Consolidated Financial Statements,
Independent Auditor's Report,
Supplementary Information
and Regulatory Reports

Cove Behavioral Health, Inc. and Affiliates

June 30, 2024 and 2023

Cove Behavioral Health, Inc. and Affiliates

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Independent Auditor's Report

To the Board of Trustees of the
Cove Behavioral Health, Inc. and Affiliates
Tampa, FL

Opinion

We have audited the accompanying consolidated financial statements of Cove Behavioral Health, Inc. and Affiliates (the "Organization"), a nonprofit Organization, which comprise the consolidated statements of financial position as of June 30, 2024 and 2023, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying financial information listed in the Table of Contents as Supplemental Information (including the schedules of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards)*, is presented for purposes of additional analysis and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information listed in the Table of Contents (including the schedule of expenditures of federal awards) 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 December 3, 2024, on our consideration of the Organization'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 effectiveness of the Organization's 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 the Organization's internal control over financial reporting and compliance.



Barton, González & Myers, P.A.
Largo, Florida

December 3, 2024

Cove Behavioral Health, Inc. and Affiliates
Consolidated Statements of Financial Position

As of June 30, 2024 and 2023

	2024	2023
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 1,345,077	$ 1,456,026
Restricted cash	607,585	645,136
Accounts receivable, net	917,149	1,357,973
Contracts receivable - governmental, net	3,071,193	3,313,687
Investments	2,587,419	1,983,959
Prepaid expenses	281,267	125,054
Total current assets	8,809,690	8,881,835
Property and equipment, net	15,958,950	15,689,388
Other Assets:		
Beneficial interest in assets held by others	12,767	12,314
Deposits and other assets	275,821	109,999
Total other assets	288,588	122,313
TOTAL ASSETS	$ 25,057,228	$ 24,693,536
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable	$ 479,134	$ 383,819
Accrued expenses	785,861	632,414
Deferred revenue	1,685	27,252
Short-term portion of lease liability	43,232	43,232
Short-term portion of notes payable	577,644	577,644
Total current liabilities	1,887,556	1,664,361
Long-term Liabilities:		
Long-term portion of lease liability	31,441	78,603
Long-term portion of notes payable	6,857,396	7,482,096
Deferred payment purchase money mortgages	2,293,518	2,044,662
Total long-term liabilities	9,182,355	9,605,361
TOTAL LIABILITIES	11,069,911	11,269,722
Net Assets:		
Net assets without donor restrictions	13,987,317	13,423,814
Net assets with donor restrictions	0	0
TOTAL NET ASSETS	13,987,317	13,423,814
TOTAL LIABILITIES AND NET ASSETS	$ 25,057,228	$ 24,693,536

See accompanying notes to financial statements.

Cove Behavioral Health, Inc. and Affiliates
Consolidated Statements of Activities

For the Years Ended June 30, 2024 and June 30, 2023

	2024	2023
NET ASSETS WITHOUT DONOR RESTRICTIONS		
Public support and revenue		
Public support		
Grant income	$ 17,790,811	$ 15,810,802
Contributions	282,703	162,570
Total public support	18,073,514	15,973,372
Revenue		
Fees for client services	3,345,475	3,870,763
Food service income	118,888	94,010
Special events	355,921	422,915
Rental income	264,450	261,602
Other income	55,333	429,334
Total revenue	4,140,067	5,078,624
Total public support and revenue	22,213,581	21,051,996
Net assets released from restrictions		
Satisfaction of usage restrictions	0	0
Total public support and revenue without donor restrictions	22,213,581	21,051,996
Operating expenses		
Program services	18,092,874	15,631,801
Supporting services	3,544,989	3,855,372
Fundraising	228,749	130,535
Total operating expenses	21,866,612	19,617,708
Net change in net assets from operating activities	346,969	1,434,288
Non-operating expenses		
Interest income	0	1,993
Investment income (loss), net	216,534	146,029
Total non-operating expenses	216,534	148,022
Increase in Net Assets Without Donor Restrictions	563,503	1,582,310
Net Assets Without Donor Restrictions, Beginning of Year	13,423,814	11,841,504
Net Assets Without Donor Restrictions, End of Year	$ 13,987,317	$ 13,423,814
NET ASSETS WITH DONOR RESTRICTIONS		
Contributions and grants	$ 0	$ 0
Net Assets Released From Restrictions	0	0
Satisfaction of usage restrictions	0	0
(Decrease) Increase in Net Assets With Donor Restrictions	0	0
Net Assets With Donor Restrictions, Beginning of Year	0	0
Net Assets With Donor Restrictions, End of Year	$ 0	$ 0
INCREASE IN TOTAL NET ASSETS	$ 563,503	$ 1,582,310
TOTAL NET ASSETS, BEGINNING OF YEAR	13,423,814	11,841,504
TOTAL NET ASSETS, END OF YEAR	$ 13,987,317	$ 13,423,814

See accompanying notes to financial statements.

Cove Behavioral Health, Inc. and Affiliates
Consolidated Statements of Functional Expenses

	For the Year Ended June 30, 2024			
	Program Services	Supporting Services	Fundraising Services	Total
Salaries and related expenses				
Salaries	$ 9,609,678	$ 2,018,808	$ 92,952	$ 11,721,438
Employee benefits, payroll taxes	1,650,597	294,132	17,027	1,961,756
Total salaries and related expenses	11,260,275	2,312,940	109,979	13,683,194
Other direct expenses:				
Building occupancy	877,226	212,397	9	1,089,632
Professional services	86,988	196,154	-	283,142
Travel	87,804	24,021	698	112,523
Equipment	83,136	28,545	2	111,683
Food services	1,080,110	-	8	1,080,118
Medical and pharmacy	610,818	166	-	610,984
Subcontractors	98,872	-	-	98,872
Insurance	574,789	88,240	-	663,029
Depreciation and amortization	698,043	178,620	52	876,715
Interest expense	224,577	56,101	-	280,678
Operating supplies & expenses	150,751	28,195	106,492	285,438
Advertising and public relations	551,577	2,755	562	554,894
Licenses, dues, subscriptions, tuition	37,705	11,608	337	49,650
Computer supplies, software and support	527,619	201,429	-	729,048
Communications	161,740	23,844	300	185,884
Auto operation	39,084	3,160	2,292	44,536
Bad debt	864,168	-	-	864,168
Bank charges and fees	10,194	45,275	7,965	63,434
Miscellaneous expenses	67,398	131,539	53	198,990
Total other direct expenses	6,832,599	1,232,049	118,770	8,183,418
Total operating expenses	$ 18,092,874	$ 3,544,989	$ 228,749	$ 21,866,612

	For the Year Ended June 30, 2023			
	Program Services	Supporting Services	Fundraising Services	Total
Salaries and related expenses				
Salaries	$ 8,439,886	$ 2,247,499	$ 36,169	$ 10,723,554
Employee benefits, payroll taxes	1,493,358	358,752	7,060	1,859,170
Total salaries and related expenses	9,933,244	2,606,251	43,229	12,582,724
Other direct expenses:				
Building occupancy	830,601	284,075	-	1,114,676
Professional services	142,002	141,623	-	283,625
Travel	47,302	47,195	79	94,576
Equipment	68,297	39,030	-	107,327
Food services	1,013,184	118	-	1,013,302
Medical and pharmacy	441,264	1,008	-	442,272
Subcontractors	253,116	-	-	253,116
Insurance	489,373	76,584	1,510	567,467
Depreciation and amortization	683,884	189,694	-	873,578
Interest expense	235,739	60,197	-	295,936
Operating supplies & expenses	147,511	46,513	83,462	277,486
Advertising and public relations	291,862	7,546	256	299,664
Licenses, dues, subscriptions, tuition	26,532	12,100	-	38,632
Computer supplies, software and support	561,415	177,161	199	738,775
Communications	143,474	25,595	150	169,219
Auto operation	42,355	26,611	-	68,966
Bad debt	251,926	-	-	251,926
Bank charges and fees	15,879	38,826	-	54,705
Miscellaneous expenses	12,841	75,245	1,650	89,736
Total other direct expenses	5,698,557	1,249,121	87,306	7,034,984
Total operating expenses	$ 15,631,801	$ 3,855,372	$ 130,535	$ 19,617,708

See accompanying notes to financial statements.

Cove Behavioral Health, Inc. and Affiliates
Consolidated Statements of Cash Flows
For the Years Ended June 30, 2024 and 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 563,503	$ 1,582,310
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	851,415	850,386
Amortization of bond issuance costs	25,300	23,192
Unrealized loss/(gain) on investments	(135,374)	(96,832)
Bad debt expense (recovery)	864,168	251,926
Increase or decrease in:		
Accounts receivable	(423,344)	(881,111)
Contract receivables - governmental	242,494	(893,850)
Prepaid expenses	(156,213)	105,656
Deposits and other assets	(165,823)	(366)
Accounts payable	95,315	(30,700)
Accrued expenses	153,447	89,960
Deferred revenue	(25,567)	(9,415)
Net cash provided by operating activities	1,889,321	991,156
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(1,022,013)	(779,290)
Sale of investments	553,927	444,132
Purchases of property and equipment	(1,120,977)	(565,415)
Other investment activities	(453)	(505)
Net cash used by investing activities	(1,589,516)	(901,078)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from deferred payment purchase money mortgages	248,856	85,730
Repayments of notes payable	(697,161)	(669,651)
Net cash used by financing activities	(448,305)	(583,921)
NET DECREASE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	(148,500)	(493,843)
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH AT BEGINNING OF YEAR	2,101,162	2,595,005
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH AT END OF YEAR	$ 1,952,662	$ 2,101,162
RECONCILIATION OF ENDING CASH, CASH EQUIVALENTS AND RESTRICTED CASH		
Cash and cash equivalents	$ 1,345,077	$ 1,456,026
Restricted cash	607,585	645,136
Total cash, cash equivalents, and restricted cash	$ 1,952,662	$ 2,101,162
SUPPLEMENTAL CASH FLOW INFORMATION		
Interest paid	$ 280,678	$ 302,754
Purchase of equipment financed	$ 0	$ 141,485

See accompanying notes to financial statements.

Note A – Nature of Business and Organization

Cove Behavioral Health, Inc. ("Cove"), formerly DACCO Behavioral Health, Inc., and its two wholly- owned subsidiaries, are not-for-profit organizations incorporated under the laws of the State of Florida to provide the community high quality behavioral health (substance use and mental health) education, prevention, intervention, and treatment services to assist individuals and families in building recovery capital in order to lead productive lives. COVE provides service in Hillsborough and Polk Counties, Florida, and surrounding areas.

DACCO Behavioral Health Properties, Inc. ("Properties") was formed on August 18, 2011. Cove is the sole member of this entity. Effective September 8, 2021, Properties renamed as DACCO Behavioral Health, Inc.

DACCO Behavioral Health Foundation, Inc. ("Foundation") formed on August 22, 2011. COVE is the sole member of this entity. Effective August 29, 2022, Organization renamed as Cove Behavioral Health Foundation, Inc.

COVE, Properties, and Foundation are hereinafter collectively referred to as the "the Organization."

Note B – Significant Accounting Policies

Basis of Accounting

The Organization follows standards of accounting and financial reporting prescribed for voluntary health and welfare agencies, and uses the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America, which recognizes revenue when earned and expenses as incurred. Federal, state, local government and public grants are recorded as revenue when performance occurs under the terms of the corresponding grant agreements.

Basis of Presentation

The accompanying consolidated financial statements include the accounts of COVE, Properties, and Organization, which are under common ownership and management and are related in their operations. All significant intercompany balances and transactions have been eliminated in consolidation.

The Organization is required to report information regarding its consolidated financial position and consolidated activities according to two classes of net assets:

- *Net assets without donor restriction* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The Board of Trustees (the "Board") has designated, from net assets without donor restriction, net assets for various reasons.
- *Net assets with donor restriction* – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Note B – Significant Accounting Policies (continued)

Recently Adopted Accounting Pronouncements

In September 2020, the FASB issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets (Topic 958)*. The standard requires certain information be disclosed related to contributed nonfinancial assets, including disaggregation by category on the statement of activities by type of contributed nonfinancial asset, qualitative information about whether the contributed nonfinancial asset was monetized or utilized during the reporting period, the nonprofit's policy about monetizing rather than utilizing the contributed nonfinancial assets, a description of any donor restrictions associated with the contributed nonfinancial assets, and the valuation techniques and inputs used to arrive at fair value measurement. The amendments in the ASU should be applied on a retrospective basis and are effective for annual reporting period beginning after June 15, 2021. Early adoption of the ASU is permitted. The Organization determined no material impact on its consolidated financial statements and disclosures.

Effective July 1, 2022, the Organization adopted the Financial Accounting Standard Board's (FASB) Accounting Standards Update 842 Leases. Under topic 842, a lessee is required to recognize assets ("Right of Use Assets") and liabilities ("Lease Liability") for leases with lease terms of more than 12 months. Consistent with current Generally Accepted Accounting Principles (GAAP), the recognition, measurement, and presentation of expenses and cash flows arising from a lease by a lessee primarily depends on its classification as a finance or operating lease.

However, unlike prior GAAP which required only capital (i.e. "finance") leases to be recognized on the statement of financial position, the new GAAP requires both types of leases (finance and operating) to be recognized on the statement of financial position.

The Organization has evaluated its leases and determined all operating leases are insignificant to recognize on the statement of financial position. The Organization does have a finance lease relating to the purchase of security equipment. See Note E regarding the Right of Use Assets. See Note G regarding the Lease liability.

Cash and Cash Equivalents

For purposes of reporting cash flows, cash and cash equivalents include cash on hand and certificates of deposit that are purchased with original maturities of three months or less.

Restricted Cash

As of June 30, 2024 and 2023, the Organization had restricted cash of approximately $608,000 and $645,000 respectively, comprised of clients' residential funds of approximately $64,000 and $48,000 respectively, and mandatory sinking fund payments on its City of Tampa, Florida Variable Rate Demand Revenue Bonds ("COVE Project") of $544,000 and $597,000 respectively.

The sinking fund payments are made monthly to a restricted Wells Fargo Bank N.A. bank (the "Bank") beginning September 1, 2010 and are to continue with principal payments being made on August 1st each year for as long as the Bank is the owner of the bond. Sinking fund payments escalate on a year-to-year basis during this period. The next principal payment due August 1, 2024 is payable in the amount of $600,000 (See Note H).

Accounts and Contracts Receivable, Net

Receivables consist of billings to clients for services, grant contract receivables, and contract amounts due from related parties. The Organization performs periodic evaluations of the collectability of its receivables and does not require collateral on its accounts receivable. Losses on uncollectible receivables are provided for in the consolidated financial statements based on management's expectations. At June 30, 2024 and 2023, the Organization recorded an allowance for doubtful accounts of approximately $148,000 and $111,000, respectively. Actual write-offs may exceed the allowance. During the years ended June 30, 2024 and 2023, the Organization incurred bad debt expense of approximately $864,000 and $252,000, respectively.

Note B – Significant Accounting Policies (continued)

Accounts Receivable - Promises to Give

Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Property and Equipment, Net

Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of the donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets - generally 3 to 40 years. Individual furniture and equipment items with an acquisition cost of less than $2,500 are expensed when purchased.

Investments

Investments in equity securities with readily determinable fair values and all investments in debt securities are reported at fair value with gains and losses included in the consolidated statements of activities.

Investment income and gains restricted by a donor are reported as increases in net assets without donor restriction if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized. Income from investments is reflected net of related expenses.

Fair Value Measurement

The Organization categorizes its assets and liabilities measured at fair value into a three-level hierarchy based on the priority of the inputs to the valuation technique used to determine fair value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used in the determination of the fair value measurement fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement. Assets and liabilities valued at fair value are categorized based on the inputs to the valuation techniques as follows:

> *Level 1* – Inputs that utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access.
>
> *Level 2* – Inputs that include quoted prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument. Fair values for these instruments are estimated using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows.
>
> *Level 3* – Inputs that are unobservable inputs for the asset or liability, which are typically based on an entity's own assumptions, as there is little, if any, related market activity.

The Organization has adopted the fair value option for financial assets and liabilities. This allows entities the irrevocable option to elect fair value for the initial and subsequent measurement for certain financial assets and liabilities on an instrument-by-instrument basis. The Organization has not elected to measure any existing financial instruments, other than investments, at fair value, as permitted under the guidance. However, the Organization may elect to measure newly acquired financial instruments at fair value in the future.

Note B – Significant Accounting Policies (continued)

Bond and Loan Issue Costs, Net

Bond and loan issue costs are expenditures associated with issuing bonds or other notes payable, such as legal, accounting, underwriting, and commissions, which are deferred and amortized over the life of the bond or the related note payable. The Organization also capitalizes loan issuance costs following the Codification for *Capitalization of Interest*, for the period of construction for which the loan was obtained.

Public Support

All support is recorded in accordance with ASC 958, *Not-for- Profit Entities* as contributions with or without donor restrictions.

Grant Income

Grant Income – Grant income is recorded as with or without donor restrictions. The majority of grant income relates to reimbursable grants, where expenses or evidence of performed services are submitted for reimbursement on a monthly basis and paid within a month. Payment terms are dependent on the individual grant. Support that is restricted by the donor is reported as an increase in without donor restriction 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 net assets with donor restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions. Grant income consists of federal awards, state financial assistance, and local and other awards as follows:

	2024	2023
Federal awards	$12,890,613	$10,707,449
State financial assistance	998,287	1,145,766
Local and other awards	3,901,911	3,957,587
Total grant revenues	$17,790,811	$15,810,802

In-Kind Revenue

Donated Services - Donated services must meet certain criteria in accounting for contributions received and contributions made in order to be recognized. The Organization participates in an alternative education program with the School Board of Hillsborough County, Florida (the "School Board"). The Organization provides space and resources to the program, and the School Board pays the salaries and fringe benefits of teachers that participate in the program. This activity is not recognized in the consolidated financial statements as in-kind contributions.

In addition, individuals volunteer their time and perform a variety of tasks that assist the Organization with specific assistance programs, campaign solicitations, and various committee assignments that are not recognized in the consolidated financial statements because they do not meet the criteria for recognition.

Donated Property and Equipment - Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service, as instructed by the donor. The Organization reclassifies net assets with donor restriction to net assets without donor restriction at that time.

Note B – Significant Accounting Policies (continued)

Contributions

Contributions received are recorded as with and without donor restriction depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in net assets without donor restriction 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 net assets with donor restriction, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restriction are reclassified to net assets without donor restriction and reported in the consolidated statements of activities as net assets released from restrictions.

Revenue Recognition

All revenues are recorded in accordance with ASC 606, *Revenue from Contracts with Customers*, which is recognized when: (i) a contract with a customer has been identified, (ii) the performance obligation(s) in the contract have been identified, (iii) the transaction price has been determined, (iv) the transaction price has been allocated to each performance obligation in the contract, and (v) the Organization has satisfied the applicable performance obligation over time or at a point in time.

Fees for Client Services - These services are for those patients who are court-ordered into programs, while others are referred to or walk into the Organization. The programs and services are described in Note C. Each patient undergoes an evaluation/assessment to determine eligibility for a program. The Organization uses a sliding fee schedule to bill the patients, insurance companies or Medicaid. Revenue is recognized at a point in time when the performance obligation is met, usually the completion of the treatment program assigned to the patient. Payment terms are dependent on the business terms with the insurance companies, but are usually due immediately after the submission of invoice for reimbursement by the insurance company.

Fees for client services billing types consist of the following:

	2024	2023
Managed Medical Assistance	$ 2,416,547	$ 3,126,850
Commercial Insurance Plan	301,713	261,301
Medicaid	180,560	56,542
Client fees	446,655	426,070
Total fees for client services	$ 3,345,475	$ 3,870,763

Food Service Income - These services consist of vending snack income and is recorded at a point in time when a sale is made, and payment received.

Special Events - These are revenues from special fundraising events and are recorded at a point in time when the event takes place. There are no specific payment terms. Revenue is deemed to be with donor restrictions until the event takes place and the revenue is recognized.

Rental Income – This relates to income from the Headstart rental agreement and apartment rent and is recognized over time on a monthly basis. Payment is due on a monthly basis in advance.

Expense Allocation

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

Note B – Significant Accounting Policies (continued)

Expense Allocation (continued)

Expenses are allocated to program and supporting services on the following basis:

- Management and general expenses are allocated back to the departments based on FTEs
- Personnel expenses are allocated on the basis of direct salaries
- Building and occupancy costs, including related depreciation, are allocated on the basis of revenue and square footage
- Depreciation on the furniture and equipment is allocated on the basis of usage of the furniture and equipment

Income Taxes

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code (IRC) and from state corporate income tax under applicable Florida Statutes. In addition, the Organization qualifies for the charitable contribution deduction under IRC Section 170(b)(1)(A) and has been classified as an Organization that is not a private Organization and has been designated a "publicly supported" Organization.

The Organization follows the income tax standard for uncertain tax positions. The Organization has evaluated their tax positions and determined they have no uncertain tax positions as of June 30, 2024. Should the Organization's tax-exempt status be challenged in the future, the Organization's 2022, 2023, and 2024 tax years are open for examination by the IRS.

Fair Value Disclosures

The carrying amounts of cash and cash equivalents, accounts receivable, contract receivables, notes receivable, accounts payable, accrued expenses, and revenue bonds payable, approximate their fair values due to their short maturity or floating interest rate terms, as applicable.

Estimates

The preparation of consolidated financial statements in conformity with GAAP in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Advertising

Advertising costs are charged to expense as incurred. The Organization incurred advertising costs of approximately $555,000 and $300,000 for the years ended June 30, 2024 and 2023, respectively.

Note C – Description of Programs and Supporting Services

The following programs and supporting services are included in the accompanying consolidated financial statements and represent nationally accredited programs with co-occurring capability.

Case Management

The Organization's Case Management coordinates services, agencies, and resources to assist patients in achieving goals. Patients are assessed and recommended for appropriate treatment. Agencies referring patients to the Organization are periodically advised regarding the patient's status in treatment based on confidentiality releases. Pregnant clients receive case management services to ensure OBGYN involvement.

Intervention

Basic drug education is provided for adolescent and adult patients based on a nationally developed intervention plan of goals and objectives. Screening as well as individual and group counseling services are provided. Intervention treatment readiness groups are provided until a space is available for treatment.

Note C – Description of Programs and Supporting Services (continued)

Housing Case Management

This program provides case management and Rapid Re-housing services for clients at the Community Housing Solutions Center (emergency shelter) and in our Residential treatment programs. In addition to assisting clients with budgeting, employment, rent negotiations, locating suitable housing, and linkage to non-cash benefits and health insurance, the housing case managers provide financial assistance to client to assist with application fees, security deposits, utility deposits/costs and short & medium-term rental assistance.

Day Care

The Developmental Day Care program provides childcare services to infants, toddlers and preschoolers through subcontracts with the Champions for Children and Hillsborough County Head Start. Mothers attending Women's Residential Treatment and Family Treatment Services are priority for this service, but any community children and staff children are welcome in a slot with the goal of addressing supplemental education prior to starting school.

Medication Assisted Treatment Services

The Organization offer multiple types of medication assisted treatment for substance use disorders:

Medication assisted treatment services using medications to detox or provide maintenance for patients addicted to opiates. This harm reduction program is focused on stabilization of patients who have been misusing and have become addicted to prescription drugs or other opiates with a focus on rehabilitation and stabilization. A client may be enrolled in other services and receive this service, additionally.

Methadone and Subutex, used for Opiate abuse, is given orally and includes counseling.

Suboxone, used for Opiate abuse, is provided by a physician for eligible clients and includes counseling.

Vivitrol, a long-acting injectable for Opiate or Alcohol abuse to address cravings and includes counseling.

Sublocade, a long-acting injectable buprenorphine – used for Opiate abuse – includes counseling.

Residential Treatment

This program offers up to a six-month residential treatment, based on a modified therapeutic community model at two gender specific program sites. Residential services are also available for homeless individuals in Hillsborough County. Services focus on faulty thinking, attitude changes, cognitive development, peer relationships and are enhanced by co-occurring services. Services including Adult Basic Education and General Educational Development (GED) Test preparation are provided, vocational and employment readiness and assistance are also offered. The first two months consist of intensive residential treatment, while the last four months allow patients to work full-time, live at the facility and receive treatment during non-working hours. Medication-assisted treatment medications may be provided if a patient meets the qualifications.

Outpatient

Outpatient Services provide substance use disorder and mental health treatment services for patients via group and individual counseling. Using evidence-based practices and trauma-informed care, patients receive services based on their strengths, needs, abilities and preferences. Services are offered both in-person and via telehealth.

Peer Recovery Support

Recovery support services are provided to individuals in need of continuing care after completion of treatment. Peer Support Specialists are imbedded throughout the various levels of care including MAT (both through our Hospital ED Pathways projects) and onsite in the clinic, as well as in Residential and Outpatient treatment programs. Peers provide critical support to patients throughout their treatment and after.

Note C – Description of Programs and Supporting Services (continued)

Prevention

This program includes school-based programs, young adult programs and family programs providing evidence-based drug education, individual and group counseling, family counseling, training peer mentors, referral services, aftercare and follow-up services. Additionally, we are a leader in the Tampa Bay Community for HIV prevention and education and are using "environmental strategies" to change perception and behaviors of youth and young adults in our area.

Acupuncture and Smoking Cessation

Acupuncture is available for clients to assist with cravings and stress. Smoking cessation classes and interventions are available throughout programs, as an overlay service.

Pre-Trial Intervention Drug Court

Pre-Trial Intervention Drug Court is a unique outpatient program in Hillsborough County for the first-time felony offenders. Through a year-long program, the client can complete an intensive program to be eligible for record expungement.

Comprehensive Coordinated Care for Pregnant Women

Programming is available to support pregnant women or child welfare cases through assessment, treatment and reunification. Cove Behavioral Health, Inc. won two National awards for treatment of pregnant women abusing substances and is uniquely prepared to address these cases.

Medical and Psychiatric Services

This program offers access to onsite physicians and advance practice nurse practitioners (APRN) that specialize in Addiction Medicine. Our medical staff conducts history and physicals, psychiatric evaluations and ongoing psychiatric services for adults and adolescents, and medication management and follow-up. Our medical staff routinely participates in treatment team meetings/staffings to ensure comprehensive coordinated care for our patients.

Fundraising

Fundraising provides the structure necessary to encourage and secure private financial support from individuals, foundations, and corporations.

Management and General

Cove Behavioral Health, Inc. is managed through leadership and an established three-year Strategic Plan developed and adopted by the Board of Trustees. The plan includes the functions necessary to maintain an equitable employment program, ensure an adequate working environment, provides coordination with contracts and service delivery while securing proper administrative functioning. The Board regularly oversees the financial and budgetary responsibilities of the Organization.

Note D – Concentrations

Concentration of risk is the probability of loss attributable to the Organization's financial instruments. The Organization maintains cash balances in three financial institutions. At June 30, 2024 and 2023, cash balances exceeded federally insured limits of $250,000 by $1,949,032 and $2,057,839, respectively, and exposed the Organization to risk of loss.

Concentrations of credit risk with respect to receivables is limited since most of the receivables are owed from either the federal, state government, or local governments, and other well established not-for-profit organizations.

Note D – Concentrations (continued)

The Organization relies on periodically renewed fees and grants from governmental agencies for its primary support. Accounts receivable from one grantor represented 53% and 53% of total accounts receivable at June 30, 2024 and 2023, respectively. The revenue from this source represented 56% and 54%, respectively, of the Organization's fees for client services for the years ended June 30, 2024 and 2023.

Note E – Property and Equipment, Net

In July 2001, the Organization purchased land and buildings (Residential III site located at 3107 North 50th Street, Tampa, Florida) jointly with the Agency for Community Treatment Services, Inc. (ACTS). This agreement was amended August 6, 2012 to allow COVE to recover its costs of construction associated with a new building being constructed on the property prior to a joint split of the sale proceeds. The remaining land and buildings are owned and occupied equally by both parties. Building maintenance is shared in accordance with the occupancy agreement.

In December 2019, the Organization entered into a land use restriction agreement ("LURA") with Hillsborough County, Florida to renovate the N. 43rd St. apartments (the "apartments") for affordable rental units for homeless individuals and families. The land and buildings are owned by COVE and the LURA will expire on December 30, 2036. See Note H.

In August 2022, the Organization entered into a LURA with Hillsborough County, Florida to renovate the Community Housing Solutions Center and 54th St. apartments for homeless individuals and families. The land and buildings are owned by COVE and the LURA will expire on January 31, 2039. See Note H.

In December 2023, the Organization was awarded two capital outlay grants from the Department of Children and Families totaling $220,000 for the purpose of renovating their men's residential facility. As part of the grant agreements, the Organization entered into two mortgage liens and security agreements for a term of 10 years from the completion of the improvements, during which the Organization must continue to operate the property in accordance with the grant agreement. Construction was completed for one grant totaling $105,000 on April 29, 2024. As of June 30, 2024, construction on the $115,000 grant was still in progress. The Organization records the funds as grant revenue as it's earned as the Organization believes it is probable it will comply with the agreements for their entire term.

Property and equipment along with the related accumulated depreciation consist of the following as of June 30:

	2024	2023	Useful Life (Years)
Buildings and improvements	$ 24,557,189	$ 23,980,545	5 - 40
Furniture and equipment	3,259,278	4,192,605	3 - 20
Land	2,358,237	2,358,237	N/A
Software	790,562	790,562	10
Motor vehicles	440,754	492,765	3 - 5
Leasehold improvements	98,576	106,533	10
	31,504,596	31,921,247	
Accumulated depreciation	(15,545,646)	(16,231,859)	
Property and equipment, net	$ 15,958,950	$ 15,689,388	

Depreciation expense for the years ended June 30, 2024 and June 30, 2023 were approximately $851,000 and $850,000, respectively.

Right of Use Assets (furniture and equipment recorded under a finance lease) at June 30, 2024 is $141,485 for security equipment. Accumulated depreciation for the leased equipment at June 30, 2024 and 2023 was $36,659 and $9,165 respectively. The depreciation expense for the leased equipment at June 30, 2024 and 2023 was $27,494 and $9,165, respectively. See Note G Lease Liability.

Note F – Investments

The Organization's investments fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. The method used for assets measured at fair value for investments available for sale including, common stock and mutual fund securities, are valued at the closing price reported on the active market in which the securities are traded.

Mutual funds: Valued at the daily closing price as reported by the fund. Mutual funds held by the Plan are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value and to transact at that price. The mutual funds held by the Plan are deemed to be actively traded.

Stocks and Exchange traded funds ("ETFs"): Valued at the closing price reported on the active market on which the individual securities are traded.

Fixed income securities: Valued at the closing price reported on the active market on which the individual securities are traded. The fixed income securities consist of U.S. treasury bonds and U.S. corporate bonds.

The method described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Company believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The amortized cost and estimated fair value of investments in debt and equity securities as of June 30, 2024 are as follows:

	Amortized/Cost	Unrealized Gains (Losses)	Fair Value
Stocks and ETFs	$ 1,527,042	$ 103,670	$ 1,630,712
Fixed income securities	190,531	(10,981)	179,550
Mutual funds	777,119	(1)	777,118
	$ 2,494,692	$ 92,688	$ 2,587,380

The following tables summarize the amortized cost and the levels in the ASC 820 fair value hierarchy into which the Organization's investments fall as of June 30, 2024:

	Fair Value	Level 1	Level 2	Level 3
Stocks and ETFs	$ 1,630,712	$ 1,630,712	$ -	$ -
Fixed income securities	179,550	85,794	93,756	-
Mutual funds	777,118	777,118	-	-
	$ 2,587,380	$ 2,493,624	$ 93,756	$ -

The amortized cost and estimated fair value of investments in debt and equity securities as of June 30, 2023 are as follows:

	Amortized/Cost	Unrealized Gains (Losses)	Fair Value
Stocks and ETFs	$ 1,495,539	$ (46,033)	$ 1,449,506
Fixed income securities	189,225	(14,642)	174,583
Mutual funds	359,879	(9)	359,870
	$ 2,044,643	$ (60,684)	$ 1,983,959

Note F – Investments (continued)

The following tables summarize the amortized cost and the levels in the ASC 820 fair value hierarchy into which the Organization's investments fall as of June 30, 2023:

	Fair Value	Level 1	Level 2	Level 3
Stocks and ETFs	$ 1,449,506	$ 1,449,506	$ -	$ -
Fixed income securities	174,583	82,374	92,209	-
Mutual funds	359,870	359,870	-	-
	$ 1,983,959	$ 1,891,750	$ 92,209	$ -

Net investment income (loss) of the Organization for the years ended June 30, 2024 and 2023 is as follows:

	2024	2023
Dividend income	$ 60,425	$ 51,276
Interest income	4,147	5,033
Capital gain	11,691	-
Realized and Unrealized gains (loss)	140,271	89,720
Total investment gain (loss)	216,534	146,029
Investment expenses	(15,740)	(10,935)
Net investment income (loss)	$ 200,794	$ 135,094

Note G – Lease Liability

During the year ended June 30, 2024, the Organization entered into a finance lease for security equipment. The total finance lease obligation at June 30, 2024 is $74,673. The current and long term portion of the finance lease obligation is $43,232 and $31,441, respectively, at June 30, 2024.

No interest rate was used in determining the present value of future lease payments to record as assets and liabilities on the statement of financial position. The lease has a remaining lease term of 3 years.

Future minimum lease payments under finance leases are as follows:

June 30,	
2025	$ 43,232
2026	31,441
Total minimum lease payments	74,673
Less amount representing interest	-
Present value of minimum lease payments	$ 74,673

Amortization of assets held under finance leases is included with depreciation expense (see Note E).

Cash paid on the lease for the year ended June 30, 2024 was $47,161.

In addition, expected cash flows for operating lease payments are as follows:

June 30,	
2025	$ 17,500
Total minimum lease payments	$ 17,500

Note H – Notes Payable, Deferred Payment Mortgages and Line of Credit

Notes Payable and Deferred Payment Mortgages

At June 30, 2024 and 2023, notes payable and deferred payment mortgages consisted of the following:

	2024	2023
Note payable to Bank (DACCO project)	$ 7,675,000	$ 8,325,000
Deferred Payment Mortgage and Note (43rd St apartments)	958,932	958,932
Deferred Payment Mortgage and Note (50th St apartments)	334,586	85,730
Deferred Payment Purchase Money Mortgage	1,000,000	1,000,000
Less: unamortized loan fees	(239,960)	(265,260)
Total net notes payable	9,728,558	10,104,402
Less: current maturities	(577,644)	(577,644)
Long term notes payable	$ 9,150,914	$ 9,526,758

At June 30, 2024, principal maturities on notes payable and deferred payment mortgages are as follows:

Year Ending June 30,	Principal	Amortization of Loan Fees	Net Amount
2025	$ 600,000	$ (22,356)	$ 577,644
2026	600,000	(22,356)	577,644
2027	600,000	(22,356)	577,644
2028	600,000	(22,356)	577,644
2029	600,000	(22,356)	577,644
Thereafter	6,968,518	(128,180)	6,840,338
Total	9,968,518	(239,960)	9,728,558
Less short-term portion	(600,000)	22,356	(577,644)
Long-term portion	$ 9,368,518	$ (217,604)	$ 9,150,914

DACCO Project

On August 1, 2007, the City of Tampa issued bonds in connection with the DACCO Project in the amount of $16,325,000. The DACCO Project has a maturity date of August 1, 2035. The proceeds were used by the Organization to finance and reimburse the costs of acquiring, constructing, and equipping the facilities located at 4422 East Columbus Drive and making certain improvements to 3630 N. 50th Street and 3107 N. 50th Street, all of them located within the limits of the City of Tampa, Florida.

On August 27, 2010 the Organization amended the DACCO Project with the Bank. As a result of the amendment, the Organization paid down $1,225,000 of the outstanding principal balance, yielding a remaining balance of $15,100,000. The DACCO Project would bear interest calculated as the sum of 65.7% of LIBOR plus 171 basis points, 360-day year base, floating daily.

On August 24, 2011 the Organization amended the DACCO Project with the Bank. As a result of the amendment the Organization was allowed to undertake the necessary changes to the Organization to qualify for funding received in prior years. Associated with this amendment the Organization was required to make a $1,200,000 reduction in the outstanding bonds.

On May 1, 2015 the Organization amended and restated the DACCO Project with the Bank. As a result of the amendment, the interest basis increased from 171 basis points to 191 basis points. The DACCO Project would bear interest calculated as the sum of 65.7% of LIBOR plus 191 basis points, 360-day year base, floating daily. During the year ended June 30, 2018, the Bank agreed to extend the Organization's index interest rate period on the DACCO Project until October 31, 2018.

Note H – Notes Payable, Deferred Payment Mortgages and Line of Credit (continued)

DACCO Project (continued)

During the year ended June 30, 2018 the Organization sold its 9th Street Apartments for $900,000. As a requirement from the bank, the Organization used the proceeds to pay $750,000 toward the DACCO Project.

Effective November 1, 2018 the Organization amended and restated the indenture of trust for the DACCO Project bonds in the amount of $10,625,000 and granted the Bank a security interest in the Sinking Fund Account. The restatement included a new Medium-Term Rate Period of 4.05% to replace the Organization's index interest rate period on the DACCO Project from November 1, 2018 until November 1, 2022.

Effective June 1, 2022 the Organization amended and restated the indenture of trust for the DACCO Project bonds. The restatement included a new Medium-Term Rate Period of 3.52% to replace the Organization's current Medium-Term Rate Period on the DACCO Project from June 1, 2022 until June 1, 2027.

The interest rate on the bonds as of June 30, 2024 and 2023 was 3.52 % and 3.52%, respectively. The amended bonds require continued monthly sinking fund payments beginning September 1, 2018 and principal payments being made on August 1st each year until maturity. Sinking fund payments change on a year-to-year basis during this period to match 1/12th of the next principal payment. The next principal payment due August 1, 2024 is payable in the amount of $600,000.

The DACCO Project bond includes certain affirmative covenants. The bonding covenants require that the Organization maintain a Fund Flow coverage Ratio of no less than 1.20 to 1.00; Liquidity requirement of no less than $500,000 on deposit with the Bank; and a ratio of total liabilities to tangible net worth of no more than 3.00 to 1.00. The Organization was in compliance with these covenants for the years ended June 30, 2024 and 2023.

The interest expense incurred by the Organization related to the DACCO project for fiscal years ended June 30, 2024 and 2023 was approximately $281,000 and $296,000, respectively.

Bond issuance costs

Bond issue costs represent expenditures incurred on bonds issued in connection with the DACCO Project loan payable. Total DACCO Project bond issuance and amendment costs of approximately $568,000 are being amortized over the life of the bond. Loan costs are representative of the initial bond issuance costs, and amendments in fiscal 2011 and 2015. The related amortization expense for fiscal years ended June 30, 2024 and 2023 was approximately $25,000 and $23,000, respectively.

43rd Steet Rehabilitation Project – Due June 1, 2036

In December 2019, the Organization entered into a deferred payment and mortgage note with Hillsborough County, Florida and was approved to receive $933,862 to renovate the N. 43rd St. apartments (the "apartments") for affordable rental units for homeless individuals and families. Completion of the rehabilitation project must be completed by October 31, 2020, with the agreement expiring on October 31, 2035, at which point the mortgage will be forgiven if the land use restrictions are maintained in accordance with the LURA. The term of this loan is 15 years with zero percent interest. This loan is subordinate to the Organization's obligations under the bonds noted above.

This agreement was amended on October 27, 2020 to extend the project completion date from October 31, 2020 to June 1, 2021 and the mortgage expiration date to June 1, 2036.

A second amendment to the agreement made on August 18, 2021 further extended the project completion date from June 1, 2021 to December 30, 2021, further extended the mortgage expiration date from June 1, 2036 to December 30, 2036, and increased the available funding by $25,070 for a new total of $958,932. The project was completed during the year ended June 30, 2022. As of June 30, 2024 and 2023, the Organization borrowed approximately $959,000 and $959,000, respectively.

Note H – Notes Payable, Deferred Payment Mortgages and Line of Credit (continued)

Deferred Payment Purchase Money Mortgage- Due August 6, 2028

During fiscal year 2009, HUD granted the Organization a deferred payment loan in the amount of $1,000,000 for the construction of a residential substance abuse/mental treatment center for low and moderate income persons known as the Columbus Campus. The term of this loan is forty years with zero percent interest. This loan is subordinate to the Organization's obligations under the bonds noted above.

The payment of principal is deferred until August 6, 2028, at which time the amount will be forgiven if the Organization complies with the terms of the agreement. The loan would become payable in the event that the Organization does not remain owner, or if all or any part of the property or an interest therein is rented, leased, sold, mortgaged, liened, refinanced, foreclosed upon or otherwise transferred by the Organization without prior consent from HUD.

Community Housing Solutions Center and 54th Street Rehabilitation Project - Due January 1, 2039

In August 2022, the Organization entered into a deferred payment and mortgage note with Hillsborough County, Florida and was approved to receive $334,586 to renovate two separate projects. Of this amount, $291,798 was approved for facility improvements to the Community Housing Solutions Center, which provides transitional housing and support to move homeless individuals into permanent housing with the means to support themselves. The remaining $42,788 was approved for improvements to ten multi-family rental units for homeless individuals and families. Completion of these rehabilitation projects must be completed by July 31, 2023, with the agreement expiring on October 31, 2038, at which point the mortgage will be forgiven if the land use restrictions are maintained in accordance with LURA. The term of this loan is 15 years with zero percent interest. This loan is subordinate to the Organization's obligations under the bonds noted above.

This agreement was amended on August 2, 2023 to extend the project completion date from July 31, 2023 to October 31, 2023 and the mortgage expiration date to January 31, 2039. As of June 30, 2024 and 2023, the Organization has borrowed approximately $335,000 and $85,000, respectively.

Line of Credit

The Organization maintained a revolving line of credit ("LOC") agreement with a bank that provides a maximum borrowing of $450,000 and was set to mature August 1, 2023. The LOC was collateralized by substantially all assets of the Organization, including the Company's security interests in its affiliates. The LOC was guaranteed by its affiliates, subject to certain limitations. On July 31, 2023, the LOC was renewed for $450,000 at a variable interest rate equal to the bank's prime rate, 8.25%, with a new maturity date of September 30, 2024.

The LOC had a variable interest rate equal to the bank's prime rate, 8.25% as of June 30, 2023. During the years ended June 30, 2024 and 2023, interest expense related to the LOC was $0. At June 30, 2023, the Company had $0 outstanding on the LOC.

On July 28, 2023, the Organization opened a new Priority Credit Line ("PCL") with a bank that provides borrowing based on the amount of eligible securities, cash, and other instruments in pledged collateral accounts. The PCL has a variable interest rate equal to the secured overnight financing rate (SOFR) plus 3.20%, 8.53% as of June 30, 2024. During the year ended June 30, 2024, interest expense related to the LOC was $0. At June 30, 2024, the Company had $0 outstanding on the LOC. As a result of opening the new PLC, the revolving line of credit held with the bank was closed on September 14, 2023.

Note I – Liquidity and Availability

The Organization's management monitors its liquidity so that it is able to cover operating expenses. The Organization budgets for such costs based on the prior year actual expenses and anticipated future expenses. Budgets are approved by the Board.

Note I – Liquidity and Availability (continued)

Management has budgeted approximately $23,700,000 of operating expenses to be paid within one year of the balance sheet date, and anticipates sufficient grant revenues, fees for client services, and support to cover them. The Organization has the following financial assets available within one year of the balance sheet date for general expenditures:

	June 30, 2024
Financial assets:	
Cash and cash equivalents	$ 1,345,077
Accounts receivable, net	917,149
Contracts receivable – governmental, net	3,071,193
Investments	2,587,419
Deposits and other assets	275,821
Total financial assets	8,196,659
Less: reserved funds, see Note M	(1,034,000)
Less: financial assets not available within one year	(275,821)
	$ 6,886,838

Financial assets not available within one year consist of deposits and other assets. The above table reflects reserved funds established by the Board as unavailable because it is the Organization's intention to use those funds for future contingencies. However, in the case of need, the Board could appropriate resources from this reserve. The Organization also has access to a line of credit (see Note H). The Organization has structured its financial assets to be available as its general expenditures and liabilities come due.

Note J – Retirement Plan

The Organization has implemented a defined contribution retirement plan as allowed under Section 403(b) of the Internal Revenue Code. This plan provides a defined contribution and a deferred compensation retirement arrangement for substantially all of its employees. The Organization's retirement plan contribution for the years ended June 30, 2024 and 2023, totaled approximately $170,000 and $133,000, respectively. Employees become eligible after one year of employment, and are 20% vested in their accumulated benefits after two years of service with an additional 20% vesting for each additional year of service, until fully vested.

Note K – Federal and State Support Requiring a Match

During the years ended June 30, 2024 and 2023, COVE received support from federal and state agencies. Contracts are renegotiated annually. The income from these contracts is earned by providing services to clients. Based on total amounts awarded, local matching contributions of approximately $1,260,000 and $1,260,000 were required for contract periods ended June 30, 2024 and 2023, respectively.

COVE incurred and funded allowable program costs in excess of these match requirements.

Note L – Donated Services, Property and Equipment

Food in-kind donations in the form of food stamps from the Florida Department of Children and Families are included in the consolidated statements of activities. For the fiscal years ended June 30, 2024 and 2023, the amounts donated were approximately $119,000 and $95,000, respectively.

Note M – Reserve Fund

The Board has established a reserve fund for future contingencies. The reserve funds held in investments and cash as of June 30, 2024 and 2023 were approximately $1,034,000 and $928,000, respectively.

Note N – Subsequent Events

Management has assessed subsequent events through December 3, 2024, the date on which the consolidated financial statements were available to be issued, and no events were identified that would require recognition or disclosure within these financial statements.

Supplemental Information

Cove Behavioral Health, Inc. and Affiliates
Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2024

Federal and State Grantor/Pass-Through Grantor Program Title	CFDA Number	Contract/Grant Number	Federal Expenditures
FEDERAL AWARDS			
U.S. Department of Health and Human Services			
Family Treatment Services	93.243	H79TI086450	$ 602,204
High Impact Prevention	93.243	H79SP083272	90,235
Certified Community Behavioral Health Clinic	93.696	H79SM086893	1,046,059
Sub-total			1,738,498
Passed through Hillsborough County, Florida, Board of County Commissioners			
Family Dependency Court Expansion	93.243	17TI80278A	12,408
Sub-total			12,408
Passed through Florida Department of Health			
High Impact Prevention	93.940	CODPB	170,525
Sub-total			170,525
Passed through the Central Florida Behavioral Health Network			
Temporary Assistance for Needy Families	93.558	CF2010-1003R	580,884
Sub-total			580,884
Block Grants for Prevention and Treatment of Substance Abuse			
Children's Substance Abuse	93.959	CF1329.1205	805,919
Adult's Substance Abuse	93.959	CF1329.1205	5,876,112
Adult's Substance Abuse	93.959	603007	14,674
Sub-total			6,696,705
Block Grants for Community Mental Health			
Adult Mental Health	93.958	502018	694
Adult Community Mental Health	93.958	CF1329-1205	169,262
Sub-total			169,956
Passed through Florida Department of Agriculture - State Opioid Response (SOR):			
Start-up Costs-FLITE	93.788	CF1329.1206	372,267
Adult Substance Abuse	93.788	CF1329.1206	2,830,276
Children's and Adult Substance Abuse	93.788	CF1329.1206	103,929
Sub-total			3,306,472
Total for U.S. Department of Health and Human Services			$ 12,675,448
Corporation for National and Community Service			
Senior Demonstration Program	94.017	22SDHFL007	$ 54,484
Sub-total			54,484
Total for Corporation for National and Community Service			$ 54,484
United States Department of Justice (Passed through Polk County)			
Second Chance Act Reentry Initiative	16.812	15PBJA-21-GG-04042-S	$ 160,681
Sub-total			160,681
Total for United States Department of Justice			$ 160,681
Total federal awards			$ 12,890,613
Program Loans			
U.S. Department of Housing and Urban Development:			
Community Development Block Grants Programs			
Passed through Hillsborough County, Florida	14.218		$ 334,586
Total program			334,586
Total program loans			$ 334,586

See Independent Auditor's Opinion and Notes to Schedule

Cove Behavioral Health, Inc. and Affiliates
Schedule of Expenditures of State Financial Assistance

For the Year Ended June 30, 2024

Federal and State Grantor/Pass-Through Grantor Program Title	CSFA Number	Contract/Grant Number	Expenditure State Awards
STATE AWARDS			
Florida Department of Children and Families:			
Community Services	60.240		$ 157,382
Total Florida Department of Children's and Families			157,382
Florida Department of Corrections:			
Substance abuse services for non-secure residential treatment	70.016	C2908	170,187
DOC Non Secure and Co-Occurring SP DD	70.016	C1F2C8	147,946
Total Florida Department of Corrections			318,133
Florida Alcohol and Drug Abuse Association:			
Vivitrol	22.022	OSCFAD202223-19	221,061
Total Florida Alcohol and Drug Abuse Association			221,061
Florida State Court System:			
Passed through the Hillsborough County Circuit Court			
Adult Post-Adjudicatory Drug Court Expansion	22.021	1300BZN	297,886
Veteran's Treatment Court	22.021	1300AG3	3,825
Total Florida State Court System			301,711
Total state financial assistance			$ 998,287

See Independent Auditor's Opinion and Notes to Schedule

Cove Behavioral Health, Inc. and Affiliates
Schedule of Local and Other Awards

For the Year Ended June 30, 2024

Grantor/Program Title	Grantor's Number	Local & Other Expenditures
LOCAL & OTHER GRANTORS		
Hillsborough County Public Schools:		
Passed through Central Florida Behavioral Network, Inc.		
Children's Substance Abuse		$ 8,522
Total Hillsborough County Public Schools		8,522
Board of County Commissioners, Hillsborough County, Florida:		
Hillsborough County Health Plan	BOCC 09-1330	2,366,394
Headstart Rent and Utilities		42,030
Total Board of County Commissioners, Hillsborough County, Florida		2,408,424
Hillsborough County Court System:		
Marchman Court	G1600644	211,780
Total Hillsborough County Court System		211,780
Hillsborough County Homeless Services:		
Community Homeless Solutions Housing Center	14-1103	1,177,461
Total Hillsborough Homeless Services		1,177,461
Tampa Hillsborough Homeless Initiative:		
Homeless Emergency Solutions Grant		63,238
Total Tampa Hillsborough Homeless Initiative		63,238
Polk County BOCC:		
Residential Level 2 Beds		8,186
Total Polk County BOCC		8,186
Abe Brown Ministries:		
Abe Brown Ministries		24,300
Total Abe Brown Ministries		24,300
Total local financial assistance		$ 3,901,911

See Independent Auditor's Opinion and Notes to Schedule

Notes to Schedule of Expenditures of Federal Awards, State Financial Assistance, Local and Other Awards
June 30, 2024

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards, State Financial Assistance, Other State Funding, and Local Awards (the "Schedule") presents the activity of all federal, state, and local programs administered by COVE Behavioral Health, Inc. and Affiliates, Inc. Awards received directly from governmental agencies, as well as those passed through other government agencies, are included in the Schedule. The information in this Schedule is presented in accordance with the requirements of the Uniform Guidance, Audits of States, Local Governments, and Non-Profit Organizations; and Chapter 10.650, Rules of the Auditor General. Because the Schedule presents only a selected portion of the operations of COVE, it is not intended to and does not present the consolidated financial position, changes in net assets, or cash flows of the Organization.

Summary of Significant Accounting Policies

Expenditures reported in the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, Cost Principles for Non-Profit Organizations, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Summarized Assistance Listing Information

The Schedule presents federal award programs summarized by federal and pass-through agencies. Certain federal award programs were funded by multiple agencies and are summarized as follows:

Assistance Listing Number	Federal Program	Total Expenditures
93.959	Block Grants for Prevention and Treatment of Substance Abuse	$ 6,696,705

Subrecipients

The Organization may provide local awards to subrecipient. As a service provider, the Organization has certain compliance responsibilities, such as monitoring its subrecipients to help assure they use these sub-awards as authorized by laws, regulations, and the provisions of contracts or grant agreements, and that subrecipients achieve the award's performance goals.

The Organization did not provide any awards to subrecipients for the year ended June 30, 2024.

Central Florida Behavioral Health Network

The Organization commingles cash receipts from the U.S. Department of Health and Human Services with similar State grants. When reporting expenditures on this Schedule, the Organization assumes it expends federal monies first.

Indirect Cost Rate

The Organization has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Federal Loan Programs

As discussed in Note H of the consolidated financial statements, the Organization received U.S. Department of Housing and Urban Development ("HUD") federal awards, Assistance Listing Number 14.218, in the form of a zero-interest deferred mortgage note from Hillsborough County, which related to the 43rd Street Rehabilitation Project, a zero-interest deferred mortgage note from the City of Tampa, which related to the DACCO Project, and a zero-interest deferred mortgage from Hillsborough County, which related to the Community Housing Solutions Center and 54th Street Rehabilitation Project. The Organization was in compliance with the current requirements of the federal loan programs for the years ended June 30, 2024 and 2023. The following table shows federal loan programs as of June 30, 2024 and 2023, respectively:

	Program		
	Hillborough County	City of Tampa	City of Tampa
Loan Balances as of June 30, 2023	$ 1,044,662	$ 8,325,000	$ 1,000,000
New Loans During Fiscal Year June 30, 2024	248,856	-	-
Repayments During Fiscal Year June 30, 2024	-	(650,000)	-
Loan Balances as of June 30, 2024	$ 1,293,518	$ 7,675,000	$ 1,000,000

Cove Behavioral Health, Inc. and Affiliates
Schedule of State Earnings for Alcohol, Drug Abuse and Mental Health Services (ADM)

For the Year Ended June 30, 2024

Total expenditures	$	21,866,612
Less :		
Other state and federal funds		(11,760,825)
Non-match stubstance abuse and mental health funds		(2,466,619)
Unallowable costs per 65E-14, Florida administrative code		-
Total allowable expenditures	$	7,639,168
Maximum available earnings	$	5,729,376
Amount of state funds requiring match	$	1,266,141
Amount due to the state	$	-

See Independent Auditor's Opinion

Cove Behavioral Health, Inc. and Affiliates
Schedule of Related Party Transaction Adjustments

For the Year Ended June 30, 2024

	Allocation of Related Party Transaction Adjustments				
	Related Party	State Designated Cost Centers			Total
		1	2	3	
Revenues from grantee	$ -	$ -	$ -	$ -	$ -
Rent	-	-	-	-	-
Services	-	-	-	-	-
Interest	-	-	-	-	-
Other	-	-	-	-	-
Total revenue from grantee	-	-	-	-	-
Expenses associated with grantee					
Transactions	-	-	-	-	-
Personnel services	-	-	-	-	-
Depreciation	-	-	-	-	-
Interest	-	-	-	-	-
Other	-	-	-	-	-
Total associated expenses	-	-	-	-	-
Related party transaction adjustment	$ -	$ -	$ -	$ -	$ -

Note: No related party transactions occurred that require adjustments in this schedule

See Independent Auditor's Opinion

Cove Behavioral Health, Inc. and Affiliates
Schedule of Bed-Day Availability Payments

For the Year Ended June 30, 2024

Program A	Cost Center B	State Contracted Rate C	Units of Service Provided D	Total Units of Service Paid for by 3rd Party Contracts, Local Government, or Other State Agencies E	Maximum # of Units Eligible for Payment by Department (D-E) F	Amount Paid for Services by the Department G	Maximum Value of Units in Column F (F x C) H	Amount Owed to Department (G-H or $0, whichever is greater) I
Children's MH	Crisis Stabilization Unit	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Adult MH	Crisis Stabilization Unit	-	-	-	-	-	-	-
Children's SA	Substance Abuse Detox	-	-	-	-	-	-	-
Adult SA	Substance Abuse Detox	-	-	-	-	-	-	-
Adult MH	Short-term Residential Treatm	-	-		-	-	-	-
	Total Amount Owed to Department							$ -

Note: No bed day transactions occurred that require disclosure in this schedule.

Cove Behavioral Health, Inc. and Affiliates
Program/Cost Center Actual Expenses and Revenues Schedule

For the Year Ended June 30, 2024

	Mental Health																	
	1 Assessment	2 Case Management	11 Intervention - Individual	12 Medical Services	14 Outpatient - Individual	15 Outreach	19 Residential Level II	28 Incidental Expenses	35 Outpatient - Group	B3 Cost Reimbursement	A2 FIT Team	1 Assessment	2 Case Management	6 Day Treatment	11 Intervention - Individual	12 Medical Services	13 Medication-Assisted Treatment	14 Outpatient - Individual	15 Outreach
IA. STATE SAMH FUNDING																			
Central Florida Behavioral Health Network	14,407	8,248	78,808	80,968	50,831	4,538	273,710	694	8,811	-	286,566	122,574	518,679	4,385	395,564	450,450	2,535,537	705,637	136,066
IB. OTHER GOVT. FUNDING																			
Other State Agency Funding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	231,710	68,573	-	-
Medicaid	-	-	-	-	-	-	-	-	-	-	-	-	-	-	12,995	199,573	1,148,746	151,916	-
Local Government	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,460,662	226,455	341,424	-
Federal Grants and Contracts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	260,815	-	-	-
In-kind from local government only	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL GOVERNMENT FUNDING	-	-	-	-	-	-	-	-	-	-	-	-	-	-	12,995	2,152,760	1,443,774	493,339	-
IC. ALL OTHER REVENUES																			
1st & 2nd Party Payments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	959	49,152	143,988	72,252	-
3rd Party Payments (except Medicare)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	444,997	1,658	-
Medicare	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,820	33,020	2,566	-
Contributions and Donations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
In-kind	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL ALL OTHER REVENUES	-	-	-	-	-	-	-	-	-	-	-	-	-	-	959	52,972	622,005	76,475	-
TOTAL FUNDING	**14,407**	**8,248**	**78,808**	**80,968**	**50,831**	**4,538**	**273,710**	**694**	**8,811**	**-**	**286,566**	**122,574**	**518,679**	**4,385**	**409,518**	**2,656,182**	**4,601,316**	**1,275,452**	**136,066**
IIA. PERSONNEL EXPENSES																			
Salaries	28,935	13,431	64,849	105,543	23,173	16,147	174,376	-	8,752	163,108	447,989	115,739	658,113	121,449	367,480	422,174	1,829,501	1,135,468	306,791
Fringe Benefits	918	-	2,709	26,839	7,341	-	32,614	-	918	-	-	29,671	-	-	15,349	107,356	270,866	237,366	-
TOTAL PERSONNEL EXPENSES	**29,852**	**13,431**	**67,558**	**132,382**	**30,514**	**16,147**	**206,990**	**-**	**9,670**	**163,108**	**447,989**	**145,410**	**658,113**	**121,449**	**382,829**	**529,530**	**2,100,367**	**1,372,834**	**306,791**
IIB. OTHER EXPENSES																			
Building Occupancy	278	-	1,916	4,253	2,224	-	29,502	-	278	-	-	8,991	-	-	10,860	17,013	118,289	71,924	-
Professional Services	18	-	98	14,290	146	-	132	-	18	-	-	591	-	-	555	57,159	1,125	4,728	-
Travel	16	-	14	437	128	-	149	-	16	-	-	519	-	-	113	1,750	16,895	4,150	-
Equipment	81	-	193	462	644	-	2,017	-	81	-	-	2,604	-	-	1,092	1,849	8,697	20,829	-
Food Services	0	-	-	-	3	-	53,290	-	0	-	-	11	-	-	-	-	182	89	-
Medical and Pharmacy	3	-	15	30,513	20	-	1,010	-	3	-	-	83	-	-	86	122,052	330,540	661	-
Subcontracted Services	-	-	-	-	-	-	9,290	-	-	-	-	-	-	-	-	-	5,972	-	-
Insurance	357	-	2,848	4,509	2,854	-	21,013	-	357	-	-	11,533	-	-	16,139	18,037	58,081	92,266	-
Interest Paid	177	-	1,262	2,806	1,415	-	5,056	-	177	-	-	5,718	-	-	7,153	11,224	30,877	45,744	-
Operating Supplies & Expenses	36	-	755	212	284	-	2,789	-	36	-	-	1,148	-	-	4,276	848	8,372	9,183	-
Donated Items	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Expense	919	-	9,190	13,912	17,355	-	30,208	694	919	-	-	29,728	-	-	52,076	55,649	215,493	237,827	-
TOTAL OTHER EXPENSES	**1,884**	**-**	**16,291**	**71,394**	**25,074**	**-**	**154,456**	**694**	**1,884**	**-**	**-**	**60,925**	**-**	**-**	**92,350**	**285,581**	**794,523**	**487,402**	**-**
TOTAL PERSONNEL & OTHER EXPENSES	**31,737**	**13,431**	**83,849**	**203,776**	**55,588**	**16,147**	**361,446**	**694**	**11,554**	**163,108**	**447,989**	**206,335**	**658,113**	**121,449**	**475,179**	**815,111**	**2,894,890**	**1,860,236**	**306,791**
IIC. DISTRIBUTED INDIRECT COSTS																			
Administration	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL DISTRIBUTED INDIRECT COSTS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL ACTUAL OPERATING EXPENSES	**31,737**	**13,431**	**83,849**	**203,776**	**55,588**	**16,147**	**361,446**	**694**	**11,554**	**163,108**	**447,989**	**206,335**	**658,113**	**121,449**	**475,179**	**815,111**	**2,894,890**	**1,860,236**	**306,791**
IID. UNALLOWABLE COSTS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL ALLOWABLE OPERATING EXPENSES =	**$ 31,737**	**$ 13,431**	**$ 83,849**	**$ 203,776**	**$ 55,588**	**$ 16,147**	**$ 361,446**	**$ 694**	**$ 11,554**	**$ 163,108**	**$ 447,989**	**$ 206,335**	**$ 658,113**	**$ 121,449**	**$ 475,179**	**$ 815,111**	**$ 2,894,890**	**$ 1,860,236**	**$ 306,791**

Cove Behavioral Health, Inc. and Affiliates
Program/Cost Center Actual Expenses and Revenues Schedule

For the Year Ended June 30, 2024

Substance Abuse																				
19 Residential Level II	28 Incidental Expenses	35 Outpatient - Group	37 Room & Board Level II	47 Recovery Support - Group	48 Indicated Prevention	49 Selective Prevention	50 Universal Direct Prevention	51 Universal Indirect Prevention	A2 FIT Team	B1 Network Evaluation and Development	SV291	Total for State Funded SAMH Cost Centers	Non-State Other	Total for Non-State Funded SAMH Cost Centers	Total All SAMH Cost Centers	Non-SAMH Housing	Non-SAMH Management & Other	Non-SAMH Fundraising	Total Non-SAMH Cost Center	Administration	Total
2,497,185	110,587	66,904	155,272	-	203,316	339,033	12,436	683,214	921,976	96,142	-	10,762,539	-	-	10,762,539	-	-	-	-	-	10,762,539
540,622	-	-	-	-	-	-	-	-	-	-	-	840,905	-	-	840,905	-	-	-	-	-	840,905
35	-	-	-	-	-	-	-	-	-	-	-	1,513,265	-	-	1,513,265	-	-	-	-	-	1,513,265
1,569,525	-	-	-	-	-	-	-	-	-	-	-	3,588,065	-	-	3,588,065	1,605,583	42,030	-	1,647,613	-	5,235,678
9,928	-	-	-	-	-	-	-	-	-	-	-	270,743	-	-	270,743	1,705,173	-	-	1,705,173	-	1,975,916
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2,110,110	-	-	-	-	-	-	-	-	-	-	-	**6,212,978**	-	-	**6,212,978**	**3,310,756**	**42,030**	-	**3,352,786**	-	**9,565,764**
35,362	-	-	-	-	-	-	-	-	-	-	-	301,712	-	-	301,712	-	-	-	-	-	301,712
-	-	-	-	-	-	-	-	-	-	-	-	446,655	-	-	446,655	-	-	-	-	-	446,655
-	-	-	-	-	-	-	-	-	-	-	-	39,406	-	-	39,406	-	-	-	-	-	39,406
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	575	516,009	516,584	-	516,584
-	-	-	-	-	-	-	-	-	-	-	-	-	610,546	610,546	610,546	-	188,047	-	188,047	-	798,593
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
35,362	-	-	-	-	-	-	-	-	-	-	-	**787,773**	**610,546**	**610,546**	**1,398,319**	-	**188,622**	**516,009**	**704,631**	-	**2,102,950**
4,642,656	**110,587**	**66,904**	**155,272**	-	**203,316**	**339,033**	**12,436**	**683,214**	**921,976**	**96,142**	-	**17,763,291**	**610,546**	**610,546**	**18,373,837**	**3,310,756**	**230,652**	**516,009**	**4,057,417**	-	**22,431,254**
1,569,385	186,749	428,848	345,176	5,632	181,925	219,371	70,259	406,033	791,884	-	12,480	10,220,760	-	-	10,220,760	865,771	639,879	-	1,505,650	(4,972)	11,721,438
264,175	-	29,671	29,353	-	19,341	19,341	19,341	19,341	174,668	-	-	1,307,175	398,063	398,063	1,705,238	-	-	-	-	256,518	1,961,756
1,833,560	**186,749**	**458,518**	**374,529**	**5,632**	**201,266**	**238,711**	**89,599**	**425,373**	**966,552**	-	**12,480**	**11,527,934**	**398,063**	**398,063**	**11,925,997**	**865,771**	**639,879**	-	**1,505,650**	**251,546**	**13,683,194**
238,967	-	8,991	26,552	-	8,322	8,322	8,322	8,322	25,462	-	-	598,789	278,446	278,446	877,235	-	-	-	-	212,397	1,089,632
1,071	-	591	119	-	398	398	398	398	281	-	-	82,515	4,474	4,474	86,989	-	-	-	-	196,153	283,142
1,210	-	519	134	-	4,708	4,708	4,708	4,708	34,022	-	-	78,905	9,590	9,590	88,495	-	-	-	-	24,028	112,523
16,337	-	2,604	1,815	-	458	458	458	458	7,627	-	-	68,761	14,376	14,376	83,137	-	-	-	-	28,546	111,683
431,651	-	11	47,961	-	-	-	-	-	-	-	-	533,198	546,920	546,920	1,080,118	-	-	-	-	-	1,080,118
8,183	-	83	909	-	15	15	15	15	99	-	-	494,317	116,500	116,500	610,817	-	-	-	-	167	610,984
75,249	-	-	8,361	-	-	-	-	-	-	-	-	96,872	-	-	98,872	-	-	-	-	-	98,872
170,208	-	11,533	18,912	-	6,595	6,595	6,595	6,595	11,977	-	-	467,005	107,783	107,783	574,788	-	-	-	-	88,241	663,029
40,950	-	5,718	4,550	-	5,609	5,609	5,609	5,609	16,809	-	-	202,072	22,504	22,504	224,576	-	-	-	-	56,102	280,678
22,593	-	1,148	2,510	-	1,708	1,708	1,708	1,708	7,531	-	-	68,552	184,611	184,611	253,163	-	-	-	-	32,275	285,438
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
331,305	-	29,728	36,812	-	171,472	171,472	71,472	271,472	57,083	96,143	-	1,900,933	487,978	487,978	2,388,911	-	-	-	-	1,178,408	3,567,319
1,337,724	-	**60,925**	**148,635**	-	**199,285**	**199,285**	**99,285**	**299,285**	**160,891**	**96,143**	-	**4,593,919**	**1,773,182**	**1,773,182**	**6,367,101**	-	-	-	-	**1,816,317**	**8,183,418**
3,171,284	**186,749**	**519,444**	**523,164**	**5,632**	**400,551**	**437,997**	**188,885**	**724,659**	**1,127,443**	**96,143**	**12,480**	**16,121,854**	**2,171,245**	**2,171,245**	**18,293,099**	**865,771**	**639,879**	-	**1,505,650**	**2,067,863**	**21,866,612**
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3,171,284	**186,749**	**519,444**	**523,164**	**5,632**	**400,551**	**437,997**	**188,885**	**724,659**	**1,127,443**	**96,143**	**12,480**	**16,121,854**	**2,171,245**	**2,171,245**	**18,293,099**	**865,771**	**639,879**	-	**1,505,650**	**2,067,863**	**21,866,612**
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
$ 3,171,284	**$ 186,749**	**$ 519,444**	**$ 523,164**	**$ 5,632**	**$ 400,551**	**$ 437,997**	**$ 188,885**	**$ 724,659**	**$ 1,127,443**	**$ 96,143**	**$ 12,480**	**$ 16,121,854**	**$ 2,171,245**	**$ 2,171,245**	**$ 18,293,099**	**$ 865,771**	**$ 639,879**	**$ -**	**$ 1,505,650**	**$ 2,067,863**	**$ 21,866,612**

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Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Consolidated Financial Statements Performed in Accordance with Government Auditing Standards

To the Board of Trustees of
COVE Behavioral Health, Inc. and Affiliates
Tampa, FL

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 consolidated financial statements of COVE Behavioral Health, Inc. and Affiliates (the "Organization"), which comprise the consolidated statements of financial position as of June 30, 2024, and the related consolidated statements of activities, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated December 3, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 consolidated 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance 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 the Organization's consolidated 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 consolidated financial statements. 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 on 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.



Barton, Gonzalez & Myers, P.A.
Largo, Florida

December 3, 2024

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Independent Auditor's Report on Compliance for Each Major Program and Major Project and on Internal Control over Compliance Required by the Uniform Guidance and Chapter 10.650, Rules of the Auditor General of the State of Florida

To the Board of Trustees of
COVE Behavioral Health, Inc. and Affiliates
Tampa, FL

Opinion on Each Major Federal Program and Major State Project

We have audited COVE Behavioral Health, Inc. and Affiliates' (the "Organization"), compliance with the types of compliance requirements described in the *OMB Compliance Supplement*, and the requirements described in the Department of Financial Services' *State Projects Compliance Supplement*, that could have a direct and material effect on each of the Organization's major federal programs and major state projects for the year ended June 30, 2024. The Organization's major federal programs and major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and major state projects for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program and Major State Project

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and Chapter 10.650, Rules of the Auditor General. Our responsibilities under those standards, the Uniform Guidance, and the Rules of the Auditor General are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program and major state project. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Organization's federal programs and state projects.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance, and Chapter 10.650 Rules of the Auditor General will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Organization's compliance with the requirements of each major federal program and major state project as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance, and Chapter 10.650 Rules of the Auditor General, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and Chapter 10.650 Rules of the Auditor General, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.



Barton, Gonzalez & Myers, P.A.
Largo, Florida

December 3, 2024

COVE Behavioral Health, Inc. and Affiliates

Schedule of Findings and Questioned Costs
June 30, 2024

Section 1 – Summary of Auditor's Results

Consolidated Financial Statements	Results
Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weakness identified?	No
Significant deficiencies identified that are not considered to be material weaknesses?	No
Noncompliance material to consolidated financial statements noted?	No

	Federal Awards	State Projects
Internal control over major programs:		
Material weakness identified?	No	No
Significant deficiencies identified not considered to be a material weakness?	None reported	None reported
Type of auditor's report issued on compliance for major programs:	Unmodified	Unmodified
Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance, section 510(a) or provisions of Chapter 10.650, Rules of Auditor General of the state of Florida?	No	No

Identification of Major Federal Programs and Major State Projects:

Assistance Listing Number	Name of Federal Program
93.959	Block Grants for Prevention and Treatment of Substance Abuse

Assistance Listing Number	Name of State Project
70.016	Non-Secure Residential Treatment Services/Intervention, Outpatient, and Aftercare Services
22.021	Florida State Court System

	Federal Awards	State Projects
Dollar threshold used to distinguish between Type A and Type B programs	$ 750,000	$ 300,000
Auditee qualified as low-risk auditee?	Yes	N/A

Section 2 – Consolidated Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, fraud, illegal acts, violations of provisions of contracts and grant agreements, and abuse related to the consolidated financial statements for which *Government Auditing Standards* requires a reporting in a Uniform Guidance audit.

Prior Year Audit Findings

No matters were reported.

Section 3 – Federal Awards Findings and Questioned Costs

This section identifies the audit findings required to be reported by section 510(a) of the Uniform Guidance as well as any abuse findings involving federal awards that is material to a major program. There were no instances of abuse found as a result of our audit procedure.

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"Management Letter"
Based on Rule 10.654(1)(e) of the Rules of Auditor General of the State of Florida

To the Board of Trustees of
COVE Behavioral Health, Inc. and Affiliates
Tampa, FL

Report on the Consolidated Financial Statements

We have audited the consolidated financial statements of the COVE Behavioral Health, Inc. and Affiliates ("COVE" or the "Organization"), as of and for the fiscal year ended June 30, 2024, and have issued our report thereon dated December 3, 2024.

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States; the audit requirements of Title 2 *U.S. Code of Federal Regulations* Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and Chapter 10.650, Rules of the Auditor General.

Other Reports and Schedule

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on Audits of Consolidated Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditor's Report on Compliance for Each Major Federal and State Project and Report on Internal Control over Compliance in accordance with the Uniform Guidance, and Chapter 10.650, Rules of the Florida Auditor General; and Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule, which are dated December 3, 2024, should be considered in conjunction with this management letter.

Other Matter

Section 10.654(1)(e), Rules of the Auditor General, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the consolidated financial statements or State project amounts that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, the Board of Trustees, and applicable management and is not intended to be and should not be used by anyone other than these specified parties.



Barton, Gonzalez & Myers, P.A.
Largo, Florida

December 3, 2024