

SAMARITAN RECOVERY COMMUNITY, INC.

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORTS**

FOR THE YEAR END JUNE 30, 2011

SAMARITAN RECOVERY COMMUNITY, INC.

TABLE OF CONTENTS

Independent Auditor's Report	1
Financial Statements:	
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements	7
Supplemental Information	
Schedule of Expenditures of Grant Awards and Government Contracts	12
Auditor's 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	14
Schedule of Findings and Responses	16
Summary Schedule of Prior Audit Findings	18



Joel D. Collum, Jr.
Certified Public Accountant

INDEPENDENT AUDITOR'S REPORT

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

I have audited the accompanying statement of financial position of Samaritan Recovery Community, Inc., as of June 30, 2011, and the related statement of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my 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 I plan and perform the audit 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 significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides 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 Samaritan Recovery Community, Inc., as of June 30, 2011, and the changes in its net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, I have also issued my report dated November 3, 2011 on my consideration of Samaritan Recovery Community, Inc.'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 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 and should be considered in assessing the results of my audit.

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

Joel D. Colburn, Jr., CPA

November 3, 2011

SAMARITAN RECOVERY COMMUNITY, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2011

ASSETS

Current Assets:

Cash	\$ 557,263
Certificates of deposit	692,863
Grants receivable	67,385
Accounts receivable	46,941
Interest receivable	8,422
Prepaid expenses and other	<u>13,590</u>

Total Current Assets	<u>1,386,464</u>
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Property and Equipment:

Property and equipment, at cost, net of accumulated depreciation	<u>1,460,092</u>
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Other Assets:

Utility deposits	1,184
Restricted deposits	<u>3,075</u>

Total Other Assets	<u>4,259</u>
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Total Assets	<u><u>\$ 2,850,815</u></u>
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LIABILITIES AND NET ASSETS

Current Liabilities

Accounts payable	\$ 11,852
Accrued expenses	<u>71,427</u>

Total Current Liabilities	<u>83,279</u>
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Net Assets

Unrestricted	<u>2,767,536</u>
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Total Net Assets	<u>2,767,536</u>
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Total Liabilities and Net Assets	<u><u>\$ 2,850,815</u></u>
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The accompanying notes are an integral part of these financial statements.

SAMARITAN RECOVERY COMMUNITY, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2011

	Unrestricted	Temporarily Restricted	Total
Support and Revenue:			
Government grants	\$ 934,044	\$ -	\$ 934,044
Government contracts	564,823	-	564,823
United Way	118,011	-	118,011
Program service fees	241,326	-	241,326
Managed care providers	40,614	-	40,614
Contributions	6,640	-	6,640
Rents	76,597	-	76,597
Special events	1,380	-	1,380
Sales to public	1,343	-	1,343
Investment income	11,414	-	11,414
Other	36,093	-	36,093
	<u>2,032,285</u>	<u>-</u>	<u>2,032,285</u>
Expenses:			
Program services:			
Intensive Residential	577,104	-	577,104
Transitional Living	536,115	-	536,115
MIDAS	217,299	-	217,299
Supportive Housing	200,747	-	200,747
Non-Residential Programs	98,507	-	98,507
Management and general	225,774	-	225,774
Shelby Court	77,554	-	77,554
	<u>1,933,100</u>	<u>-</u>	<u>1,933,100</u>
Change in net assets	99,185	-	99,185
Net assets - beginning of year	<u>2,668,351</u>	<u>-</u>	<u>2,668,351</u>
Net assets - end of year	<u>\$2,767,536</u>	<u>\$ -</u>	<u>\$ 2,767,536</u>

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

	Program Services				Support Services						
	Intensive Residential	Transitional Living	MIDAS	Supportive Housing	Non-Residential		Total Treatment Programs	Management and General	Shelby Court	Total Support	Total All Funds
					Residential Programs	Treatment Programs					
Salaries	\$ 286,382	\$ 254,085	\$ 143,760	\$ 51,620	\$ 53,701	\$ 789,548	\$ 47,048	\$ 13,706	\$ 60,754	\$ 850,302	
Employee benefits	43,793	36,389	21,043	10,456	8,798	120,479	8,219	828	9,047	129,526	
Payroll taxes	26,898	24,155	13,402	4,812	5,043	74,310	4,043	1,344	5,387	79,697	
	357,073	314,629	178,205	66,888	67,542	984,337	59,310	15,878	75,188	1,059,525	
Professional fees	85,876	85,137	37,470	966	14,660	224,109	66,234	5,952	72,186	296,295	
Supplies and general	63,047	63,270	-	545	3,040	129,902	1,155	270	1,425	131,327	
Telephone	2,041	2,041	-	3,221	1,669	8,972	1,396	-	1,396	10,368	
Postage and shipping	351	351	-	-	-	702	-	88	88	790	
Occupancy	51,173	51,114	1,624	125,311	7,826	237,048	17,797	41,426	59,223	296,271	
Equipment rental and maintenance	8,263	7,719	-	23	-	16,005	-	-	-	16,005	
Printing and publications	918	918	-	-	-	1,836	-	-	-	1,836	
Travel	2,859	2,859	-	-	-	5,718	-	70	70	5,788	
Conferences and meetings	1,134	1,134	-	664	-	2,932	-	-	-	2,932	
Membership dues	1,857	1,856	-	-	338	4,051	-	-	-	4,051	
Miscellaneous	2,512	5,087	-	3,129	-	10,728	-	2,127	2,127	12,855	
Depreciation	-	-	-	-	3,432	3,432	79,882	11,743	91,625	95,057	
Total Expenses	\$ 577,104	\$ 536,115	\$ 217,299	\$ 200,747	\$ 98,507	\$ 1,629,772	\$ 225,774	\$ 77,554	\$ 303,328	\$ 1,933,100	

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, 2011

CASH FLOWS FROM OPERATING ACTIVITIES

Change in Net Assets	\$ 99,185
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:	
Depreciation	95,057
(Increase) decrease in:	
Grants receivable	62,650
Accounts receivable	58,504
Interest receivable	(4,872)
Prepaid expenses and other current assets	3,774
Restricted deposit	200
Increase (decrease) in:	
Accounts payable	(524)
Accrued expenses	(36,941)
Net Cash Used by Operating Activities	<u>277,033</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchases of property and equipment	<u>(45,101)</u>
Net Cash Used by Investing Activities	<u>(45,101)</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Net Cash Used by Investing Activities	<u>-</u>
Net Increase (Decrease) in Cash	231,932
Cash - Beginning of Year	<u>325,331</u>
Cash - End of Year	<u><u>\$ 557,263</u></u>

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

SAMARITAN RECOVERY COMMUNITY, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011

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 addition). 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, 2011

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	6 - 31.5 years
Vehicles	5 years
Furniture and equipment	5 - 10 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, 2011 to be fully collectible; accordingly, no allowance for doubtful accounts is required.

SAMARITAN RECOVERY COMMUNITY, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011

2. 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.

3. FUNDING AND CONCENTRATION

The Organization receives a major portion of the funds that it uses to conduct its programs from Tennessee Department of Mental Health and Developmental Disabilities 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.

4. PROPERTY AND EQUIPMENT

Land and improvements	\$ 497,480
Buildings	2,059,840
Vehicles	86,387
Furniture and equipment	255,710
	<hr/> 2,899,417
Less: Accumulated depreciation	(1,439,325)
	<hr/> <u>\$ 1,460,092</u>
Depreciation for the year	<hr/> <u>\$ 95,057</u>

5. MANAGEMENT AGREEMENT

The Organization entered into a management agreement with Xebec Management, Inc. effective December 1, 2010 for the management of the Organization. The management fee is computed based on a percentage of monthly net revenues. The management fee for the year was \$227,915.

6. 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 \$15,832.

SAMARITAN RECOVERY COMMUNITY, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011

7. CONCENTRATION OF CREDIT RISK

The Organization maintains accounts at four commercial banks. At June 30, 2011, the excess over the Federal Deposit Insurance Corporation amount of \$250,000 was \$481,466. Management considers the risk to be minimal.

8. 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, certificates of deposit, 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.

9. COMMITMENTS

The Organization leases three buildings that are used in its Supportive Housing program on a month to month basis for \$8,542 per month.

The Organization has a 36 month lease for office equipment. The lease began on January 28, 2011 and will expire January 28, 2014. The lease has a fixed payment of \$224 per month.

The Organization has a 60 month lease for office equipment. The lease began on February 9, 2010 and will expire on February 9, 2015. The lease has a fixed payment of \$116 per month.

The total rent paid on the building leases for the year ended June 30, 2011 amounted to \$99,877.

The total rent paid on the office equipment leases for the year ended June 30, 2011 amounted to \$2,830.

Future minimum rental payments required are as follows:

Year ended June 30,	Amount
2012	\$ 4,079
2013	4,079
2014	3,181
2015	924
2016	-
Total	<u>\$ 12,263</u>

SAMARITAN RECOVERY COMMUNITY, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011

10. 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 73.8% of the Organization's total support and revenue.

11. SCHEDULE OF EXPENDITURES OF GRANT AWARDS AND GOVERNMENT CONTRACTS

The accompanying schedule of expenditures of grant awards and government contracts summarizes the expenditures of the Organization under grants and contracts of the federal and state governments for the year ended June 30, 2011. The schedule is presented on the accrual basis of accounting. Some amounts may differ from amounts presented in, or used in the preparation of, the basic financial statements.

12. SUBSEQUENT EVENTS

Subsequent events have been evaluated through November 3, 2011 which is the date the financial statements were available to be issued.

13. UNCERTAINTY IN INCOME TAXES

Management is not aware of any transactions entered into by the Organization that would cause the Organization to be required to pay income taxes.

SAMARITAN RECOVERY COMMUNITY, INC.
SCHEDULE OF EXPENDITURES OF GRANT AWARDS AND GOVERNMENT CONTRACTS
FOR THE YEAR ENDED JUNE 30, 2011

Agency	Program Name	CFDA Number	Grant Period	Contract Number	Receivable 6/30/2010	Receipts	Expenditures	Receivable 6/30/2011
<u>Federal Awards:</u>								
U.S. Department of Health and Human Services Pass Through:								
Tennessee Department of Mental Health and Developmental Disabilities	Alcohol and Drug Abuse Services Block Grant	93.959	7/1/2009 - 6/30/2010	Z-09-213836-00*	\$ 72,632	\$ 72,632	\$ -	\$ -
Total Federal Awards					\$ 72,632	\$ 72,632	\$ -	\$ -
<u>State Awards:</u>								
Tennessee Department of Mental Health and Developmental Disabilities	Alcohol and Drug Abuse Services Block Grant	93.959	7/1/2009 - 6/30/2010	Z-09-213836-00	\$ 57,403	\$ 57,403	\$ -	\$ -
Tennessee Department of Mental Health and Developmental Disabilities	Alcohol and Drug Abuse Services Block Grant	93.959	7/1/2010 - 6/30/2011	GR1132833	-	866,659	934,044	67,385
Total State Awards					\$ 57,403	\$ 924,062	\$ 934,044	\$ 67,385
Total Grant Awards					\$ 130,035	\$ 996,694	\$ 934,044	\$ 67,385

*Federal pass-through funds.

SAMARITAN RECOVERY COMMUNITY, INC.
SCHEDULE OF EXPENDITURES OF GRANT AWARDS AND GOVERNMENT CONTRACTS - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2011

Agency	Program Name	CFDA Number	Grant Period	Contract Number	Receivable 6/30/2010	Receipts	Expenditures	Receivable 6/30/2011
<u>Government Contracts:</u>								
Tennessee Department of Mental Health and Developmental Disabilities	Alcohol and Drug Addiction Treatment	N/A	7/1/2009 - 6/30/2010	DP-1131047-00	\$ 82,785	\$ 82,785	-	-
Tennessee Department of Mental Health and Developmental Disabilities	Alcohol and Drug Addiction Treatment	N/A	7/1/2010 - 6/30/2011	DP-1131047-00	-	376,068	406,298	30,230
Tennessee Department of Mental Health and Developmental Disabilities	Access to Recovery	N/A	7/1/2009 - 6/30/2010	DP-1130856-00	7,000	7,000	-	-
Tennessee Department of Mental Health and Developmental Disabilities	Access to Recovery	N/A	7/1/2010 - 9/29/10	DP-1130856-00	-	13,615	13,615	-
Tennessee Department of Mental Health and Developmental Disabilities	BOPP Community Treatment Collaborative	N/A	7/1/2009 - 6/30/2010	DP-1133018-00	13,750	13,750	-	-
Tennessee Department of Mental Health and Developmental Disabilities	BOPP Community Treatment Collaborative	N/A	7/1/2010 - 6/30/2011	DP-1133018-00	-	96,806	104,392	7,586
Tennessee Department of Mental Health and Developmental Disabilities	Additions Recovery Program	N/A	7/1/2010 - 6/30/2011	DP-1133971	-	16,500	19,800	3,300
Other miscellaneous contracts					115	115	-	-
Total Government contracts					\$ 103,650	\$ 606,639	\$ 544,105	\$ 41,116



Joel D. Collum, Jr.
Certified Public Accountant

**AUDITOR'S 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 Trustees of
Samaritan Recovery Community, Inc.
Nashville, Tennessee

I have audited the financial statements of Samaritan Recovery Community, Inc. as of and for the year ended June 30, 2011, and have issued my report thereon dated November 3, 2011. I conducted my 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.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered Samaritan Recovery Community, Inc.'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 Samaritan Recovery Community, Inc.'s internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of Samaritan Recovery Community, Inc.'s internal control over financial 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 statements will not be prevented, or detected and corrected on a timely basis.

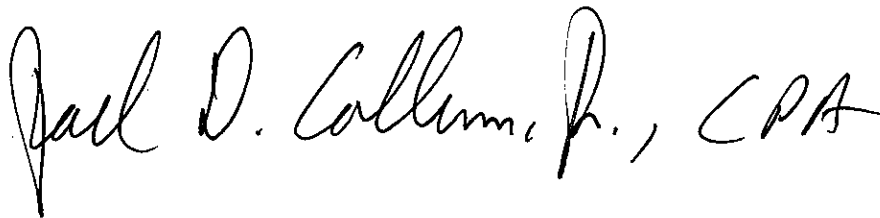
My consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above. However, I identified a certain deficiency in internal control over financial reporting, described in the accompanying schedule of findings and responses that I consider to be a significant deficiency in internal control over financial reporting. The significant deficiency is described in the accompanying schedule of findings and responses as item 11-01. 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Samaritan Recovery Community, Inc.'s financial statements are free of material misstatement, I 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 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*.

Samaritan Recovery Community, Inc.'s response to the findings identified in my audit is described in the accompanying schedule of findings and responses. I did not audit Samaritan Recovery Community, Inc.'s response and, accordingly, I express no opinion on it.

This report is intended solely for the information and use of the Board of Trustees, management, others within the organization and federal awarding agencies and pass-through entities, and the State of Tennessee and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Paul D. Callum, Jr., CPA". The signature is written in a cursive style with a large, stylized initial 'P'.

November 3, 2011

SAMARITAN RECOVERY COMMUNITY, INC.
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2011

PART I - SUMMARY OF AUDITORS' RESULTS

- | | | |
|----|--|-----------------------------|
| 1. | Type of auditors' report issued: | Unqualified |
| 2. | Internal control over financial reporting: | |
| | Material weaknesses identified? | _____yes <u> x </u> no |
| | Significant deficiencies identified not
considered to be material weaknesses? | <u> x </u> yes _____no |
| 3. | Noncompliance material to financial statements noted? | _____yes <u> x </u> no |

SAMARITAN RECOVERY COMMUNITY, INC.
SCHEDULE OF FINDINGS AND RESPONSES -CONTINUED
FOR THE YEAR ENDED JUNE 30, 2011

PART II – FINDINGS AND QUESTIONED COST REPORTED IN ACCORDANCE WITH
GENERALLY ACCEPTED GOVERNMENT AUDITING PROCEDURES

Finding - 11-1 - CASH RECEIPTS

Samaritan collects money from clients for rent, assessments and fees. During the test of cash receipts it was noted that some of the money collected was not deposited in a timely manner.

Recommendation

State law requires that all money be deposited within three business days of receipt. The personnel that collect money from the clients should be instructed on the importance of getting all money to the administrative office as soon as it is received so that it can be deposited within three business days.

Management Response

Management concurs with the finding and will instruct all personnel that collect money on the importance of getting the money to the administrative office as soon as it is received.

SAMARITAN RECOVERY COMMUNITY, INC.

SCHEDULE OF PRIOR AUDIT FINDINGS

FOR THE YEAR ENDED JUNE 30, 2011

Prior year audit finding 10-01, dealing with properly marking the source of cash receipts as cash, check or money order was corrected and is no longer a finding.