

**Audit of State Financial Assistance Project**

**Correct Care, LLC**

**For the Year Ended December 31, 2015**



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

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CERTIFIED PUBLIC ACCOUNTANTS

Correct Care, LLC

Audit of State Financial Assistance Project

For the Year Ended December 31, 2015

AUDIT OF STATE FINANCIAL ASSISTANCE PROJECT

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## Independent Auditor's Report

To the Board of Directors  
Correct Care, LLC  
Deerfield Beach, Florida

### **Report on Schedule of Expenditures of State Financial Assistance**

We have audited the accompanying Schedule of Expenditures of State Financial Assistance of Correct Care, LLC (the "Company"), for the year ended December 31, 2015, 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 this financial statement 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 financial statement that is free from material misstatement, whether due to fraud or error.

#### ***Auditor's Responsibility***

Our responsibility is to express an opinion on this financial statement based on our audit. 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 and Chapter 10.650, Rules of the Auditor General, require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, 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 financial statement 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 financial statement.

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 financial statement referred to above presents fairly, in all material respects, the expenditures of state financial assistance of Correct Care, LLC for the year ended December 31, 2015, in accordance with U.S. generally accepted accounting principles.

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

West Palm Beach, Florida  
May 12, 2016

Correct Care, LLC

Schedule of Expenditures of State Financial Assistance

For the Year Ended December 31, 2015

<u>Grantor/ State Project Title</u>	<u>CSFA Number</u>	<u>Grantor Contract Number</u>	<u>Program Expenditures</u>	<u>Transfers to Subrecipients</u>
<b>State Financial Assistance</b>				
<b>Florida Department of Children and Families</b>				
Direct Project				
Care and Treatment of Violent Sexual Predator Program	60.041	LI702	\$ 24,403,001	\$ -
<b>Total Expenditures of State Financial Assistance</b>			<b>\$ 24,403,001</b>	<b>\$ -</b>

See notes to schedule of expenditures of state financial assistance.

Correct Care, LLC

Notes to Schedule of Expenditures of State Financial Assistance

For the Year Ended December 31, 2015

**Note 1 - Significant Accounting Policies**

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 only State Project of Correct Care, LLC (formerly GEO Care, LLC) (the "Company") requiring an audit of State Financial Assistance for the year ended December 31, 2015. The information in the Schedule of Expenditures of State Financial Assistance 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 - Summary of Significant Accounting Policies**

Expenditures in the Schedule of Expenditures of State Financial Assistance are reported on the accrual basis of accounting. Such expenditures are recognized following the provisions of Chapter 69I-5, Florida Administrative Code, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**Note 3 - Corporate Reorganization**

On February 28, 2014, all equity interests of Geo Care Holdings, LLC; the parent company of Geo Care, LLC, were acquired by Correct Care Solutions, LLC. In August 2014, GEO Care, LLC changed its name to Correct Care, LLC. The Company amended its contract with the Florida Department of Children and Families (DCF) for the name change and the contract amendment became effective November 1, 2014. DCF also exercised the option to renew the State Project (CSFA No. 60.041) through June 30, 2019.

**Note 4 - 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 grant expenditures were in substantial compliance with the terms of the grant agreements and applicable state laws and regulations.

Correct Care, LLC

Schedule of Findings and Questioned Costs -  
State Financial Assistance

For the Year Ended December 31, 2015

**SECTION I - SUMMARY OF AUDITOR'S RESULTS**

Schedule of Expenditures of State Financial Assistance

Type of auditor's report issued: *Unmodified Opinion*

Major 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 CSFA No.

**Florida Department of Children and Families**

Direct Project

Care and Treatment of Violent Sexual Predator Program

60.041

**SECTION II - SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE FINDINGS**

None

**SECTION III - MAJOR STATE PROJECTS FINDINGS AND QUESTIONED COSTS**

None

**SECTION IV - OTHER MATTERS**

- a) A Management Letter is not required because there were no findings required to be reported in the Management Letter.
- 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 Corrective Action Plan is not required because there were no findings required to be reported for the State Project.



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

To the Board of Directors  
Correct Care, LLC  
Deerfield Beach, Florida

**Report on Compliance for Major State Project**

We have audited the compliance of Correct 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, 2015. 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 the 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, 2015.

### **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 its 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.

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

West Palm Beach, Florida  
May 12, 2016