

Audit of State Financial Assistance Project

GEO Care, LLC

For the Year Ended December 31, 2013



**CALER, DONTEN, LEVINE,
COHEN, PORTER & VEIL, P.A.**

CERTIFIED PUBLIC ACCOUNTANTS

GEO Care, LLC

Audit of State Financial Assistance Project

For the Year Ended December 31, 2013

AUDIT OF STATE FINANCIAL ASSISTANCE PROJECT

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Independent Auditor's Report

To the Board of Directors
GEO Care, LLC
Boca Raton, Florida

Report on Schedule of Expenditures of State Financial Assistance

We have audited the accompanying Schedule of Expenditures of State Financial Assistance for the *Care and Treatment of Violent and Sexual Predator Program* (CSFA No. 60.041) of GEO Care, LLC (the "Company"), for the year ended December 31, 2013, and the related notes to the Schedule of Expenditures of State Financial Assistance.

Management's Responsibility

Management is responsible for the preparation and fair presentation of the Schedule of Expenditures of State Financial Assistance in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of a Schedule of Expenditures of State Financial Assistance that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the Schedule of Expenditures of State Financial Assistance based on our audit. We did not audit the financial statements of GEO Care, LLC. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the financial statements of GEO Care, LLC, is based solely on the report of the other auditors. The financial statements of GEO Care, LLC were not audited in accordance with *Government Auditing Standards*.

We conducted our audit in accordance with U.S. generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.650, Rules of the Auditor General. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Schedule of Expenditures of State Financial Assistance is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Schedule of Expenditures of State Financial Assistance. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Schedule of Expenditures of State Financial Assistance, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the Schedule of Expenditures of State Financial Assistance in order to design audit

procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the Schedule of Expenditures of State Financial Assistance.

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

Opinion

In our opinion, the Schedule of Expenditures of State Financial Assistance referred to above presents fairly, in all material respects, the Company's expenditures of state financial assistance under the *Care and Treatment of Violent and Sexual Predator Program* (CSFA No. 60.041) in conformity with U.S. generally accepted accounting principles.

*Calvin Dauter, Levine,
Cohen, Porter & Veil, P.A.*

West Palm Beach, Florida
May 15, 2014



CALER, DONTEN, LEVINE,
COHEN, PORTER & VEIL, P.A.

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

To the Board of Directors
GEO Care, LLC
Boca Raton, Florida

Report on Compliance for Each Major State Project

We have audited the compliance of GEO Care, LLC (the "Company") with the types of compliance requirements described in the *Department of Financial Services' State Projects Compliance Supplement* that could have a direct and material effect on the Company's major State Project for the year ended December 31, 2013. The Company's major State Project is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its State Project.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Company's major State Project based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and, Chapter 10.650, Rules of the Auditor General. Those standards and Chapter 10.650, Rules of the Auditor General, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the major State Project occurred. An audit includes examining, on a test basis, evidence about the Company's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major State Project. However, our audit does not provide a legal determination of the Company's compliance.

Opinion on Major State Project

In our opinion, the Company complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major State Project for the year ended December 31, 2013.

Report on Internal Control Over Compliance

Management of the Company is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Company's internal control over compliance with the types of requirements that could have a direct and material effect on the major State Project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major State Project and to test and report on internal control over compliance in accordance with Chapter 10.650, Rules of the Auditor General, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Company's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. 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.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Chapter 10.650, Rules of the Auditor General. Accordingly, this report is not suitable for any other purpose.

*Caleb Dauter, Levine,
Cohen, Porter & Veil, P.A.*

West Palm Beach, Florida
May 15, 2014

GEO Care, LLC

Schedule of Expenditures of State Financial Assistance

For the Year Ended December 31, 2013

Grantor/ State Project Title	CSFA Number	Grantor Contract Number	Program Expenditures	Transfers to Subrecipients
State Financial Assistance				
Florida Department of Children and Families				
Direct Award				
Care and Treatment of Violent Sexual Predator Program	60.041	LI702	\$ 24,021,757	\$ -
Total State Financial Assistance			\$ 24,021,757	\$ -

See notes to schedule of expenditures of state financial assistance.

GEO Care, LLC

Notes to Schedule of Expenditures of State Financial Assistance

For the Year Ended December 31, 2013

Note 1 - Significant Accounting Policies

Basis of Accounting: The accompanying Schedule of Expenditures of State Financial Assistance includes expenditures for the *Care and Treatment of Violent Sexual Predator Program* (CSFA No. 60.041), the sole State Project, of GEO Care, LLC (the "Company") for the year ended December 31, 2013. The Schedule of Expenditures of State Financial Assistance has been prepared on the accrual basis of accounting and is presented in accordance with the provisions of Chapter 10.650, Rules of the Auditor General. Because the Schedule of Expenditures of State Financial Assistance presents only a selected portion of the operations of the Company, it is not intended to and does not present the financial position or results of operations and cash flows of the Company. The Company did not make any payments to subrecipients from State Project funds.

Note 2 - Contingency

Amounts received or receivable from the Florida Department of Children and Families (the "Department") are subject to audit and adjustment by the State of Florida. Any disallowed claims, including amounts already received, might constitute a liability of the Company for the return of those funds. In the opinion of management, all expenditures were in compliance with the terms of the contract agreements with the Department and applicable federal and state laws and regulations.

Note 3 - Subsequent Events

On February 28, 2014, all the equity interests of Geo Care Holdings, LLC; the parent company of Geo Care, LLC, were acquired by Correct Care Solutions, LLC.

Effective April 1, 2014, the Florida Department of Children and Families and the Company exercised the option to renew the State Project (CSFA No. 60.041) through June 30, 2019.

GEO Care, LLC

Schedule of Findings and Questioned Costs -
State Financial Assistance

For the Year Ended December 31, 2013

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Schedule of Expenditures of State Financial Assistance

Type of auditor's report issued: *Unmodified Opinion*
Internal control over financial reporting:
Material weakness(es) identified? Yes No
Significant deficiency(ies) identified that are not
considered to be material weakness? Yes No

Noncompliance material to the Schedule of Expenditures of State
Financial Assistance noted? Yes No

State Project

Internal control over major State Project:
Material weakness(es) identified? Yes No
Significant deficiency(ies) identified that are not
considered to be material weakness? Yes No

Type of auditor's report issued on compliance for
major State Project: *Unmodified Opinion*

Any audit findings disclosed that are required to be
reported in accordance with Chapter 10.650,
Rules of the Auditor General? Yes No

Identification of Major State Project:

State Project State CSFA No.
Florida Department of Children and Families
Direct Award
Care and Treatment of Violent Sexual Predator Program 60.041

Dollar threshold used to distinguish between Type A and
Type B programs: \$ 720,653

SECTION II - SCHEDULE OF STATE FINANCIAL ASSISTANCE FINDINGS

None

SECTION III - STATE FINANCIAL ASSISTANCE FINDINGS AND QUESTIONED COSTS

None

GEO Care, LLC

Schedule of Findings and Questioned Costs -
State Financial Assistance (Continued)

For the Year Ended December 31, 2013

SECTION IV - OTHER MATTERS

- a) A Corrective Action Plan is not required because there were no findings required to be reported for the State Project.
- b) A Summary Schedule of Prior Audit Findings is not required because there were no prior audit findings related to the State Project.
- c) A Management Letter is not required because there were no findings related to the State Project that were required to be reported in the Management Letter.