

SAMARITAN RECOVERY COMMUNITY, INC.

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORTS**

FOR THE YEAR END JUNE 30, 2015

SAMARITAN RECOVERY COMMUNITY, INC.

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**BELLENFANT**

CERTIFIED PUBLIC ACCOUNTING FIRM

Professional Accounting & Consulting Services

INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of
Samaritan Recovery Community, Inc.
Nashville, Tennessee

Report on the Financial Statements

We have audited the accompanying financial statements of Samaritan Recovery Community, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2015, and the related statement of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit, also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management as well as evaluating the overall presentation of the financial statements.

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

P.O. Box 3588 • Brentwood TN 37024 • Tel: 615.370.8700 • Fax: 615.370.4475

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Samaritan Recovery Community, Inc., as of June 30, 2015, and the changes in its net assets and its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of state awards and government contracts is presented for the purpose of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures used in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 14, 2015 on our consideration of Samaritan Recovery Community, 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Samaritan Recovery Community, Inc.'s internal control over financial reporting and compliance.

Bellefleur & Miles, PLLC

September 14, 2015

SAMARITAN RECOVERY COMMUNITY, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2015

ASSETS

Current Assets:

Cash	\$ 141,423
Investments	670,813
Accounts receivable	19,194
Grants receivable	61,174
Prepaid expenses and other	<u>12,310</u>

Total Current Assets 904,914

Property and Equipment:

Property and equipment, at cost, net of accumulated depreciation	<u>1,721,038</u>
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Total Assets \$ 2,625,952

LIABILITIES AND NET ASSETS

Current Liabilities

Accounts payable	\$ 5,242
Accrued expenses	<u>68,231</u>

Total Current Liabilities 73,473

Net Assets

Unrestricted	<u>2,552,479</u>
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Total Net Assets 2,552,479

Total Liabilities and Net Assets \$ 2,625,952

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

SAMARITAN RECOVERY COMMUNITY, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support and Revenue:			
Government grants	\$ 897,771	\$ -	\$ 897,771
Government contracts	283,915	-	283,915
Program service fees	190,237	-	190,237
Managed care providers	29,086	-	29,086
Contributions	8,094	-	8,094
Rents	5,880	-	5,880
Investment income	23,198	-	23,198
Other	4,768	-	4,768
	<u>1,442,949</u>	<u>-</u>	<u>1,442,949</u>
 Expenses:			
Program services:			
Intensive Residential	573,984	-	573,984
Transitional Living	482,810	-	482,810
Co-Occurring	156,604	-	156,604
Supportive Housing	138,840	-	138,840
Non-Residential Programs	50,478	-	50,478
Management and general	226,560	-	226,560
Shelby Court	14,573	-	14,573
	<u>1,643,849</u>	<u>-</u>	<u>1,643,849</u>
 Change in net assets	(200,900)	-	(200,900)
 Net assets - July 1, 2014	<u>2,753,379</u>	<u>-</u>	<u>2,753,379</u>
 Net assets - June 30, 2015	<u><u>\$2,552,479</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 2,552,479</u></u>

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

Program Services	Support Services
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The accompanying notes are an integral part of these financial statements.

SAMARITAN RECOVERY COMMUNITY, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2015

CASH FLOWS FROM OPERATING ACTIVITIES

Change in Net Assets	\$ (200,900)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:	
Depreciation	103,892
Realized gain on investments	(83,343)
Unrealized loss on investments	91,785
(Increase) decrease in:	
Grants receivable	38,023
Accounts receivable	(12,629)
Prepaid expenses and other current assets	10,358
Increase (decrease) in:	
Accounts payable	(13,458)
Accrued expenses	1,302
Net Cash Provided by Operating Activities	<u>(64,970)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Investments sold	517,425
Investments purchased	(43,887)
Purchases of property and equipment	<u>(529,168)</u>
Net Cash Used by Investing Activities	<u>(55,630)</u>
Net Decrease in Cash	(120,600)
Cash - July 1, 2014	<u>262,023</u>
Cash - June 30, 2015	<u><u>\$ 141,423</u></u>

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

SAMARITAN RECOVERY COMMUNITY, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Purpose:

Samaritan Recovery Community, Inc. (the Organization), a non-profit organization, is involved in the treatment of chemical dependency (alcohol and drug addiction). All programs are conducted on-premises except for supportive housing and the out-patient program.

Basis of Accounting:

A significant part of the Samaritan Recovery Community Inc.'s support is derived from government grants and contracts. Contributions by grantors for specific purposes are reported as support in the period a liability is incurred for expenditures in compliance with specific grant requirements. Such amounts received but not yet recognized are reported as deferred revenue. 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 restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Basis of Presentation:

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles. Financial statement presentation follows the requirements of the Financial Accounting Standards Board (FASB) Accounting Standards Codification Topic related to Presentation of Financial Statements of Not-for-Profit Organizations. Under the FASB Accounting Standards Codification, the Organization is required to report information regarding its financial position and activities according to three classes of net assets; unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. The Organization currently has no temporarily restricted net assets.

SAMARITAN RECOVERY COMMUNITY, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that may be maintained permanently by the Organization. Generally donors of these assets permit the Organization to use all or part of the income earned for general or specific purposes. The Organization currently has no permanently restricted net assets.

Functional Allocation of Expenses:

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Estimates:

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

Cash Equivalents:

For purposes of the statement of cash flows, the Organization considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Property and Equipment:

The Organization follows the practice of capitalizing, at cost, all expenditures for property and equipment in excess of \$500. Property and equipment is recorded at cost at the date of purchase. Donated property and equipment are recorded at their fair value at the date of the donation. Certain property and equipment have been purchased in part or in full with grant funds, and to that extent, the State of Tennessee retains a reversionary interest in these assets in the event of their disposition. Depreciation is calculated by the straight-line method over the useful lives of the respective assets as follows:

Land improvements	5 years
Buildings	30 years
Vehicles	5 years
Furniture and equipment	5 years

Accounts receivable and allowance for doubtful accounts:

It is the policy of the Organization to record accounts receivable when the amount becomes known. Management considers all receivables as of June 30, 2015 to be fully collectible; accordingly, no allowance for doubtful accounts is required.

SAMARITAN RECOVERY COMMUNITY, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

2. FAIR VALUES OF FINANCIAL INSTRUMENTS

The following methods and assumptions were used by the Organization in estimating its fair value disclosures for financial instruments:

Cash, cash equivalents, receivables, prepaids, payables and accruals: The carrying amounts reported in the statement of financial position approximate fair values because of the short maturities of those instruments.

3. FEDERAL INCOME TAX STATUS

The Organization has been determined by the Internal Revenue Service to be exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code and is classified as other than a private foundation. Accordingly, the financial statements do not reflect a provision for income taxes.

The Organization files a U.S. Federal Form 990-*Return of Organization Exempt from Income Tax*. The Organization's returns for the years prior to fiscal year ended June 30, 2011 are no longer open for examination.

The Organization has evaluated its tax positions in accordance with the Codification Standard relating to Accounting for Uncertainty in Income Taxes. The Organization believes that it has taken no uncertain tax positions.

4. FUNDING AND CONCENTRATION

The Organization receives a major portion of the funds that it uses to conduct its programs from the Tennessee Department of Mental Health and Substance Abuse Service grants and contracts and the United Way of Metropolitan Nashville. A major reduction of funds from one of the grants or contracts, should this occur, would have a material effect on the programs and the financial position of the Organization.

5. PROPERTY AND EQUIPMENT

Land and improvements	\$ 497,480
Buildings	2,581,687
Vehicles	86,387
Furniture and equipment	299,096
	<u>3,464,650</u>
Less: Accumulated depreciation	(1,743,612)
	<u>\$ 1,721,038</u>
 Depreciation for the year	 <u>\$ 103,892</u>

SAMARITAN RECOVERY COMMUNITY, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

6. MANAGEMENT AGREEMENT

The Organization entered into a management agreement with Xebec Management, Inc. on October 10, 1985 for the management of the Organization. On June 25, 2015, the board of trustees approved another five-year renewal of the agreement that extends the term until December 1, 2020. The management fee is computed based on a percentage of monthly net revenues. The management fee for the year was \$168,383.

7. EMPLOYEE COSTS

Included in the management agreement is an employee leasing agreement for all of the employees of the Organization. The Organization reimburses the management company the actual cost of the of the payroll plus a minor service fee. The costs of salaries, payroll taxes and other benefits are shown in the financials as though they were paid directly by the Organization.

The leasing arrangement includes a 401(k) plan for all eligible Organization employees. Employees may contribute up to 15% of their compensation and the Organization will contribute one dollar for every dollar of employee contributions up to 5% of the employee's salary. Employer contributions vest periodically based on length of participation in the plan. The total expense for the year under this plan was \$14,090.

8. CONCENTRATION OF CREDIT RISK

The Organization maintains accounts at one commercial bank. As of June 30, 2015, the Organizations deposits were fully insured under the Federal Deposit Insurance Corporation limit of \$250,000.

9. CONCENTRATION

The Organization receives support from the Tennessee Department of Mental Health and Developmental Disabilities under one grant agreement and four contracts. This represents approximately 83% of the Organization's total support and revenue.

10. SUBSEQUENT EVENTS

Subsequent events have been evaluated through September 14, 2015 which is the date the financial statements were available to be issued.

SAMARITAN RECOVERY COMMUNITY, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

11. COMMITMENTS

The Organization has a 60 month lease for office equipment. The lease began on January 28, 2014 and will expire April 28, 2017. The lease has a fixed payment of \$221 per month.

The Organization has a 60 month lease for office equipment. The lease began on March 6, 2015 and will expire on March 6, 2020. The lease has a fixed payment of \$90 per month.

Rent paid on the office equipment leases for the year ended June 30, 2015 totaled \$4,067

Future minimum rental payments required are as follows:

Year ended June 30,	Amount
2016	\$ 3,732
2017	3,290
2018	1,080
2019	1,080
2020	810
Total	<u>\$ 9,992</u>

12. INVESTMENTS

Investment securities are carried at fair value based upon quoted prices in active markets (all Level 1) and consist of the following at June 30, 2015.

	Cost	Fair Value
Municipal Bonds	\$ 65,749	\$ 63,461
Corporate Bonds	256,171	236,074
Equity Funds - ETFs	222,258	301,754
Mutual Funds - Balanced Funds	18,600	19,949
Preferred Stock	12,515	13,080
Other Fixed Income Investments	10,000	10,022
Alternative Investments	25,242	26,473
	<u>\$ 610,535</u>	<u>\$ 670,813</u>

Total investment gain relating to marketable securities and instruments consist of the following:

Interest Income	\$ 16,909
Dividend Income	14,731
Realized gain	83,343
Unrealized gain	(91,785)
	<u>\$ 23,198</u>

SAMARITAN RECOVERY COMMUNITY, INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2015

13. FAIR VALUE OF INVESTMENTS

The Organization's investments are reported at fair value in the accompanying statement of financial position.

Fair Value Measurements at June 30, 2015 Using				
		Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	Fair Value			
Municipal Bonds	\$ 63,461	\$ 63,461	\$ -	\$ -
Corporate Bonds	236,074	236,074	-	-
Equity Funds - ETFs	301,754	301,754	-	-
Mutual Funds - Balanced Funds	19,949	19,949	-	-
Preferred Stock	13,080	13,080	-	-
Other Fixed Income Investments	10,022	10,022	-	-
Alternative Investments	26,473	26,473	-	-
	<u>\$ 670,813</u>	<u>\$ 670,813</u>	<u>\$ -</u>	<u>\$ -</u>

The Financial Accounting Standards Board (FASB) Accounting Standards Codification Topic related to Fair Value Measurements, establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of observable inputs other than quoted prices for identical assets, and Level 3 inputs have the lowest priority. The Foundation uses the appropriate valuation techniques based on the available inputs to measure the fair value of its investments. Level 3 inputs were only used when Level 1 or Level 2 inputs were not available.

Level 1 Fair Value Measurements - The fair value of the investments are based on the closing price reported on the active market where the securities are traded.

Level 2 Fair Value Measurements - The fair value of the investments are based on inputs other than quoted prices within Level 1 that are observable for the asset, either directly, or indirectly.

Level 3 Fair Value Measurements - The fair value of the investments are based on at least one significant unobservable input.

SAMARITAN RECOVERY COMMUNITY, INC.
SCHEDULE OF EXPENDITURES OF GRANT AWARDS AND GOVERNMENT CONTRACTS
FOR THE YEAR ENDED JUNE 30, 2015

Agency	Program Name	CFDA Number	Grant Period	Contract Number	Grant Receivable 6/30/2014	Receipts	Expenditures	Grant Receivable 6/30/2015
<u>State Awards:</u>								
State of Tennessee Department of Mental Health and Substance Abuse Services	Adult Continuum of Care Block Grant	N/A	7/1/2013 - 6/30/2014	Edison # 37941	82,993	82,993	-	-
State of Tennessee Department of Mental Health and Substance Abuse Services	Adult Continuum of Care Block Grant	N/A	7/1/2014 - 6/30/2015	DGA 41157_2014_2015_024	-	863,895	897,771	33,876
Total State Awards					\$ 82,993	\$ 946,888	\$ 897,771	\$ 33,876
<u>Government Contracts</u>								
U.S. Department of Health and Human Services Pass Through:								
State of Tennessee Department of Mental Health and Substance Abuse Services	Addictions Recovery Program	93.959	7/1/2013 - 6/30/2014	Edison # 30803	\$ 1,500	\$ 1,500	\$ -	\$ -
State of Tennessee Department of Mental Health and Substance Abuse Services	Addictions Recovery Program	93.959	7/1/2014 - 6/30/2015	DGA 41161_2014-2015_055	-	16,500	18,000	1,500
Total Pass Through Support					\$ 1,500	\$ 18,000	\$ 18,000	\$ 1,500

The accompanying schedule of expenditures of grant awards and government contracts summarizes the expenditures of the Organization under grants and contracts of the state government for the year ended June 30, 2015. This schedule is presented on the accrual basis of accounting.

SAMARITAN RECOVERY COMMUNITY, INC.
SCHEDULE OF EXPENDITURES OF GRANT AWARDS AND GOVERNMENT CONTRACTS - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2015

Agency	Program Name	CFDA Number	Grant Period	Contract Number	Grant Receivable 6/30/2014	Receipts	Expenditures	Grant Receivable 6/30/2015
<u>Government Contracts:</u>								
<u>State of Tennessee:</u>								
State of Tennessee Department of Mental Health and Substance Abuse Services	Alcohol and Drug Addiction Treatment for Indigent Driving Under the Influence Offenders (ADAT-DUI)	N/A	7/1/2013-6/30/2014	Edison # 36212	\$ 11,450	\$ 11,450	\$ -	\$ -
	Alcohol and Drug Addiction Treatment for Indigent Driving Under the Influence Offenders (ADAT-DUI)	N/A	7/1/2014-6/30/2015	Edison # 40985	\$ -	\$ 104,871	\$ 120,658	\$ 15,787
	Alcohol and Drug Addiction Treatment for Indigent Supervised Probation Offender Treatment (ADAT-SPOT)	N/A	7/1/2013-6/30/2014	Edison # 36191	3,254	3,254	-	-
State of Tennessee Department of Mental Health and Substance Abuse Services	Alcohol and Drug Addiction Treatment for Indigent Supervised Probation Offender Treatment (ADAT-SPOT)	N/A	7/1/2014-6/30/2015	Edison # 41092	-	44,711	50,636	5,925
	Tennessee Department of Corrections Community Treatment Collaborative	N/A	7/1/2013-6/30/2014	Edison # 41164	-	75,879	79,965	4,086
	Total State Funding				\$ 14,704	\$ 240,165	\$ 251,259	\$ 25,798
Total Government contracts and Awards					\$ 99,197	\$ 1,205,053	\$ 1,167,030	\$ 61,174

**BELLENFANT**

CERTIFIED PUBLIC ACCOUNTING FIRM

Professional Accounting & Consulting Services

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

To the Board of Directors of
Samaritan Recovery Community, Inc.
Nashville, Tennessee

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Samaritan Recovery Community, Inc., which comprise the statement of financial position as of June 30, 2015, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes, and have issued our report thereon dated September 14, 2015.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

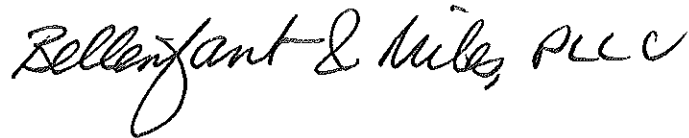
Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did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

Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in black ink that reads "Bellenfant & Mills, PLLC". The signature is written in a cursive, flowing style.

September 14, 2015

SAMARITAN RECOVERY COMMUNITY, INC.
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2015

PART I - SUMMARY OF AUDITORS' RESULTS

1. Type of auditors' report issued: Unqualified
2. Internal control over financial reporting:
- Material weaknesses identified? _____ yes X no
- Significant deficiencies identified not
considered to be material weaknesses? _____ yes X None reported
3. Noncompliance material to financial statements noted? _____ yes X no

PART II – FINDINGS AND QUESTIONED COST REPORTED IN ACCORDANCE WITH

1. There were no findings reported in accordance with generally accepted government auditing standards.

SAMARITAN RECOVERY COMMUNITY, INC.
SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2015

There were no audit findings for the year ended June 30, 2014.