

**PEACE RIVER CENTER FOR PERSONAL
DEVELOPMENT, INC.
AND AFFILIATES**

**COMBINED FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEARS ENDED JUNE 30, 2017 AND 2016

PEACE RIVER CENTER FOR PERSONAL DEVELOPMENT, INC. AND AFFILIATES
TABLE OF CONTENTS
YEARS ENDED JUNE 30, 2017 AND 2016

INDEPENDENT AUDITORS' REPORT	1
COMBINED STATEMENTS OF FINANCIAL POSITION	3
COMBINED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS	5
COMBINED STATEMENTS OF CASH FLOWS	6
NOTES TO COMBINED FINANCIAL STATEMENTS	7
SUPPLEMENTARY INFORMATION	
SCHEDULES OF FUNDING AND REVENUE SOURCES	25
SCHEDULES OF FUNCTIONAL EXPENSES	29
SCHEDULE OF STATE EARNINGS	33
SCHEDULE OF BED-DAY AVAILABILITY PAYMENTS	34
SCHEDULE OF RELATED PARTY TRANSACTION ADJUSTMENTS	35
COMBINING SCHEDULE OF FINANCIAL POSITION	36
COMBINING SCHEDULE OF ACTIVITIES AND CHANGES IN NET ASSETS	38
COMBINED SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE	40
NOTES TO COMBINED SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE	43
INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF COMBINED FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	45
INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND STATE PROJECT AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND CHAPTER 10.650, <i>RULES OF THE AUDITOR GENERAL</i>	47
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	49
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS	51



CliftonLarsonAllen

CliftonLarsonAllen LLP
CLAconnect.com

INDEPENDENT AUDITORS' REPORT

Board of Directors
Peace River Center for Personal Development, Inc.
and Affiliates
Bartow, Florida

Report on the Combined Financial Statements

We have audited the accompanying combined financial statements of the Peace River Center for Personal Development, Inc. and Affiliates (a not for profit organization), which comprise the combined statements of financial position as of June 30, 2017 and 2016, and the related combined statements of activities and changes in net assets, and cash flows for the years then ended, and the related notes to the combined 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 combined 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 combined financial statements based on our audits. 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 combined financial statements are free from material misstatement. The financial statements of Peace River Center Properties, Inc. and Peace River Center Properties II, Inc. were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the combined 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 combined 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 combined financial statements.

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

Board of Directors
Peace River Center for Personal Development, Inc.
and Affiliates

Opinion

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of Peace River Center for Personal Development, Inc. and Affiliates as of June 30, 2017 and 2016, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audits were conducted for the purpose of forming opinions on the combined financial statements as a whole. The accompanying supplementary information shown on pages 25 through 39 is presented for purposes of additional analysis and is not a required part of the basic combined financial statements of Peace River Center for Personal Development, Inc. and Affiliates. The accompanying schedule of expenditures of federal awards and state financial assistance, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* is also presented for purposes of additional analysis and is not a required part of the basic combined financial statements. The supplementary information and the schedule of expenditures of federal awards and state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the combined financial statements. The information has been subjected to the auditing procedures applied in the audits of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined 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 basic combined 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 November 22, 2017, on our consideration of Peace River Center for Personal Development, Inc.'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 solely 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 effectiveness of the Peace River Center for Personal Development, Inc.'s 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 Peace River Center for Personal Development, Inc.'s internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Lakeland, Florida
November 22, 2017

PEACE RIVER CENTER FOR PERSONAL DEVELOPMENT, INC. AND AFFILIATES
COMBINED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2017 AND 2016

ASSETS	2017	2016
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 3,210,710	\$ 3,656,411
Accounts Receivable, Net	2,444,873	2,625,603
Tenant Accounts Receivable, Net	3,253	2,893
Inventory	91,223	134,660
Prepaid Expenses	543,986	294,690
Deposits	7,795	7,795
Current Portion of Pledges Receivable	481,283	626,503
Total Current Assets	6,783,123	7,348,555
RESTRICTED DEPOSITS AND FUNDED RESERVES		
Reserve for Client Funds	82,677	73,400
Tenant Security Deposits Held In Trust	5,708	4,910
Reserve for Replacements	18,006	12,467
Reserve for Construction	666,807	4,595,184
Total Restricted Deposits	773,198	4,685,961
PROPERTY, PLANT, AND EQUIPMENT, NET	8,002,459	3,861,053
OTHER ASSETS		
Notes Receivable - New Markets Tax Credit	3,381,500	3,381,500
Pledges Receivable, Long-Term	487,668	807,726
Investments - Deferred Compensation Plan	348,699	403,517
Beneficial Interest in Assets Held by the GiveWell Community Foundation	16,027	14,626
Other Assets	1,575	1,575
Total Other Assets	4,235,469	4,608,944
Total Assets	\$ 19,794,249	\$ 20,504,513

See accompanying Notes to Combined Financial Statements.

PEACE RIVER CENTER FOR PERSONAL DEVELOPMENT, INC. AND AFFILIATES
COMBINED STATEMENTS OF FINANCIAL POSITION - CONTINUED
JUNE 30, 2017 AND 2016

LIABILITIES AND NET ASSETS	2017	2016
CURRENT LIABILITIES		
Accounts Payable	\$ 946,271	\$ 397,426
Accrued Expenses	1,126,543	1,055,918
Accrued Annual Leave	788,605	796,465
Deferred Revenue	446,002	523,325
Security Deposits Payable	9,625	10,713
Reserve for Client Funds	82,677	73,400
Deferred Compensation Payable	348,699	403,517
Current Portion of Long-Term Debt	494,160	89,299
Total Current Liabilities	4,242,582	3,350,063
LONG-TERM LIABILITIES		
Mortgages and Notes Payable, Net Deferred Loan Costs	2,505,544	5,390,080
New Markets Tax Credit Notes Payable, Net Deferred Loan Costs	4,661,325	4,626,493
Total Long-Term Liabilities	7,166,869	10,016,573
Total Liabilities	11,409,451	13,366,636
NET ASSETS		
Unrestricted		
Undesignated	7,557,128	5,959,767
Designated by Board for Assets Held in the Community Foundation	16,027	14,609
Total Unrestricted	7,573,155	5,974,376
Temporarily Restricted	811,643	1,163,501
Total Net Assets	8,384,798	7,137,877
Total Liabilities and Net Assets	\$ 19,794,249	\$ 20,504,513

See accompanying Notes to Combined Financial Statements.

**PEACE RIVER CENTER FOR PERSONAL DEVELOPMENT, INC. AND AFFILIATES
COMBINED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
YEARS ENDED JUNE 30, 2017 AND 2016**

	2017	2016
UNRESTRICTED FUNDING AND REVENUES		
GOVERNMENT FUNDING		
Substance Abuse and Mental Health:		
Adult and Children Mental Health	\$ 10,037,599	\$ 10,133,493
NET PATIENT SERVICE FEES	6,338,799	6,861,932
OTHER GOVERNMENT FUNDING		
Other Federal and State Grants and Contracts	4,564,496	3,552,165
Local Government	1,955,788	1,755,754
Total Other Government Funding	6,520,284	5,307,919
OTHER FUNDING AND REVENUES		
Contributions	1,548,138	1,066,881
Other	570,914	537,864
Rental	206,022	209,362
Contracted Food Services	154,210	140,346
Program Income	16,372	17,580
Net Assets Released From Restrictions	558,276	814,439
Total Other Funding and Revenues	3,053,932	2,786,472
 Total Unrestricted Funding and Revenues	 25,950,614	 25,089,816
EXPENSES		
Program Services	23,746,449	23,353,968
Fundraising	515,095	601,510
Management and General, Support Services, and Indirect	90,291	79,903
Total Expenses	24,351,835	24,035,381
CHANGE IN UNRESTRICTED NET ASSETS	1,598,779	1,054,435
TEMPORARILY RESTRICTED REVENUE		
Contributions and Donations	206,418	1,009,350
Net Assets Released From Restrictions	(558,276)	(814,439)
Total Temporarily Restricted Revenue	(351,858)	194,911
CHANGE IN TEMPORARILY RESTRICTED NET ASSETS	(351,858)	194,911
CHANGE IN NET ASSETS	1,246,921	1,249,346
Net Assets - Beginning of Year	7,137,877	5,888,531
NET ASSETS - END OF YEAR	\$ 8,384,798	\$ 7,137,877

See accompanying Notes to Combined Financial Statements.

PEACE RIVER CENTER FOR PERSONAL DEVELOPMENT, INC. AND AFFILIATES
COMBINED STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2017 AND 2016

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 1,246,921	\$ 1,249,346
Adjustment to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation	487,046	517,755
Amortization	44,457	27,771
Loss on Sale of Property, Plant, and Equipment	370	6,294
Gain on Beneficial Interest in Assets	(1,401)	(17)
(Increase) Decrease in Assets:		
Accounts Receivable	180,370	(313,944)
Inventory	43,437	(8,814)
Prepaid Expenses	(249,296)	213,503
Pledges Receivable	465,278	(465,639)
Reserve for Client Funds	9,277	21,822
Tenant Security Deposits Held in Trust	(798)	325
Reserve for Replacements	(5,539)	(25)
Reserve for Construction	3,928,377	(4,595,184)
Increase (Decrease) in Liabilities:		
Accounts Payable	221,372	(54,107)
Accrued Expenses and Accrued Annual Leave	62,765	228,861
Deferred Revenue	(77,323)	172,113
Security Deposits Payable	(1,088)	(201)
Reserve for Client Funds	(9,277)	(21,822)
Net Cash Provided (Used) by Operating Activities	6,344,948	(3,021,963)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property, Plant, and Equipment	(4,301,349)	(693,505)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on Mortgages and Notes Payable	(2,489,300)	(654,150)
Payments of Debt Issuance Costs	-	(265,584)
Proceeds from Issuance of Notes Receivable	-	(3,381,500)
Proceeds from Issuance of Notes Payable	-	8,231,500
Net Cash Provided (Used) by Financing Activities	(2,489,300)	3,930,266
NET CHANGE IN CASH AND CASH EQUIVALENTS	(445,701)	214,798
Cash and Cash Equivalents - Beginning of Year	3,656,411	3,441,613
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 3,210,710	\$ 3,656,411
SUPPLEMENTAL INFORMATION		
Interest Paid	\$ 317,989	\$ 233,090

See accompanying Notes to Combined Financial Statements.

PEACE RIVER CENTER FOR PERSONAL DEVELOPMENT, INC. AND AFFILIATES
NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

Peace River Center for Personal Development, Inc. (Peace River Center) is a not-for-profit organization established in 1948 to provide a broad range of inpatient and outpatient mental health services throughout Polk, Highlands, and Hardee Counties in Central Florida. Peace River Center Properties, Inc. (the Properties) provides supervised residential facilities for mental health clients. Peace River Center Properties II, Inc. (Properties II) is a not-for-profit corporation formed in November 2015 to facilitate obtaining Peace River Center's New Markets Tax Credit funding for new construction. The purpose of this entity is to hold certain assets of and title to property, collect income from that property, and turn over income from that property on behalf of Peace River Center, pursuant to Section 501(c)(3) of Internal Revenue Code of 1986.

Principles of Combination

The combined financial statements include the statements of financial position, activities and cash flows of Peace River Center and affiliates. All material intercompany transactions have been eliminated.

Basis of Accounting

Peace River Center's combined financial statements have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

Basis of Presentation

Peace River Center has adopted FASB Accounting Standards Codification (ASC) 958, *Not-for-Profit Entities*. Under ASC 958, Peace River Center 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. The three categories are differentiated by donor restrictions. Unrestricted net assets are not subject to donor-imposed restrictions. Temporarily restricted net assets are subject to donor-imposed restrictions that either lapse or can be satisfied. Permanently restricted net assets are subject to permanent donor-imposed restrictions.

Use of Estimates

The preparation of combined financial statements in conformity with accounting principles generally accepted in the United States of America 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, including functional allocations during the reporting period. Actual results could differ from those estimates.

Concentration

Approximately 38% and 39% of Peace River Center's revenue was earned under contracts with one organization during the years ended June 30, 2017 and 2016, respectively.

PEACE RIVER CENTER FOR PERSONAL DEVELOPMENT, INC. AND AFFILIATES
NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

For purposes of reporting cash flows, Peace River Center considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents. Peace River Center maintains its cash in bank deposit accounts, which may exceed federally insured limits. Management has not experienced any losses on these accounts.

Fair Value Measurements

Peace River Center categorizes its assets and liabilities measured at fair value into a three-level hierarchy based on the priority of the inputs to the valuation technique used to determine fair value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobserved inputs (Level 3). If the inputs used in the determination of the fair value measurement fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement. Assets and liabilities valued at fair value are categorized based on the inputs to the valuation techniques as follows:

Level 1 – Inputs that utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that an entity has the ability to access.

Level 2 – Inputs that include quoted prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument. Fair values for these instruments are estimated using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows.

Level 3 – Inputs that are unobservable inputs for the asset or liability, which are typically based on an entity's own assumptions, as there is little, if any, related market activity.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. There have been no changes in the valuation methodologies used at June 30, 2017 and 2016.

Peace River Center also follows the fair value option for newly acquired financial assets and liabilities standard. This standard allows entities the irrevocable option to elect fair value for certain newly acquired financial assets and liabilities on a contract-by-contract basis. Peace River Center has not elected to measure any newly acquired financial instruments at fair value at June 30, 2017, as permitted. However, Peace River Center may elect to measure newly acquired financial instruments at fair value in the future.

PEACE RIVER CENTER FOR PERSONAL DEVELOPMENT, INC. AND AFFILIATES
NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Pledges Receivable

The fair value of the pledges receivable is estimated by discounting expected net future cash flows using a rate of return based on the average yield of a U.S. Treasury Security with a maturity date similar to the expected collection period.

Beneficial Interests in Assets Held by the GiveWell Community Foundation

Beneficial Interest in Assets held by GiveWell Community Foundation is valued at the estimated current market value.

Revenue Recognition

Net Patient Service Fees

Medicare and Medicaid Net Patient Revenue and Receivables

Revenue for services rendered to patients covered under the Medicare and Medicaid programs are recorded based on date of service at amounts equal to the standard rate charged by Peace River Center for the specific service. The standard rates are discounted to the contract payment rates specific to Peace River Center that are set by the Medicare and Medicaid programs. The payment rates are daily, hourly or service specific rates for each of the levels of care or specific service provided by Peace River Center. Contractual adjustments are recorded for the difference between Peace River Center's established rate and the amounts estimated to be realized from the Medicare and Medicaid programs and are deducted from revenues and patient accounts receivable. Contractual adjustments are also recorded for the inability to obtain authorizations for services acceptable to the payor and other reasons unrelated to credit risk. Peace River Center estimates the impact of these adjustments based on historical experience, which primarily includes historical claims adjustments, and records it during the period services are rendered as an estimated contractual adjustment and as a reduction to patient accounts receivable.

Other Third-Party Payor Net Patient Revenue and Receivables

Revenue for services rendered to patients covered by other third-party payors (e.g., commercial insurance carriers, health maintenance organizations, and preferred provider organizations, etc.) are recorded based on date of service at amounts equal to the standard rate charged by Peace River Center for the specific service. The standard rates are discounted to the contract payment rates negotiated with the third-party payor. The payment rates are daily, hourly or service specific rates for each of the levels of care or specific service provided by Peace River Center. Contractual adjustments are recorded for the difference between Peace River Center's established rate and the amounts estimated to be realized from third-party payors and are deducted from revenues and patient accounts receivable. Contractual adjustments are also recorded for the inability to obtain authorizations for services acceptable to the payor and other reasons unrelated to credit risk.

PEACE RIVER CENTER FOR PERSONAL DEVELOPMENT, INC. AND AFFILIATES
NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

Net Patient Service Revenue (Continued)

Other Third-Party Payor Net Patient Revenue and Receivables (Continued)

Peace River Center estimates the impact of these adjustments based on historical experience, which primarily includes historical claims adjustments, and records it during the period services are rendered as an estimated contractual adjustment and as a reduction to patient accounts receivable.

Accounts Receivable, Net of Allowances for Doubtful Accounts

Accounts receivable consists of patient obligations due for services rendered. Peace River Center does not charge interest on outstanding accounts receivables. The allowance for doubtful accounts is based on identified patient accounts believed to be uncollectible, based on historical experience. Peace River Center records a provision for bad debts related to uninsured patients who will be unable or unwilling to pay for the services provided. If actual collections experience changes, revisions to the allowance percentage are made. After all attempts to collect a receivable have failed, the receivable is written off against the allowance. The allowance for the years ended June 30, 2017 and 2016 was \$626,429 and \$726,399, respectively. Based on the information available, Peace River Center believes the allowance for doubtful accounts as of June 30, 2017 and 2016 is adequate. However, actual write-offs may exceed the recorded allowance. Patient service revenue, net of contractual allowances and discounts (but before the provision of bad debts), recognized in the period from these major payor sources is as follows for the years ended June 30:

	2017	2016
Patient Service Fees:		
Medicaid	\$ 10,461,477	\$ 11,138,375
Medicare	1,428,981	1,342,402
Self Pay	5,034,931	2,543,250
Third-Party	763,730	764,463
Subtotal	17,689,119	15,788,490
Less: Contractual Adjustments	(11,454,429)	(8,937,963)
Add: Recovery of Previous Bad Debt	104,109	11,405
Net Patient Service Fees	\$ 6,338,799	\$ 6,861,932

Grants and Contracts

Peace River Center recognizes grants and contracts as restricted support if they are received with grantor or donor stipulations that limit the use of the donated assets. When a grantor or donor restriction expires, 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 and changes in net assets as net assets released from restrictions. A receivable is recognized by Peace River Center for grants and contracts to be received from the grantor or donor.

PEACE RIVER CENTER FOR PERSONAL DEVELOPMENT, INC. AND AFFILIATES
NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contract Funding Requiring Local Resource Match

As required under certain contracts, Peace River Center is required to match varying percentages of contract funds received. This match may be cash, in-kind, or a combination. For the years ended June 30, 2017 and 2016, Peace River Center met its matching requirements for all related contracts.

Contributions

Contributions are recognized as revenue in the period received and are reported as increases in the appropriate category of net assets. Contributions where donor restrictions are met within the same fiscal year as the contributions are received are included in unrestricted net assets. Contributions of assets other than cash are recorded at their estimated fair value.

Tenant Accounts Receivable and Allowances for Doubtful Accounts

Accounts receivable consists of tenant rents due. Peace River Center does not charge interest on outstanding accounts receivables. The allowance for doubtful accounts is based on a percentage of aged receivables, based on historical experience. If actual collections experience changes, revisions to the allowance percentage are made. After all attempts to collect a receivable have failed, the receivable is written off against the allowance. Properties also records an allowance for tenant accounts receivable. This is based on identified tenant rents believed to be uncollectible based on historical experience. If actual collection experience changes, revisions to the allowance are made. After all attempts to collect a receivable have failed, the receivable is written off against the allowance. Properties had an allowance for doubtful accounts of \$319 and \$603 as of June 30, 2017 and 2016, respectively. Based on the information available, Peace River Center believes the allowance for doubtful accounts as of June 30, 2017 and 2016 is adequate. However, actual write-offs may exceed the recorded allowance.

Inventory

Supply inventory consists of pharmaceuticals, non-perishable food, and food service supplies. Inventory is carried at cost and is maintained on a first in, first out basis.

Use of Contributed Facilities

Peace River Center occupies certain premises, provided on a month-to-month basis at no or nominal cost. The estimated fair rental value of these premises is reported as support and expense in the accompanying combined financial statements.

PEACE RIVER CENTER FOR PERSONAL DEVELOPMENT, INC. AND AFFILIATES
NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

Peace River Center for Personal Development, Inc. and Peace River Center Properties, Inc. have qualified as not-for-profit organizations under Section 501(c)(3) of the U.S. Internal Revenue Code and are generally not subject to income taxation, except on net income derived from unrelated business activities. Peace River Center Properties II, Inc. has qualified as a real estate holding corporation under Section 501(c)(2) of the U.S. Internal Revenue Code and is generally not subject to income taxation. Peace River Center for Personal Development, Inc. provides food services on a contract basis which is subject to tax on unrelated business income. Peace River Center for Personal Development, Inc. does not have a tax liability on its unrelated business activity.

Peace River Center for Personal Development, Inc., Peace River Center Properties, Inc. and Peace River Center Properties II, Inc. follow guidance in the income tax standard regarding the recognition and measurement of uncertain tax positions. This guidance prescribes recognition threshold principles for the financial statement recognition of tax positions taken or expected to be taken on a tax return that are not certain to be realized. None of the entities are aware of any uncertain tax positions.

Peace River Center for Personal Development, Inc., Peace River Center Properties, Inc. and Peace River Center Properties II, Inc.'s tax returns are subject to review and examination by federal, state and local authorities in accordance with prescribed statutes.

Property, Plant, and Equipment

Property, plant, and equipment having a unit cost of \$500 or more and software having a unit cost of \$5,000 or more, and both having a useful life of one or more years is capitalized at cost. Donations of property, plant, and equipment are recorded as contributions at their estimated fair market value. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Depreciation is computed on the straight-line method over the estimated useful lives of the assets. Certain equipment with a net carrying amount of \$49,379 was acquired with grant funds received from the state of Florida. Under terms of the grant agreement, the equipment may revert to the state of Florida if it is no longer used by the organization.

Estimated useful lives are as follows:

Buildings	30 – 40 Years
Building Improvements	5 – 30 Years
Equipment	3 – 7 Years

Rental property is stated at cost and depreciated on the straight-line method over the estimated useful lives of the assets ranging from 3 years for equipment to 40 years for buildings. The Properties capitalizes all expenditures in excess of \$500 for property and equipment at cost.

PEACE RIVER CENTER FOR PERSONAL DEVELOPMENT, INC. AND AFFILIATES
NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property, Plant, and Equipment (Continued)

Peace River Center and the Properties review their investment in real estate for impairment whenever events or changes in circumstances indicate that the carrying value of such property may not be recoverable. Recoverability is measured by a comparison of the carrying amount of the real estate to the future net undiscounted cash flow expected to be generated by the rental property and any estimated proceeds from the eventual disposition of the real estate. If the real estate is considered impaired, the impairment to be recognized is measured at the amount by which the carrying amount of the real estate exceeds the fair value of such property. There were no impairment losses recognized in 2017 or 2016.

Restricted Deposits and Funded Reserves

Under the regulatory agreement, the Properties is required to make deposits into restricted escrow accounts. The Properties makes regular monthly deposits into the Reserve for Replacements for the replacement of property and equipment. Any disbursements from these accounts require the approval of U.S. Department of Housing and Urban Development (HUD). HUD approved withdrawals of \$787 and \$6,208 which were made from funded reserves during 2017 and 2016, respectively.

The Properties is also required to deposit any surplus cash from operations into a Residual Receipts account. The Properties had surplus cash of \$20,067 at June 30, 2017 and no surplus cash at June 30, 2016.

Debt Issuance Costs

The Organization has adopted the accounting guidance in FASB Accounting Standards Update (ASU) No. 2015-03, *Interest – Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs*. ASU 2015-03 requires organizations to present debt issuance costs as a direct deduction from the face amount of the related borrowings, amortize debt issuance costs using the effective interest method over the life of the debt, and record the amortization as a component of interest expense. The effect of adopting the new standard decreased the debt issuance costs asset to zero and decreased the debt liability by approximately \$253,760 as of June 30, 2016. The adoption of the standard had no effect on previously reported net assets/equity. The ASU is effective for fiscal years beginning after December 15, 2015, with early adoption permitted. The ASU is retrospectively applied. The Organization has elected to adopt this change in accounting principle as of July 1, 2015.

Allocation of Administrative Expenses

Administrative expenses are classified as indirect in the Schedules of Functional Expenses. They are allocated to each program on a percentage of the expense by program to the total program expense. Administrative expenses include the executive, accounting, human resources, purchasing, community relations, billing, and transportation departments.

PEACE RIVER CENTER FOR PERSONAL DEVELOPMENT, INC. AND AFFILIATES
NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsequent Events

Management has performed an analysis of the activities and transactions subsequent to June 30, 2017 to determine the need for any adjustments to and/or disclosures within the audited combined financial statements for the year ended June 30, 2017. Management has performed their analysis through November 22, 2017, the date the combined financial statements were available to be issued.

NOTE 2 FAIR VALUE MEASUREMENTS

Peace River Center uses fair value measurements to record fair value adjustments to certain assets and to determine fair value disclosures. For additional information on how Peace River Center measures fair value, refer to Note 1 – Summary of Significant Accounting Policies. As of June 30, 2017 and 2016, the fair value of beneficial interest in assets held by the GiveWell Community Foundation was \$16,027 and \$14,626, respectively. The fair value of the investments held in the Deferred Compensation plan as of June 30, 2017 and 2016 was \$348,699 and \$403,517, respectively. At June 30, 2017 and 2016, Peace River Center's investments consist of:

	2017			Total
	Level 1	Level 2	Level 3	
Deferred Compensation Investments				
Mutual Funds	\$ 335,155	\$ -	\$ 13,544	\$ 348,699
Beneficial Interest in Assets:				
Held by GiveWell Community Foundation	-	-	16,027	16,027
	<u>\$ 335,155</u>	<u>\$ -</u>	<u>\$ 29,571</u>	<u>\$ 364,726</u>
	2016			Total
	Level 1	Level 2	Level 3	
Deferred Compensation Investments				
Mutual Funds	\$ 372,696	\$ -	\$ 30,821	\$ 403,517
Beneficial Interest in Assets:				
Held by GiveWell Community Foundation	-	-	14,626	14,626
	<u>\$ 372,696</u>	<u>\$ -</u>	<u>\$ 45,447</u>	<u>\$ 418,143</u>

Assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3):

	2017	2016
Balance, Beginning of Year	\$ 45,447	\$ 109,934
Total Realized and Unrealized Gain (Loss)	(15,876)	(64,487)
Balance, End of Year	<u>\$ 29,571</u>	<u>\$ 45,447</u>

Beneficial Interest in Assets Held by GiveWell Community Foundation is measured at fair value with a valuation technique utilizing market prices at the close of the last business day for the statement period, provided by the GiveWell Community Foundation.

PEACE RIVER CENTER FOR PERSONAL DEVELOPMENT, INC. AND AFFILIATES
NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

NOTE 2 FAIR VALUE MEASUREMENTS (CONTINUED)

The change in beneficial interest totals \$1,401 and \$17 related to Level 3 are reported in the accompanying statements of activities and changes in net assets as “other revenues” for the years ended June 30, 2017 and 2016, respectively.

NOTE 3 NON-CURRENT NOTES RECEIVABLE

Notes receivable from New Markets Tax Credit investment funds are secured by first interest in pledged securities and consist of the following at June 30, 2017 and 2016:

<u>Description</u>	<u>2017</u>	<u>2016</u>
Note receivable dated December 11, 2015, interest accrued at 1%, quarterly interest payments through December 2022, then annual principal and interest payments of \$41,190, maturing December 2045	\$ 3,381,500	\$ 3,381,500
Total	<u>\$ 3,381,500</u>	<u>\$ 3,381,500</u>

Principal on non-current notes receivable is due from 2022 to 2045 (see Notes 8 and 15).

NOTE 4 PROPERTY, PLANT, AND EQUIPMENT

Property, plant, and equipment consist of the following at June 30:

	<u>2017</u>	<u>2016</u>
Land	\$ 602,492	\$ 602,492
Building Improvements	1,941,666	1,925,296
Buildings	5,044,775	5,044,775
Equipment	3,085,523	2,960,029
Construction In Process	4,974,571	489,632
Subtotal	<u>15,649,027</u>	<u>11,022,224</u>
Less: Accumulated Depreciation and Amortization	<u>(7,646,568)</u>	<u>(7,161,171)</u>
Net Property, Plant, and Equipment	<u>\$ 8,002,459</u>	<u>\$ 3,861,053</u>

Depreciation expense totaled \$487,046 and \$517,755 for the years ended June 30, 2017 and 2016, respectively.

PEACE RIVER CENTER FOR PERSONAL DEVELOPMENT, INC. AND AFFILIATES
NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

NOTE 5 PLEDGES RECEIVABLE

Pledges receivable are summarized as follows at June 30:

	<u>2017</u>	<u>2016</u>
Total Unconditional Pledges	996,372	1,468,794
Less: Discount on Long-Term Pledges	27,421	34,565
Net Pledges Receivable	<u>\$ 968,951</u>	<u>\$ 1,434,229</u>
Less than One Year	\$ 481,283	\$ 626,503
One to Five Years	487,668	807,726
Total	<u>\$ 968,951</u>	<u>\$ 1,434,229</u>

The discount percentage on long-term pledges was 2.3% and 1.5% for the years ending June 30, 2017 and 2016, respectively.

NOTE 6 RETIREMENT PLANS

Peace River Center maintains two separate retirement plans for the benefit of its employees. They are as follows:

- Peace River Center for Personal Development, Inc. 401(k) Plan (401(k) Plan)
- Peace River Center for Personal Development, Inc. Deferred Compensation Plan (Deferred Comp Plan)

The 401(k) Plan is a qualified defined contribution plan governed by Section 401(k) of the Internal Revenue Code and was established January 1, 2014. Peace River Center has the option to match dollar-for-dollar contributions to the Plan up to 3% of compensation. The 401(k) Plan has a profit sharing component which can be funded at the discretion of the board of directors either prospectively on a pay-period basis, or retrospectively at an amount to be approved by the board of directors.

The Deferred Comp Plan is a non-qualified deferred compensation plan allowed under Section 457(b) of the Internal Revenue Code (IRC) and was established in 1980 to retain and reward key employees of Peace River Center. Active participants may defer a portion of their salary to the Plan on a pre-tax basis; however, Peace River Center does not contribute to the Deferred Comp Plan. The benefits to a participant are 100% of the amount in the participant's account regardless of his or her years of service. The assets of the Deferred Comp Plan are attachable by creditors in the event of insolvency by Peace River Center.

PEACE RIVER CENTER FOR PERSONAL DEVELOPMENT, INC. AND AFFILIATES
NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

NOTE 6 RETIREMENT PLANS (CONTINUED)

Participants vest in Peace River Center's contributions to the 401(k) Plan over a six-year period. The Plan provides for the payment of benefits to a participant upon his or her disability, severance of employment, or death. The benefits to a participant (or his or her designated beneficiary), in the event of disability or death, will be 100% of the amount in the participant's account regardless of his or her years of service.

If a participant terminates employment or is dismissed, the amount due the participant will be the participant's contributions and related investment earnings and the participant's vested interest in the amounts contributed by Peace River Center. Peace River Center contributed \$260,673 and \$279,013 to Retirement Plans during fiscal years 2017 and 2016, respectively.

NOTE 7 COMMITMENTS AND CONTINGENCIES

Operating Leases

Peace River Center leases various software and equipment, as well as administrative and clinical space on contracts ranging from one to four years. There are also longer term leases at nominal amounts for donated space. The following is a schedule by years of future minimum rental payments required under non-cancelable leases.

<u>Year Ending June 30,</u>	<u>Amount</u>
2018	\$ 186,730
2019	93,472
2020	79,053
Total	<u>\$ 359,255</u>

There are no material purchases, escalation or contingent clauses in the leases. The lease for administrative office space is renewable, at the option of Peace River Center, for three additional five-year terms, at an amount not to exceed the current monthly rental adjusted by the percentage increase in the Consumer Price Index. Rent expense under all operating leases was \$365,127 and \$332,136 for the years ended June 30, 2017 and 2016.

Peace River Center is sub-leasing part of the administrative office space to another not-for-profit agency. Peace River Center is to receive future rental payments of approximately \$43,476 in monthly installments of \$3,623 through June 30, 2018.

Construction Contract

Peace River Center has an active agreement with a construction contractor and an architect to expand facilities. The project is estimated to cost \$5.5 million. Peace River Center has capitalized \$4,974,571 of costs under the architect agreement through June 30, 2017. The project was substantially completed in November 2017.

PEACE RIVER CENTER FOR PERSONAL DEVELOPMENT, INC. AND AFFILIATES
NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

NOTE 7 COMMITMENTS AND CONTINGENCIES (CONTINUED)

Grant Compliance

Peace River Center is subject to federal and state audits to determine compliance with grant funding requirements. In the event that expenditures would be disallowed, repayment could be required. Government grants require the fulfillment of certain conditions as set forth by applicable laws, rules and regulations, and in the grant agreements. Failure to fulfill the conditions could result in the return of the funds to grantor.

NOTE 8 MORTGAGES AND NOTES PAYABLE

Debt was comprised of the following at June 30:

	2017	2016
<u>Notes Payable</u>		
Mortgage note payable to Bank of Central Florida, payable in 83 monthly installments of \$14,197 including interest at 4.29%, with a final balloon payment of \$1,805,575 plus interest due December 6, 2022, collateralized by building.	\$ 2,242,542	\$ 2,313,674
Mortgage note payable to HUD in monthly installments of \$4,422, including interest at 9%, maturing November 1, 2028, collateralized by building.	377,790	395,958
Loan payable to SunTrust Bank, payable in full on December 11, 2017, with interest at 3.48% payable monthly, guaranteed by assignment of grants and pledges receivable.	400,000	2,800,000
Total Notes Payable	3,020,332	5,509,632
<u>New Markets Tax Credit Notes Subject to Put/Call Options</u> (All secured by real and personal property)		
<u>Properties II:</u>		
Interest accrued at 1.43956%, December 2045	3,381,500	3,381,500
Interest accrued at 1.43956%, December 2045	1,468,500	1,468,500
Total New Markets Tax Credit Notes Payable Subject to Put/Call Options	4,850,000	4,850,000
Total Notes Payable	7,870,332	10,359,632
Less: Deferred Loan Costs	209,303	253,760
Less: Current Portion	494,160	89,299
Long-Term Portion	\$ 7,166,869	\$ 10,016,573

PEACE RIVER CENTER FOR PERSONAL DEVELOPMENT, INC. AND AFFILIATES
NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

NOTE 8 MORTGAGES AND NOTES PAYABLE (CONTINUED)

A summary of future maturities is as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2018	\$ 494,160
2019	99,320
2020	104,556
2021	110,615
2022	116,811
Thereafter	6,944,870
Total	<u>\$ 7,870,332</u>

Peace River Center has certain loan covenants on the mortgage note payable with Bank of Central Florida, including certain financial ratios that must be met. Peace River Center was in compliance with its loan covenants for the year ended June 30, 2017.

As of November 18, 2015, Peace River Center agreed to a modification to the mortgage note payable with Bank of Central Florida. The modification lowered the rate to 4.29% and extended the term for 84 months.

In December 2015, Peace River Center began construction on a new crisis stabilization facility in Lakeland, Florida, funded by Non-Current Notes Payable and Non-Current Notes Receivable issued under the New Markets Tax Credit (NMTC) program as provided by Section 45D of the Internal Revenue Code. The new facility furthers Peace River Center's mission by providing a location in which to engage, restore and empower individuals in the community to reach their fullest potential.

The purpose of the tax credit is to encourage investment in low-income community businesses, by reducing the borrowing or financing costs to the businesses. Construction was funded by SunTrust Bank and their New Markets Tax Credit investment groups and intermediaries.

The NMTC provides tax credits over the first seven years to the NMTC investors. For the purposes of the Peace River Center transaction, SunTrust Community Capital LLC (a subsidiary of SunTrust Bank) served as the NMTC Investor. Peace River Center expects to have the net NMTC debt substantially reduced through equity conversions in 2022, upon the exercise of a \$1,000 put option offered to SunTrust Community Capital LLC upon the conclusion of the NMTC Compliance Period. While the put option is at the election of SunTrust Community Capital LLC, it is industry practice for the NMTC Investor to put its interest to the sponsor upon the successful completion of the NMTC Compliance Period.

PEACE RIVER CENTER FOR PERSONAL DEVELOPMENT, INC. AND AFFILIATES
NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

NOTE 8 MORTGAGES AND NOTES PAYABLE (CONTINUED)

This net NMTC debt which is expected to be substantially reduced through equity conversions in 2022 is comprised of the Non-Current Notes Payable by Peace River Center to the NMTC private investment groups, less Non-Current Notes Receivable (see Note 3) owed to Properties II by the NMTC private investment groups, as follows:

NMTC Transaction		NMTC Non-Current Notes		Net NMTC
Date	Equity Conversion	Payable	Receivable	Debt
Dec 2015	Dec 2022	\$ 3,381,500	\$ 3,381,500	\$ -
Dec 2015	Dec 2022	1,468,500	-	1,468,500
	Total	<u>\$ 4,850,000</u>	<u>\$ 3,381,500</u>	<u>\$ 1,468,500</u>

See Note 15 for additional details.

Interest expense totaled \$317,989 and \$233,090 for the years ended June 30, 2017 and 2016, respectively.

NOTE 9 LINE OF CREDIT

Peace River Center has a line of credit totaling \$800,000 which is secured by real estate. Advances on the line of credit are payable on demand and carry an interest rate of 0.5% over prime. There were no borrowings outstanding at June 30, 2017 or 2016.

NOTE 10 RISK MANAGEMENT

Peace River Center is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Peace River Center insures itself against these risks with various insurance policies. All insurance coverage amounts remained constant from the prior year.

Peace River Center is self-insured for group health insurance. Peace River Center has insurance to cover individual losses greater than \$80,000 for fiscal years 2017 and 2016. Estimated claims incurred but not reported as of June 30, 2017 and 2016 were \$226,000 and \$247,000, respectively. Settlements did not exceed insurance coverage in fiscal years 2017 and 2016, respectively.

The liability currently provided is Peace River Center's maximum run-off claims liability. Peace River Center is reinsured for all losses greater than the maximum claims liability.

PEACE RIVER CENTER FOR PERSONAL DEVELOPMENT, INC. AND AFFILIATES
NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

NOTE 10 RISK MANAGEMENT (CONTINUED)

Claims payable is recorded in the statements of financial position as accrued expenses. Changes in Peace River Center's claims payable at June 30 are as follows:

	Current Year Claims Payable Beginning of Year	Claims and Changes in Estimates	Claim Payments	Current Year Claims Payable End of Year
2015 - 2016	\$ 183,000	\$ 2,177,312	\$ 2,113,312	\$ 247,000
2016 - 2017	\$ 247,000	\$ 2,246,317	\$ 2,267,317	\$ 226,000

NOTE 11 TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets in the accompanying combined statement of financial position consist of pledges receivable for a capital campaign in the amount of \$811,643 and \$1,163,501 as of June 30, 2017 and 2016. Net assets were released from restriction in the amount of \$558,276 and \$814,439 for the years ended June 30, 2017 and 2016, respectively.

NOTE 12 THIRD-PARTY RATE ADJUSTMENTS AND REVENUE

Service fees are subject to audit and retroactive adjustment by respective third-party fiscal intermediaries. In the opinion of management, these adjustments, if any, would not be material to the financial position or results of operations of Peace River Center.

NOTE 13 CONTRIBUTED SERVICES

Peace River Center is the beneficiary of the diligent efforts of many dedicated volunteers. These volunteers have assisted Peace River Center in such areas as domestic violence counseling, rape counseling, and administrative services. Over 900 hours have been contributed by these volunteers during each of the fiscal years ending June 30, 2017 and 2016. Peace River Center has not included the value of these hours in its reported revenues and expenses as the services do not meet recognition criteria according to accounting principles generally accepted in the United States of America.

PEACE RIVER CENTER FOR PERSONAL DEVELOPMENT, INC. AND AFFILIATES
NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

NOTE 14 RELATED PARTY TRANSACTIONS

Peace River Center utilizes Alltrust Insurance (Alltrust) for employee health benefits consulting services. A board member, who is an Alltrust employee, manages the Peace River Center account. Alltrust is paid an all-inclusive flat fee that is paid from commissions associated with the benefit products.

Peace River Center utilizes CPS Investment Advisors (CPS) for employee retirement benefits consulting services. A board member, who is a CPS employee, manages the Peace River Center account. Fees paid to CPS are the responsibility of the benefit plans.

NOTE 15 NEW MARKETS TAX CREDIT TRANSACTIONS

Peace River Center entered into several debt and receivable transactions during the fiscal year ended June 30, 2016, in order to make additional funds available to it through the New Markets Tax Credit (NMTC) Program, as described in Note 8. As part of these transactions, Peace River Center created Peace River Center Properties II, Inc. (Properties II) as described in Note 1 under Nature of Organization.

The NMTC Program permits taxpayers to claim a credit against federal income taxes for Qualified Equity Investments (QEI) in designated Community Development Entities (CDEs). These designated CDEs must use substantially all (85%) of the proceeds to make Qualified Low-Income Community Investments (QLICI). The taxpaying investor is provided with a tax credit which is claimed over a seven-year period.

2015 NMTC Transaction

Peace River Center made a \$3,381,500 loan to PRC Lakeland Investment Fund, LLC (Investment LLC). SunTrust, through its SunTrust Community Capital LLC (the Investor), made a \$1,618,500 capital contribution into Investment LLC.

Investment LLC utilized the proceeds from the Peace River Center loan and the capital by the Investor, to acquire an interest in Community Hospitality Healthcare Services Subsidiary CDE 28, LLC through the making of a \$5,000,000 capital contribution which qualified as a qualified equity investment (QEI) for purposes of the New Markets Tax Credit program.

Community Hospitality Healthcare Services Subsidiary CDE 28, LLC then made QLICI loans totaling \$4,850,000 to Properties II, pursuant to two promissory notes in the amounts of \$3,381,500 and \$1,468,500, respectively.

Properties II used the proceeds from the QLICI loans to fund construction of a new Crisis Stabilization Unit in Lakeland, Florida.

PEACE RIVER CENTER FOR PERSONAL DEVELOPMENT, INC. AND AFFILIATES
NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

NOTE 15 NEW MARKETS TAX CREDIT TRANSACTIONS (CONTINUED)

In connection with the transaction, Peace River Center also entered into a put option with the Investor. The agreements allow the Investor to put its interest in Investment LLC to Peace River Center at any time during the six months following the seventh anniversary of the effective date (which corresponds to the end of the NMTC Compliance Period under Section 45D of the Code). As noted above, while this option is at the discretion of Investment LLC (or the Investor), it is common industry practice for the Investor to elect such option upon the completion of the NMTC Compliance Period.

The purchase price of the interest is \$1,000 plus the cost of third-party expenses associated with the completion of such transfer. Additionally, Peace River Center was granted a call option, which can be utilized if Investment LLC does not exercise their put option. Pursuant to such call option, Peace River Center may acquire the Investor's interest in Investment LLC, during the latter of six months following of the seventh anniversary of the effective date or six months following the receipt of the non-put election notice by the Investor. The purchase price of the call option is the fair market value of the Investors' interest at the time of the call. No amounts have been recorded on the accompanying combined financial statements related to the put and call options.

Associated with this transaction, interest income from the note receivable in the amount of \$50,724 and \$18,786 was recognized during the years ended June 30, 2017 and 2016, respectively. Interest expense on the related QLICI loans was \$69,819 and \$38,788 for the years ended June 30, 2017 and 2016, respectively.

SUPPLEMENTARY INFORMATION

PEACE RIVER CENTER FOR PERSONAL DEVELOPMENT, INC.
SCHEDULES OF FUNDING AND REVENUE SOURCES
YEAR ENDED JUNE 30, 2017
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2016)

	Case Management	Crisis Stabilization	Crisis Support / Emergency	Medical Services	Room and Board Level 2	Supported Employment	Supported Living
IA. STATE SAMH FUNDING							
(1) CFBHN	\$ 339,150	\$ 1,681,956	\$ 943,824	\$ 594,182	\$ 404,049	\$ 63,592	\$ 40,516
(2) CFBHN Fees	-	-	-	-	-	-	-
Total State SAMH Funding	<u>339,150</u>	<u>1,681,956</u>	<u>943,824</u>	<u>594,182</u>	<u>404,049</u>	<u>63,592</u>	<u>40,516</u>
IB. OTHER GOVERNMENT FUNDING							
(1) Other State Agency Funding	-	10,867	-	67,616	-	-	-
(2) Medicaid - Suncoast Region	133,304	832,918	470,856	361,310	47,450	-	-
(3) Medicaid - All Other Regions	-	-	-	-	-	-	-
(4) Local Government	-	1,068,372	179,848	-	-	-	63,959
(5) Federal Grants and Contracts	-	-	-	31,168	-	-	-
(6) In-Kind from Local Government Only	-	-	-	-	-	-	-
Total Other Government Funding	<u>133,304</u>	<u>1,912,157</u>	<u>650,704</u>	<u>460,094</u>	<u>47,450</u>	<u>-</u>	<u>63,959</u>
IC. ALL OTHER REVENUES							
(1) 1st 2nd Party Payments	3,578	14,464	40,803	46,023	766	-	-
(2) 3rd Party Payments (except Medicare)	-	131,631	28,870	13,101	-	-	-
(3) Medicare	-	239,049	181,453	151,088	-	-	-
(4) Contributions	-	10,000	-	-	2,750	-	-
(5) Other	327	1,412	31,555	372	127,189	35	122
(6) In-Kind	-	-	-	-	2,078	-	-
Total All Other Revenues	<u>3,905</u>	<u>396,556</u>	<u>282,681</u>	<u>210,584</u>	<u>132,783</u>	<u>35</u>	<u>122</u>
Total Funding	<u>\$ 476,359</u>	<u>\$ 3,990,669</u>	<u>\$ 1,877,209</u>	<u>\$ 1,264,860</u>	<u>\$ 584,282</u>	<u>\$ 63,627</u>	<u>\$ 104,597</u>

PEACE RIVER CENTER FOR PERSONAL DEVELOPMENT, INC.
SCHEDULES OF FUNDING AND REVENUE SOURCES (CONTINUED)
YEAR ENDED JUNE 30, 2017
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2016)

	Outpatient - Group	SRT	Clubhouse	Outreach	Substance Abuse (Outpatient)	FITT	FACT
IA. STATE SAMH FUNDING							
(1) CFBHN	\$ 94,068	\$ 2,594,265	\$ 265,738	\$ 324,391	\$ 105,641	\$ 439,232	\$ 1,227,635
(2) CFBHN Fees	-	25,050	-	-	-	-	-
Total State SAMH Funding	94,068	2,619,315	265,738	324,391	105,641	439,232	1,227,635
IB. OTHER GOVERNMENT FUNDING							
(1) Other State Agency Funding	10,380	14,489	-	-	22,344	11,731	-
(2) Medicaid - Suncoast Region	222,135	-	471,477	-	142,484	-	-
(3) Medicaid - All Other Regions	-	-	-	-	-	-	-
(4) Local Government	-	-	-	-	-	-	-
(5) Federal Grants and Contracts	-	-	-	-	-	-	-
(6) In-Kind from Local Government Only	-	-	-	-	-	-	-
Total Other Government Funding	232,515	14,489	471,477	-	164,828	11,731	-
IC. ALL OTHER REVENUES							
(1) 1st 2nd Party Payments	4,555	-	7,633	3	13,088	(2,544)	(3)
(2) 3rd Party Payments (except Medicare)	42	-	-	-	-	-	-
(3) Medicare	642	-	-	-	8,152	-	-
(4) Contributions	-	-	3,083	-	-	-	-
(5) Other	131	1,013	13,146	146	3,894	180	567
(6) In-Kind	-	-	-	-	-	-	-
Total All Other Revenues	5,370	1,013	23,862	149	25,134	(2,364)	564
Total Funding	\$ 331,953	\$ 2,634,817	\$ 761,077	\$ 324,540	\$ 295,603	\$ 448,599	\$ 1,228,199

PEACE RIVER CENTER FOR PERSONAL DEVELOPMENT, INC.
SCHEDULES OF FUNDING AND REVENUE SOURCES (CONTINUED)
YEAR ENDED JUNE 30, 2017
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2016)

	Therapeutic Behavior Onsite	Children's Case Management	Children's Crisis Support / Emergency	Children's Medical Services	Outpatient Child - Individual	Outpatient Children Group	Total SAMH
IA. STATE SAMH FUNDING							
(1) CFBHN	\$ 26,551	\$ 74,421	\$ 703,143	\$ 59,390	\$ 30,805	\$ -	\$ 10,012,549
(2) CFBHN Fees	-	-	-	-	-	-	25,050
Total State SAMH Funding	<u>26,551</u>	<u>74,421</u>	<u>703,143</u>	<u>59,390</u>	<u>30,805</u>	<u>-</u>	<u>10,037,599</u>
IB. OTHER GOVERNMENT FUNDING							
(1) Other State Agency Funding	-	-	-	-	-	-	137,427
(2) Medicaid - Suncoast Region	114,653	307,437	-	374,793	722,480	-	4,201,297
(3) Medicaid - All Other Regions	-	-	-	-	-	-	-
(4) Local Government	-	-	-	-	67,125	-	1,379,304
(5) Federal Grants and Contracts	-	-	-	-	-	-	31,168
(6) In-Kind from Local Government Only	-	-	-	-	-	-	-
Total Other Government Funding	<u>114,653</u>	<u>307,437</u>	<u>-</u>	<u>374,793</u>	<u>789,605</u>	<u>-</u>	<u>5,749,196</u>
IC. ALL OTHER REVENUES							
(1) 1st 2nd Party Payments	1,886	4,801	-	8,153	15,374	-	158,580
(2) 3rd Party Payments (except Medicare)	-	-	-	11,826	23,382	-	208,852
(3) Medicare	-	-	-	-	-	-	580,384
(4) Contributions	33,333	200	-	35,356	33,333	-	118,055
(5) Other	160	507	194	154	227	-	181,331
(6) In-Kind	-	-	-	-	-	-	2,078
Total All Other Revenues	<u>35,379</u>	<u>5,508</u>	<u>194</u>	<u>55,489</u>	<u>72,316</u>	<u>-</u>	<u>1,249,280</u>
Total Funding	<u>\$ 176,583</u>	<u>\$ 387,366</u>	<u>\$ 703,337</u>	<u>\$ 489,672</u>	<u>\$ 892,726</u>	<u>\$ -</u>	<u>\$ 17,036,075</u>

PEACE RIVER CENTER FOR PERSONAL DEVELOPMENT, INC.
SCHEDULES OF FUNDING AND REVENUE SOURCES (CONTINUED)
YEAR ENDED JUNE 30, 2017
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2016)

	Non-SAMH	Total Support Services	Indirect	Fundraising	Management and General	Grand Total	(Summarized) 2016
IA. STATE SAMH FUNDING							
(1) CFBHN	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,012,549	\$ 10,158,543
(2) CFBHN Fees	-	-	-	-	-	25,050	(25,050)
Total State SAMH Funding	-	-	-	-	-	10,037,599	10,133,493
IB. OTHER GOVERNMENT FUNDING							
(1) Other State Agency Funding	2,848,516	-	-	1,547,385	-	4,533,328	3,528,032
(2) Medicaid - Suncoast Region	1,050,665	-	-	-	-	5,251,962	5,706,301
(3) Medicaid - All Other Regions	-	-	-	-	-	-	-
(4) Local Government	576,484	-	-	-	-	1,955,788	1,755,754
(5) Federal Grants and Contracts	-	-	-	-	-	31,168	24,133
(6) In-Kind from Local Government Only	-	-	-	-	-	-	-
Total Other Government Funding	4,475,665	-	-	1,547,385	-	11,772,246	11,014,220
IC. ALL OTHER REVENUES							
(1) 1st 2nd Party Payments	52,201	1,275	-	-	-	212,056	241,662
(2) 3rd Party Payments (except Medicare)	85,545	-	-	-	-	294,397	372,422
(3) Medicare	-	-	-	-	-	580,384	541,547
(4) Contributions	207,351	859,295	509	(48,278)	614,727	1,751,659	2,076,231
(5) Other	168,333	55,819	145,620	165,099	24,321	740,523	690,245
(6) In-Kind	693	-	-	-	-	2,771	2,771
Total All Other Revenues	514,123	916,389	146,129	116,821	639,048	3,581,790	3,924,878
Total Funding	<u>\$ 4,989,788</u>	<u>\$ 916,389</u>	<u>\$ 146,129</u>	<u>\$ 1,664,206</u>	<u>\$ 639,048</u>	<u>\$ 25,391,635</u>	<u>\$ 25,072,591</u>

PEACE RIVER CENTER FOR PERSONAL DEVELOPMENT, INC.
SCHEDULES OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2017
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2016)

	Case Management	Crisis Stabilization	Crisis Support / Emergency	Medical Services	Room and Board Level 2	Supported Employment	Supported Living
IIA. PERSONNEL EXPENSES							
(1) Salaries	\$ 288,510	\$ 2,318,390	\$ 1,352,005	\$ 1,136,990	\$ 383,490	\$ 38,312	\$ 46,407
(2) Benefits	79,279	447,495	305,932	156,355	90,576	7,391	9,642
Total Personnel Expenses	<u>367,789</u>	<u>2,765,885</u>	<u>1,657,937</u>	<u>1,293,345</u>	<u>474,066</u>	<u>45,703</u>	<u>56,049</u>
IIB. OTHER EXPENSES							
(1) Building Occupancy	23,494	188,324	62,541	30,144	67,033	1,824	4
(2) Professional Contractual Services	5,774	51,179	32,486	23,820	9,438	597	1,149
(3) Travel	11,878	1,836	7,087	6,044	527	199	472
(4) Equipment	11,340	59,955	49,040	28,059	10,027	694	2,012
(5) Food Services	1	68,893	120	567	25,925	6	-
(6) Medical and Pharmacy	111	84,479	400	164,840	590	12	23
(7) Subcontracted Services	-	-	-	-	-	-	-
(8) Insurance	9,542	30,378	25,884	8,994	14,808	1,236	2,022
(9) Interest Paid	22	25,797	2,880	1,315	13,651	1	-
(10) Operating Supplies and Expenses	54,390	180,521	91,548	67,271	68,617	2,668	64,367
(11) Other	-	328	-	-	-	-	-
(12) Donated Items	-	(1,167)	-	(10,465)	2,078	-	-
Total Other Expenses	<u>116,552</u>	<u>690,523</u>	<u>271,986</u>	<u>320,589</u>	<u>212,694</u>	<u>7,237</u>	<u>70,049</u>
Total Personnel and Other Expenses	<u>484,341</u>	<u>3,456,408</u>	<u>1,929,923</u>	<u>1,613,934</u>	<u>686,760</u>	<u>52,940</u>	<u>126,098</u>
IIC. DISTRIBUTED INDIRECT COSTS							
(a) Other Support Costs (Optional)	-	-	-	-	-	-	-
(b) Administration	81,422	451,798	293,426	228,632	108,733	7,740	19,797
Total Actual Operation Expenses	<u>565,763</u>	<u>3,908,206</u>	<u>2,223,349</u>	<u>1,842,566</u>	<u>795,493</u>	<u>60,680</u>	<u>145,895</u>
IID. UNALLOWABLE COSTS	-	-	-	-	-	-	-
Total Allowable Operation Expenses	<u>\$ 565,763</u>	<u>\$ 3,908,206</u>	<u>\$ 2,223,349</u>	<u>\$ 1,842,566</u>	<u>\$ 795,493</u>	<u>\$ 60,680</u>	<u>\$ 145,895</u>
IIE. CAPITAL EXPENDITURES	-	-	-	-	-	-	-

PEACE RIVER CENTER FOR PERSONAL DEVELOPMENT, INC.
SCHEDULES OF FUNCTIONAL EXPENSES (CONTINUED)
YEAR ENDED JUNE 30, 2017
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2016)

	Outpatient - Group	SRT	Clubhouse	Outreach	Substance Abuse (Outpatient)	FITT	FACT
IIA. PERSONNEL EXPENSES							
(1) Salaries	\$ 140,599	\$ 1,262,546	\$ 259,689	\$ 157,962	\$ 247,684	\$ 246,717	\$ 561,716
(2) Benefits	33,250	297,930	54,981	40,126	43,767	50,870	114,111
Total Personnel Expenses	<u>173,849</u>	<u>1,560,476</u>	<u>314,670</u>	<u>198,088</u>	<u>291,451</u>	<u>297,587</u>	<u>675,827</u>
IIB. OTHER EXPENSES							
(1) Building Occupancy	55,440	213,596	61,596	19,637	14,223	12,215	66,425
(2) Professional Contractual Services	2,519	22,484	4,584	2,635	3,141	3,222	8,030
(3) Travel	153	1,026	2,607	11,464	5,178	14,965	7,241
(4) Equipment	26,246	34,794	9,636	5,372	8,005	8,299	27,240
(5) Food Services	8,862	93,232	23,286	1	8	-	83
(6) Medical and Pharmacy	48	40,999	70	49	6,477	58	663
(7) Subcontracted Services	-	-	-	-	-	-	-
(8) Insurance	4,829	25,747	5,839	2,675	3,606	3,723	14,635
(9) Interest Paid	1,616	26,105	1	47	4	7	79
(10) Operating Supplies and Expenses	31,966	133,436	43,425	39,470	14,173	37,056	265,705
(11) Other	10	91	-	-	-	-	-
(12) Donated Items	-	(1,556)	-	-	-	-	-
Total Other Expenses	<u>131,689</u>	<u>589,954</u>	<u>151,044</u>	<u>81,350</u>	<u>54,815</u>	<u>79,545</u>	<u>390,101</u>
Total Personnel and Other Expenses	<u>305,538</u>	<u>2,150,430</u>	<u>465,714</u>	<u>279,438</u>	<u>346,266</u>	<u>377,132</u>	<u>1,065,928</u>
IIC. DISTRIBUTED INDIRECT COSTS							
(a) Other Support Costs (Optional)	-	-	-	-	-	-	-
(b) Administration	62,145	286,377	104,949	40,694	50,050	51,909	145,147
Total Actual Operation Expenses	<u>367,683</u>	<u>2,436,807</u>	<u>570,663</u>	<u>320,132</u>	<u>396,316</u>	<u>429,041</u>	<u>1,211,075</u>
IID. UNALLOWABLE COSTS	-	-	-	-	-	-	-
Total Allowable Operation Expenses	<u>\$ 367,683</u>	<u>\$ 2,436,807</u>	<u>\$ 570,663</u>	<u>\$ 320,132</u>	<u>\$ 396,316</u>	<u>\$ 429,041</u>	<u>\$ 1,211,075</u>
IIE. CAPITAL EXPENDITURES	-	-	-	-	-	-	-

PEACE RIVER CENTER FOR PERSONAL DEVELOPMENT, INC.
SCHEDULES OF FUNCTIONAL EXPENSES (CONTINUED)
YEAR ENDED JUNE 30, 2017
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2016)

	Therapeutic Behavior Onsite	Children's Case Management	Children's Crisis Support / Emergency	Children's Medical Services	Outpatient Child - Individual	Outpatient Children Group	Total SAMH
IIA. PERSONNEL EXPENSES							
(1) Salaries	\$ 145,567	\$ 330,884	\$ 223,352	\$ 367,664	\$ 463,917	\$ 768	\$ 9,973,169
(2) Benefits	30,584	87,427	53,751	61,207	91,189	236	2,056,099
Total Personnel Expenses	176,151	418,311	277,103	428,871	555,106	1,004	12,029,268
IIB. OTHER EXPENSES							
(1) Building Occupancy	4,601	12,508	941	14,430	25,855	62	874,893
(2) Professional Contractual Services	2,350	8,352	3,805	6,272	11,096	18	202,951
(3) Travel	7,372	16,180	8,556	975	2,775	(9)	106,526
(4) Equipment	5,266	13,603	5,264	10,356	15,209	67	330,484
(5) Food Services	1	1	1	34	41	-	221,062
(6) Medical and Pharmacy	49	157	66	378	108	-	299,577
(7) Subcontracted Services	-	-	-	-	-	-	-
(8) Insurance	2,086	8,718	5,822	4,726	4,806	4	180,080
(9) Interest Paid	31	43	48	276	1,561	-	73,484
(10) Operating Supplies and Expenses	9,698	42,855	11,774	18,281	27,372	72	1,204,665
(11) Other	-	-	-	-	-	-	429
(12) Donated Items	-	-	-	-	-	-	(11,110)
Total Other Expenses	31,454	102,417	36,277	55,728	88,823	214	3,483,041
Total Personnel and Other Expenses	207,605	520,728	313,380	484,599	643,929	1,218	15,512,309
IIC. DISTRIBUTED INDIRECT COSTS							
(a) Other Support Costs (Optional)	-	-	-	-	-	-	-
(b) Administration	32,714	93,958	32,035	66,075	75,649	204	2,233,454
Total Actual Operation Expenses	240,319	614,686	345,415	550,674	719,578	1,422	17,745,763
IID. UNALLOWABLE COSTS	-	-	-	-	-	-	-
Total Allowable Operation Expenses	\$ 240,319	\$ 614,686	\$ 345,415	\$ 550,674	\$ 719,578	\$ 1,422	\$ 17,745,763
IIE. CAPITAL EXPENDITURES	-	-	-	-	-	-	-

PEACE RIVER CENTER FOR PERSONAL DEVELOPMENT, INC.
SCHEDULES OF FUNCTIONAL EXPENSES (CONTINUED)
YEAR ENDED JUNE 30, 2017
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2016)

	Non-SAMH	Indirect	Fundraising	Management and General	2017 Grand Total	(Summarized) 2016
IIA. PERSONNEL EXPENSES						
(1) Salaries	\$ 2,355,271	\$ 2,075,544	\$ 125,561	\$ -	\$ 14,529,545	\$ 14,830,243
(2) Benefits	690,835	385,759	35,891	-	3,168,584	3,474,478
Total Personnel Expenses	<u>3,046,106</u>	<u>2,461,303</u>	<u>161,452</u>	<u>-</u>	<u>17,698,129</u>	<u>18,304,721</u>
IIB. OTHER EXPENSES						
(1) Building Occupancy	278,752	40,521	51,915	22	1,246,103	1,234,841
(2) Professional Contractual Services	56,431	146,471	132,058	24,000	561,911	461,832
(3) Travel	82,078	7,043	614	-	196,261	204,626
(4) Equipment	118,544	1,355	23,702	-	474,085	465,559
(5) Food Services	142,045	5,112	30,756	-	398,975	335,642
(6) Medical and Pharmacy	(10,623)	399	48	-	289,401	309,543
(7) Subcontracted Services	-	-	-	-	-	-
(8) Insurance	41,815	23,584	2,978	-	248,457	329,463
(9) Interest Paid	26,540	78,415	-	-	178,439	157,844
(10) Operating Supplies and Expenses	334,758	242,202	34,447	80	1,816,152	1,699,361
(11) Other	220	657	1	615,008	616,315	614,373
(12) Donated Items	894,911	-	62,256	-	946,057	191,343
Total Other Expenses	<u>1,965,471</u>	<u>545,759</u>	<u>338,775</u>	<u>639,110</u>	<u>6,972,156</u>	<u>6,004,427</u>
Total Personnel and Other Expenses	<u>5,011,577</u>	<u>3,007,062</u>	<u>500,227</u>	<u>639,110</u>	<u>24,670,285</u>	<u>24,309,148</u>
IIC. DISTRIBUTED INDIRECT COSTS						
(a) Other Support Costs (Optional)	-	-	-	-	-	-
(b) Administration	537,391	(2,785,713)	14,868	-	-	-
Total Actual Operation Expenses	<u>5,548,968</u>	<u>221,349</u>	<u>515,095</u>	<u>639,110</u>	<u>24,670,285</u>	<u>24,309,148</u>
IID. UNALLOWABLE COSTS	-	-	-	-	-	-
Total Allowable Operation Expenses	<u>\$ 5,548,968</u>	<u>\$ 221,349</u>	<u>\$ 515,095</u>	<u>\$ 639,110</u>	<u>\$ 24,670,285</u>	<u>\$ 24,309,148</u>
IIE. CAPITAL EXPENDITURES	-	-	-	-	-	-

**PEACE RIVER CENTER FOR PERSONAL DEVELOPMENT, INC.
SCHEDULE OF STATE EARNINGS
YEAR ENDED JUNE 30, 2017**

Total Expenditures	\$ 24,670,285
Less Other State and Federal Funds	(9,816,458)
Less Non-Match SAMH Funds	(5,975,012)
Less Unallowable Costs per 65E-14, F.A.C.	<u>(743,219)</u>
Total Allowable Expenditures	<u>\$ 8,135,596</u>
Maximum Available Earnings (Line 5 times 75%)	\$ 6,101,697
Amount of State Funds Requiring Match	<u>4,062,587</u>
Amount Due to Department	<u>\$ -</u>

**PEACE RIVER CENTER FOR PERSONAL DEVELOPMENT, INC.
SCHEDULE OF BED-DAY AVAILABILITY PAYMENTS
YEAR ENDED JUNE 30, 2017**

Program A	Cost Center B	State Contracted Rate C	Total Units of Service Provided Needs to be no More Than 365 * 30 Beds for CSU Combined D	Total Units of Service Paid for by 3rd Party Contracts, Local Govt. or Other State Agencies E	Maximum # of Units Eligible for Payment by Department (D-E) F	Amount Paid for Services by the Department G	Maximum \$ Value of Units in Column F (F x C) H	Amount Owed to Department (G-H or \$-0-, Whichever is Greater) I
Children's MH	Crisis Stabilization Unit	\$ -	-	-	-	\$ -	\$ -	\$ -
Adult MH	Crisis Stabilization Unit	371.6900	9,490	3,632.80	5,857.20	1,686,582	2,177,063	-
Children's SA	Substance Abuse Detox	-	-	-	-	-	-	-
Adult SA	Substance Abuse Detox	-	-	-	-	-	-	-
Adult MH	Short-Term Residential Treatment	\$ 236.81	10,950	-	10,950	\$ 2,593,070	\$ 2,593,070	-
Total Amount Owed to Department =								\$ -

**PEACE RIVER CENTER FOR PERSONAL DEVELOPMENT, INC.
SCHEDULE OF RELATED PARTY TRANSACTION ADJUSTMENTS
YEAR ENDED JUNE 30, 2017**

	Allocation of Related Party Transactions Adjustment				
	State-Designated Cost Centers				Total
	1	2	3	
Revenues From Grantee					
Rent	\$ -	\$ -	\$ -		\$ -
Services	-	-	-		-
Interest	-	-	-		-
Other	-	-	-		-
Total Revenue From Grantee	-	-	-		-
Expenses Associated with Grantee Transactions:					
Personnel Services	-	-	-		-
Depreciation	-	-	-		-
Interest	-	-	-		-
Other	-	-	-		-
Total Associated Expenses	-	-	-		-
Related Party Transaction Adjustment	\$ -	\$ -	\$ -		\$ -

PEACE RIVER CENTER FOR PERSONAL DEVELOPMENT, INC. AND AFFILIATES
COMBINING SCHEDULE OF FINANCIAL POSITION
YEAR ENDED JUNE 30, 2017

ASSETS	Peace River Center for Personal Development	Peace River Center Properties	Peace River Center Properties II	Eliminations	Total
CURRENT ASSETS					
Cash and Cash Equivalents	\$ 3,182,540	\$ 23,170	\$ 5,000	\$ -	\$ 3,210,710
Accounts Receivable, Net	2,436,000	8,873	-	-	2,444,873
Tenant Accounts Receivable, Net	-	3,253	-	-	3,253
Inventory	91,223	-	-	-	91,223
Prepaid Expenses	541,552	1,894	540	-	543,986
Deposits	7,795	-	-	-	7,795
Current Portion of Pledges Receivable	481,283	-	-	-	481,283
Total Current Assets	<u>6,740,393</u>	<u>37,190</u>	<u>5,540</u>	<u>-</u>	<u>6,783,123</u>
RESTRICTED DEPOSITS AND FUNDED RESERVES					
Reserve for Client Funds	82,677	-	-	-	82,677
Tenant Security Deposits Held In Trust	-	5,708	-	-	5,708
Reserve for Replacements	-	18,006	-	-	18,006
Reserve for Construction	-	-	666,807	-	666,807
Total Restricted Deposits	<u>82,677</u>	<u>23,714</u>	<u>666,807</u>	<u>-</u>	<u>773,198</u>
PROPERTY, PLANT, AND EQUIPMENT, NET	2,756,281	320,244	4,925,934	-	8,002,459
OTHER ASSETS					
Notes Receivable - New Markets Tax Credit	3,381,500	-	-	-	3,381,500
Pledges Receivable, Long-Term	487,668	-	-	-	487,668
Intercompany Receivables	-	-	10,738	(10,738)	-
Investments - Deferred Compensation Plan	348,699	-	-	-	348,699
Beneficial Interest in Assets Held by the GiveWell Community Foundation	16,027	-	-	-	16,027
Other Assets	1,575	-	-	-	1,575
Total Other Assets	<u>4,235,469</u>	<u>-</u>	<u>10,738</u>	<u>(10,738)</u>	<u>4,235,469</u>
Total Assets	<u>\$ 13,814,820</u>	<u>\$ 381,148</u>	<u>\$ 5,609,019</u>	<u>\$ (10,738)</u>	<u>\$ 19,794,249</u>

PEACE RIVER CENTER FOR PERSONAL DEVELOPMENT, INC. AND AFFILIATES
COMBINING SCHEDULE OF FINANCIAL POSITION (CONTINUED)
YEAR ENDED JUNE 30, 2017

	Peace River Center for Personal Development	Peace River Center Properties	Peace River Center Properties II	Eliminations	Total
LIABILITIES AND NET ASSETS					
CURRENT LIABILITIES					
Accounts Payable	\$ 915,659	\$ 5,439	\$ 25,173	\$ -	\$ 946,271
Accrued Expenses	1,123,153	3,390	-	-	1,126,543
Accrued Annual Leave	788,605	-	-	-	788,605
Deferred Revenue	440,829	5,173	-	-	446,002
Intercompany Payables	10,738	-	-	(10,738)	-
Security Deposits Payable	5,943	3,682	-	-	9,625
Reserve for Client Funds	82,677	-	-	-	82,677
Deferred Compensation Payable	348,699	-	-	-	348,699
Current Portion of Long-Term Debt	474,288	19,872	-	-	494,160
Total Current Liabilities	<u>4,190,591</u>	<u>37,556</u>	<u>25,173</u>	<u>(10,738)</u>	<u>4,242,582</u>
LONG-TERM LIABILITIES					
Mortgages and Notes Payable, Net Deferred Loan Costs	2,147,626	357,918	-	-	2,505,544
New Markets Tax Credit Notes Payable, Net Deferred Loan Costs	-	-	4,661,325	-	4,661,325
Total Long-Term Liabilities	<u>2,147,626</u>	<u>357,918</u>	<u>4,661,325</u>	<u>-</u>	<u>7,166,869</u>
Total Liabilities	6,338,217	395,474	4,686,498	(10,738)	11,409,451
NET ASSETS					
Unrestricted					
Undesignated	6,648,933	(14,326)	922,521	-	7,557,128
Designated by Board for Assets Held in the Community Foundation	16,027	-	-	-	16,027
Total Unrestricted	<u>6,664,960</u>	<u>(14,326)</u>	<u>922,521</u>	<u>-</u>	<u>7,573,155</u>
Temporarily Restricted	811,643	-	-	-	811,643
Total Net Assets	<u>7,476,603</u>	<u>(14,326)</u>	<u>922,521</u>	<u>-</u>	<u>8,384,798</u>
Total Liabilities and Net Assets	<u>\$ 13,814,820</u>	<u>\$ 381,148</u>	<u>\$ 5,609,019</u>	<u>\$ (10,738)</u>	<u>\$ 19,794,249</u>

**PEACE RIVER CENTER FOR PERSONAL DEVELOPMENT, INC. AND AFFILIATES
COMBINING SCHEDULE OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2017**

	Peace River Center for Personal Development	Peace River Center Properties	Peace River Center Properties II	Eliminations	Total
UNRESTRICTED FUNDING AND REVENUES					
Government Funding					
Substance Abuse and Mental Health:					
Adult and Children Mental Health	\$ 10,037,599	\$ -	\$ -	\$ -	\$ 10,037,599
Net Patient Service Fees	6,338,799	-	-	-	6,338,799
Other Government Funding					
Other Federal and State Grants and Contracts	4,564,496	-	-	-	4,564,496
Local Government	1,955,788	-	-	-	1,955,788
Total Other Government Funding	6,520,284	-	-	-	6,520,284
Other Funding and Revenues					
Contributions	1,548,012	55,420	558,276	(613,570)	1,548,138
Other	569,941	973	-	-	570,914
Rental	-	206,022	-	-	206,022
Contracted Food Services	154,210	-	-	-	154,210
Program Income	16,372	-	-	-	16,372
Net Assets Released From Restrictions	558,276	-	-	-	558,276
Total Other Funding and Revenues	2,846,811	262,415	558,276	(613,570)	3,053,932
Total Unrestricted Funding and Revenues	25,743,493	262,415	558,276	(613,570)	25,950,614
EXPENSES					
Program Services	23,516,080	126,157	104,212	-	23,746,449
Fundraising	515,095	-	-	-	515,095
Management and General, Support Services, and Indirect	639,110	59,334	5,417	(613,570)	90,291
Total Expenses	24,670,285	185,491	109,629	(613,570)	24,351,835

**PEACE RIVER CENTER FOR PERSONAL DEVELOPMENT, INC. AND AFFILIATES
COMBINING SCHEDULE OF ACTIVITIES AND CHANGES IN NET ASSETS (CONTINUED)
YEAR ENDED JUNE 30, 2017**

	Peace River Center for Personal Development	Peace River Center Properties	Peace River Center Properties II	Eliminations	Total
CHANGE IN UNRESTRICTED NET ASSETS	\$ 1,073,208	\$ 76,924	\$ 448,647	\$ -	\$ 1,598,779
TEMPORARILY RESTRICTED REVENUE					
Contributions	206,418	-	-	-	206,418
Net Assets Released From Restrictions	<u>(558,276)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(558,276)</u>
Total Temporarily Restricted Revenue	<u>(351,858)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(351,858)</u>
CHANGE IN TEMPORARILY RESTRICTED NET ASSETS	<u>(351,858)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(351,858)</u>
CHANGE IN NET ASSETS	721,350	76,924	448,647	-	1,246,921
Net Assets (Deficit) - Beginning of Year	<u>6,755,253</u>	<u>(91,250)</u>	<u>473,874</u>	<u>-</u>	<u>7,137,877</u>
NET ASSETS (DEFICIT) - END OF YEAR	<u>\$ 7,476,603</u>	<u>\$ (14,326)</u>	<u>\$ 922,521</u>	<u>\$ -</u>	<u>\$ 8,384,798</u>

**PEACE RIVER CENTER FOR PERSONAL DEVELOPMENT, INC. AND AFFILIATES
 COMBINED SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND
 STATE FINANCIAL ASSISTANCE
 YEAR ENDED JUNE 30, 2017**

Grantor/Pass-through Agency Program Title	CFDA CSFA No.	Contract Grant No.	Expenditures
<u>Federal Awards</u>			
<u>U.S. Department of Health and Human Services</u>			
Passed Through Florida Central Florida Behavior Health Network (CFHBN)			
<i>Substance Abuse and Mental Health (SAMH) Program</i>			
SAMH Program	93.778	QB035-16	\$ 269,222
SAMH Program	93.958	QB035-16	959,198
SAMH Program	93.959	QB035-16	<u>56,541</u>
Total Other Cluster SAMH Program			<u>1,284,961</u>
Passed Through Florida Coalition Against Domestic Violence			
Domestic Violence Program	93.558 *	17-2218	222,847
Domestic Violence Program	93.671	17-2218	<u>124,447</u>
Total Florida Coalition Against Domestic Violence			<u>347,294</u>
Passed Through Heartland for Children			
Home To Stay Program	93.558 *	MPRMS1	72,294
Home To Stay Program	93.658	MPRMS1	142,722
Home To Stay Program	93.645	MPRMS1	15,958
Home To Stay Program	93.659	MPRMS1	46,849
Home To Stay Program	93.556	MPRMS1	<u>2,169</u>
Total Other Cluster Heartland for Children			<u>279,992</u>
Passed Through Florida Department of Health			
Green Dot Strategy	93.991	COHK1	<u>70,578</u>
Total U.S. Department of Health and Human Services			<u>1,982,825</u>

* Sum of CFDA 93.558 = \$295,141

**PEACE RIVER CENTER FOR PERSONAL DEVELOPMENT, INC. AND AFFILIATES
 COMBINED SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND
 STATE FINANCIAL ASSISTANCE (CONTINUED)
 YEAR ENDED JUNE 30, 2017**

Grantor/Pass-through Agency Program Title	CFDA CSFA No.	Contract Grant No.	Expenditures
<u>U.S. Department of Housing and Urban Development</u>			
Supportive Housing for Persons with Disabilities	14.181	067-EH226-L8-CMI	\$ 395,958
Emergency Solutions Grant	14.231	C164056	63,959
Lower Income Housing Assistance Program Section 8 Moderate Rehabilitation	14.856	A-87-0385	<u>152,170</u>
Total U.S. Department of Housing and Urban Development			<u>612,087</u>
<u>U.S. Department of Justice/Office of the Attorney General</u>			
Passed Through State of Florida Council Against Sexual Violence Sexual Violence Prevention Program-Services	16.017	16SAS19	56,135
Victims of Crime Act (VOCA)	16.575	V14078	<u>236,846</u>
Total U.S. Department of Justice/Office of the Attorney General			<u>292,981</u>
<u>U.S. Department of Agriculture</u>			
Passed Through State of Florida Department of Elder Affairs Adult Care Food Program	10.558	Y6075	10,380
Passed Through State of Florida Department of Health Child Care Food Program	10.558	H-1766	<u>25,718</u>
Total U.S. Department of Agriculture			<u>36,098</u>
Total Expenditures of Federal Awards			<u><u>\$ 2,923,991</u></u>

**PEACE RIVER CENTER FOR PERSONAL DEVELOPMENT, INC. AND AFFILIATES
 COMBINED SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND
 STATE FINANCIAL ASSISTANCE (CONTINUED)
 YEAR ENDED JUNE 30, 2017**

Grantor/Pass-through Agency Program Title	CFDA CSFA No.	Contract Grant No.	Expenditures
<u>State Financial Assistance</u>			
<u>State of Florida Council Against Sexual Violence</u>			
Rape Crisis Trust Fund	41.010	16OAG19	\$ 20,772
Rape Crisis Trust Fund	64.061	16TFGTR19	61,811
Rape Crisis General Revenue	64.069	16TFGTR19	<u>96,561</u>
Total Florida Council Against Sexual Violence			<u>179,144</u>
<u>State of Florida Coalition Against Domestic Violence</u>			
Domestic Violence Program		17-2218-CPI-GR	125,000
<u>State of Florida Department of Children and Families</u>			
Passed Through Florida Central Florida Behavior Health Network (CFHBN)			
SAMH Program	60.114	QB035-16	<u>363,958</u>
Total Other Cluster SAMH Program			<u>363,958</u>
Passed Through Heartland for Children			
Home To Stay	60.075	MPRMS1	20,432
FITT/START	60.075	MPRMS1	<u>10,000</u>
Total Other Cluster Heartland for Children			<u>30,432</u>
FCO - Crisis Stabilization Units	60.130	DCF 15161400	1,547,385
Total Department of Children and Families			<u>1,941,775</u>
Total Expenditures of State Financial Assistance			<u><u>\$ 2,245,919</u></u>
Total Expenditures of Federal Awards and State Financial Assistance			<u><u>\$ 5,169,910</u></u>

**PEACE RIVER CENTER FOR PERSONAL DEVELOPMENT, INC. AND AFFILIATES
NOTES TO COMBINED SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND
STATE FINANCIAL ASSISTANCE
YEAR ENDED JUNE 30, 2017**

NOTE 1 BASIS OF PRESENTATION

The accompanying combined schedule of expenditures of federal awards and state financial assistance (the Schedule) includes the federal and state award activity of the Peace River Center for Personal Development, Inc. and Affiliates (Peace River Center) under programs of the federal and state government for the year ended June 30, 2017. The information in this Schedule is presented in accordance with the requirements of 2 CFR Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* and Chapter 10.650, *Rules of the Auditor General* (Chapter 10.650). Because the Schedule presents only a selected portion of the operations of Peace River Center, it is not intended to and does not present the financial position, changes in net assets, or cash flows Peace River Center for Personal Development, Inc.

NOTE 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, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Peace River Center has elected to not use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE 3 MAJOR PROGRAM DETERMINATION

The Substance Abuse and Mental Health Program and the Heartland for Children have funding sources that include multiple federal and state awards. In accordance with 2 CFR Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*, each major program cannot be “unclustered” and, therefore, has been tested as a cluster. See the Summary of Auditors’ Results on pages 49 - 51 for a total listing of each major program or state project by CFDA and CFSA number.

NOTE 4 LOANS OUTSTANDING

Peace River Center had the following loan balance outstanding at June 30, 2017:

<u>Program Title</u>	<u>CFDA</u>	<u>Amount</u>
HUD Insured Mortgage	14.181	\$ 377,790

**PEACE RIVER CENTER FOR PERSONAL DEVELOPMENT, INC. AND AFFILIATES
NOTES TO COMBINED SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND
STATE FINANCIAL ASSISTANCE
YEAR ENDED JUNE 30, 2017**

NOTE 5 RECONCILIATION

Peace River Center received state matching dollars, which are not reported on the Combined Schedule of Expenditures of Federal Awards and State Financial Assistance, but were included in the supplementary Schedules of Activities and Changes in Net Assets. Below are the reconciling items:

<u>State Match Not Subject To Single Audit</u>	<u>Amount</u>
SAMH Program (QB035)	\$ 8,290,338
CAT Program (TH501)	750,000
Domestic Violence Program (17-2218)	379,705
Home To Stay (MPRMS1)	265,084
Total	<u>\$ 9,685,127</u>

NOTE 6 SUBRECIPIENTS

Peace River Center does not pass through funds to any subrecipients, therefore there were no subrecipient payments for the year ended June 30, 2017.



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

Board of Directors
Peace River Center for Personal Development, Inc.
and Affiliates
Bartow, 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 combined financial statements of Peace River Center for Personal Development, Inc. and Affiliates (Peace River Center) which comprise the statement of financial position as of June 30, 2017, and the related statements of activities and changes in net assets, and cash flows for the year then ended June 30, 2017, and the related notes to the combined financial statements, which collectively comprise Peace River Center's basic combined financial statements and have issued our report thereon dated November 22, 2017. The financial statements of Peace River Center Properties, Inc. and Peace River Center Properties II, Inc. were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Peace River Center'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 opinions on the combined financial statements, but not for the purpose of expressing an opinion on the effectiveness of Peace River Center's internal control. Accordingly, we do not express an opinion on the effectiveness of the Peace River Center'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 combined 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.

Board of Directors
Peace River Center for Personal Development, Inc.
and Affiliates

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting 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 weakness may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

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



CliftonLarsonAllen LLP

Lakeland, Florida
November 22, 2017



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

Board of Directors
Peace River Center for Personal Development, Inc.
and Affiliates
Bartow, Florida

Report on Compliance for Each Major Federal and State Project

We have audited Peace River Center for Personal Development, Inc.'s and Affiliates' (Peace River Center) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and Department of Financial Services' State Projects Compliance Supplement that could have a direct and material effect on each of Peace River Center's major federal programs and state projects for the year ended June 30, 2017. Peace River Center's major federal programs and state projects are identified in the summary of auditors' 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 Peace River Center for Personal Development, Inc.'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 the audit 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* (Chapter 10.650). Those standards, the Uniform Guidance and Chapter 10.650 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 state project occurred. An audit includes examining, on a test basis, evidence about Peace River Center for Personal Development, Inc.'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. However, our audit does not provide a legal determination of Peace River Center's compliance.

Opinion on Each Major Federal Program

In our opinion, Peace River Center complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and state projects for the year ended June 30, 2017.

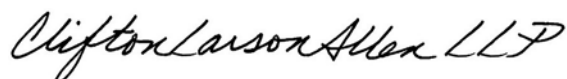
Report on Internal Control Over Compliance

Management of Peace River Center 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 Peace River Center's 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, 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 Peace River Center'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 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 will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and Chapter 10.650. Accordingly, this report is not suitable for any other purpose.



CliftonLarsonAllen LLP

Lakeland, Florida
November 22, 2017

**PEACE RIVER CENTER FOR PERSONAL DEVELOPMENT, INC. AND AFFILIATES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2017**

Section I – Summary of Auditors’ Results

Combined financial statements

Type of auditors’ report issued	Unmodified
Internal control over financial reporting:	
Material weakness identified	None
Significant deficiency identified not considered to be a material weakness	None Reported
Noncompliance material to the combined financial statements noted	None

Federal Awards and State Projects

Internal control over major programs:	
Material weakness identified	None
Significant deficiency identified not considered to be a material weakness	None Reported

Type of auditor’s report issued on compliance for major programs and projects Unmodified

Audit findings disclosed that are required to be reported in accordance with Uniform Guidance and Chapter 10.650, Rules of the Auditor General None

Identification of major federal awards and state projects:

<u>Federal Awards</u>	<u>CFDA Number</u>
Other Cluster Substance Abuse and Mental Health Program:	
DCF Program	93.778
DCF Program	93.958
DCF Program	93.959

<u>State Projects</u>	<u>CSFA Number</u>
Other Cluster Substance Abuse and Mental Health Program:	
DCF Program	60.114
Department of Children and Families	
FCO - Crisis Stabilization Units	60.130

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

Dollars threshold use to distinguish between Type A and Type B programs for state projects \$750,000

Auditee qualified as low-risk Yes

**PEACE RIVER CENTER FOR PERSONAL DEVELOPMENT, INC. AND AFFILIATES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2017**

Section II – Financial Statement Audit

Our audit did not disclose any matters required to be reported in accordance with Government Auditing Standards and other matters.

Section III – Federal Awards and State Financial Assistance Findings and Questioned Costs

Our audit did not disclose any matters required to be reported in accordance with Government Auditing Standards and other matters.

Section IV – Other Issues

In accordance with Florida State Statute Sections 215.97(9)(f) and 215.97(10)(d), a management letter has not been issued since there were no items related to State Financial Assistance required to be reported in the management letter.

**PEACE RIVER CENTER FOR PERSONAL DEVELOPMENT, INC. AND AFFILIATES
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
YEAR ENDED JUNE 30, 2017**

Section I – Financial Statement Audit

There were no findings in the prior year ended June 30, 2016.

Section II – Federal Awards and State Financial Assistance Findings and Questioned Costs

There were no findings in the prior year ended June 30, 2016.