

ABBE CENTER FOR COMMUNITY MENTAL HEALTH, INC.
Cedar Rapids, Iowa

FINANCIAL STATEMENTS
June 30, 2010

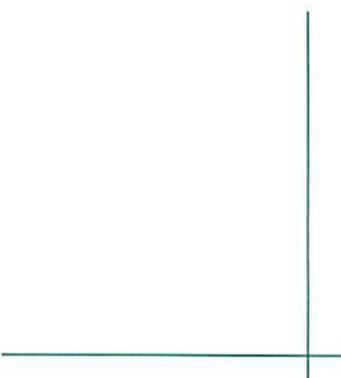


TABLE OF CONTENTS

	PAGE
BOARD OF DIRECTORS	1
INDEPENDENT AUDITOR'S REPORT	2
FINANCIAL STATEMENTS	4
Statement of Financial Position	5
Statement of Activities	7
Statement of Cash Flows	8
Notes to Financial Statements	9
SUPPLEMENTAL INFORMATION	16
Statement of Functional Expenses	17
INDEPENDENT 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 <i>GOVERNMENT AUDITING STANDARDS</i>	18
SCHEDULE OF FINDINGS	20

ABBE CENTER FOR COMMUNITY MENTAL HEALTH, INC.

BOARD OF DIRECTORS

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Linda Kirsch	Chairperson	Dec. 2013
Mike Bringolf	Vice-Chair	Dec. 2013
Trish Ellison	Secretary/Treasurer	Dec. 2012
Ron Buch	Member	Dec. 2011
Marybess Chester	Member	Dec. 2013
Marlene Hill	Member	Dec. 2011
William Hood	Member	Dec. 2013
Cedric Lofdahl	Member	Dec. 2011
Andy McKean	Member	Dec. 2011
Elizabeth Selk	Member	Dec. 2012
Rhoda Shepard	Member	Dec. 2013

Independent Auditor's Report

Board of Directors
Abbe Center for Community Mental Health, Inc.
Cedar Rapids, Iowa

We have audited the accompanying statement of financial position of Abbe Center for Community Mental Health, Inc. as of June 30, 2010, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of Abbe Center for Community Mental Health, Inc.'s management. 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 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. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Abbe Center for Community Mental Health, Inc. as of June 30, 2010, 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*, we have also issued our report dated May 27, 2011, on our consideration of Abbe Center for Community Mental Health, 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* and should be considered in assessing the results of our audit.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying supplemental information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is presented fairly, in all material respects, in relation to the basic financial statements taken as a whole.

Clifton Henderson LLP

Cedar Rapids, Iowa
May 27, 2011

FINANCIAL STATEMENTS

ABBE CENTER FOR COMMUNITY MENTAL HEALTH, INC.
STATEMENT OF FINANCIAL POSITION
June 30, 2010

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$	4,864
Certificates of deposit		302,526
Receivables:		
Accounts receivable, less allowance for doubtful accounts of \$266,900		1,624,521
Contributions receivable, United Way		37,000
Due from affiliates		160,991
Prepaid expenses		<u>147,152</u>
Total current assets		<u>2,277,054</u>

LONG-TERM ASSETS

Investments		<u>3,388</u>
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LEASEHOLD IMPROVEMENTS AND EQUIPMENT

Leasehold improvements		36,070
Furniture and equipment		886,328
Vehicles		<u>81,276</u>
Total		1,003,674
Less accumulated depreciation		<u>817,037</u>
Net leasehold improvements and equipment		<u>186,637</u>

TOTAL ASSETS	\$	<u>2,467,079</u>
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$ 130,508
Accrued expenses:	
Accrued vacations	375,797
Other accrued expenses	144,622
Deferred income	19,200
Current maturities of obligations under capital lease	<u>8,875</u>
Total current liabilities	679,002

LONG-TERM LIABILITIES

Due to Linn County	<u>102,842</u>
Total liabilities	<u>781,844</u>

NET ASSETS

Unrestricted	1,648,235
Temporarily restricted	<u>37,000</u>
Total net assets	<u>1,685,235</u>

TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,467,079</u>
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The accompanying notes are an integral part of the financial statements.

ABBE CENTER FOR COMMUNITY MENTAL HEALTH, INC.
STATEMENT OF ACTIVITIES
Year Ended June 30, 2010

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
PUBLIC SUPPORT AND REVENUE				
Client and resident fees	\$ 8,015,751	\$ -	\$ -	\$ 8,015,751
Grants	829,150	37,000	-	866,150
Net investment income	7,218	-	-	7,218
Contributions	3,256	-	-	3,256
Other	137,111	-	-	137,111
Equity in net loss of investee	(1,881)	-	-	(1,881)
Net assets released from restrictions	<u>37,000</u>	<u>(37,000)</u>	<u>-</u>	<u>-</u>
Total public support and revenue	<u>9,027,605</u>	<u>-</u>	<u>-</u>	<u>9,027,605</u>
EXPENSES				
Program services:				
Mental health services	8,694,627	-	-	8,694,627
Supporting activities:				
Management and general	<u>499,862</u>	<u>-</u>	<u>-</u>	<u>499,862</u>
Total expenses	<u>9,194,489</u>	<u>-</u>	<u>-</u>	<u>9,194,489</u>
CHANGE IN NET ASSETS	(166,884)	-	-	(166,884)
NET ASSETS, BEGINNING OF YEAR	<u>1,815,119</u>	<u>37,000</u>	<u>-</u>	<u>1,852,119</u>
NET ASSETS, END OF YEAR	<u>\$ 1,648,235</u>	<u>\$ 37,000</u>	<u>\$ -</u>	<u>\$ 1,685,235</u>

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

ABBE CENTER FOR COMMUNITY MENTAL HEALTH, INC.
STATEMENT OF CASH FLOWS
Year Ended June 30, 2010

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ (166,884)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Interest and dividends reinvested	(2,526)
Equity in net loss of investee	1,881
Provision for bad debts	59,570
Depreciation and amortization	51,343
Effects of changes in operating assets and liabilities:	
Receivables	392,556
Prepaid expenses	(7,252)
Accounts payable, accrued expenses and due to government agencies	135,102
Deferred income	<u>(100,520)</u>
Net cash provided by operating activities	<u>363,270</u>
 CASH FLOWS FROM INVESTING ACTIVITIES	
Purchases of leasehold improvements and equipment	(89,580)
Purchases of investments and certificates of deposits	<u>(301,625)</u>
Net cash used in investing activities	<u>(391,205)</u>
 CASH FLOWS FROM FINANCING ACTIVITIES	
Payments on capital leases	<u>(17,867)</u>
 NET DECREASE IN CASH AND CASH EQUIVALENTS	 (45,802)
 CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	 <u>50,666</u>
 CASH AND CASH EQUIVALENTS, END OF YEAR	 <u>\$ 4,864</u>

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

ABBE CENTER FOR COMMUNITY MENTAL HEALTH, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Abbe Center for Community Mental Health, Inc. (the Organization) was formed by corporate charter in 1949 and was incorporated on January 23, 1975 in the state of Iowa for the provision of mental health care and the promotion of preventative mental health services. The Organization provides outpatient psychiatric services, psychotherapy and supportive treatment services for persons with mental health problems and psychiatric illnesses with the purpose of assisting those persons to prevent hospitalization and remain independently functioning in the community. These services are provided to residents of Linn, Jones and Benton counties and surrounding communities through service receipts from Linn, Jones and Benton counties. The Organization's fiscal year ends on June 30. Significant accounting policies followed by the Organization are presented below.

Use of Estimates in Preparing Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles 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 financial statements and the reported amounts of revenues, expenses, gains, losses and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Cash Equivalents

The Organization considers all liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Accounts Receivable

Accounts receivable are uncollateralized customer obligations which generally require payment within thirty days from the invoice date. Accounts receivable are stated at the invoice amount. Account balances with invoices over ninety days old are considered delinquent. Payments of accounts receivable are applied to the specific invoices identified on the customers remittance advice or, if unspecified, to the earliest unpaid invoices. The carrying amount of accounts receivable is reduced by a valuation allowance that reflects management's best estimate of amounts that will not be collected. Management reviews individual accounts receivable balances that exceed ninety days from the invoice date and based on an assessment of current creditworthiness, estimates the portion, if any, of the balance that will not be collected. All accounts or portions thereof deemed to be uncollectible or to require an excessive collection cost are written off to the allowance for doubtful accounts. In addition, a general valuation allowance is established based principally on historical experience.

Investments

The Organization holds a noncontrolling interest in a limited liability partnership. The partnership is accounted for using the equity method wherein the Organization's investment is increased or decreased by the Organization's share of earnings or losses, less distributions.

ABBE CENTER FOR COMMUNITY MENTAL HEALTH, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments (continued)

All other investments are carried at fair value and the investment income and net appreciation or depreciation in fair value of investments is reported as an increase or decrease in unrestricted, temporarily restricted, or permanently restricted net assets, based upon donor-imposed restrictions. Interest and dividends are recorded as income when earned.

Leasehold Improvements and Equipment

Purchased leasehold improvements and equipment are recorded at cost while contributed leasehold improvements and equipment are recorded at estimated fair value at the date of gift. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of leasehold improvements and equipment are recorded as unrestricted support. Depreciation is computed primarily by the straight-line method over the estimated useful lives of the assets, which range from five to thirty-nine years. The depreciation expense on assets acquired under capital leases is included with depreciation expense on owned assets. Items with a cost over \$1,000 and an expected useful life of more than one year are capitalized, as well as computer equipment even if less than \$1,000.

Impairment of Long-Lived Assets

The Organization reviews long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of carrying amount or the fair value less costs to sell.

Net Assets

Net assets are classified based on the existence or absence of donor-imposed restrictions. The following is a description of each class:

Unrestricted net assets includes all net assets which are neither temporarily or permanently restricted.

Temporarily restricted net assets includes contributed net assets for which donor-imposed time and purpose restrictions have not been met and the ultimate purpose of the contribution is not permanently restricted.

Permanently restricted net assets includes contributions and other inflows of assets whose use by the Organization is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Organization.

ABBE CENTER FOR COMMUNITY MENTAL HEALTH, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Support and Revenue

Client and resident fee revenue is recognized, at estimated collectable amounts, in the period the services are performed, net of third-party contractual adjustments and foregone charges for services and supplies furnished to clients who cannot pay. Fees received in advance of services performed are recorded as deferred income.

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor or by law. Amounts received which are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support. However, if a restriction is fulfilled in the same time period in which the contribution is received, the Organization reports the support as unrestricted. When a donor 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.

Unconditional promises to give are recorded as receivables and as support when received. Conditional contributions are not recorded until all conditions have been satisfied, at which time they are recognized as support. Advances received on conditional contributions are recorded as refundable advances until all conditions have been satisfied.

Bequests are recorded when the probate court declares the will valid and the amount is determinable.

Contributions of donated goods are recorded at their fair values in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

Functional Allocation of Expenses

The costs of providing 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 activities benefited.

Advertising

The Organization expenses advertising costs as incurred.

ABBE CENTER FOR COMMUNITY MENTAL HEALTH, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and a similar section of the Iowa income tax law, which provides income tax exemption for corporations organized and operated exclusively for religious, charitable, or educational purposes. The Organization is not classified as a private foundation.

The Organization files information returns in the U.S. federal jurisdiction. The Organization has determined that it was not required to record a liability related to uncertain tax positions. The federal information returns for the year ended June 30, 2007 and thereafter are subject to examination by the IRS, generally for three years after they were filed.

NOTE 2 - FAIR VALUE MEASUREMENTS

Fair value measurements are determined based on the assumptions that market participants would use in pricing an asset or liability.

The Organization utilized an established hierarchy for inputs in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. The levels within the hierarchy based on the reliability of inputs are defined as follows:

- Level 1 - Valuations based on unadjusted quoted prices for identical assets or liabilities in active markets;
- Level 2 - Valuations based on quoted prices for similar assets or liabilities or identical assets or liabilities in less active markets, such as dealer or broker markets; and
- Level 3 - Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable, such as pricing models, discounted cash flow models and similar techniques not based on market, exchange, dealer or broker-traded transactions.

Following is a description of the valuation methodology used for investments measured at fair value.

Certificates of deposit: Valued at the most recent price of the equivalent quoted yield for such securities, or those of comparable maturity, quality and type.

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of June 30, 2010:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Certificates of deposit	\$ -	\$ 302,526	\$ -	\$ 302,526

ABBE CENTER FOR COMMUNITY MENTAL HEALTH, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

NOTE 3 - DEBT

Long-term debt

Obligation due to Linn County for the Organization's initial reserve fund allocation. This obligation is due upon the Organization terminating certain services. The Organization's contract with Linn County expires June 30, 2012, at which time the obligation will become due, unless the contract is renewed.

\$ 102,842

Obligations under capital leases

The Organization is leasing equipment under capitalized leases, expiring between June 2010 and April 2011. The cost of the equipment, which is included in furniture and equipment, is \$37,190 at June 30, 2010, and the accumulated depreciation is \$11,517 at June 30, 2010. Future minimum lease payments under the remaining lease are \$10,166, the amount representing interest is \$1,291, and the present value of minimum lease payments is \$8,875.

NOTE 4 - NATURE AND AMOUNT OF TEMPORARY RESTRICTIONS

Temporarily restricted net assets are available for the following purpose:

Subsequent year's operations

\$ 37,000

NOTE 5 - DISCLOSURES ABOUT CERTAIN CONCENTRATIONS

The Organization has certain concentrations of support and revenue. For the year ended June 30, 2010, the source and amount of the funds and the approximate percentage of total support and revenue from these sources are as follows:

<u>Source</u>	<u>Amount</u>	<u>Percentage</u>
Medicaid	\$ 4,649,686	51%
Linn County	1,745,781	19%

ABBE CENTER FOR COMMUNITY MENTAL HEALTH, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

NOTE 5 - DISCLOSURES ABOUT CERTAIN CONCENTRATIONS (CONTINUED)

Accounts receivable as of June 30, 2010 includes \$648,729 and \$187,489, respectively, from Medicaid and Linn County.

The Organization's contract with Linn County expires June 30, 2012.

The Organization maintains deposits in certain bank accounts in excess of the federally insured amount. The total amount on deposit at these banks was \$295,069 at June 30, 2010.

NOTE 6 - CASH FLOW DISCLOSURES

Cash paid for interest was \$1,812 for the year ended June 30, 2010.

NOTE 7 - OBLIGATIONS UNDER OPERATING LEASES

The Organization leases office space under a lease expiring in June 2012. The lease requires monthly payments of \$8,333. The Organization leases other facilities on a month-to-month basis.

The Organization is leasing various equipment under operating leases expiring between October 2010 and March 2014. The leases require monthly payments totaling \$5,443.

Lease expense for the years ended June 30, 2010 was \$279,101.

Future minimum lease payments for operating leases that have initial noncancelable lease terms in excess of one year are as follows:

2011	\$ 160,939
2012	136,986
2013	19,955
2014	<u>3,951</u>
Total	<u>\$ 321,831</u>

NOTE 8 - RETIREMENT PLANS

The Organization has a defined contribution retirement plan covering substantially all employees. Contributions to the plan are 6% of each covered employee's compensation and totaled \$242,118 for the year ended June 30, 2010. These contributions consist of a 3% employer discretionary contribution and a 3% safe harbor contribution of each covered employee's compensation, with the medical doctor class limited to \$70,000 of maximum eligible compensation.

ABBE CENTER FOR COMMUNITY MENTAL HEALTH, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

NOTE 9 - SELF-INSURED DENTAL PLAN INFORMATION

Dental claims of participants and dependents are processed by Employee Benefit Systems. The plan is responsible for paying dental benefits up to a pre-established maximum amount for any one participant or dependent. Claims in excess of this maximum are covered by a policy with an insurance company.

Plan obligations at June 30, 2010 for dental claims incurred by active participants but not reported at that date are calculated based on claims submitted subsequent to year end and an estimate based on plan history for unremitted claims. There were no accrued plan obligations at June 30, 2010. Management believes this is appropriate based on information currently known. However, claim payments based on actual claims ultimately filed could differ materially from this estimate.

NOTE 10 - RISK MANAGEMENT

The Organization 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. These risks are covered by commercial insurance purchased from independent third parties. The Organization assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims for these risks have not exceeded commercial insurance coverage for the past three years.

NOTE 11 - RELATED PARTY INFORMATION

The Organization is a subsidiary of Abbe, Inc. and the Organization's sole voting member is Abbe, Inc. The Organization paid administrative fees of \$438,480 to Abbe, Inc. for the year ended June 30, 2010. The two organizations have separate boards of directors but have some common directors.

NOTE 12 - SUBSEQUENT EVENTS

Subsequent to June 30, 2010, the Organization entered into a contract for the purchase of a license for electronic health records software in the amount of \$118,950. Software implementation and training costs will be billed on an hourly basis. After the software is implemented, there will be an annual fee of \$30,132.

Management evaluated subsequent events through May 27, 2011, the date the financial statements were available to be issued. Events or transactions occurring after June 30, 2010, but prior to May 27, 2011, that provided additional evidence about conditions that existed at June 30, 2010, have been recognized in the financial statements for the year ended June 30, 2010. Events or transactions that provided evidence about conditions that did not exist at June 30, 2010, but arose before the financial statements were available to be issued, have not been recognized in the financial statements for the year ended June 30, 2010.

This information is an integral part of the accompanying financial statements.

SUPPLEMENTAL INFORMATION

ABBE CENTER FOR COMMUNITY MENTAL HEALTH, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2010

	<u>Program Services</u>	<u>Supporting Activities</u>	
	<u>Mental Health Services</u>	<u>Management and General</u>	<u>Total</u>
Personnel:			
Wages and salaries	\$ 5,317,131	\$ -	\$ 5,317,131
Employee benefits	858,376	-	858,376
Payroll taxes	352,692	-	352,692
	<u>6,528,199</u>	<u>-</u>	<u>6,528,199</u>
Administrative fees	-	438,480	438,480
Consulting fees	859,669	-	859,669
Staff development	34,675	-	34,675
Computer services	223,971	-	223,971
Telephone services	73,450	-	73,450
Professional fees	13,900	-	13,900
Insurance	90,667	-	90,667
Advertising	35,430	-	35,430
Dues and subscriptions	15,249	-	15,249
Other	235,811	-	235,811
Occupancy	401,163	-	401,163
Supplies	127,117	-	127,117
Repairs	3,983	-	3,983
Provision for doubtful accounts	-	59,570	59,570
Depreciation and amortization	51,343	-	51,343
Interest	-	1,812	1,812
	<u>2,166,428</u>	<u>499,862</u>	<u>2,666,290</u>
Total expenses	<u>\$ 8,694,627</u>	<u>\$ 499,862</u>	<u>\$ 9,194,489</u>

**Independent 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***

Board of Directors
Abbe Center for Community Mental Health, Inc.
Cedar Rapids, Iowa

We have audited the financial statements of Abbe Center for Community Mental Health, Inc. as of and for the year ended June 30, 2010, and have issued our report thereon dated May 27, 2011. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Abbe Center for Community Mental Health, Inc.'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the entity'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 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Abbe Center for Community Mental Health, Inc.'s 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*.

This report is intended solely for the information and use of the board of directors, management, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Clifton Henderson LLP

Cedar Rapids, Iowa
May 27, 2011

ABBE CENTER FOR COMMUNITY MENTAL HEALTH, INC.
SCHEDULE OF FINDINGS
Year Ended June 30, 2010

FINANCIAL STATEMENT AND COMPLIANCE FINDINGS

There were no findings noted.