
MENTAL HEALTH ASSOCIATION OF PALM BEACH COUNTY, INC.

INDEPENDENT AUDITOR'S REPORT
AND
FINANCIAL STATEMENTS
FOR THE YEARS ENDED
JUNE 30, 2011 AND 2010

MARK ESCOFFERY P.A.
CERTIFIED PUBLIC ACCOUNTANT

MENTAL HEALTH ASSOCIATION OF PALM BEACH COUNTY, INC.

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INDEPENDENT AUDITOR'S REPORT

To The Board of Directors
Mental Health Association of
Palm Beach County, Inc.
West Palm Beach, Florida

I have audited the accompanying Statements of Financial Position of Mental Health Association of Palm Beach County, Inc., ("the Association") (a nonprofit organization) as of June 30, 2011 and 2010, and the related Statements of Activities, Functional Expenses and Cash Flows for the years then ended. These Financial Statements are the responsibility of the Association's Management. My responsibility is to express an opinion on these financial statements based on my audits.

I conducted my audits 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 I plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audits provide a reasonable basis for my opinion.

In my opinion, the Financial statements referred to above present fairly, in all material respects, the financial position of the Association as of June 30, 2011 and 2010, and the Changes in its Net Assets and its Cash Flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my reports dated November 23, 2011, on my consideration of the Association's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of my audits.

Mark Escoffery, P.A.

Palm Beach Gardens, Florida
November 23, 2011

MENTAL HEALTH ASSOCIATION OF PALM BEACH COUNTY, INC.
STATEMENTS OF FINANCIAL POSITION

June 30, 2011 and 2010

ASSETS	Unrestricted	Temporarily Restricted	Permanently Restricted	Total 2011	Total 2010
Current Assets:					
Cash and Cash Equivalents	\$ 152,502	\$ 15,000	\$ 83,152	\$ 250,654	\$374,344
Investments	458,841			458,841	459,833
Grants Receivable	6,414			6,414	102,813
Other Receivables	8,140			8,140	9,465
Prepaid Expenses	10,619			10,619	20,688
Total Current Assets	<u>636,516</u>	<u>15,000</u>	<u>83,152</u>	<u>734,668</u>	<u>967,143</u>
Property and Equipment, (net)	\$ 36,421			36,421	53,446
Deposits	1,000			1,000	2,569
Total Assets	<u>\$ 673,937</u>	<u>\$ 15,000</u>	<u>\$ 83,152</u>	<u>\$ 772,089</u>	<u>\$ 1,023,158</u>
LIABILITIES AND NET ASSETS					
Current Liabilities:					
Deferred Revenue	\$ 61,667			\$ 61,667	82,000
Accounts payable	5,502			5,502	18,428
Accrued Expenses	13,752			13,752	77,108
Total Current liabilities	<u>80,921</u>	<u>-</u>	<u>-</u>	<u>80,921</u>	<u>177,536</u>
Net Assets	<u>593,016</u>	<u>15,000</u>	<u>83,152</u>	<u>691,168</u>	<u>845,622</u>
Total Liabilities and Net Assets	<u>\$ 673,937</u>	<u>\$ 15,000</u>	<u>\$ 83,152</u>	<u>\$ 772,089</u>	<u>1,023,158</u>

The accompanying notes are an integral part of these statements

**MENTAL HEALTH ASSOCIATION OF PALM BEACH COUNTY, INC.
STATEMENTS OF ACTIVITIES**

For the years Ended June 30, 2011 and 2010

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total 2011</u>	<u>Total 2010</u>
Support and Revenues					
State and Local Grants	\$ 346,839			\$ 346,839	\$1,265,258
United Way	12,000			12,000	21,000
Contributions	175,354			175,354	76,695
Special Events	60,190			60,190	48,647
Investment Income	3,367			3,367	13,189
Other income	34,425			34,425	45,089
Total Support and Revenues	<u>632,175</u>	<u>-</u>	<u>-</u>	<u>632,175</u>	<u>1,469,878</u>
Expiration of Time Restriction	15,000	\$ (15,000)		-	
Total Unrestricted Revenues	<u>647,175</u>	<u>(15,000)</u>	<u>-</u>	<u>632,175</u>	<u>1,469,878</u>
Expenses					
Program Services	514,324			514,324	1,416,129
Management and general	235,780			235,780	220,954
Fundraising	36,525			36,525	58,492
Total Expenses	<u>786,629</u>	<u>-</u>	<u>-</u>	<u>786,629</u>	<u>1,695,575</u>
Change in Net Assets	<u>(139,454)</u>	<u>(15,000)</u>	<u>-</u>	<u>(154,454)</u>	<u>(225,697)</u>
Net Asset at Beginning of Year	<u>732,470</u>	<u>30,000</u>	<u>83,152</u>	<u>845,622</u>	<u>1,071,320</u>
Net Asset at End of Year	<u>\$ 593,016</u>	<u>\$ 15,000</u>	<u>\$ 83,152</u>	<u>\$ 691,168</u>	<u>845,623</u>

The accompanying notes are an integral part of these statements

MENTAL HEALTH ASSOCIATION OF PALM BEACH COUNTY, INC.
STATEMENT OF FUNCTIONAL EXPENSES

For Year Ended June 30, 2011

Program Services

	Peer Place	Lantana	Washington	South Grade	Other Programs	Management and General	Fundraising Expenses	Total
Personnel Expenses								
Salaries and Wages	\$ 77,245	88,572	90,971	77,924	12,450	\$ 31,259	\$ 17,357	\$ 395,778
Payroll Taxes	3,959	6,903	7,106	6,294	9,736	7,404	1,328	42,731
Group Insurance	1,950	3,503	3,606	3,194	4,796	3,647	-	20,696
Total Personnel Expenses	83,154	98,978	101,684	87,413	26,982	42,310	18,685	459,206
Operating Expenses								
Bank Charges and Changes in Investment Values						4,247		4,247
Background Check		2,462	2,534	2,244				7,240
Equipment rental and maintenance		2,843	2,927	2,592	24,630		130	33,122
Insurance expenses	942	4,192	4,316	3,822	643	12,851	490	27,256
Local Transportation	90	1,189	1,224	1,084	360	1,490		5,436
Affiliation Dues		1,108	1,108	1,108	942			4,265
Postage and Handling		442	455	403		2,415	366	4,081
Printing and Photocopies		889	915	811		2,282	2,290	7,187
Professional Fees - Audit	2300	2,300	2,645	2,530	576	1,150		11,501
Professional Fees - Legal		-	-	-		2,500		2,500
Professional Fees - CSC	566	5,483	5,644	4,999				16,127
Professional Fees - Other		11,707	8,406	11,281	4,758		750	37,468
Public Relations		-	-	-			12,604	12,604
Rent and Utilities	31,302	1,327	1,366	1,210	8,207	3,176	831	47,418
Sponsored Event		2,462	2,534	2,244				7,240
Staff Development and Conferences		1,213	1,248	1,106		2,803		6,370
Supplies	10,998	4,852	4,995	4,424	4,181	2,940		32,389
Telephone	1,956	2,373	2,443	2,163		16,927	200	26,062
Office expenses		-	-	-		13,891		14,070
Miscellaneous Expenses		1,240	1,276	1,130			179	3,646
Dues, Subscription and Publications		57	59	52				168
Total Operating Expenses	48,154	46,137	44,094	43,204	44,297	66,672	17,840	310,397
Depreciation Expenses		3,184	3,277	2,903		7,662		17,026
Total Expenses	\$ 131,308	\$ 148,299	\$ 149,055	\$ 133,519	\$ 71,279	\$ 116,644	\$ 36,525	\$ 786,629

The accompanying notes are an integral part of these statements

MENTAL HEALTH ASSOCIATION OF PALM BEACH COUNTY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For Year Ended June 30, 2010

Program Services

	BEACON CENTER AT LANTANA ELEMENTARY	BEACON CENTER AT WASHINGTON ELEMENTARY	BEACON CENTER SOUTH GRADE ELEMENTARY	Others	Totals	Management and General	Fundraising Expenses	Total
Personnel Expenses								
Salaries and Wages	\$167,114	\$175,284	\$154,072	\$163,968	\$660,438	\$135,017	\$20,051	\$815,506
Payroll Taxes	13,691	14,615	13,004	12,724	54,034	11,018	1,534	66,585
Group Insurance	17,663	15,680	18,642	10,954	62,939	11,560	2,571	77,070
Total Personnel Expenses	198,468	205,579	185,718	187,646	777,411	157,595	24,156	959,161
Operating Expenses								
Bank Charges and Changes in Investment Values	2,366	2,457	2,250	1,460	8,533	4,978	711	14,223
Equipment rental and maintenance	6,298	7,159	6,183	13,039	32,679	4,687	1,775	39,141
Insurance expenses	4,620	4,627	4,620	2,081	15,948	2,990	997	19,935
Local Transportation	5,654	4,374	4,086	5,326	19,440	1,085	-	20,525
Affiliation Dues	962	962	962	795	3,681	2,142	612	6,435
Postage and Handling	50			1,433	1,483	1,513	300	3,296
Printing and Photocopies	906	761	874	176	2,717	3,775	342	6,833
Professional Fees - Audit	4,830	4,830	4,830	6,274	20,764	13,150	692	34,606
Professional Fees - Legal	360	374	343	223	1,300	1,200	-	2,500
Professional Fees - CSC	52,572	43,324	45,666	53,480	195,042	-	-	195,042
Professional Fees - Other	44,091	51,650	37,359	20,660	153,760	13,028	1,025	167,813
Public Relations	-	-	-	23,804	23,804	4,201	-	28,005
Rent and Utilities	-	-	-	37,774	37,774	4,444	2,222	44,440
Staff Development and Conferences	1,062	484	481	6,182	8,209	4,186	10,280	22,675
Supplies	11,298	9,996	20,215	8,086	49,595	4,175	2,087	55,857
Telephone	5,335	5,439	5,326	8,603	24,703	4,517	894	30,114
Miscellaneous Expenses	339	437	552	1,044	2,372	5,917	646	8,935
Dues, Subscription and Publications	1,277	1,327	1,215	789	4,609	2,734	-	7,343
Total Operating Expenses	142,020	138,202	134,963	191,227	606,412	78,721	22,584	707,716
Depreciation Expenses	6,759	7,025	6,433	4,176	24,393	4,305	-	28,698
Total Expenses	\$347,247	\$350,806	\$327,114	\$383,049	\$1,408,216	\$240,620	\$46,740	\$1,695,576

The accompanying notes are an integral part of these statements

MENTAL HEALTH ASSOCIATION OF PALM BEACH COUNTY, INC.
 STATEMENTS OF CASH FLOWS
 For the Years Ended June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Cash Flows from Operating Activities		
Cash received from State and local Agencies	\$ 352,651	\$ 1,253,607
Cash received from other grantors	207,900	194,630
Cash received from special events	60,190	48,617
Cash received from investment income	3,367	13,189
Cash paid to employees and suppliers for goods and services	<u>(767,375)</u>	<u>(1,571,343)</u>
Net cash (used in) operating activities	<u>(143,267)</u>	<u>(61,300)</u>
 Cash Flows from Investing Activities		
Proceeds from Investments	18,585	100,000
Increase in Investments	<u>992</u>	<u>(5,284)</u>
Net cash Proceeds from Investing Activities	<u>19,577</u>	<u>94,716</u>
 Net (decrease) in cash and cash equivalents	(123,690)	33,416
Cash and cash equivalents at beginning of year	<u>374,344</u>	<u>340,928</u>
Cash and cash equivalents at end of year:		
Permanently Restricted	83,152	83,152
Temporarily Restricted	15,000	44,978
Unrestricted	152,502	246,214
	<u>\$ 250,654</u>	<u>\$ 374,344</u>
 Reconciliation of Change in Net Assets to Net Cash Flows used in Operating Activities:		
Change in Net assets	\$ (154,454)	\$ (225,698)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	17,026	28,698
Gain on sale of Property, Plant & Equipment	(20,525)	-
(Increase) Decrease in Assets:		
Grant receivable	90,900	28,631
Other receivable	6,825	35,206
Prepaid expenses and Deposits	13,576	(6,486)
Increase (Decrease) in Liabilities		
Deferred Revenue	(20,333)	82,000
Accounts payable	(12,926)	(5,395)
Accrued expenses	<u>(63,356)</u>	<u>1,744</u>
Net cash (used in) Operating Activities	<u>\$ (143,267)</u>	<u>\$ (61,300)</u>

The accompanying notes are an integral part of these financial statements

**MENTAL HEALTH ASSOCIATION OF PALM BEACH COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2011 AND 2010**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The Mental Health Association of Palm Beach County, Inc. (“the Association”) is a Florida not-for-profit corporation dedicated to improving the care and treatment of individuals with mental illnesses and promoting the mental wellness of all individuals in Palm Beach County. The Association provides services relating to mental health and mental illnesses through education, support, prevention, information and referral. Sources of revenues include State and local grants and public and private contributions.

To achieve its purposes, the Association operates a variety of prevention, evaluation and treatment services and, from time to time, may add additional services to address unmet needs that exist or may arise in its service area. Brief descriptions of the Association’s significant programs are as follows:

Educational and Information Programs are designed to assist public awareness of mental health issues, measures for mental health preservation, and provide information about mental health services available within the community. The components of these programs include self-help groups for individuals to cope with a variety of issues, information and referral services, seminars for mental health professionals and the public, and advocacy for those with mental illnesses.

The Peer Place is a drop-in facility promoting individuals to take control over their recoveries from mental illness. The facility offers mental health growth through support, education, and recreational and social activities.

Adult and Senior Programs offer support on a variety of issues by specially trained volunteers.

Children programs are prevention/mentoring programs for at-risk children in elementary and middle schools. “The Listen To Children Program” provides one-on-one support with a trained volunteer listener to develop resilience skills that include development and problem solving.

Beacon Centers Programs are school-based community centers that address the community’s needs by offering children and family activities and services during school and non-school hours. These diverse opportunities offer families healthy alternatives to grow and participate actively in the life and spirit of their communities.

**MENTAL HEALTH ASSOCIATION OF PALM BEACH COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS (CONT'D.)
FOR THE YEARS ENDED JUNE 30, 2011 AND 2010**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

Basis of Presentation

The Association reports information regarding its financial position and activities according to three classes of net assets:

1. *Unrestricted Net Assets* are those currently available for use in the current operations of the Association under the direction of the Board.
2. *Temporarily Restricted Net Assets* are those stipulated by donors for specific operating purposes.
3. *Permanently Restricted Net Assets* consist of an endowment gift, the principal of which must be held in perpetuity under the terms of the gift. The investment earnings on the permanently restricted net assets may be used for current operations.

Cash and Cash Equivalents

Cash equivalents consist of short-term, highly liquid investments which are readily convertible into cash within ninety days of purchase.

Investments

The Association carries investments in fixed rate certificates of deposit which readily determinate fair values that are stated at fair market value.

Property and Equipment

The Association capitalizes all expenditures for equipment at a cost of \$500 or more.

Property and equipment are stated at cost less accumulated depreciation. Depreciation is being provided by use of the straight-line method over the estimated useful lives of the related assets as follows:

ASSETS	METHOD	YEARS
Building	SL	15-35
Building Improvements	SL	5-30
Vehicles	SL	7
Furniture and Fixtures	SL	5-15

Maintenance, minor repairs and replacements are charged to expense as incurred.

**MENTAL HEALTH ASSOCIATION OF PALM BEACH COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS (CONT'D.)
FOR THE YEARS ENDED JUNE 30, 2011 AND 2010**

Endowment Funds

The Association reports endowment fund investments at their fair market value in the Statement of Financial Position. Investment income is included in the Statement of Activities. Under the terms of the donor agreement, investment income can be used for unrestricted operating purposes. The Endowment Funds are permanently restricted, unless otherwise stipulated.

Grants and Contributions

Grants are received from State and local sources. Revenues from State and County grants are recognized either when reimbursable program expenses are incurred or for the operating days of the Peer Place Drop-In Center. Grants from private sources are recognized during the period that they are received.

All contributions are considered to be available for unrestricted use, unless specifically restricted by the donor. Amounts designated for future periods or restricted by the donor for specific purposes are reported as temporarily or permanently restricted.

Concentration of Credit Risk

Financial instruments that subject the Association to concentrations of credit risk include cash. While the Association attempts to limit its financial exposure, its deposit balances have at times exceeded federally insured limits. The Association maintains accounts at institutions insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The Association has not experienced any losses on such balances.

Restricted and Unrestricted Revenue and Support

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

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

**MENTAL HEALTH ASSOCIATION OF PALM BEACH COUNTY, INC.
 NOTES TO FINANCIAL (CONT'D.)
 FOR THE YEARS ENDED JUNE 30, 2011 AND 2010**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

Contributed Services

The Association does not recognize any support, revenue or expense from services contributed by volunteers because they do not meet the criteria for measurement.

Functional Allocation of Expenses

In the accompanying Statement of Activities, expenses have been reported by their financial classification, a method of grouping expenses according to the purpose for which they were incurred. The primary functional classification are program services and supporting activities. Program services are the activities that result in services being provided to members that fulfill the purpose or mission for which the Association exists. Supporting activities are all activities, other than program services, and are included in the financial statements as management and general expenses.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles include the use of estimates that affect the financial statements. Accordingly, actual results could differ from those estimates.

Income Taxes

The Association is exempt from Federal income tax as an organization described under Section 501 (c)(3) of the Internal Revenue Code.

NOTE 2 – RECLASSIFICATION

Certain amounts for the year ended June 30, 2010, have been reclassified for comparative purposes to conform to the presentation used in June 30, 2011 Financial Statements. The classifications have no effect on total net assets for the year ended June 30, 2010.

NOTE 3 – GRANTS RECEIVABLE

The following is a summary of grants receivable at June 20, 2011 and 2010 , respectively:

	<u>2011</u>		<u>2010</u>
Children’s Services Council of Palm Beach County	\$ 1,359	\$	80,172
Department of Children and Families	885		18,846
Robert Woods Johnson	4,170		-
Town of Palm Beach United Way	-		1,000
Board of County Commissioners	-		2,795
TOTAL	<u>\$ 6,414</u>	<u>\$</u>	<u>102,813</u>

**MENTAL HEALTH ASSOCIATION OF PALM BEACH COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS (CONT'D.)
FOR THE YEARS ENDED JUNE 30, 2011 AND 2010**

NOTE 3 – GRANTS RECEIVABLE (Cont'd.)

The Association considers grants receivable to be fully collectible, accordingly no allowance for doubtful accounts is required.

NOTE 4 – PROPERTY AND EQUIPMENT

At June 30, 2011 and 2010 property and equipment consisted of the following:

	<u>2011</u>	<u>2010</u>
Land	\$ 10,800	\$ 10,800
Building and Leasehold Improvements	213,959	213,959
Furniture and Equipment	145,872	172,678
Motor Vehicles	43,455	133,081
	<u>414,086</u>	<u>530,518</u>
Less Accumulated Depreciation	377,665	477,072
	<u>\$ 36,421</u>	<u>\$ 53,446</u>

NOTE 5 – OPERATING LEASES

The Association leases equipment, storage and building under various non-cancelable operating leases. The lease payments are expensed in the year of payment. Those leases generally contain renewal options for periods ranging from three to ten years and require the Association to pay all executory costs such as taxes, maintenance, and insurance. Total rental expense for those leases were \$45,147 and \$48,108 respectively, for the years ended June 30, 2011 and 2010. Future minimum lease payments under the operating leases as of June 30, 2011, are:

Year Ended June 30,		
	2012	44,556
	2013	44,556
	2014	23,856
TOTAL		<u>\$ 112,968</u>

NOTE 6 – EMPLOYEE BENEFIT PLAN

The Association has established a defined contribution pension plan for all employees who are age 21 or older and have completed at least 1,000 hours of service (as defined). Employees become fully vested upon the completion of three years of service. Employer contributions to the Plan are equal to 3% (reduced for forfeited accounts, if any) of monthly compensation and totaled \$10,702 for the year ended June 30, 2011. Forfeited accounts totaled \$9,780 and \$480, respectively, for 2011 and 2010 and were used to reduce the employer's contribution and administrative fees during 2011 and 2010. At June 30, 2011 the unused portion of forfeited contributions totaling \$5,238 was carried forward and will be used to offset future employer contributions.

**MENTAL HEALTH ASSOCIATION OF PALM BEACH COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS (CONT'D.)
FOR THE YEARS ENDED JUNE 30, 2011 AND 2010**

NOTE 7 – CONCENTRATIONS - REVENUE

The Association received grants from Children’s Services Council of Palm Beach County (“CSC”). CSC Grants accounted for approximately 41% in total revenues and expenses for the year ended June 30, 2011. This Grant was discontinued after December 31, 2010.

NOTE 8 – CONTINGENCIES

The Association receives financial assistance from State and Local governmental agencies in the form of grants. The disbursement of funds received under these programs generally require compliance with the terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from audits could become a liability of the Association.

NOTE 9 – DEFERRED REVENUE

Deferred revenue represents contributions received in the current year for which the obligation has not been expended or expired. As of June 30, 2011 and June 30, 2010 deferred revenues were as follows:

	<u>2011</u>	<u>2010</u>
Palm Health Foundation	\$ 16,667	\$ 33,333
Lost Tree Foundation	15,000	15,000
Elliott R. Donnelley Charitable Trust	30,000	25,000
Others	-	8,667
	<u>\$ 61,667</u>	<u>\$ 82,000</u>

NOTE 10 – PRIOR YEAR ADJUSTMENT

The Association received contributions of \$82,000 which were recorded as revenue for the year ended June 30, 2010. These contributions should have been recorded as deferred revenue in the year ended June 30, 2010, as the donor restrictions had not expired. Beginning net assets were adjusted by the amount of the unexpended obligation and the same amount reflected as deferred revenue as of June 30, 2010. The change in net assets is reflected in the financial statements as follows:

Net Assets June 30, 2010 (as previously stated)	\$ 927,622
Less Deferred Revenue	<u>82,000</u>
Adjusted Net Assets at June 30, 2010	<u>\$ 845,622</u>

**MENTAL HEALTH ASSOCIATION OF PALM BEACH COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS (CONTD.)
FOR THE YEARS ENDED JUNE 30, 2011 AND 2010**

NOTE 11 – FUTURE SUPPORT

The Association received grants, fees and contributions from various sources. Continuing commitments to the Association for June 30, 2012 are anticipated to be as follows:

		<u>2011-12</u>
Local Government Support	\$	25,000
The State of Florida Department of Children and Families		75,000
Foundations/Trusts		131,000
Palm Beach County-United Way		70,000
Town of Palm Beach United Way		20,000
Public Support		15,000
Other Sources		146,000
Membership Fees		33,000
Fundraising and Educational Events (Bell Society Dinner)		56,000
Health Care District		30,000
TOTAL	\$	<u>601,000</u>

NOTE 12 – SUBSEQUENT EVENTS

Management has evaluated events that occurred subsequent to the year end for potential recognition or disclosure in the financial statements, through the date on which the financial statements were available to be issued. The date when the financial statements were available to be issued was November 23, 2011.

Mark Escoffery, P.A.

Certified Public Accountant

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

To the Board of Directors
Mental Health Association of Palm Beach County, Inc.
West Palm Beach, Florida

I have audited the financial statements of Mental Health Association of Palm Beach County, Inc. ("the Association") (a non-profit organization) as of and for the years ended June 30, 2011, and have issued my report thereon dated November 23, 2011. I conducted my audits 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.

Internal Control Over Financial Reporting

In planning and performing my audits, I considered the Association's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Association's internal control over financing reporting.

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

My consideration of internal control over financial reporting 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 deficiencies, significant deficiencies, or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above.

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS (CONT'D.)**

To the Board of Directors
Mental Health Association of Palm Beach County, Inc.
West Palm Beach, Florida

Compliance and Other matters

As part of obtaining reasonable assurance about whether the Association's financial statements are free of material misstatement, I performed test 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of Management, the Board of Directors, others within the entity, Children's Services Council of Palm Beach County and pass through entities and is not intended to be and should not be used by anyone other than these specified parties.

Mark Ewoppey, P.A.

Palm Beach Gardens, Florida
November 23, 2011

Mark Escoffery, P.A.

Certified Public Accountant

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MANAGEMENT LETTER

To the Board of Directors
Mental Health Association
of Palm Beach County, Inc.
West Palm Beach, Florida

In planning and performing my audits of the Financial Statements of the Association for the years ended June 30, 2011, in accordance with auditing standards generally accepted in the United States of America I considered the Association's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control. Accordingly, I do not express an opinion on the effectiveness of the Association's internal control.

However, during my audit I did not become aware of any matters that are opportunities for strengthening internal control and operating efficiency. This letter does not affect my report dated November 23, 2011, on the Financial Statements of the Association.

Mark Escoffery, P.A.

Palm Beach Gardens, Florida
November 23, 2011