/COST CENTER ACTUAL EXPENSES AND REVENUES**  
 (continued)  
 For the Year Ended June 30, 2014

Funding Sources and Revenues	Adult Substance Abuse					Total Adult Substance Abuse
	Outpatient	Day/Night	Intervention	Outreach	Incidentals	
<b>STATE SAMH FUNDING:</b>						
From the District funding these contracts						
34317	\$ -	\$ -	-	\$ -	\$ -	\$ -
34318	41,143	34,875	33,905	308,491	22,259	440,673
34319	-	-	-	-	-	-
IH595	-	-	-	-	-	-
PNC24	-	-	-	-	-	-
<b>Total state SAMH funding</b>	<b>41,143</b>	<b>34,875</b>	<b>33,905</b>	<b>308,491</b>	<b>22,259</b>	<b>440,673</b>
<b>OTHER GOVERNMENT FUNDING:</b>						
Local government	-	-	-	-	-	-
Medicaid	24,913	301,765	-	-	-	326,678
Federal grants and contracts	-	-	-	-	-	-
Other state agency funding	-	-	-	-	-	-
<b>Total other government funding</b>	<b>24,913</b>	<b>301,765</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>326,678</b>
<b>ALL OTHER REVENUES:</b>						
Other	-	-	-	-	-	-
Rental income	-	-	-	-	-	-
Student counseling	-	-	-	-	-	-
In-kind	-	-	-	-	-	-
Contributions and donations	-	-	-	-	-	-
First and second party payments	-	-	-	-	-	-
Medicare	-	-	-	-	-	-
<b>Total all other revenues</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total funding</b>	<b>\$ 66,056</b>	<b>\$ 336,640</b>	<b>33,905</b>	<b>308,491</b>	<b>22,259</b>	<b>\$ 767,351</b>

**HENDERSON BEHAVIORAL HEALTH, INC. AND SUBSIDIARIES**  
**SCHEDULE OF PROGRAM/COST CENTER ACTUAL EXPENSES AND REVENUES**  
(continued)  
For the Year Ended June 30, 2014

<u>Funding Sources and Revenues</u>	<u>Total For State Funded SAMH Cost Centers</u>	<u>Non-State Funded SAMH Cost Centers</u>	<u>All State - Designated SAMH Cost Centers</u>	<u>Non- SAMH Cost Centers</u>	<u>Fundraising</u>	<u>Total Funding</u>
<b>STATE SAMH FUNDING:</b>						
From the District funding these contracts						
34317	\$ 1,254,354	\$ -	\$ 1,254,354	\$ -	\$ -	\$ 1,254,354
34318	11,617,563	-	11,617,563	-	-	11,617,563
34319	942,000	-	942,000	-	-	942,000
IHS95	1,223,228	-	1,223,228	-	-	1,223,228
PNC24	100,446	-	100,446	-	-	100,446
<b>Total State SAMH funding</b>	<b>15,137,591</b>	<b>-</b>	<b>15,137,591</b>	<b>-</b>	<b>-</b>	<b>15,137,591</b>
<b>OTHER GOVERNMENT FUNDING:</b>						
Local government	6,449,030	1,753,693	8,202,723	-	-	8,202,723
Medicaid	7,033,862	-	7,033,862	-	-	7,033,862
Federal grants and contracts	2,308,663	-	2,308,663	-	-	2,308,663
Other state agency funding	530,521	144,264	674,785	-	-	674,785
<b>Total other government funding</b>	<b>16,322,076</b>	<b>1,897,957</b>	<b>18,220,033</b>	<b>-</b>	<b>-</b>	<b>18,220,033</b>
<b>ALL OTHER REVENUES:</b>						
Other	47,046	5,665	52,711	40,841	-	93,552
Rental income	-	-	-	878,969	-	878,969
Student counseling	936,381	-	936,381	-	-	936,381
In-kind	1,073,535	-	1,073,535	-	66,972	1,140,507
Contributions and donations	118,862	-	118,862	-	849,590	968,452
First and second party payments	472,786	-	472,786	-	-	472,786
Medicare	199,219	-	199,219	-	-	199,219
<b>Total all other revenues</b>	<b>2,847,829</b>	<b>5,665</b>	<b>2,853,494</b>	<b>919,810</b>	<b>916,562</b>	<b>4,689,866</b>
<b>Total funding</b>	<b>\$ 34,307,496</b>	<b>\$ 1,903,622</b>	<b>\$ 36,211,118</b>	<b>\$ 919,810</b>	<b>\$ 916,562</b>	<b>\$ 38,047,490</b>

**HENDERSON BEHAVIORAL HEALTH, INC. AND SUBSIDIARIES**  
**SCHEDULE OF PROGRAM/COST CENTER ACTUAL EXPENSES AND REVENUES**  
(continued)  
For the Year Ended June 30, 2014

Adult Mental Health

Expense Categories	Case Management	Outpatient	Medical Services	In-Home and On-Site	Day/Night	Outreach	Crisis Stabilization	Crisis Support/ Emergency	Florida Assertive Community Treatment (FACT) Team
<b>PERSONNEL EXPENSES</b>									
Salaries	\$ 1,909,677	\$ 1,036,773	\$ 1,648,167	\$ 338,031	\$ 830,676	\$ 114,273	\$ 1,428,412	\$ 769,145	\$ 976,916
Fringe benefits	396,048	215,626	330,040	67,192	175,141	30,804	285,594	154,019	195,824
<b>Total personnel expenses</b>	<b>2,305,725</b>	<b>1,252,399</b>	<b>1,978,207</b>	<b>405,223</b>	<b>1,005,817</b>	<b>145,077</b>	<b>1,714,006</b>	<b>923,164</b>	<b>1,172,740</b>
<b>OTHER EXPENSES:</b>									
Building occupancy	258,164	80,154	98,348	12,294	15,490	5,655	76,220	46,224	88,759
Other	205,634	61,690	71,972	20,563	61,690	20,563	123,381	102,817	411,269
Professional services	61,014	887	51,436	1,774	9,312	1,774	65,271	58,265	19,244
In-kind donations	-	109,245	683,857	-	-	-	114,051	114,051	-
Equipment	90,952	4,169	22,980	4,169	60,699	8,339	13,963	92,115	82,807
Travel	111,452	19,414	9,204	9,426	15,214	2,063	3,563	28,087	18,446
Food service	12,871	187	-	1,554	89,162	-	8,145	3,109	3,917
Insurance	51,450	8,630	20,318	1,202	9,940	5,953	17,969	19,389	24,032
Operating supplies and expenses	21,673	3,612	19,388	1,062	12,430	-	17,104	15,617	13,386
Medical and pharmacy	13,620	-	282,970	91	2,815	-	18,477	2,452	10,260
Interest expense	-	-	-	-	-	-	-	-	-
<b>Total other expenses</b>	<b>826,830</b>	<b>287,988</b>	<b>1,260,473</b>	<b>52,135</b>	<b>276,752</b>	<b>44,347</b>	<b>458,144</b>	<b>482,126</b>	<b>672,120</b>
<b>Total personnel and other expenses</b>	<b>3,132,555</b>	<b>1,540,387</b>	<b>3,238,680</b>	<b>457,358</b>	<b>1,282,569</b>	<b>189,424</b>	<b>2,172,150</b>	<b>1,405,290</b>	<b>1,844,860</b>
<b>DISTRIBUTED INDIRECT COSTS:</b>									
Allocation of other support costs	140,350	33,040	134,719	7,423	57,762	13,722	95,167	77,935	87,743
Allocation of administration	480,274	124,557	507,876	27,984	156,909	51,730	358,770	293,808	330,781
<b>Total distributed indirect costs</b>	<b>620,624</b>	<b>157,597</b>	<b>642,595</b>	<b>35,407</b>	<b>214,671</b>	<b>65,452</b>	<b>453,937</b>	<b>371,743</b>	<b>418,524</b>
<b>Total actual operating expenses</b>	<b>3,753,179</b>	<b>1,697,984</b>	<b>3,881,275</b>	<b>492,765</b>	<b>1,497,240</b>	<b>254,876</b>	<b>2,626,087</b>	<b>1,777,033</b>	<b>2,263,384</b>
<b>UNALLOWABLE COSTS</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total allowed operating expenses</b>	<b>\$ 3,753,179</b>	<b>\$ 1,697,984</b>	<b>\$ 3,881,275</b>	<b>\$ 492,765</b>	<b>\$ 1,497,240</b>	<b>\$ 254,876</b>	<b>\$ 2,626,087</b>	<b>\$ 1,777,033</b>	<b>\$ 2,263,384</b>
<b>CAPITAL EXPENDITURES</b>	<b>\$ 27,760</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 21,145</b>	<b>\$ 111,777</b>

**HENDERSON BEHAVIORAL HEALTH, INC. AND SUBSIDIARIES**  
**SCHEDULE OF PROGRAM/COST CENTER ACTUAL EXPENSES AND REVENUES**  
(continued)  
For the Year Ended June 30, 2014

Adult Mental Health										
Expense Categories	Residential Level I	Room and Board with Supervision Level I	Residential Level II	Room and Board with Supervision Level II	Residential Level III	Room and Board with Supervision Level III	Incidental Expenses	Training and Clinical Supervision	Supported Employment	Total for Adult Mental Health
<b>PERSONNEL EXPENSES</b>										
Salaries	\$ 175,805	\$ 263,707	\$ 219,756	\$ 439,511	\$ 150,440	\$ 219,756	\$ -	\$ 87,902	\$ 164,817	\$ 10,773,764
Fringe benefits	35,204	52,806	44,005	88,011	29,354	44,005	-	17,602	33,004	2,194,279
<b>Total personnel expenses</b>	<b>211,009</b>	<b>316,513</b>	<b>263,761</b>	<b>527,522</b>	<b>179,794</b>	<b>263,761</b>	<b>-</b>	<b>105,504</b>	<b>197,821</b>	<b>12,968,043</b>
<b>OTHER EXPENSES:</b>										
Building occupancy	49,174	73,761	196,696	73,761	122,935	61,468	-	-	36,881	1,295,984
Other	10,282	10,282	20,563	10,282	10,282	10,282	82,254	-	2,056	1,235,862
Professional services	24,388	23,146	8,957	14,189	1,064	887	-	-	887	342,495
In-kind donations	-	-	-	-	-	-	-	-	-	1,021,204
Equipment	5,527	7,660	8,048	12,314	873	2,909	-	-	4,169	421,693
Travel	216	176	234	241	590	123	-	7,190	-	225,639
Food service	37,306	37,306	95,442	107,442	15,047	16,912	-	-	124	428,524
Insurance	6,172	6,773	17,860	15,675	14,747	13,654	-	-	3,714	237,478
Operating supplies and expenses	850	1,062	3,559	7,968	531	850	-	-	1,700	120,792
Medical and pharmacy	20,248	136	182	182	45	45	19,204	-	-	370,727
Interest expense	-	-	-	-	30,096	9,479	-	-	-	39,575
<b>Total other expenses</b>	<b>154,163</b>	<b>160,302</b>	<b>351,541</b>	<b>242,054</b>	<b>196,210</b>	<b>116,609</b>	<b>101,458</b>	<b>7,190</b>	<b>49,531</b>	<b>5,739,973</b>
<b>Total personnel and other expenses</b>	<b>365,172</b>	<b>476,815</b>	<b>615,302</b>	<b>769,576</b>	<b>376,004</b>	<b>380,370</b>	<b>101,458</b>	<b>112,694</b>	<b>247,352</b>	<b>18,708,016</b>
<b>DISTRIBUTED INDIRECT COSTS:</b>										
Allocation of other support costs	11,946	10,147	21,190	30,723	13,177	10,752	1,170	3,509	5,483	755,958
Allocation of administration	45,037	38,253	79,883	115,823	49,678	50,646	25,278	65,216	29,819	2,832,322
<b>Total distributed indirect costs</b>	<b>56,983</b>	<b>48,400</b>	<b>101,073</b>	<b>146,546</b>	<b>62,855</b>	<b>61,398</b>	<b>26,448</b>	<b>68,725</b>	<b>35,302</b>	<b>3,588,280</b>
<b>Total actual operating expenses</b>	<b>422,155</b>	<b>525,215</b>	<b>716,375</b>	<b>916,122</b>	<b>438,859</b>	<b>441,768</b>	<b>127,906</b>	<b>181,419</b>	<b>282,654</b>	<b>22,296,296</b>
<b>UNALLOWABLE COSTS</b>										
<b>Total allowed operating expenses</b>	<b>\$ 422,155</b>	<b>\$ 525,215</b>	<b>\$ 716,375</b>	<b>\$ 916,122</b>	<b>\$ 438,859</b>	<b>\$ 441,768</b>	<b>\$ 127,906</b>	<b>\$ 181,419</b>	<b>\$ 282,654</b>	<b>\$ 22,296,296</b>
<b>CAPITAL EXPENDITURES</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 160,682</b>

**HENDERSON BEHAVIORAL HEALTH, INC. AND SUBSIDIARIES**  
**SCHEDULE OF PROGRAM/COST CENTER ACTUAL EXPENSES AND REVENUES**  
(continued)  
For the Year Ended June 30, 2014

Children's Mental Health										
Expense Categories	Case Management	Outpatient	Medical Services	In-Home and On-Site	Intervention	Crisis Support/ Emergency	Residential Level II	Residential Level III	Incidental Expenses	Total for Children's Mental Health
<b>PERSONNEL EXPENSES</b>										
Salaries	\$ 2,401,603	\$ 1,589,071	\$ 229,216	\$ 943,369	\$ 552,968	\$ 608,568	\$ 361,616	\$ 65,514	\$ -	\$ 6,751,925
Fringe benefits	462,055	319,038	44,936	183,089	108,404	119,303	70,891	12,843	-	1,320,559
Total personnel expenses	<u>2,863,658</u>	<u>1,908,109</u>	<u>274,152</u>	<u>1,126,458</u>	<u>661,372</u>	<u>727,871</u>	<u>432,507</u>	<u>78,357</u>	<u>-</u>	<u>8,072,484</u>
<b>OTHER EXPENSES:</b>										
Building occupancy	131,295	42,290	20,161	54,337	24,095	34,422	30,980	983	-	338,563
Other	143,944	87,395	3,085	16,039	18,507	3,085	25,499	10,487	-	308,041
Professional services	42,391	2,661	2,483	25,718	355	15,697	14,278	13,036	-	116,619
In-kind donations	-	-	-	-	-	-	-	-	-	-
Equipment	28,119	12,314	2,618	25,889	2,133	13,478	21,041	2,230	-	107,822
Travel	167,591	37,508	252	103,001	42,765	5,907	5,845	3,750	-	366,619
Food service	4,974	-	-	7,523	187	373	68,146	4,290	-	85,493
Insurance	21,465	15,948	6,117	10,869	8,357	7,100	13,217	328	-	83,401
Operating supplies and expenses	10,571	6,746	2,497	3,878	5,046	7,543	4,728	159	-	41,168
Medical and pharmacy	52,572	272	21,746	272	-	91	272	-	1,907	77,132
Interest expense	-	-	-	-	-	-	-	-	-	-
Total other expenses	<u>602,922</u>	<u>205,134</u>	<u>58,959</u>	<u>247,526</u>	<u>101,445</u>	<u>87,696</u>	<u>184,006</u>	<u>35,263</u>	<u>1,907</u>	<u>1,524,858</u>
Total personnel and other expenses	<u>3,466,580</u>	<u>2,113,243</u>	<u>333,111</u>	<u>1,373,984</u>	<u>762,817</u>	<u>815,567</u>	<u>616,513</u>	<u>113,620</u>	<u>1,907</u>	<u>9,597,342</u>
<b>DISTRIBUTED INDIRECT COSTS:</b>										
Allocation of other support costs	150,170	56,816	14,428	80,989	32,531	30,328	26,509	4,945	361	397,077
Allocation of administration	583,762	214,189	54,393	305,320	122,637	111,749	99,938	18,640	1,362	1,511,990
Total distributed indirect costs	<u>733,932</u>	<u>271,005</u>	<u>68,821</u>	<u>386,309</u>	<u>155,168</u>	<u>142,077</u>	<u>126,447</u>	<u>23,585</u>	<u>1,723</u>	<u>1,909,067</u>
Total actual operating expenses	<u>4,200,512</u>	<u>2,384,248</u>	<u>401,932</u>	<u>1,760,293</u>	<u>917,985</u>	<u>957,644</u>	<u>126,447</u>	<u>137,205</u>	<u>3,630</u>	<u>11,506,409</u>
<b>UNALLOWABLE COSTS</b>	-	-	-	-	-	-	-	-	-	-
Total allowed operating expenses	<u>\$ 4,200,512</u>	<u>\$ 2,384,248</u>	<u>\$ 401,932</u>	<u>\$ 1,760,293</u>	<u>\$ 917,985</u>	<u>\$ 957,644</u>	<u>\$ 126,447</u>	<u>\$ 137,205</u>	<u>\$ 3,630</u>	<u>\$ 11,506,409</u>
<b>CAPITAL EXPENDITURES</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,049</u>	<u>\$ -</u>	<u>\$ 5,049</u>

**HENDERSON BEHAVIORAL HEALTH, INC. AND SUBSIDIARIES**  
**SCHEDULE OF PROGRAM/COST CENTER ACTUAL EXPENSES AND REVENUES**  
 (continued)  
 For the Year Ended June 30, 2014

Adult Substance Abuse

<u>Expense Categories</u>	<u>Outpatient</u>	<u>Day/Night</u>	<u>Intervention</u>	<u>Outreach</u>	<u>Incidental Expenses</u>	<u>Total for Adult Substance Abuse</u>
<b>PERSONNEL EXPENSES</b>						
Salaries	\$ 61,619	\$ 109,878	\$ 20,475	\$ 109,878	\$ -	\$ 301,850
Fringe benefits	<u>12,057</u>	<u>22,003</u>	<u>4,031</u>	<u>22,003</u>	<u>-</u>	<u>60,094</u>
<b>Total personnel expenses</b>	<u>73,676</u>	<u>131,881</u>	<u>24,506</u>	<u>131,881</u>	<u>-</u>	<u>361,944</u>
<b>OTHER EXPENSES:</b>						
Building occupancy	5,163	42,536	3,196	3,196	-	54,091
Other	7,197	3,496	-	-	20,563	31,256
Professional services	266	1,064	-	-	-	1,330
In-kind donations	-	-	-	-	-	-
Equipment	1,164	8,048	-	-	-	9,212
Travel	997	1,054	1,687	1,687	-	5,425
Food service	-	-	-	-	-	-
Insurance	1,092	6,991	710	710	-	9,503
Operating supplies and expenses	584	1,009	-	-	-	1,593
Medical and pharmacy	-	-	-	-	6,128	6,128
Interest expense	-	-	-	-	-	-
<b>Total other expenses</b>	<u>16,463</u>	<u>64,198</u>	<u>5,593</u>	<u>5,593</u>	<u>26,691</u>	<u>118,538</u>
<b>Total personnel and other expenses</b>	<u>90,139</u>	<u>196,079</u>	<u>30,099</u>	<u>137,474</u>	<u>26,691</u>	<u>480,482</u>
<b>DISTRIBUTED INDIRECT COSTS:</b>						
Allocation of other support costs	3,860	4,166	1,286	5,965	1,272	16,549
Allocation of administration	<u>14,552</u>	<u>15,711</u>	<u>4,850</u>	<u>25,072</u>	<u>4,784</u>	<u>64,969</u>
<b>Total distributed indirect costs</b>	<u>18,412</u>	<u>19,877</u>	<u>6,136</u>	<u>31,037</u>	<u>6,056</u>	<u>81,518</u>
<b>Total actual operating expenses</b>	<u>108,551</u>	<u>215,956</u>	<u>36,235</u>	<u>168,511</u>	<u>32,747</u>	<u>562,000</u>
<b>UNALLOWABLE COSTS</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total allowed operating expenses</b>	<u>\$ 108,551</u>	<u>\$ 215,956</u>	<u>\$ 36,235</u>	<u>\$ 168,511</u>	<u>\$ 32,747</u>	<u>\$ 562,000</u>
<b>CAPITAL EXPENDITURES</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>



**HENDERSON BEHAVIORAL HEALTH, INC. AND SUBSIDIARIES**  
**SCHEDULE OF PROGRAM/COST CENTER ACTUAL EXPENSES AND REVENUES**  
(continued)  
For the Year Ended June 30, 2014

Expense Categories	Total for State Funded SAMH Cost Centers	Non-State Funded SAMH Cost Centers	All State-Designated SAMH Cost Centers	Non-SAMH Cost Center	Fundraising	Other Support Costs	Administration	Total Expenses
<b>PERSONNEL EXPENSES</b>								
Salaries	\$ 17,827,539	\$ 431,307	\$ 18,258,846	\$ 366,990	\$ 81,038	\$ 621,733	\$ 2,646,957	\$ 21,975,564
Fringe benefits	3,574,932	88,011	3,662,943	73,489	15,399	120,636	528,063	4,400,530
<b>Total personnel expenses</b>	<b>21,402,471</b>	<b>519,318</b>	<b>21,921,789</b>	<b>440,479</b>	<b>96,437</b>	<b>742,369</b>	<b>3,175,020</b>	<b>26,376,094</b>
<b>OTHER EXPENSES:</b>								
Building occupancy	1,688,638	155,144	1,843,782	80,400	5,164	104,740	424,618	2,458,704
Other	1,575,159	74,645	1,649,804	4,935	33,518	29,406	338,681	2,056,344
Professional services	460,444	27,847	488,291	4,434	4,523	163,178	226,410	886,836
In-kind donations	1,021,204	-	1,021,204	-	-	-	119,303	1,140,507
Equipment	538,727	22,205	560,932	18,229	10,472	84,649	295,352	969,634
Travel	597,683	15,860	613,543	3,563	1,239	3,119	97,580	719,044
Food service	514,017	104,520	618,537	3,235	-	-	-	621,772
Insurance	330,382	16,385	346,767	124,694	-	-	74,716	546,177
Operating supplies and expenses	163,553	13,652	177,205	531	7,490	42,123	303,842	531,191
Medical and pharmacy	453,987	-	453,987	-	-	-	-	453,987
Interest expense	39,575	-	39,575	279,577	-	-	-	319,152
<b>Total other expenses</b>	<b>7,383,369</b>	<b>430,258</b>	<b>7,813,627</b>	<b>519,598</b>	<b>62,406</b>	<b>427,215</b>	<b>1,880,502</b>	<b>10,703,348</b>
<b>Total personnel and other expenses</b>	<b>28,785,840</b>	<b>949,576</b>	<b>29,735,416</b>	<b>960,077</b>	<b>158,843</b>	<b>1,169,584</b>	<b>5,055,522</b>	<b>37,079,442</b>
<b>DISTRIBUTED INDIRECT COSTS:</b>								
Allocation of other support costs	1,169,584	-	1,169,584	-	-	(1,169,584)	-	-
Allocation of administration	4,409,281	386,439	4,795,720	235,740	24,062	-	(5,055,522)	-
<b>Total distributed indirect costs</b>	<b>5,578,865</b>	<b>386,439</b>	<b>5,965,304</b>	<b>235,740</b>	<b>24,062</b>	<b>(1,169,584)</b>	<b>(5,055,522)</b>	<b>-</b>
<b>Total actual operating expenses</b>	<b>34,364,705</b>	<b>1,336,015</b>	<b>35,700,720</b>	<b>1,195,817</b>	<b>182,905</b>	<b>-</b>	<b>-</b>	<b>37,079,442</b>
<b>UNALLOWABLE COSTS</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>182,905</b>	<b>-</b>	<b>-</b>	<b>182,905</b>
<b>Total allowed operating expenses</b>	<b>\$ 34,364,705</b>	<b>\$ 1,336,015</b>	<b>\$ 562,000</b>	<b>\$ 1,195,817</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 36,896,537</b>
<b>CAPITAL EXPENDITURES</b>	<b>\$ 165,731</b>	<b>\$ -</b>	<b>\$ 165,731</b>	<b>\$ 17,840</b>	<b>\$ -</b>	<b>\$ 9,134</b>	<b>\$ 19,898</b>	<b>\$ 212,603</b>

**HENDERSON BEHAVIORAL HEALTH, INC. AND SUBSIDIARIES**  
**SCHEDULE OF STATE EARNINGS**  
**For the Year Ended June 30, 2014**

<b>TOTAL EXPENDITURES</b>	<b>\$ 37,079,442</b>
Less other state and Federal funds	(10,006,946)
Less nonmatch SAMH funds	(4,929,889)
Less unallowable costs per 65E-14, F.A.C.	<u>(182,905)</u>
<b>TOTAL ALLOWABLE EXPENDITURES</b>	<b>\$ <u>21,959,702</u></b>
<b>MAXIMUM AVAILABLE EARNINGS</b>	<b>\$ <u>16,469,777</u></b>
<b>AMOUNT OF STATE FUNDS REQUIRING MATCH</b>	<b>\$ <u>10,207,702</u></b>
<b>AMOUNT DUE TO DEPARTMENT *</b>	<b>\$ <u>6,262,075</u></b>

\* If this amount is negative, the amount due to the department up to the amount on line listed as "amount of state funds requiring match."

**HENDERSON BEHAVIORAL HEALTH, INC. AND SUBSIDIARIES**  
**SCHEDULE OF BED-DAY AVAILABILITY PAYMENTS**  
**For the Year Ended June 30, 2014**

<u>Program</u>	<u>Cost Center</u>	<u>State Contracted Rate</u>	<u>Total Units of Service Provided</u>	<u>Total Units of Services Paid by Third 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 the Department</u>	<u>Maximum Dollar Value of Units Eligible for Payment by the Department</u>	<u>Amount Owed to Department</u>
Adult Mental Health (34318)	Crisis Stabilization	\$ <u>291.24</u>	<u>8,395</u>	<u>1,825</u>	<u>6,570</u>	\$ <u>1,913,447</u>	\$ <u>1,913,447</u>	\$ <u>NONE</u>



# INTERNAL CONTROLS AND COMPLIANCE

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*

To the Board of Directors  
Henderson Behavioral Health, Inc. and Subsidiaries  
Fort Lauderdale, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Henderson Behavioral Health, Inc.'s and Subsidiaries (the "Organization") (a nonprofit organization), which comprise the statement of financial position as of June 30, 2014, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 21, 2014.

**Internal Control over Financial Reporting**

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

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's 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 the Organization'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.

  
KEEFE McCULLOUGH

Fort Lauderdale, Florida  
October 21, 2014

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

To the Board of Directors  
Henderson Behavioral Health, Inc. and Subsidiaries  
Fort Lauderdale, Florida

**Report on Compliance for Each Major Federal Program and State Project**

We have audited Henderson Behavioral Health, Inc.'s and Subsidiaries (the "Organization") (a nonprofit organization) compliance with the types of compliance requirements described in the OMB *Circular A-133 Compliance Supplement*, and the compliance requirements described in the *Department of Financial Services' State Projects Compliance Supplement*, that could have a direct and material effect on each of the Organization's major Federal programs and state projects for the year ended June 30, 2014. Henderson Behavioral Health, Inc.'s and Subsidiaries 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 Henderson Behavioral Health, Inc.'s and Subsidiaries major Federal programs and state projects based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and Chapter 10.650, *Rules of the Auditor General*. Those standards, OMB Circular A-133 and Chapter 10.650, *Rules of the Auditor General* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal program and/or state project occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major Federal program and state project. However, our audit does not provide a legal determination of the Organization's compliance.

### Opinion on Each Major Federal Program and State Project

In our opinion, the Organization 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 Henderson Behavioral Health, Inc. and Subsidiaries 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 Henderson Behavioral Health, Inc.'s and Subsidiaries internal control over compliance with the types of requirements that could have a direct and material effect on each major Federal program or state project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major Federal program and state project and to test and report on internal control over compliance in accordance with OMB Circular A-133 and Chapter 10.650, *Rules of the Auditor General*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Henderson Behavioral Health, Inc.'s and Subsidiaries internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a Federal program and/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 and/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 and/or state project that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

### Purpose of this Report

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.



KEEFE McCULLOUGH



HENDERSON BEHAVIORAL HEALTH, INC. AND SUBSIDIARIES  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 For the Year Ended June 30, 2014

**A. SUMMARY OF AUDITOR'S RESULTS**

1. The auditor's report expresses an unmodified opinion on the financial statements of Henderson Behavioral Health, Inc. and Subsidiaries.
2. No material weaknesses relating to the audit of the combined financial statements are reported in the 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*.
3. No instances of noncompliance material to the combined financial statements of Henderson Behavioral Health, Inc. and Subsidiaries were disclosed during the audit.
4. No material weaknesses relating to the audit of the major Federal programs or state projects are reported in the Independent Auditor's Report on Compliance for Each Major Federal Program and State Project and on Internal Control over Compliance Required by OMB Circular A-133 and Chapter 10.650, Rules of the Auditor General.
5. The auditor's report on compliance for the major Federal programs and state projects for Henderson Behavioral Health, Inc. and Subsidiaries expresses an unmodified opinion.
6. There are no audit findings relative to the major Federal programs and state projects for Henderson Behavioral Health, Inc. and Subsidiaries reported in Part C of this schedule.
7. The programs/projects tested as major programs/projects are the following:

<b>Federal Program</b>	<b>Federal CFDA No.</b>
United States Department of Health and Human Services, Block Grants for Community Mental Health Services	93.958
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243
<b>State Project</b>	<b>State CSFA No.</b>
State of Florida Department of Children and Families, Community Forensic Beds and Competency Restoration Training	60.114
Community Based Care	60.094
State of Florida Department of Juvenile Justice, Mental Health Services	80.111

HENDERSON BEHAVIORAL HEALTH, INC. AND SUBSIDIARIES  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(continued)  
For the Year Ended June 30, 2014

8. The threshold for distinguishing Type A and B programs/projects was \$ 300,000 for Federal programs and \$ 223,373 for state projects.
9. Henderson Behavioral Health, Inc. and Subsidiaries was determined to be a low risk auditee pursuant to OMB Circular A-133.

**B. FINDINGS - FINANCIAL STATEMENT AUDIT**

No matters were reported.

**C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARDS PROGRAMS AND STATE FINANCIAL ASSISTANCE PROJECTS AUDITS**

No matters were reported.

**D. OTHER ISSUES**

1. No management letter is required because there were no findings required to be reported in a separate management letter.
2. No summary schedule of prior audit findings is required because there were no prior audit findings related to Federal programs or state projects.
3. No corrective action plan is required because there were no findings reported under OMB Circular A-133 or the Florida Single Audit Act.