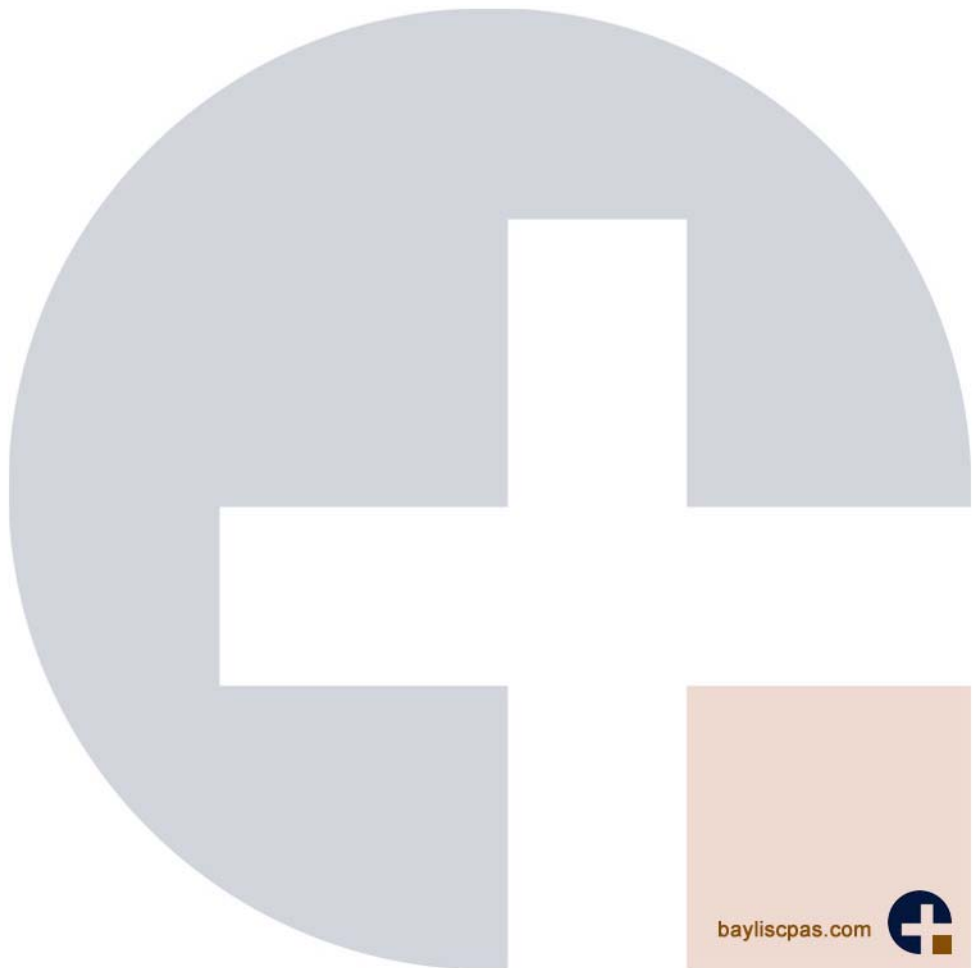


**TRI-COUNTY HUMAN SERVICES, INC.
EMPLOYEE PLAN**

AUDITED FINANCIAL STATEMENTS

**YEARS ENDED
JUNE 30, 2016 AND 2015**



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INDEPENDENT AUDITORS' REPORT

Board of Directors
Tri-County Human Services, Inc. Employee Plan
Lakeland, Florida

Report on the Financial Statements

We were engaged to audit the accompanying financial statements of Tri-County Human Services, Inc. Employee Plan (the "Plan") which comprise the statement of net assets available for benefits as of June 30, 2016 **and 2015**, and the related statement of changes in net assets available for benefits for the years then ended, and the related notes to the financial statements and supplemental schedule of assets held at end of year.

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 and the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974; 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 conducting the audit in accordance with auditing standards generally accepted in the United States of America. Because of the matter described in the Basis for Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the Plan Administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the cash, investments, investment transactions and related income, which were certified by Guardian, the custodian of the Plan, except for comparing the information with the related information included in the financial statements and supplemental schedule. We have been informed by the Plan Administrator that the



Basis for Disclaimer of Opinion - Continued

custodian holds the Plan's investment assets and executes investment transactions. The Plan Administrator has obtained a certification from the custodian as of and for the years ended June 30, 2016, and **2015**, that the information provided to the Plan Administrator by the custodian is complete and accurate.

Disclaimer of Opinion

Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on these financial statements.

Report on Other Legal and Regulatory Requirements

The form and content of the information included in the financial statements and supplemental schedule, other than that derived from the information certified by the custodian, have been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, are presented in compliance with the United States Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

Baylis & Company PA

Baylis & Company PA

Lakeland, Florida
December 14, 2016



**TRI-COUNTY HUMAN SERVICES, INC. EMPLOYEE PLAN
STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS
JUNE 30, 2016 AND 2015**

	2016	2015
<u>ASSETS</u>		
Cash and cash equivalents	\$ 1,059	\$ 759
Investments at fair value:		
Pooled separate accounts	1,529,889	1,485,749
Employer contributions receivable	-	8,751
Employee contributions receivable	-	5,567
Participant loans receivable	22,752	28,470
 Total assets	 \$ 1,553,700	 \$ 1,529,296
 <u>LIABILITIES AND NET ASSETS</u>		
 Total liabilities	 \$ -	 \$ -
 Net assest available for benefits	 \$ 1,553,700	 \$ 1,529,296

See accompanying Independent Auditors' Report and Notes to Financial Statements

**TRI-COUNTY HUMAN SERVICES, INC. EMPLOYEE PLAN
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
FOR THE YEAR ENDED JUNE 30, 2016 AND 2015**

ADDITIONS TO NET ASSETS ATTRIBUTED TO:

	<u>2016</u>	<u>2015</u>
Investment income:		
Change in fair market value of investments	\$ 12,794	\$ (37,832)
Participant loan interest	1,354	1,414
Other income (expense)	<u>(541)</u>	<u>5,518</u>
Total investment income	<u>13,607</u>	<u>(30,900)</u>
Contributions:		
Participant contributions	158,953	149,557
Employee rollover	<u>-</u>	<u>41,761</u>
Total contributions	<u>158,953</u>	<u>191,318</u>
Total additions	<u>172,560</u>	<u>160,418</u>

DEDUCTIONS FROM NET ASSETS ATTRIBUTED TO:

Benefits paid to participants	130,450	602,379
Administrative fees	<u>17,706</u>	<u>20,815</u>
Total deductions	<u>148,156</u>	<u>623,194</u>

CHANGE IN NET ASSETS AVAILABLE FOR BENEFITS	\$ 24,404	\$ (462,776)
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NET ASSETS AVAILABLE FOR BENEFITS, beginning of year	<u>1,529,296</u>	<u>1,992,072</u>
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NET ASSETS AVAILABLE FOR BENEFITS, end of year	<u><u>\$ 1,553,700</u></u>	<u><u>\$ 1,529,296</u></u>
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See accompanying Independent Auditors' Report and Notes to Financial Statements

TRI-COUNTY HUMAN SERVICES, INC. EMPLOYEE PLAN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015

NOTE A - DESCRIPTION OF PLAN

The following description of the Tri-County Human Services, Inc. (the "Company") Employee Plan (the "Plan") provides only general information. Participants should refer to the Plan agreement for a more complete description of the Plan's provisions.

General - The Plan is a defined contribution plan and was established on July 1, 2007 for the benefit of the employees of Tri-County Human Services, Inc. The Plan was restated on February 1, 2009. The Plan is intended to satisfy all of the requirements for a qualified retirement plan under the appropriate provisions of the Internal Revenue Code 403(b). The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended (ERISA).

Eligibility - All employees are immediately eligible to make elective deferrals with the employer under this Plan, with no minimum age requirement. An employee must attain 18 years of age and must have one year of service of at least 1,000 hours documented in order to receive employer contributions. Employees must exceed 500 hours of service annually in order to avoid a break in eligibility service.

Contributions - Each year, the Company can contribute discretionary contributions to be allocated pro rata to all eligible participants on the basis of salary. For the year ended June 30, 2015, matching contributions by the employer of 1% and the employer discretionary contribution of 2% was made through October 31, 2014. No employer contributions were made during the year ended June 30, 2016. Employer matching and discretionary contributions will vest in accordance with the Plan's vesting schedule described below.

Vesting - Vested percentages in the employer matching and discretionary contributions are as follows:

<u>Total Number of Years of Service</u>	<u>Vested Interest</u>
Less than 2 years of service	0%
2 years, but less than 3 years	20%
3 years, but less than 4 years	40%
4 years, but less than 5 years	60%
5 years, but less than 6 years	80%
6 years or more	100%

Payment of Benefits - Lump sum distributions before normal retirement age and upon disability or death shall be allowed as soon as it is administratively feasible.

Participant Accounts - Each participant's account is credited with the Company's discretionary contribution and allocations of Plan earnings, and each is charged with an allocation of administrative expenses. Plan earnings are allocated to participant account balances, as defined. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account

TRI-COUNTY HUMAN SERVICES, INC. EMPLOYEE PLAN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015

NOTE A - DESCRIPTION OF PLAN - CONTINUED

Participant's Investment Options - Participants must direct the employer contributions to selected investments as made available and determined by the Plan Administrator. Participants may change their investment options any time throughout the year.

Forfeitures - As of June 30, 2016 **and 2015** there was \$-0- and \$-0-, respectively, in forfeited non-vested accounts. Forfeitures are allocated to the individual accounts of qualifying participants in the ratio of each participant's compensation to total compensation of all Plan participants for the year, and do not reduce employer contributions to the Plan.

Participant Loans - Participants may borrow from their fund accounts a minimum of \$1,000 up to a maximum equal to the lesser of \$50,000 or 50% of their vested account balance. The loans are secured by the balance in the participant's account and bear interest at prime rate as specified in the Wall Street Journal plus 1 percent. Principal and interest is paid ratably through monthly payroll deductions. As of June 30, 2016 **and 2015**, the amount of principal on outstanding participant loans was \$22,752 and \$28,470, respectively.

Payments of Benefits - On termination of service due to death, disability or retirement, a participant becomes fully vested in employer matching and discretionary amounts, and may elect to receive a lump-sum distribution, or may elect to receive distribution through various annuity or systematic withdrawal options. For termination of service due to other reasons, a participant may receive a lump-sum distribution of the participant's vested account balance.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting - The financial statements of the Plan are prepared under the accrual basis of accounting.

Cash and Cash Equivalents - The Plan considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Interest received on cash equivalents was \$-0- and \$-0- for the years ended June 30, 2016 **and 2015**, respectively.

Financial Instruments and Credit Risk - The carrying amounts approximate fair value based on quoted market prices or discounted cash flow analysis for cash equivalents and other financial instruments. The Plan is subject to some credit risk through short-term cash investments which are placed with high credit quality financial institutions. The Plan had no funds in excess of federally insured or other insured limits as of June 30, 2016 **and 2015**, respectively.

Investment Valuation and Income Recognition - The Plan's investments are stated at fair value. Dividends are recorded on the ex-dividend date.

**TRI-COUNTY HUMAN SERVICES, INC. EMPLOYEE PLAN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015**

NOTE B - SUMMARY OF ACCOUNTING POLICIES - CONTINUED

Participant Loans Receivable - Loans receivable from participants at their unpaid principal balance plus any accrued but unpaid interest. Interest income is recorded on the accrual basis. Related fees are recorded as administrative expenses and are expensed when they are incurred. No allowance for credit losses has been recorded as of June 30, 2016 and 2015.

Administration Costs - All expenses of maintaining the Plan are paid by the Plan.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and changes therein, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

Reclassification - Certain 2015 items may have been reclassified in order to conform with 2016 financial statement presentation.

NOTE C - INVESTMENTS

The Plan Administrator has elected the method of compliance as permitted by 29 CFR 2520.103-8 of the DOL's Rules and Regulations for Reporting and Disclosure under ERISA. Accordingly, as permitted under such election, the Plan Administrator instructed the Plan's independent auditors not to perform any auditing procedures with respect to the following information certified by Guardian, except for comparing such information certified by the custodian to information included in the Plan's financial statements and supplemental schedules.

Single investments representing 5 percent or more of the Plan's net assets as of June 30, 2016 and 2015, are separately identified. Plan assets reported at fair value consist of the following:

	2016	2015
<u>Pooled separate accounts:</u>		
Stadion Moderate Fund	\$ 390,263	\$ 380,039
Fixed Rate Option	294,601	244,491
Stadion Capital Preservation Fund	273,901	241,010
Stadion Growth Fund	195,289	263,100
Stadion Conservative Fund	159,680	137,186
Stadion Balanced Fund	125,363	183,598
Other pooled separate accounts	90,792	36,325
Total pooled separate accounts	\$ 1,529,889	\$ 1,485,749

**TRI-COUNTY HUMAN SERVICES, INC. EMPLOYEE PLAN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015**

NOTE C - INVESTMENTS - CONTINUED

Guardian certified the completeness and accuracy of \$12,794 and \$(37,832) of net change in fair value of holdings for the years ended June 30, 2016 and 2015, respectively.

NOTE D - FAIR VALUE MEASUREMENT

The Financial Accounting Standards Board (FASB) *Accounting Standards Codification* (ASC) 820, *Fair Value Measurements and Disclosures*, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820-10 are described as follows:

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2: Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3: Significant unobservable inputs that reflect a reporting entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

In many cases, a valuation technique used to measure fair value includes inputs from multiple levels of the fair value hierarchy. The lowest level of significant input determines the placement of the entire fair value measurement in the hierarchy.

Fair values of assets measured on a recurring basis as of June 30, 2016 are as follows:

	2016			
	Fair Value	Level 1	Level 2	Level 3
Pooled separate accounts:				
Balanced funds	\$1,203,608	\$1,203,608	\$ -	\$ -
Fixed income funds	324,107	324,107	-	-
Small cap funds	1,849	1,849	-	-
International funds	325	325	-	-
Total pooled separate accounts	<u>\$1,529,889</u>	<u>\$1,529,889</u>	<u>\$ -</u>	<u>\$ -</u>

**TRI-COUNTY HUMAN SERVICES, INC. EMPLOYEE PLAN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015**

NOTE D - FAIR VALUE MEASUREMENT - CONTINUED

Fair values of assets measured on a recurring basis as of **June 30, 2015** are as follows:

	2015			
	Fair Value	Level 1	Level 2	Level 3
Pooled separate accounts:				
Balanced funds	\$1,204,932	\$1,204,932	\$ -	\$ -
Fixed income funds	270,424	270,424	-	-
Small cap funds	5,349	5,349	-	-
Large cap funds	4,809	4,809	-	-
International funds	235	235	-	-
Total pooled separate accounts	<u>\$1,485,749</u>	<u>\$1,485,749</u>	<u>\$ -</u>	<u>\$ -</u>

There have been no changes in valuation techniques or related inputs.

NOTE E - PLAN TERMINATION

Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event of Plan termination, participants would become 100 percent vested in their employer contributions.

NOTE F - TAX STATUS

There is currently no formal process for 403(b) plans to submit plans to the Internal Revenue Service for qualification. However, the Plan Administrator and the Plan's legal counsel believe that the Plan was designed and is being currently operated in compliance with the applicable requirements of the Internal Revenue Code. Therefore no provision for income taxes has been included in the Plan's financial statements.

Accounting principles generally accepted in the United States of America require the Plan Administrator to evaluate tax positions taken by the Plan and recognize a tax liability (or asset) if the Plan has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS. The Plan Administrator has analyzed the tax positions taken by the Plan, and has concluded that as of June 30, 2016 **and 2015**, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

**TRI-COUNTY HUMAN SERVICES, INC. EMPLOYEE PLAN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015**

NOTE G - RISKS AND UNCERTAINTIES

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the statement of net assets available for benefits.

NOTE H - SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 14, 2016, the date which the financial statements were available for issue and has determined that there are no additional adjustments and/or disclosures required.

SUPPLEMENTARY FINANCIAL INFORMATION

**TRI-COUNTY HUMAN SERVICES, INC. EMPLOYEE PLAN
SCHEDULE H, LINE 4I - SCHEDULE OF ASSETS HELD AT END OF YEAR
JUNE 30, 2016**

The following assets were held for investment by the Plan:

	Fair Value	
<u>Cash and cash equivalents</u>		
SSgA Short Term Investment Fund	\$ 1,059	
<u>Separate pooled accounts</u>		
Stadion Moderate Fund	390,263	*
Fixed Rate Option	294,601	*
Stadion Capital Preservation Fund	273,901	*
Stadion Growth Fund	195,289	*
Stadion Conservative Fund	159,680	*
Stadion Balanced Fund	125,363	*
Stadion Maximum Growth Fund	59,112	
State Street US Bond Index SL	12,154	
T.Rowe Price Retirement 2030	11,928	
T.Rowe Price Retirement 2025	2,988	
State Street Russ SC Index SL	1,849	
Amer Cent Inflation Adj. Bond	1,523	
Amer Cent Prime Money Market	885	
State Street Int'l Index SL	325	
Dodge & Cox Income	28	
Total separate pooled accounts	1,529,889	
<u>Contributions Receivable</u>	-	
<u>Participant loans receivable, at cost</u>	22,752	
Total assets held at end of year	\$1,553,700	

*These investments represent 5 percent or more of the Plan's net assets

There were no reportable transactions or non-exempt transactions.