

COMPLIANCE SECTION

CHAUTAUQUA OFFICES OF PSYCHOTHERAPY AND EVALUATION, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE
FINANCIAL ASSISTANCE
YEAR ENDED JUNE 30, 2016

Grantor/Program Title	CFDA/ CSFA Number	Contract Grant Number	Federal Expenditure	State Expenditure
Federal Awards				
U. S. Department of Health and Human Services				
Drug Free Communities Support Program Grants Passed through Big Bend Community Based Care	93.276	14SP20364A	\$ 125,000	\$ -
Temporary Assistance for Needy Families (TANF)	93.558	A007	15,755	-
Block Grants for Community Mental Health Services	93.958	A007	1,129,664	-
Block Grants for Prevention and Treatment of Substance Abuse	93.959	A007	562,032	-
Passed through Lakeview Center, Inc.				
Promoting Safe and Stable Families	93.556	C-003-100	58,753	-
Temporary Assistance for Needy Families (TANF MOE)	93.558	C-003-100	290,296	-
Child Abuse Prevention and Treatment Grant	93.669	C-003-100	12,632	-
Child Welfare Services	93.645	C-003-100	28,210	-
"ARRA" – Foster Care Title IV	93.658	C-003-100	274,248	-
Promoting Safe and Stable Families	93.556	C-003-300	4,508	-
Temporary Assistance for Needy Families (TANF MOE)	93.558	C-003-300	6,553	-
Passed through Healthy Start Coalition of Okaloosa-Walton Counties				
Maternal and Child Health Services Block Grant to the States	93.994	01-1314	156,820	-
Medical Assistance Program	93.778	01-1314	386,787	-
Passed through the Community Drug & Alcohol Council, Inc.				
Block Grants for Prevention and Treatment of Substance Abuse	93.959	CDAC	31,612	-
Total U. S. Department of Health and Human Services			<u>3,082,870</u>	<u>-</u>
Department of Homeland Security				
Passed through FEMA				
Disaster Assistance Projects	97.088	DR-4177-FL	332,889	-

**CHAUTAUQUA OFFICES OF PSYCHOTHERAPY AND EVALUATION, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE
FINANCIAL ASSISTANCE – CONTINUED
YEAR ENDED JUNE 30, 2016**

Grantor/Program Title	CFDA/ CSFA Number	Contract Grant Number	Federal Expenditure	State Expenditure
Florida Department of Children and Families				
Block Grants for Prevention and Treatment of Substance Abuse	93.959	Off contract	18,855	-
Department of Justice				
Passed through Florida Coalition Against Domestic Violence "ARRA" – STOP Violence Against Women Formula Grants	16.588	15-6021-CCII	33,565	-
State Financial Assistance Florida Department of Children and Families				
Passed through Lakeview Center, Inc.				
Community Action Teams	60.150	AH406	-	750,000
Community Based Care (CBC) Supports	60.074	#53-1 SVC	-	251
Community Based Care (CBC) Supports	60.075	#53-1 SVC	-	21,744
Community Based Care (CBC) Supports	60.075	C-003-200	-	75,111
Total Florida Department of Children and Families			-	847,106
Florida Department of Health				
Passed through Tobacco Prevention Programs Tobacco Prevention Community Program	64.093	COTEP	-	139,524
Florida Department of Corrections				
Community Corrections, Education, and Programs	70.016	C2773	-	61,639
Total expenditures of federal awards and state financial assistance			<u>\$ 3,468,179</u>	<u>\$1,048,269</u>

CHAUTAUQUA OFFICES OF PSYCHOTHERAPY AND EVALUATION, INC.
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL
AWARDS AND STATE FINANCIAL ASSISTANCE
YEAR ENDED JUNE 30, 2016

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards and state financial assistance (the Schedule) includes the federal award and state project activity of COPE under programs of the federal and state government for the year ended June 30, 2016. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and Chapter 10.650, *Rules of the Auditor General*. All federal awards and state projects received directly from federal or state agencies as well as federal awards passed through other government agencies are included on the schedule. Because the Schedule presents only a selected portion of the operations of COPE, it is not intended to and does not present the financial position, changes in net assets, or cash flows of COPE.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and/or OMB Circular A0122, *Cost Principles for Non-profit Organizations*) wherein certain types of expenditures are not allowable or are limited as to reimbursement.

3. INDIRECT COST RATE

COPE has elected to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Chautauqua Offices of Psychotherapy and Evaluation, Inc. (COPE) (a nonprofit organization), which comprise the statement of financial position as of June 30, 2016, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 25, 2017.

Internal Control over Financial Reporting

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

Purpose of this Report

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

Warren Averett, LLC

Destin, Florida
January 25, 2017

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY UNIFORM GUIDANCE
AND CHAPTER 10.650, RULES OF THE AUDITOR GENERAL**

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

Report on Compliance for Each Major Federal Program and State Project

We have audited Chautauqua Offices of Psychotherapy and Evaluation, Inc.'s (COPE) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the requirements described in the *Florida Department of Financial Services' State Compliance Supplement* that could have a direct and material effect on each of COPE's major federal programs and state projects for the year ended June 30, 2016. COPE's major federal programs and state projects are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs and state projects.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of COPE's major federal programs and state projects based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and Chapter 10.650, *Rules of the Auditor General*. Those standards, the Uniform Guidance and Chapter 10.650, *Rules of the Auditor General*, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program or state project occurred. An audit includes examining, on a test basis, evidence about COPE compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program and State Project

In our opinion, COPE complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and state projects for the year ended June 30, 2016.

Report on Internal Control over Compliance

Management of COPE is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered COPE internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program and state project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and state project and to test and report on internal control over compliance in accordance with the Uniform Guidance and Chapter 10.650, *Rules of the Auditor General*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of COPE's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program 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 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.

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 the Uniform Guidance and Chapter 10.650, *Rules of the Auditor General*. Accordingly, this report is not suitable for any other purpose.

Warren Averett, LLC

Destin, Florida
January 25, 2017

**CHAUTAUQUA OFFICES OF PSYCHOTHERAPY AND EVALUATION, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2016**

I. SUMMARY OF INDEPENDENT AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

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

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

Federal Awards and State Projects

Internal control over major programs:

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

Type of auditors' report issued on compliance for major programs: Unmodified

- Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance and Chapter 10.650, *Rules of the Auditor General*? _____ Yes X No

Identification of major programs:

CFDA #	Name of Federal Program or Cluster
93.658	Foster Care Title IV
93.958	Block Grants for Community Mental Health Services
CSFA #	Name of Federal Program or Cluster
60.150	Children's Community Action Teams

Dollar threshold used to distinguish between Type A and B programs for federal awards \$750,000

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

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

CHAUTAUQUA OFFICES OF PSYCHOTHERAPY AND EVALUATION, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS – CONTINUED
YEAR ENDED JUNE 30, 2016

II. FINANCIAL STATEMENT FINDINGS

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

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

We noted no matters involving noncompliance that are required to be reported in accordance with the Uniform Guidance and Chapter 10.650, *Rules of the Auditor General*.

IV. SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

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

MANAGEMENT LETTER

MANAGEMENT LETTER

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

Report on the Financial Statements

We have audited the financial statements of the Chautauqua Offices of Psychotherapy and Evaluation, Inc. (COPE), as of and for the fiscal year ended June 30, 2016, and have issued our report thereon dated January 25, 2017.

Auditors' Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. Code of Federal Regulation Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards* (Uniform Guidance); and Chapter 10.650, *Rules of the Auditor General*.

Other Reports and Schedule

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*, our Independent Auditors' Report on Compliance for Each Major Federal Program and State Project, our Report on Internal Control over Compliance in Accordance with the Uniform Guidance and Chapter 10.650, *Rules of the Auditor General*; and Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule, which are dated January 25, 2017, should be considered in conjunction with this management letter.

Other Matter

Section 10.654(1)(e), *Rules of the Auditor General*, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements or federal program and state project amounts that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings. **Note:** Fraud, noncompliance with provisions of laws or regulations and contracts or grant agreements, or abuse material weaknesses or significant deficiencies may be reported in the management letter based on professional judgment.

Purpose of this Letter

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

Warren Averett, LLC

Destin, Florida
January 25, 2017

January 25, 2017

To the Board of Directors
Chautauqua Offices of Psychotherapy
and Evaluation, Inc.
DeFuniak Springs, Florida 32435

We have audited the financial statements of Chautauqua Offices of Psychotherapy and Evaluation, Inc. (COPE) for the year ended June 30, 2016, and have issued our report thereon dated January 25, 2017. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance, and Chapter 10.650 *Rules of the Auditor General*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated March 17, 2016. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by COPE are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed. We noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

Management's estimate of the allowance for doubtful accounts is based on all accounts 180 days past due. We evaluated the key factors and assumptions used to develop the allowance for doubtful accounts in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the allocation of functional expenses is based on the program in which those expenses benefit, and the allocation plan charges the individual line items within the programs rather than as a total attributed to a program. Salaries and other expenses that benefit more than one program are allocated to the various programs based on each program's volume of activity relative to the specific pool. Indirect costs are allocated to each program based on the ratio of individual program's direct expense to total direct expense for all programs. This method of allocating functional expenses seems reasonable.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

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

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. There were no such misstatements detected as a result of audit procedures conducted.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated January 25, 2017.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Organization's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with U.S. generally accepted accounting principles, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of Board of Directors and management of COPE and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Warren Averett, LLC

Warren Averett, LLC
Certified Public Accountants & Consultants