

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

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED JUNE 30, 2016

**CHAUTAUQUA OFFICES OF PSYCHOTHERAPY
AND EVALUATION, INC.
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JUNE 30, 2016**

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying statement of financial position of Chautauqua Offices of Psychotherapy and Evaluation, Inc. (COPE) as of June 30, 2016, and the related statements of activities, functional expenses, and cash flows for the year then ended.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Chautauqua Offices of Psychotherapy and Evaluation, Inc. as of June 30, 2016, and the changes in its net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Chautauqua Offices of Psychotherapy and Evaluation, Inc.'s 2015 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 25, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and Chapter 10.650, Rules of the Auditor General, *Florida Single Audit Act Audits – Nonprofit and For-profit Organizations*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 25, 2017 on our consideration of COPE's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Warren Averett, LLC

Destin, Florida
January 25, 2017

CHAUTAUQUA OFFICES OF PSYCHOTHERAPY AND EVALUATION, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2016
(WITH SUMMARIZED COMPARATIVE TOTALS AS OF JUNE 30, 2015)

	2016	2015
ASSETS		
CURRENT ASSETS		
Cash	\$ 2,896,883	\$ 2,755,571
Investments	106,612	106,052
Accounts receivable, net	236,054	266,529
Grants receivable	579,214	601,635
Prepaid expenses	279,075	13,854
Total current assets	4,097,838	3,743,641
NON-CURRENT ASSETS		
Restricted cash	114,354	162,453
Property and equipment, net	2,529,680	2,456,369
Total non-current assets	2,644,034	2,618,822
TOTAL ASSETS	\$ 6,741,872	\$ 6,362,463
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 69,825	\$ 105,534
Accrued expenses payable		
Salaries and other related liabilities	275,890	211,527
Annual leave	99,175	109,443
Medicaid carveout reserve	21,063	131,570
Client trust funds	28,430	30,883
Current portion of long-term debt	101,043	91,919
Current portion of capital lease obligations	24,082	20,009
Total current liabilities	619,508	700,885
NON-CURRENT LIABILITIES		
Long-term debt, less current portion	1,039,361	1,140,674
Capital lease obligations, less current portion	20,970	47,519
Total non-current liabilities	1,060,331	1,188,193
TOTAL LIABILITIES	1,679,839	1,889,078
NET ASSETS	5,062,033	4,473,385
TOTAL LIABILITIES AND NET ASSETS	\$ 6,741,872	\$ 6,362,463

See notes to the financial statements.

CHAUTAUQUA OFFICES OF PSYCHOTHERAPY AND EVALUATION, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016
(WITH SUMMARIZED COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2015)

	Unrestricted	Temporarily Restricted	2016	2015
PUBLIC SUPPORT AND REVENUE				
Public support				
Federal awards and state financial assistance:				
Alcohol, drug abuse, and mental health funding	\$ -	\$ 1,726,306	\$ 1,726,306	\$ 1,613,663
Other federal and state funding	-	2,790,142	2,790,142	2,450,401
Other grants and contracts	-	110,088	110,088	134,816
Client service fees, net of discounts:				
Client and third party fees	627,961	-	627,961	725,717
Medicaid	2,765,377	-	2,765,377	2,431,993
Contributions and donations	29,465	-	29,465	36,373
Total public support	<u>3,422,803</u>	<u>4,626,536</u>	<u>8,049,339</u>	<u>7,392,963</u>
Other revenue				
Miscellaneous revenue	115,003	-	115,003	102,917
Gain on sale of fixed asset	-	-	-	350,751
Net assets released from restriction				
Satisfaction of program restrictions	4,626,536	(4,626,536)	-	-
Total other revenue	<u>4,741,539</u>	<u>(4,626,536)</u>	<u>115,003</u>	<u>453,668</u>
Total public support and other revenue	<u>8,164,342</u>	<u>-</u>	<u>8,164,342</u>	<u>7,846,631</u>
EXPENSES				
Program expenses				
Alcohol, drug abuse, and mental health programs (ADM)				
Adult Mental Health	3,360,791	-	3,360,791	2,770,332
Children's Mental Health	2,062,892	-	2,062,892	247,773
Adult Substance Abuse	277,004	-	277,004	222,198
Children's Substance Abuse	159,255	-	159,255	128,134
Total ADM program services	<u>5,859,942</u>	<u>-</u>	<u>5,859,942</u>	<u>3,368,437</u>
Other non-ADM programs	920,592	-	920,592	3,112,609
Total program expenses	<u>6,780,534</u>	<u>-</u>	<u>6,780,534</u>	<u>6,481,046</u>
Supporting services				
Administrative support	795,160	-	795,160	819,735
Total supporting services	<u>795,160</u>	<u>-</u>	<u>795,160</u>	<u>819,735</u>
Total expenses	<u>7,575,694</u>	<u>-</u>	<u>7,575,694</u>	<u>7,300,781</u>
CHANGE IN NET ASSETS	588,648	-	588,648	545,850
NET ASSETS – JULY 1	<u>4,473,385</u>	<u>-</u>	<u>4,473,385</u>	<u>3,927,535</u>
NET ASSETS – JUNE 30	<u>\$ 5,062,033</u>	<u>\$ -</u>	<u>\$ 5,062,033</u>	<u>\$ 4,473,385</u>

See notes to the financial statements.

CHAUTAUQUA OFFICES OF PSYCHOTHERAPY AND EVALUATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2016
(WITH SUMMARIZED COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2015)

	Program Services					Supporting Services	Total	
	Adult Mental Health	Children's Mental Health	Adult Substance Abuse	Children's Substance Abuse	Other Non- ADM Programs	Administrative Support	2016	2015
DIRECT EXPENSES								
Salaries	\$ 1,483,741	\$ 1,240,407	\$ 166,368	\$ 108,891	\$ 540,904	\$ 440,298	\$ 3,980,609	\$ 3,738,343
Fringe benefits	391,551	336,194	49,282	29,797	128,795	105,314	1,040,933	934,241
Total salaries and related expenses	1,875,292	1,576,601	215,650	138,688	669,699	545,612	5,021,542	4,672,584
Occupancy	128,031	34,962	15,831	921	49,121	16,799	245,665	243,113
Professional services	39,925	178,283	1,767	1,015	16,826	54,729	292,545	417,988
Training and travel	31,265	44,183	8,873	1,679	82,596	38,553	207,149	132,897
Equipment	10,191	9,858	312	643	902	-	21,906	58,406
Food services	102,139	420	-	-	1,165	570	104,294	102,724
Medical and pharmacy	43,114	1,946	8,569	14	413	226	54,282	60,974
Insurance	88,313	52,082	5,888	3,352	14,499	23,960	188,094	180,585
Medicaid administration fee	290,102	-	-	-	-	-	290,102	207,214
Interest	35,476	16,478	2,448	822	1,427	10,949	67,600	74,477
Supplies and other operating expenses	658,466	124,402	14,778	11,407	74,200	63,502	946,755	977,038
Depreciation	58,477	23,677	2,888	714	9,744	40,260	135,760	172,781
Total direct expenses	3,360,791	2,062,892	277,004	159,255	920,592	795,160	7,575,694	7,300,781
DISTRIBUTED COSTS								
Administrative support	408,714	274,647	27,592	15,903	68,304	(795,160)	-	-
TOTAL EXPENSES	\$ 3,769,505	\$ 2,337,539	\$ 304,596	\$ 175,158	\$ 988,896	\$ -	\$ 7,575,694	\$ 7,300,781

See notes to the financial statements.

CHAUTAUQUA OFFICES OF PSYCHOTHERAPY AND EVALUATION, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2016
(WITH SUMMARIZED COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2015)

	<u>2016</u>	<u>2015</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets	\$ 588,648	\$ 545,850
Adjustments to reconcile change in net assets to cash flows from operating activities:		
Depreciation	135,760	172,781
Amortization of debt issuance costs	4,018	2,731
(Increase) decrease in:		
Accounts receivable	30,475	473,196
Grants receivable	22,421	(140,253)
Prepaid expense	(265,221)	154,163
Increase (decrease) in:		
Accounts payable	(35,709)	87,717
Salaries and other related liabilities	64,363	35,595
Annual leave	(10,268)	22,570
Medicaid carveout	(110,507)	83,984
Client trust funds	(2,453)	23,717
Net cash flows provided by operating activities	<u>421,527</u>	<u>1,462,051</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of equipment	(209,071)	(106,486)
Purchases of investments	(106,612)	(106,052)
Redemption of investments	106,052	105,470
Net cash used in investing activities	<u>(209,631)</u>	<u>(107,068)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on long-term debt	(96,207)	(120,909)
Payments on capital lease obligations	(22,476)	(26,460)
Net cash used in financing activities	<u>(118,683)</u>	<u>(147,369)</u>
NET INCREASE IN CASH	93,213	1,207,614
CASH AT BEGINNING OF YEAR	<u>2,918,024</u>	<u>1,710,410</u>
CASH AT END OF YEAR	<u>\$ 3,011,237</u>	<u>\$ 2,918,024</u>
COMPOSITION OF CASH		
Cash – unrestricted	\$ 2,896,883	\$ 2,755,571
Cash – restricted	114,354	162,453
CASH – JUNE 30	<u>\$ 3,011,237</u>	<u>\$ 2,918,024</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Interest paid	<u>\$ 65,219</u>	<u>\$ 71,684</u>

See notes to the financial statements.

CHAUTAUQUA OFFICES OF PSYCHOTHERAPY AND EVALUATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Purpose

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

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

Basis of Accounting

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

Financial Statement Presentation

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

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

The financial statements include certain prior-year summarized comparative information in total but not by asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with COPE's financial statements for the year ended June 30, 2015, from which the summarized information was derived.

CHAUTAUQUA OFFICES OF PSYCHOTHERAPY AND EVALUATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Cash and Cash Equivalents

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

Investments

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

Restricted and Unrestricted Revenue and Support

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

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

Donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as "net assets released from restrictions". Federal and state grant awards are classified as refundable advances until expended for the purposes of grants since they are conditional promises to give.

Property and Equipment

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

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

Accrued Annual Leave

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

CHAUTAUQUA OFFICES OF PSYCHOTHERAPY AND EVALUATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Income Taxes

COPE has been granted an exemption from income taxes under Internal Revenue Code, Section 501(c)(3) as a not-for-profit corporation. COPE has also been classified as an entity that is not a private foundation within the meaning of Section 509(a) and qualifies for deductible contributions as provided in section 170(b)(1)(A)(vi). COPE is not aware of any uncertain tax positions that would require disclosure or accrual in accordance with generally accepted accounting principles.

Statement of Functional Expenses

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

Estimates

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

Reclassifications

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

Events Occurring After Reporting Date

COPE has evaluated events and transactions that occurred between June 30, 2016 and January 25, 2017, which is the date the financial statements were available to be issued, for possible recognition or disclosure in the financial statements.

2. CONCENTRATIONS

Grants and Contracts

COPE receives a substantial portion of its funding directly or indirectly in the form of pass through funding from the State of Florida Department of Health and Human Services (DHHS). The largest amount is received through alcohol, drug abuse, and mental health (ADM) funding. During the year ended June 30, 2016, 38% of total funding was from the DHHS, which was primarily received under contracts A007, C-003-100, and 01-1314.

CHAUTAUQUA OFFICES OF PSYCHOTHERAPY AND EVALUATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016

2. CONCENTRATIONS – CONTINUED

Concentration of Credit Risk

COPE maintains cash balances in excess of the federally insured limits of \$250,000 for the year ended June 30, 2016. COPE's exposure to credit loss for deposits held in the bank was \$2,750,096 at June 30, 2016. COPE has not experienced any losses and believes there is little or no exposure to any significant credit risk.

3. RESTRICTED CASH

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

4. INVESTMENTS

At June 30, 2016, the investment balance of \$106,612 consisted of one certificate of deposit that matures in January 2017, and bears interest at .50%

5. ACCOUNTS RECEIVABLE

Accounts receivable as of June 30, 2016 consisted of the following:

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

Private pay	\$ 138,094
Medicaid	93,577
Third party	<u>67,652</u>
	299,323
Less allowance for uncollectible accounts	<u>(63,269)</u>
Total accounts receivable, net	<u><u>\$ 236,054</u></u>

CHAUTAUQUA OFFICES OF PSYCHOTHERAPY AND EVALUATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016

6. PROPERTY AND EQUIPMENT

Property and equipment at June 30, 2016, was as follows:

Land	\$ 907,030
Buildings and improvement	2,133,673
Equipment and vehicles	1,213,157
Construction in progress	<u>220,509</u>
	4,474,369
Less accumulated depreciation	<u>(1,944,689)</u>
Property and equipment, net	<u>\$ 2,529,680</u>

7. CAPITAL LEASE OBLIGATIONS

In a lease agreement dated October 30, 2012, COPE committed to lease multiple pieces of copier equipment with a capitalized cost of \$92,917. The lease requires monthly payments of \$2,083, including interest at an imputed rate of 11.79%, and is collateralized by the copier equipment with a net book value of \$28,650 at June 30, 2016. Depreciation expense on the copier equipment totaled \$18,583 for the year ended June 30, 2016. The lease expires in December 2017.

In a lease agreement dated December 30, 2013, COPE committed to lease computer equipment with a capitalized cost of \$14,452. The lease requires monthly payments of \$320, including interest at an imputed rate of 11.23%, and is collateralized by the computer equipment with a net book value of \$7,347 at June 30, 2016. Depreciation expense on the copier equipment totaled \$2,890 for the year ended June 30, 2016. The lease expires December 2018.

Future minimum lease payments and present minimum value of lease payments at June 30, 2016, are as follows:

2017	\$ 27,720
2018	19,947
2019	<u>1,919</u>
Total future minimum lease payments	49,586
Less amounts representing interest	<u>(4,534)</u>
Present value of future minimum lease payments	<u>\$ 45,052</u>

CHAUTAUQUA OFFICES OF PSYCHOTHERAPY AND EVALUATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016

8. LONG-TERM DEBT

Long-term debt consisted of the following at June 30, 2016:

\$2,000,000 note payable to Bank of America; due in monthly installments of \$12,921, including interest at 4.68%, due December 19, 2025; secured by real estate and assignments of leases and rents.	\$ 1,184,013
Less: unamortized debt issuance costs	<u>(43,609)</u>
Long-term debt less unamortized issuance costs	1,140,404
Less: current portion	<u>(101,043)</u>
Total long-term debt	<u><u>\$ 1,039,361</u></u>

Aggregate maturities of long-term debt at June 30, 2016, are as follows:

<u>Fiscal years ending June 30</u>	
2017	\$ 101,043
2018	106,012
2019	111,081
2020	116,392
2021	121,958
Thereafter	<u>627,527</u>
Total long-term debt	<u><u>\$ 1,184,013</u></u>

9. 403(b) MONEY PURCHASE PLAN

The Board of Directors has elected to contribute an amount equal to 6% of full-time employees' compensation to an Internal Revenue Code Section 403(b) Money Purchase Plan (the Plan) administered by the Hartford Group. The Plan is a voluntary defined contribution plan available to all employees of COPE that have completed one year of service and work more than 20 hours a week. Upon hire, employees may, at their option, contribute a specific amount of their compensation to the Plan. Participating employees are fully vested in their contributions at all times. Vesting in COPE's contributions, however, is based on years of continuous service. Participating employees become fully vested after three years of service.

The amount of employer's contribution to the Plan for the year ended June 30, 2016 was \$184,923.

**CHAUTAUQUA OFFICES OF PSYCHOTHERAPY AND EVALUATION, INC.
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED JUNE 30, 2016**

10. SUPPORT REQUIRING MATCH

COPE received a substantial portion of its support from grants that require the local entity to match federal and state expenditures with expenditures funded through local sources.

Those grant and match requirements were as follows:

	<u>Contract #</u>	<u>Funds Requiring Match</u>	<u>Required Match</u>
Big Bend Community Based Care	A007	\$ 815,237	\$ 271,746
Lakeview Center, Inc.	C-003-100	121,623	30,406
STOP Grant	15-6021-CCII	33,565	11,189
Drug-free Communities	1H9ST020364-01	125,000	125,000
		<u>\$ 1,095,425</u>	<u>\$ 438,341</u>

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

**CALCULATION OF EXCESS MATCH EXPENDITURES
 FOR THE YEAR ENDED JUNE 30, 2016**

Total expenses reported in the statement of activities	\$ 7,575,694
Less expenses funded by:	
Grant funds not requiring match	(892,214)
Other federal and state grants	(1,878,124)
Client and third party funds and other contracts and donations	<u>(3,647,871)</u>
Total reimbursable expenses available for matching	<u>1,157,485</u>
Less amount of required match	<u>(438,341)</u>
Excess of expenses over required match	<u>\$ 719,144</u>

11. SUBSEQUENT EVENTS

Grant Award

Subsequent to year end, COPE was awarded the "Impact 100" grant in the amount of \$123,000. As part of COPE's continued commitment to meet the needs of the communities served and with the assistance from IMPACT 100, COPE will build a fifteen (15) bed residential treatment center. This center will allow COPE to provide a full continuum of care for pregnant/postpartum women with substance use disorder and their children. The center will be built on land owned by COPE.

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11. SUBSEQUENT EVENTS – CONTINUED

Change in Name

COPE has been focusing on integration of care for their clients and expanding the scope of program service delivery. As a result of the changes and additions to service delivery, it was determined that changing the name of the practice would better reflect the strategic plan activities. Effective in fiscal year 2017, COPE will be practicing under Chautauqua Healthcare Services.