

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT**

**FIRST STEP OF SARASOTA, INC.
SARASOTA, FLORIDA**

JUNE 30, 2016

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT**

**FIRST STEP OF SARASOTA, INC.
SARASOTA, FLORIDA**

JUNE 30, 2016

TABLE OF CONTENTS

Independent Auditors' Report	1-2
Financial Statements	
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5-6
Statement of Cash Flows	7
Notes to Financial Statements	8-14
Other Reports	
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	15-16
Independent Auditors' Report on Compliance for Each Major Federal Program and State Project and on Internal Control Over Compliance Required by OMB Circular A-133 and Chapter 10.650, <i>Rules of the Auditor General</i>	17-18
Schedule of Expenditures of Federal Awards and State Financial Assistance	19
Notes to the Schedule of Expenditures of Federal Awards and State Financial Assistance	20
Schedule of Findings and Questioned Costs - Federal Awards Programs and State Financial Assistance Projects	21-22
Supplementary Information (Unaudited)	
Schedule of State Earnings	23
Schedule of Related Party Transaction Adjustments	24
Schedule of Bed-Day Availability Payments	25
Substance Abuse and Mental Health Services Program/Cost Center Actual Expenses and Revenues Schedule - Part I	26-29
Substance Abuse and Mental Health Services Program/Cost Center Actual Expenses and Revenues Schedule - Part II	30-33

INDEPENDENT AUDITORS' REPORT

Board of Directors
First Step of Sarasota, Inc.
Sarasota, Florida

Report on the Financial Statements

We have audited the accompanying statements of financial position of First Step of Sarasota, Inc. (the Corporation), a nonprofit organization, which comprise the statement of financial position as of June 30, 2016, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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 statements referred to above present fairly, in all material respects, the financial position of the Corporation as of June 30, 2016, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Certified Public Accountants

P.O. Box 141270 • 222 N.E. 1st Street • Gainesville, Florida 32614-1270 • (352) 378-2461 • FAX (352) 378-2505
Laurel Ridge Professional Center • 2347 S.E. 17th Street • Ocala, Florida 34471 • (352) 732-3872 • FAX (352) 732-0542
443 East College Avenue • Tallahassee, Florida 32301 • (850) 224-7144 • FAX (850) 224-1762
5001 Lakewood Ranch Blvd. N., Suite 101 • Sarasota, Florida 34240 • (941) 907-0350 • FAX (941) 907-0309
MEMBERS OF AMERICAN AND FLORIDA INSTITUTES OF CERTIFIED PUBLIC ACCOUNTANTS
MEMBER OF AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS PRIVATE COMPANIES AND S.E.C. PRACTICE SECTIONS

Board of Directors
First Step of Sarasota, Inc.
Sarasota, Florida

INDEPENDENT AUDITORS' REPORT
(Concluded)

Report on Summarized Comparative Information

We have previously audited the Corporation's 2015 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 2, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Schedule of Expenditures of Federal Awards and State Financial Assistance

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards and state financial assistance, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and Chapter 10.650, *Rules of the Auditor General of the State of Florida*, is presented for purposes of additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 23, 2016, on our consideration of the Corporation'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 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 Corporation's internal control over financial reporting and compliance.

Durvis, Gray and Company, LLP

September 23, 2016
Sarasota, Florida

STATEMENT OF FINANCIAL POSITION
JUNE 30, 2016,
WITH COMPARATIVE TOTALS FOR JUNE 30, 2015
FIRST STEP OF SARASOTA, INC.
SARASOTA, FLORIDA

ASSETS	2016	2015
Current Assets		
Cash and Cash Equivalents	\$ 1,022,583	\$ 1,522,484
Grants and Accounts Receivable	1,183,195	887,047
Prepaid Expenses	49,710	46,874
Total Current Assets	2,255,488	2,456,405
Property and Equipment		
Land	466,237	466,237
Buildings	6,308,650	6,259,786
Furniture and Equipment	1,060,527	1,041,455
Vehicles	97,683	97,683
	7,933,097	7,865,161
(Accumulated Depreciation)	(3,447,223)	(3,180,856)
Total Property and Equipment	4,485,874	4,684,305
Total Assets	6,741,362	7,140,710
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts Payable	105,196	225,724
Accrued Liabilities	272,430	250,367
Client Deposits	34,320	86,590
Unearned Income	0	5,920
Current Portion of Notes Payable	42,808	39,288
Total Current Liabilities	454,754	607,889
Other Liabilities		
Notes Payable (Less Current Portion)	408,968	472,610
Total Liabilities	863,722	1,080,499
Net Assets		
Temporarily Restricted	51,874	36,027
Unrestricted	5,825,766	6,024,184
Total Net Assets	5,877,640	6,060,211
Total Liabilities and Net Assets	\$ 6,741,362	\$ 7,140,710

See accompanying notes.

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016,
WITH COMPARATIVE TOTALS FOR JUNE 30, 2015
FIRST STEP OF SARASOTA, INC.
SARASOTA, FLORIDA

	Totals			Totals 2015
	Unrestricted	Temporarily Restricted	2016	
Operating Revenues and Support				
Awards and Grants	\$ 4,672,452	\$ 0	\$ 4,672,452	\$ 4,239,963
County and Local	1,645,578	0	1,645,578	1,688,147
Client Fees	2,465,874	0	2,465,874	2,417,810
Contributions	60,637	105,281	165,918	233,740
Interest and Investment Income	815	0	815	631
Rental Income	85,209	0	85,209	79,798
Other Income	83,665	0	83,665	62,059
Subtotal	<u>9,014,230</u>	<u>105,281</u>	<u>9,119,511</u>	<u>8,722,148</u>
Net Assets Released from Restrictions	89,434	(89,434)	0	0
Total Operating Revenues and Support	<u>9,103,664</u>	<u>15,847</u>	<u>9,119,511</u>	<u>8,722,148</u>
Operating Expenses				
Pathways Level 1	1,378,510	0	1,378,510	1,161,713
Seasons Level 2	459,041	0	459,041	522,312
Crossroads Level 3	347,122	0	347,122	348,678
Choices	908,448	0	908,448	816,408
Mothers and Infants	575,352	0	575,352	561,637
Crisis Triage Unit	283,709	0	283,709	260,563
ARF/Detoxification	2,147,309	0	2,147,309	1,983,696
Outpatient Services	2,097,138	0	2,097,138	1,800,912
VIPER/SIO	115,021	0	115,021	114,387
Royal Palm	88,084	0	88,084	81,585
Administration	920,975	0	920,975	886,937
(Total Operating Expenses)	<u>(9,320,709)</u>	<u>0</u>	<u>(9,320,709)</u>	<u>(8,538,828)</u>
Change in Net Assets from Operations	<u>(217,045)</u>	<u>15,847</u>	<u>(201,198)</u>	<u>183,320</u>
Other Changes				
Capital Contribution	20,000	0	20,000	20,000
Gain/Loss on Disposal of Property and Equipment	(1,373)	0	(1,373)	(16,264)
Total Other Changes	<u>18,627</u>	<u>0</u>	<u>18,627</u>	<u>3,736</u>
Increase (Decrease) in Net Assets	<u>(198,418)</u>	<u>15,847</u>	<u>(182,571)</u>	<u>187,056</u>
Net Assets, Beginning of Year	<u>6,024,184</u>	<u>36,027</u>	<u>6,060,211</u>	<u>5,873,155</u>
Net Assets, End of Year	<u>\$ 5,825,766</u>	<u>\$ 51,874</u>	<u>\$ 5,877,640</u>	<u>\$ 6,060,211</u>

See accompanying notes.

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2016,
WITH COMPARATIVE TOTALS FOR JUNE 30, 2015
FIRST STEP OF SARASOTA, INC.
SARASOTA, FLORIDA**

	2016						
	Pathways Level 1	Seasons Level 2	Crossroads Level 3	Choices	Mothers and Infants	Crisis Triage Unit	ARF/ Detoxification
Salaries	\$ 777,043	\$ 263,191	\$ 193,805	\$ 496,834	\$ 346,305	\$ 242,967	\$ 1,528,443
Fringe Benefits	121,657	42,973	32,748	80,260	60,089	34,758	220,444
Professional Fees/Service	36,700	0	0	0	0	0	10,416
Medical Supplies and Equipment	30,803	2,030	878	16,930	2,182	45	32,481
Food Supplies	73,821	33,667	36,706	126,775	49,729	0	94,776
Operating Supplies	37,726	15,353	10,224	31,647	14,815	2,329	53,640
Occupancy Expenses	107,622	64,883	42,818	108,199	61,719	2,925	131,815
Depreciation Expense	53,066	34,371	23,621	24,132	16,884	150	35,632
Travel	20,264	1,608	4,212	2,433	4,606	318	3,086
Marketing	1,283	548	194	597	605	217	1,347
Special Events	0	0	0	0	14,450	0	0
Other Expenses	118,525	417	1,916	20,641	3,968	0	35,229
Subtotals	<u>1,378,510</u>	<u>459,041</u>	<u>347,122</u>	<u>908,448</u>	<u>575,352</u>	<u>283,709</u>	<u>2,147,309</u>
Administration Allocation	187,245	80,007	28,256	87,093	88,317	31,702	196,730
(Total Operating Expenses)	<u>\$ (1,565,755)</u>	<u>\$ (539,048)</u>	<u>\$ (375,378)</u>	<u>\$ (995,541)</u>	<u>\$ (663,669)</u>	<u>\$ (315,411)</u>	<u>\$ (2,344,039)</u>

See accompanying notes.

2016					
Outpatient Services	VIPER/ SIO	Royal Palm	Administration	Totals	Totals 2015
\$ 1,340,424	\$ 91,165	\$ 8,289	\$ 562,292	\$ 5,850,758	\$ 5,482,636
218,305	15,047	1,017	74,439	901,737	891,600
68,446	0	0	32,522	148,084	108,857
45,996	333	0	3,444	135,122	114,660
2,332	38	0	2,348	420,192	423,710
76,856	4,601	3,203	23,291	273,685	246,028
194,264	3,432	55,021	101,043	873,741	774,172
1,617	57	20,446	81,048	291,024	260,511
43,152	266	44	17,134	97,123	94,597
56,373	82	64	90	61,400	35,766
0	0	0	0	14,450	16,284
49,373	0	0	23,324	253,393	90,007
2,097,138	115,021	88,084	920,975	9,320,709	8,538,828
200,405	11,906	9,314	(920,975)	0	0
<u>\$ (2,297,543)</u>	<u>\$ (126,927)</u>	<u>\$ (97,398)</u>	<u>\$ 0</u>	<u>\$ (9,320,709)</u>	<u>\$ (8,538,828)</u>

See accompanying notes.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2016,
WITH COMPARATIVE TOTALS FOR JUNE 30, 2015
FIRST STEP OF SARASOTA, INC.
SARASOTA, FLORIDA

	<u>2016</u>	<u>2015</u>
Cash Flows from Operating Activities		
Increase (Decrease) in Net Assets	\$ (182,571)	\$ 187,056
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided by (Used in) Operating Activities:		
Depreciation	291,024	260,511
Bad Debt Expense	169,309	35,030
(Gain) Loss on Disposal of Fixed Assets	1,373	16,264
Decrease (Increase) in Operating Assets:		
Grants and Accounts Receivable	(465,457)	(140,605)
Prepaid Expenses	(2,836)	(9,008)
Increase (Decrease) in Operating Liabilities:		
Accounts Payable	(120,528)	109,115
Accrued Liabilities	22,063	(1,574)
Client Deposits	(52,270)	(17,202)
Unearned Income	(5,920)	(31,189)
Net Cash Provided by (Used in) Operating Activities	<u>(345,813)</u>	<u>408,398</u>
Cash Flows from Investing Activities		
Purchases of Property and Equipment	(92,593)	(419,634)
Loss from Sale of Property and Equipment	(1,373)	0
Net Cash Provided by (Used in) Investing Activities	<u>(93,966)</u>	<u>(419,634)</u>
Cash Flows from Financing Activities		
Payments on Long-term Debt	(60,122)	(57,733)
Net Cash Provided by (Used in) Financing Activities	<u>(60,122)</u>	<u>(57,733)</u>
Net Increase (Decrease) in Cash	(499,901)	(68,969)
Cash and Cash Equivalents, Beginning of Year	1,522,484	1,591,453
Cash and Cash Equivalents, End of Year	<u>\$ 1,022,583</u>	<u>\$ 1,522,484</u>
 <u>Supplemental Disclosures</u>		
Interest Paid	<u>\$ 23,864</u>	<u>\$ 27,660</u>

See accompanying notes.

**NOTES TO FINANCIAL STATEMENTS
FIRST STEP OF SARASOTA, INC.
SARASOTA, FLORIDA**

Note 1 - Summary of Significant Accounting Policies

Organization

First Step of Sarasota, Inc. (the Corporation) is a not-for-profit corporation whose mission is to treat and prevent alcohol/drug addiction and associated disorders in Sarasota and neighboring counties. The Corporation's major sources of revenue are federal, state, and local grants, and client fees.

Basis of Accounting

The financial statements of the Corporation have been prepared on the accrual basis of accounting.

Contributions and Recognition of Donor Restrictions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in unrestricted net assets 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 temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Promises to Give

Contributions are recognized as support when the donor makes a promise to give that is, in substance, unconditional. Promises to give are recorded at net realizable value if expected to be collected in one year and at a discounted realizable value if expected to be collected in more than one year. Conditional promises to give are recognized as support when the conditions on which they depend are substantially met. There were no promises to give at June 30, 2016 and 2015.

Accounts Receivable

Accounts receivable primarily consists of grant reimbursement requests and client service fees. These receivables are expected to be collected within 30 days and are considered delinquent if they are not. Accounts receivable is reported net of the allowance for doubtful accounts, which was \$99,941 and \$54,040 at June 30, 2016 and 2015, respectively.

Unearned Revenue

Grants received prior to performance of the services for which the grant was provided are recognized as revenue at the time the services are performed.

Property and Equipment

The Corporation capitalizes all expenditures for property and equipment in excess of \$1,500. Purchased property and equipment are recorded at cost. Donated property and equipment are carried at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful life of the respective assets. Depreciation expense was \$291,024 and \$260,511 in 2016 and 2015, respectively.

Financial Statement Presentation

The Corporation is required by generally accepted accounting principles to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

NOTES TO FINANCIAL STATEMENTS
FIRST STEP OF SARASOTA, INC.
SARASOTA, FLORIDA
(Continued)

Note 1 - Summary of Significant Accounting Policies (Concluded)

Financial Statement Presentation (Concluded)

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a complete presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Corporation's financial statements for the year ended June 30, 2015, from which the summarized information was derived.

Donated Services

The Corporation records donated services as revenues if either: (a) they create or enhance nonfinancial assets; or (b) they require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

Income Taxes

The Corporation is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Under *Accounting Standards Codification* (ASC) Section 740-10, *Income Tax Uncertainties*, it is the policy of management to evaluate its tax positions on an ongoing basis and to disclose any such positions it believes would have a material impact on the financial statements and related notes. Management also believes that no such required disclosures currently exist.

The Corporation is no longer subject to U.S. federal or state income tax examinations by tax authorities for years before 2012.

Subsequent Events

The Corporation has evaluated subsequent events and transactions for potential recognition or disclosure in the financial statements through September 23, 2016, the date of the independent auditors' report.

Cash and Cash Equivalents

For the purpose of the Statement of Cash Flows, the Corporation considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Expense Allocation

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

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

Fund-raising Costs

The Corporation engages in various fund-raising activities that help fund its main purpose and programs. The total expenses for these fund-raising activities for the years ended June 30, 2016 and 2015, are \$14,450 and \$16,284, respectively.

NOTES TO FINANCIAL STATEMENTS
FIRST STEP OF SARASOTA, INC.
SARASOTA, FLORIDA
(Continued)

Note 2 - Cash

The Corporation maintains cash in bank deposit accounts, which at times, exceeds federally insured limits. The Corporation has not experienced any losses in such accounts and believes it is not exposed to any significant risks on its cash in bank deposit accounts.

Note 3 - Long-term Debt

Following is a schedule of outstanding long-term debt at June 30, 2016 and 2015:

Payee	2016	2015
Sarasota County	\$ 19,454	\$ 21,177
SunTrust Bank	432,322	490,721
Total	\$ 451,776	\$ 511,898

Sarasota County

The Corporation financed a water connection at the US 301 location, which is secured by a lien on the property. It is payable in monthly installments of \$196 including interest at 3.00%. The last payment is due December 2025.

SunTrust Bank

In 2012, the Corporation entered into a loan agreement for up to \$650,000 toward the construction of the new administration building. During 2012 and 2013, the Corporation drew down the full balance of the loan for that purpose. The promissory note required monthly payments of interest only (at a fixed rate of 4.36%) through February 2013, then equal monthly payments of \$4,948 thru August 2027. The note is secured by a mortgage on the property. The note may be prepaid in whole or in part without penalty. A principal prepayment in the amount of \$20,000 was made in June 2016.

Line of Credit

The Corporation has a \$300,000 open end revolving line of credit with a financial institution. Interest is due monthly at prime. There was no balance outstanding on the line at either June 30, 2016 or 2015.

Contingent Liabilities

The Corporation is contingently obligated under a “2007 County Note,” “2009 City Note,” “2010 Contract,” and “2015 County Note” as more fully described in Note 7. These obligations are not recorded as long-term debt because they are expected to be extinguished without requiring payment.

Future Scheduled Maturities

The future scheduled maturities of long-term debt are as follows:

Year Ending June 30,	Amount
2017	\$ 42,808
2018	44,791
2019	46,784
2020	48,867
2021	51,043
2022 and After	217,483
Total	\$ 451,776

NOTES TO FINANCIAL STATEMENTS
FIRST STEP OF SARASOTA, INC.
SARASOTA, FLORIDA
(Continued)

Note 4 - Net Assets

Temporarily Restricted

The Sandy Seidman Fund provides financial vouchers to graduates of the Mothers and Infants Program for such items as deposits on housing, utilities, and phone service.

The SMH Foundation provided a grant for the Choices program windows that were installed in July 2016.

The Sarasota County Medical Foundation provided a grant for website development.

The Youth Outpatient Scholarship Program provides financing to cover the costs of outpatient services for adolescences in Sarasota County ensuring that finances are not a barrier to treatment.

The Wilson Wood Foundation provides financing to cover the costs of the Choices flooring and furniture.

Account	2016	2015
Sandy Seidman Fund	\$ 20,320	\$ 20,527
SMH Foundation	20,000	0
Sarasota County Medical Foundation	1,000	0
Youth Outpatient Scholarship Program	10,554	9,300
Wilson Wood Foundation	0	6,200
Total Temporarily Restricted Net Assets	\$ 51,874	\$ 36,027

Note 5 - Pension Plan

The Corporation provides a noncontributory tax-deferred annuity plan for all eligible employees. In prior years, the Corporation had declared and funded discretionary contributions to the plan, but all employer contributions were suspended by the Corporation on January 1, 2009, until further notice.

Note 6 - Revenue from the State of Florida Requiring Match

The Corporation received revenue from the State of Florida under contract with Central Florida Behavioral Health Network, the managing entity for the Department of Children and Families. The contract requires a local match for certain services. The Corporation incurred and funded allowable program costs in excess of the required match.

NOTES TO FINANCIAL STATEMENTS
FIRST STEP OF SARASOTA, INC.
SARASOTA, FLORIDA
(Continued)

Note 7 - Commitments and Contingencies

Operating Lease Commitments

The Corporation leases office space and/or equipment in Sarasota, Bradenton, Venice, and Arcadia, Florida. Lease terms vary from month-to-month to up to five years. Future minimum lease payments on operating leases are as follows:

<u>Year</u>	<u>Total</u>
2017	\$ 63,154
2018	33,927
2019	<u>2,418</u>
Total	<u><u>\$ 99,499</u></u>

Rent expense under operating leases was \$153,151 and \$143,930 during the years ended June 30, 2016 and 2015, respectively.

Contingent Liabilities

Royal Palm Property—2007 Contract and 2007 County Note

In November 2007, the Corporation entered into a contract (the 2007 Contract) with Sarasota County whereby the Corporation received a twenty-year term loan of \$1,150,000 to purchase and renovate the Royal Palms apartment building for sober transitional and/or low-income housing. A total of \$1,095,537 was drawn on the loan through June 30, 2009, and due to time limits specified in the contract, no additional funds were available after that date. The loan is evidenced by a promissory note (the 2007 County Note) and secured by a mortgage on the building.

The 2007 County Note bears interest at the rate of 0% per annum and is due and payable on January 30, 2027. Prepayment in full may be made at any time without penalty. Under terms of the 2007 Contract, provided the Corporation complies with the terms thereof, including completion of the project and all reporting requirements, the remaining balance of the 2007 County Note will be released by the County without payment at maturity (January 30, 2027). A key provision of the 2007 Contract is that the units in the building are required to be maintained as sober transitional and/or low-income housing residences for twenty years.

Furthermore, in the event the 2007 Contract is terminated prior to maturity, the Corporation's repayment obligation shall be pro rata based on an annual principal reduction to the principal amount of the Note of \$57,500.

Royal Palm Property—2009 Agreement and 2009 City Note

In June 2009, the Corporation entered into an agreement (the 2009 Agreement) with the City of Sarasota whereby the City provided the Corporation with a loan from the State Housing Initiatives Partnership Program in the amount of \$562,000 to develop affordable housing for persons with substance dependency. Under the 2009 Agreement, the City used the loan proceeds to pay down a corresponding amount of the 2007 County Note discussed above.

NOTES TO FINANCIAL STATEMENTS
FIRST STEP OF SARASOTA, INC.
SARASOTA, FLORIDA
(Continued)

Note 7 - Commitments and Contingencies *(Continued)*

Contingent Liabilities *(Continued)*

Royal Palm Property—2009 Agreement and 2009 City Note (Concluded)

The loan is evidenced by a promissory note (the 2009 City Note) and secured by a mortgage on the same Royal Palms apartment building. The 2009 City Note bears interest at the rate of 0% per annum and is due and payable on the sale of the property, or when the property is no longer used to house persons in accordance with the 2009 Agreement, or on June 30, 2029, whichever occurs first. The 2009 City Note may be prepaid in full at any time without penalty, and may be forgiven at the end of twenty years (June 30, 2029) if the Corporation “enters into an agreement to continue using the property(s) to house individuals with substance abuse disability or use the proceeds of any sale of the property to benefit individuals with substance abuse disabilities.”

North Washington Boulevard Property and 2010 Contract

In September 2010, the Corporation entered into a contract (the 2010 Contract) with Sarasota County whereby the Corporation would receive up to \$561,939 from the County to renovate seventy-five housing units, which are to be used for substance free housing. The housing units are owned by the Corporation. The Corporation drew down and expended the full amount of the 2010 Contract in 2011 and 2012.

There is no promissory note or mortgage related to the 2010 Contract. The 2010 Contract requires that the units be maintained as substance-free housing units for a period of ten years (until January 30, 2020) unless replaced sooner with a like number of newly constructed units. In the event that the Corporation ceases to operate the facility for the purposes of substance free housing and treatment facility prior to January 30, 2020, the 2010 Contract shall be deemed terminated. In such event, the Corporation shall repay to the County the funds provided thereunder “prorated on an annual reduction of 10%.” The County placed a deed restriction on the property to ensure the continued use of the units for its intended purpose as noted above.

Royal Palm Property—2015 Agreement and 2015 County Note

In April 2015, the Corporation entered into a grant agreement (the 2015 Agreement) with Sarasota County (the County) whereby the Corporation would receive a maximum loan of \$140,000 to replace certain windows at the Royal Palm apartment building, in an effort to mitigate future wind damage. The loan is evidenced by a promissory note (the 2015 County Note) and secured by a mortgage on the same Royal Palm apartment building as secures the 2007 County Note and 2009 City Note. The Corporation drew down and expended \$99,980 in 2015 related to this project, and \$0 in 2016. The Corporation does not anticipate drawing down any additional monies related to this loan.

The 2015 County Note bears interest at the rate of 0% per annum. Prepayment in full may be made at any time without penalty. The Note is due and payable upon the sale of any portion of the property prior to April 30, 2025. The loan will be forgiven on April 30, 2025. A key provision of the 2015 Agreement is that the property will be leased to low-income residents for a period of ten years.

NOTES TO FINANCIAL STATEMENTS
FIRST STEP OF SARASOTA, INC.
SARASOTA, FLORIDA
(Concluded)

Note 7 - Commitments and Contingencies (Concluded)

Contingent Liabilities (Concluded)

Royal Palm Property—2015 Agreement and 2015 County Note (Concluded)

The Corporation intends to comply fully with the terms of the 2007 and 2010 Contracts, and the 2009 and 2015 Agreements, and expects all related obligations ultimately to be extinguished without requiring payment. Accordingly, no liabilities for these transaction have been recorded on the accompanying financial statements.

Note 8 - Related Party Disclosure

The Corporation received funding from a grantor agency in which an officer of the Corporation was a Board Member until October 2015. Total revenues from the grantor agency for the year ended June 30, 2016 were \$3,579,680, of which \$398,540 is included in accounts receivable at June 30, 2016. Total revenues for the year ended June 30, 2015 were \$3,259,175, of which \$345,910 is included in accounts receivable at June 30, 2015. The Corporation paid rent of \$20,300 for the year ended June 30, 2016, and \$10,000 for the year ended June 30, 2015, for an office in Venice, Florida owned by a Board Member's family limited partnership.

OTHER REPORTS

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Board of Directors
First Step of Sarasota, Inc.
Sarasota, Florida

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 financial statements of First Step of Sarasota, Inc. (the Corporation), a nonprofit organization, which comprise the statement of financial position as of June 30, 2016, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 23, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Corporation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Corporation'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 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 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Certified Public Accountants

P.O. Box 141270 • 222 N.E. 1st Street • Gainesville, Florida 32614-1270 • (352) 378-2461 • FAX (352) 378-2505
Laurel Ridge Professional Center • 2347 S.E. 17th Street • Ocala, Florida 34471 • (352) 732-3872 • FAX (352) 732-0542
443 East College Avenue • Tallahassee, Florida 32301 • (850) 224-7144 • FAX (850) 224-1762
5001 Lakewood Ranch Blvd. N., Suite 101 • Sarasota, Florida 34240 • (941) 907-0350 • FAX (941) 907-0309
MEMBERS OF AMERICAN AND FLORIDA INSTITUTES OF CERTIFIED PUBLIC ACCOUNTANTS
MEMBER OF AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS PRIVATE COMPANIES AND S.E.C. PRACTICE SECTIONS

Board of Directors
First Step of Sarasota, Inc.
Sarasota, Florida

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS
(Concluded)**

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Corporation's 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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 Corporation'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 Corporation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



September 23, 2016
Sarasota, Florida

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM AND STATE PROJECT AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY OMB CIRCULAR A-133 AND CHAPTER 10.650,
*RULES OF THE AUDITOR GENERAL***

Board of Directors
First Step of Sarasota, Inc.
Sarasota, Florida

Report on Compliance for Each Major Federal Program and State Project

We have audited the compliance of First Step of Sarasota, Inc. (the Corporation) with the types of compliance requirements described in the *OMB Compliance Supplement*, and the Florida Department of Financial Services, *State Projects Compliance Supplement*, that could have a direct and material effect on each of the Corporation's major federal programs and state projects for the year ended June 30, 2016. The Corporation's major federal programs and state projects are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal and state statutes, regulations, and the terms and conditions of its federal and state awards applicable to its federal programs and state projects.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Corporation's major federal programs and state projects based on our audit of the types of compliance requirements referred to above. 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*. Those standards, rules, and the Uniform Guidance 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 a major federal program or state project occurred. An audit includes examining, on a test basis, evidence about the Corporation'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 each major federal program and state project. However, our audit does not provide a legal determination of the Corporation's compliance.

Certified Public Accountants

P.O. Box 141270 • 222 N.E. 1st Street • Gainesville, Florida 32614-1270 • (352) 378-2461 • FAX (352) 378-2505
Laurel Ridge Professional Center • 2347 S.E. 17th Street • Ocala, Florida 34471 • (352) 732-3872 • FAX (352) 732-0542
443 East College Avenue • Tallahassee, Florida 32301 • (850) 224-7144 • FAX (850) 224-1762
5001 Lakewood Ranch Blvd. N., Suite 101 • Sarasota, Florida 34240 • (941) 907-0350 • FAX (941) 907-0309
MEMBERS OF AMERICAN AND FLORIDA INSTITUTES OF CERTIFIED PUBLIC ACCOUNTANTS
MEMBER OF AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS PRIVATE COMPANIES AND S.E.C. PRACTICE SECTIONS

Board of Directors
First Step of Sarasota, Inc.
Sarasota, Florida

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM AND STATE PROJECT AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY OMB CIRCULAR A-133 AND CHAPTER 10.650,
RULES OF THE AUDITOR GENERAL
(Concluded)**

Opinion on Each Major Federal Program and State Project

In our opinion, the Corporation 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 state projects for the year ended June 30, 2016.

Report on Internal Control Over Compliance

Management of the Corporation 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 Corporation's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program or state project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and state project 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Corporation'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 federal program or 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 federal program or 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 a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program or 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 the Uniform Guidance and Chapter 10.650, *Rules of the Auditor General*. Accordingly, this report is not suitable for any other purpose.



September 23, 2016
Sarasota, Florida

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND
STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2016
FIRST STEP OF SARASOTA, INC.
SARASOTA, FLORIDA**

<u>Federal or State Grantor/Pass-through Grantor/Program Title</u>	<u>CFDA CSFA Number</u>	<u>Grantor or Pass-through Number</u>	<u>Federal/ State Expenditures</u>	<u>State Matching Funds</u>
Federal Awards				
U.S. Department of Health and Human Services				
Passed Through Central Florida Behavioral Health Network:				
Block Grants for Prevention and Treatment of Substance Abuse*	93.959	QB013/CB013	\$ 1,600,226	\$ 1,415,482
Temporary Assistance for Needy Families	93.558	QB013	203,585	0
Block Grants for Community Mental Health Services	93.958	QB013	32,151	224,705
Projects for Assistance in Transition from Homelessness (PATH)	93.150	QB013	<u>85,788</u>	<u>0</u>
Total Federal Awards			<u>\$ 1,921,750</u>	<u>\$ 1,640,187</u>
State Financial Assistance				
Florida Department of Children and Families				
Passed Through Central Florida Behavioral Health Network:				
Community Forensic Beds and Competency Restoration Training	60.114	QB013	<u>\$ 25,252</u>	
Florida Department of Corrections				
Direct Programs:				
Substance Abuse:				
Residential*	70.016	C2659	194,816	
Choices*	70.016	C2566	663,086	
Outpatient*	70.016	C2770	<u>99,100</u>	
			<u>957,002</u>	
Total State Financial Assistance			<u>\$ 982,254</u>	

* Denotes Major Program/Project

Notes

The programs do not utilize subrecipients.
There were no federal awards expended in noncash assistance.

**NOTES TO THE SCHEDULE OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FIRST STEP OF SARASOTA, INC.
FOR THE YEAR ENDED JUNE 30, 2016
SARASOTA, FLORIDA**

Note 1 - General

The accounting policies and presentation of the accompanying schedule of expenditures of federal awards and state financial assistance of First Step of Sarasota, Inc. (the Corporation) have been designed to conform with generally accepted accounting principles applicable to non-profit organizations, including the reporting and compliance requirements of the *Single Audit Act of 1984*, the *Single Audit Act Amendments of 1996*, OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (federal awards), the *Florida Single Audit Act*, and Chapter 10.650, *Rules of the Auditor General*, of the State of Florida (state financial assistance).

All federal awards and state financial assistance received directly from federal or state agencies, as well as federal awards and state financial assistance passed through other governmental agencies, are included in the schedule.

Note 2 - Basis of Accounting

The accompanying schedule of expenditures of federal awards and state financial assistance is presented using the accrual basis of accounting.

Note 3 - Contingencies

Grant monies received and disbursed by the Corporation are for specific purposes and are subject to review by grantor agencies. Such audits may result in requests for reimbursement due to disallowance of expenditures. Based on prior experience, the Corporation does not believe that such disallowances, if any, would have a material effect on the financial position of the Corporation.

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS - FEDERAL
AWARDS PROGRAMS AND STATE FINANCIAL ASSISTANCE PROJECTS
FOR THE YEAR ENDED JUNE 30, 2016
FIRST STEP OF SARASOTA, INC.
SARASOTA, FLORIDA**

Part A - Summary of Audit Results

- I. The Independent Auditors' Report expresses an unqualified opinion on the financial statements of First Step of Sarasota, Inc.
- II. No material weaknesses or significant deficiencies in internal control over financial reporting were disclosed during the audit of the financial statements of First Step of Sarasota, Inc. (see Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*).
- III. No instances of noncompliance material to the financial statements of First Step of Sarasota, Inc. were disclosed during the audit (see the same report referenced in II).
- IV. No material weaknesses or significant deficiencies in internal control over major federal programs or state projects were disclosed during the audit (see Independent Auditors' Report on Compliance for Each Major Federal Program and State Project and on Internal Control over Compliance Required by OMB Circular A-133 and Chapter 10.650, *Rules of the Auditor General*).
- V. An unqualified opinion was issued on compliance over major federal programs and major state projects (see the same report referenced in IV).
- VI. Audit findings relative to the major federal award programs for the County are reported in Part C of this schedule. Audit findings relative to the major state financial assistance projects are reported in Part D of this schedule.
- VII. The programs/projects tested as major programs/projects included the following:
 - **Federal Programs**
 - U.S. Department of Health and Human Services, Passed Through Central Florida Behavioral Health Network:
 - ▶ Block Grants for Prevention and Treatment of Substance Abuse, CFDA Number 93.959
 - **State Projects**
 - Florida Department of Corrections:
 - ▶ Substance Abuse Services, CSFA Number 70.016
- VIII. The threshold for distinguishing Types A and B programs/projects was \$750,000 for major federal programs and \$294,676 for major state projects.
- IX. First Step of Sarasota, Inc. was determined to be a low-risk auditee pursuant to OMB Circular A-133.

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS - FEDERAL
AWARDS PROGRAMS AND STATE FINANCIAL ASSISTANCE PROJECTS
FOR THE YEAR ENDED JUNE 30, 2016
FIRST STEP OF SARASOTA, INC.
SARASOTA, FLORIDA
(Concluded)**

Part B - Findings - Financial Statement Audit

None

Part C - Findings and Questioned Costs - Major Federal Awards Programs

None

Part D - Findings and Questioned Costs - Major State Financial Assistance Projects

None

Part E - Other Issues

No summary schedule of prior audit findings is required because there were no prior audit findings related to federal programs or state projects. No corrective action plan is required because there were no findings in the current year requiring correction under the federal or Florida *Single Audit Acts*.

Part F - Management Letter

No management letter was issued because there were no findings required to be reported in the management letter.

**SUPPLEMENTARY INFORMATION
(UNAUDITED)**

**SCHEDULE OF STATE EARNINGS
FOR THE YEAR ENDED JUNE 30, 2016
FIRST STEP OF SARASOTA, INC.
SARASOTA, FLORIDA**

1. Total Expenditures	\$ 9,320,709
2. (Less Other State and Federal Funds)	(2,721,065)
3. (Less Nonmatch SAMH Funds)	696,734
4. (Less Unallowable Costs per 65E-14, F.A.C.)	<u>39,468</u>
5. Total Allowable Expenditures	<u>\$ 7,355,846</u>
6. Maximum Available Earnings	\$ 5,501,885
7. Amount of State Funds Requiring Match	\$ 944,633
8. Amount Due to Department	\$ 0

**SCHEDULE OF RELATED PARTY TRANSACTION ADJUSTMENTS
FOR THE YEAR ENDED JUNE 30, 2016
FIRST STEP OF SARASOTA, INC.
SARASOTA, FLORIDA**

SCHEDULE N/A - NO RELATED PARTY TRANSACTION ADJUSTMENTS

**SCHEDULE OF BED-DAY AVAILABILITY PAYMENTS
FOR THE YEAR ENDED JUNE 30, 2016
FIRST STEP OF SARASOTA, INC.
SARASOTA, FLORIDA**

Program A	Cost Center B	State Contracted Rate C	Total Units of Service Provided D	Total Units of Service Paid for by 3rd Party Contracts, Local Government, or Other State Agencies E	Maximum No. of Units Eligible for Payment by Department (D-E) F	Amount Paid for Services by the Department G	Maximum Amount Value of Units in Column F (F x C) H	Amount Owed to Department (G-H or \$0, Whichever is Greater) I
Adult SA	Substance Abuse Detox	\$ 240.45	11,315	5,783	5,532	\$ 417,796	\$ 1,330,169	\$ 0
Total Amount Owed to Department								\$ 0

**SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES
PROGRAM/COST CENTER ACTUAL EXPENSES AND REVENUES SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2016
FIRST STEP OF SARASOTA, INC.
SARASOTA, FLORIDA**

Agency: First Step of Sarasota, Inc.

Date Prepared: September 23, 2016
Budget Period: From 7/1/15 to 6/30/16

Part I: Actual Funding Sources and Revenues

Funding Sources and Revenues A	State Designated SAMH Cost Centers					
	State Funded SAMH Cost Centers					
	Program 1					
	ASA/MH Seasons Level 2	ASA Crossroads Level 3	ASA Mothers and Infants Level 2	ASA Crisis Support	ASA Detox	ASA Case Management
IA. State SAMH Funding						
(1) Central Florida Behavioral Network	\$ 788,022	\$ 44,287	\$ 521,713	\$ 307,939	\$ 417,796	\$ 24,246
(2) CFBHN Behavioral Health Fee	(1,650)	(93)	(1,092)	(645)	(1,248)	(51)
Total State SAMH Funding	<u>786,372</u>	<u>44,194</u>	<u>520,621</u>	<u>307,294</u>	<u>416,548</u>	<u>24,195</u>
IB. Other Government Funding						
(1) Other State Agency Funding	0	194,816	0	0	0	0
(2) Medicaid	0	0	0	0	0	0
(3) Local Government	0	0	0	0	1,216,160	0
(4) Federal Grants and Contracts	0	0	0	0	0	0
(5) In-kind from Local Government Only	0	0	0	0	0	0
Total Other Government Funding	<u>0</u>	<u>194,816</u>	<u>0</u>	<u>0</u>	<u>1,216,160</u>	<u>0</u>
IC. All Other Revenues						
(1) 1st and 2nd Party Payments	20	20,946	0	0	125,764	0
(2) 3rd Party Payments (except Medicare)	0	0	0	0	163,865	0
(3) Contributions, Donations, and Grants	25	501	34,145	0	22,397	0
(4) Other/UW/YMCA	0	0	0	0	0	0
(5) In-kind	0	0	0	0	0	441
(6) Contracts	0	0	0	0	0	0
Total All Other Revenues	<u>45</u>	<u>21,447</u>	<u>34,145</u>	<u>0</u>	<u>312,026</u>	<u>441</u>
TOTAL FUNDING	<u>\$ 786,417</u>	<u>\$ 260,457</u>	<u>\$ 554,766</u>	<u>\$ 307,294</u>	<u>\$ 1,944,734</u>	<u>\$ 24,636</u>

**SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES
PROGRAM/COST CENTER ACTUAL EXPENSES AND REVENUES SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2016
FIRST STEP OF SARASOTA, INC.
SARASOTA, FLORIDA
(Continued)**

Agency: First Step of Sarasota, Inc.

Part I: Actual Funding Sources and Revenues (Continued)

Funding Sources and Revenues A	State Designated SAMH Cost Centers								
	State Funded SAMH Cost Centers								
	Program 1								
	ASA/MH Intervention	ASA/MH Prevention	ASA Assessments	ASA Individual	ASA Group	AMH Path CCST	ASA Prevention Coalition	ASA Outreach	ASA Total Program 1
IA. State SAMH Funding									
(1) Central Florida Behavioral Network	\$ 185,213	\$ 262,524	\$ 4,720	\$ 57,648	\$ 78,242	\$ 85,788	\$ 260,000	\$ 135,022	\$ 3,173,160
(2) CFBHN Behavioral Health Fee	(201)	(363)	(10)	(121)	(164)	(180)	(544)	(283)	(6,645)
Total State SAMH Funding	<u>185,012</u>	<u>262,161</u>	<u>4,710</u>	<u>57,527</u>	<u>78,078</u>	<u>85,608</u>	<u>259,456</u>	<u>134,739</u>	<u>3,166,515</u>
IB. Other Government Funding									
(1) Other State Agency Funding	0	0	36,789	6,181	56,130	0	0	0	293,916
(2) Medicaid	0	0	0	0	327	0	0	0	327
(3) Local Government	14,022	0	35,065	65,655	102,552	0	0	0	1,433,454
(4) Federal Grants and Contracts	0	0	0	36,439	40,996	0	0	0	77,435
(5) In-kind from Local Government Only	0	0	0	0	0	0	0	0	0
Total Other Government Funding	<u>14,022</u>	<u>0</u>	<u>71,854</u>	<u>108,275</u>	<u>200,005</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,805,132</u>
IC. All Other Revenues									
(1) 1st and 2nd Party Payments	0	0	15,185	54,062	70,449	0	0	0	286,426
(2) 3rd Party Payments (except Medicare)	0	0	(60)	(214)	(278)	0	0	0	163,313
(3) Contributions, Donations, and Grants	0	0	2,300	13,800	6,900	0	10,000	0	90,068
(4) Other/UW/YMCA	0	0	0	0	0	0	500	0	500
(5) In-kind	16,231	4,780	1,714	4,257	6,476	1,562	4,921	2,457	42,839
(6) Contracts	0	0	0	0	0	0	0	0	0
Total All Other Revenues	<u>16,231</u>	<u>4,780</u>	<u>19,139</u>	<u>71,905</u>	<u>83,547</u>	<u>1,562</u>	<u>15,421</u>	<u>2,457</u>	<u>583,146</u>
TOTAL FUNDING	<u>\$ 215,265</u>	<u>\$ 266,941</u>	<u>\$ 95,703</u>	<u>\$ 237,707</u>	<u>\$ 361,630</u>	<u>\$ 87,170</u>	<u>\$ 274,877</u>	<u>\$ 137,196</u>	<u>\$ 5,554,793</u>

**SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES
PROGRAM/COST CENTER ACTUAL EXPENSES AND REVENUES SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2016
FIRST STEP OF SARASOTA, INC.
SARASOTA, FLORIDA
(Continued)**

Agency: First Step of Sarasota, Inc.

Part I: Actual Funding Sources and Revenues (Continued)

Funding Sources and Revenues A	State Designated SAMH Cost Centers				State Funded SAHM Cost Centers D
	State Funded SAMH Cost Centers				
	CSA Mothers and Infants	CSA Intervention	CSA Outreach	CSA Total Program 2	
IA. State SAMH Funding					
(1) Central Florida Behavioral Network	\$ 278,100	\$ 60,883	\$ 75,047	\$ 414,030	\$ 3,587,189
(2) CFBHN Behavioral Health Fee	(582)	(127)	(157)	(866)	(7,509)
Total State SAMH Funding	<u>277,518</u>	<u>60,756</u>	<u>74,890</u>	<u>413,164</u>	<u>3,579,680</u>
IB. Other Government Funding					
(1) Other State Agency Funding	0	0	0	0	293,916
(2) Medicaid	0	0	0	0	327
(3) Local Government	0	0	0	0	1,433,454
(4) Federal Grants and Contracts	0	0	0	0	77,435
(5) In-kind from Local Government Only	0	0	0	0	0
Total Other Government Funding	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,805,132</u>
IC. All Other Revenues					
(1) 1st and 2nd Party Payments	0	0	0	0	286,426
(2) 3rd Party Payments (except Medicare)	0	0	0	0	163,313
(3) Contributions, Donations, and Grants	34,145	0	0	34,145	124,213
(4) Other/UW/YMCA	0	0	0	0	500
(5) In-kind	0	1,108	1,365	2,473	45,312
(6) Contracts	0	0	0	0	0
Total All Other Revenues	<u>34,145</u>	<u>1,108</u>	<u>1,365</u>	<u>36,618</u>	<u>619,764</u>
TOTAL FUNDING	<u>\$ 311,663</u>	<u>\$ 61,864</u>	<u>\$ 76,255</u>	<u>\$ 449,782</u>	<u>\$ 6,004,576</u>

**SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES
PROGRAM/COST CENTER ACTUAL EXPENSES AND REVENUES SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2016
FIRST STEP OF SARASOTA, INC.
SARASOTA, FLORIDA
(Concluded)**

Agency: First Step of Sarasota, Inc.

Part I: Actual Funding Sources and Revenues (Concluded)

<u>State Designated SAMH Cost Centers</u>						
Funding Sources and Revenues A	Total for Nonstate Funded SAMH Cost Centers E	Total for all State Designated SAMH Cost Centers F	Other Funding	Non-SAMH Cost Center G	Administration	Total Funding H
IA. State SAMH Funding						
(1) Central Florida Behavioral Network	\$ 0	\$ 3,587,189	\$ 0	\$ 0	\$ 0	\$ 3,587,189
(2) CFBHN Behavioral Health Fee	0	(7,509)	0	0	0	(7,509)
Total State SAMH Funding	<u>0</u>	<u>3,579,680</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3,579,680</u>
IB. Other Government Funding						
(1) Other State Agency Funding	0	293,916	0	663,086	0	957,002
(2) Medicaid	0	327	0	0	0	327
(3) Local Government	0	1,433,454	0	219,174	0	1,652,628
(4) Federal Grants and Contracts	0	77,435	0	33,673	0	111,108
(5) In-kind from Local Government Only	0	0	0	0	0	0
Total Other Government Funding	<u>0</u>	<u>1,805,132</u>	<u>0</u>	<u>915,933</u>	<u>0</u>	<u>2,721,065</u>
IC. All Other Revenues						
(1) 1st and 2nd Party Payments	0	286,426	0	1,237,519	0	1,523,945
(2) 3rd Party Payments (except Medicare)	0	163,313	0	778,286	0	941,599
(3) Contributions, Donations, and Grants	0	124,213	0	20,000	69,291	213,504
(4) Other/UW/YMCA	0	500	0	108,033	5,873	114,406
(5) In-kind	0	45,312	0	0	0	45,312
(6) Contracts	0	0	0	0	0	0
Total All Other Revenues	<u>0</u>	<u>619,764</u>	<u>0</u>	<u>2,143,838</u>	<u>75,164</u>	<u>2,838,766</u>
TOTAL FUNDING	<u>\$ 0</u>	<u>\$ 6,004,576</u>	<u>\$ 0</u>	<u>\$ 3,059,771</u>	<u>\$ 75,164</u>	<u>\$ 9,139,511</u>

**SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES
PROGRAM/COST CENTER ACTUAL EXPENSES AND REVENUES SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2016
FIRST STEP OF SARASOTA, INC.
SARASOTA, FLORIDA**

Agency: First Step of Sarasota, Inc.

Date Prepared: September 23, 2016
Budget Period: From 7/1/15 to 6/30/16

Part II: Actual Expenses

Expense Categories A	State Designated SAMH Cost Centers					
	State Funded SAMH Cost Centers					
	Program 1					
	ASA/MH Seasons Level 2	ASA Crossroads Level 3	ASA Mothers and Infants Level 2	ASA Crisis Support	ASA Detox	ASA Case Management
IIA. Personnel Expenses						
(1) Salaries	\$ 263,191	\$ 193,806	\$ 173,153	\$ 242,966	\$ 1,528,444	\$ 20,521
(2) Fringe Benefits	42,972	32,748	30,044	34,758	220,444	3,342
Total Personnel Expenses	<u>306,163</u>	<u>226,554</u>	<u>203,197</u>	<u>277,724</u>	<u>1,748,888</u>	<u>23,863</u>
IIB. Other Expenses						
(1) Professional Services	0	0	0	0	10,416	1,047
(2) Medical and Equipment	2,030	878	1,091	45	32,481	704
(3) Food Supplies	33,669	36,706	24,865	0	94,776	36
(4) Operating Supplies and Expenses	15,353	10,224	7,407	2,329	53,640	1,177
(5) Occupancy Expense	99,253	66,439	39,302	3,075	167,446	2,999
(6) Travel, Conference, Education, and Recruiting	1,608	4,212	2,303	318	3,086	661
(7) Sub-Contract Expense	0	0	0	0	0	0
(8) Other	965	2,109	9,511	217	36,577	1,619
Total Other Expenses	<u>152,878</u>	<u>120,568</u>	<u>84,479</u>	<u>5,984</u>	<u>398,422</u>	<u>8,243</u>
Total Personnel and Other Expenses	<u>459,041</u>	<u>347,122</u>	<u>287,676</u>	<u>283,708</u>	<u>2,147,310</u>	<u>32,106</u>
IIIC. Distributed Indirect Costs						
(a) Distributed Indirect Costs	0	0	0	0	0	0
(b) Administration	80,007	28,256	44,159	31,702	196,729	3,068
Total Distributed Indirect Costs	<u>80,007</u>	<u>28,256</u>	<u>44,159</u>	<u>31,702</u>	<u>196,729</u>	<u>3,068</u>
Total Actual Operating Expenses	<u>539,048</u>	<u>375,378</u>	<u>331,835</u>	<u>315,410</u>	<u>2,344,039</u>	<u>35,174</u>
IIID. Unallowable Costs	(4,550)	(2,988)	(2,511)	(1,803)	(12,088)	(207)
Total Allowable Operation Expenses	<u>\$ 534,498</u>	<u>\$ 372,390</u>	<u>\$ 329,324</u>	<u>\$ 313,607</u>	<u>\$ 2,331,951</u>	<u>\$ 34,967</u>

**SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES
PROGRAM/COST CENTER ACTUAL EXPENSES AND REVENUES SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2016
FIRST STEP OF SARASOTA, INC.
SARASOTA, FLORIDA
(Continued)**

Agency: First Step of Sarasota, Inc.

Part II: Actual Expenses (Continued)

Expense Categories A	State Designated SAMH Cost Centers								
	State Funded SAMH Cost Centers								
	Program 1								
	ASA/MH Intervention	ASA/MH Prevention	ASA Assessments	ASA Individual	ASA Group	AMH Path CCST	ASA Prevention Coalition	ASA Outreach	ASA Total Program 1
IIA. Personnel Expenses									
(1) Salaries	\$ 175,579	\$ 238,838	\$ 14,468	\$ 47,984	\$ 260,838	\$ 69,620	\$ 189,658	\$ 154,368	\$ 3,573,434
(2) Fringe Benefits	28,595	38,898	2,356	7,815	42,481	11,339	30,888	25,141	551,821
Total Personnel Expenses	<u>204,174</u>	<u>277,736</u>	<u>16,824</u>	<u>55,799</u>	<u>303,319</u>	<u>80,959</u>	<u>220,546</u>	<u>179,509</u>	<u>4,125,255</u>
IIB. Other Expenses									
(1) Professional Services	8,966	12,196	739	2,450	13,319	3,555	9,685	7,883	70,256
(2) Medical and Equipment	6,025	8,196	496	1,647	8,950	2,389	6,508	5,297	76,737
(3) Food Supplies	305	415	25	83	454	121	329	269	192,053
(4) Operating Supplies and Expenses	10,067	13,694	830	2,751	14,956	3,992	10,875	8,851	156,146
(5) Occupancy Expense	25,659	34,902	2,115	7,012	38,117	10,174	27,715	22,558	546,766
(6) Travel, Conference, Education, and Recruiting	5,652	7,689	466	1,545	8,397	2,241	6,106	4,969	49,253
(7) Sub-Contract Expense	0	0	0	0	0	0	0	0	0
(8) Other	13,851	18,842	1,141	3,786	20,578	5,493	14,962	12,178	141,829
Total Other Expenses	<u>70,525</u>	<u>95,934</u>	<u>5,812</u>	<u>19,274</u>	<u>104,771</u>	<u>27,965</u>	<u>76,180</u>	<u>62,005</u>	<u>1,233,040</u>
Total Personnel and Other Expenses	<u>274,699</u>	<u>373,670</u>	<u>22,636</u>	<u>75,073</u>	<u>408,090</u>	<u>108,924</u>	<u>296,726</u>	<u>241,514</u>	<u>5,358,295</u>
IIC. Distributed Indirect Costs									
(a) Distributed Indirect Costs	0	0	0	0	0	0	0	0	0
(b) Administration	26,251	35,708	2,163	7,174	38,997	10,409	28,356	23,079	556,058
Total Distributed Indirect Costs	<u>26,251</u>	<u>35,708</u>	<u>2,163</u>	<u>7,174</u>	<u>38,997</u>	<u>10,409</u>	<u>28,356</u>	<u>23,079</u>	<u>556,058</u>
Total Actual Operating Expenses	<u>300,950</u>	<u>409,378</u>	<u>24,799</u>	<u>82,247</u>	<u>447,087</u>	<u>119,333</u>	<u>325,082</u>	<u>264,593</u>	<u>5,914,353</u>
IID. Unallowable Costs	(1,775)	(2,414)	(146)	(485)	(2,637)	(704)	(1,917)	(1,560)	(35,785)
Total Allowable Operation Expenses	<u>\$ 299,175</u>	<u>\$ 406,964</u>	<u>\$ 24,653</u>	<u>\$ 81,762</u>	<u>\$ 444,450</u>	<u>\$ 118,629</u>	<u>\$ 323,165</u>	<u>\$ 263,033</u>	<u>\$ 5,878,568</u>

**SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES
PROGRAM/COST CENTER ACTUAL EXPENSES AND REVENUES SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2016
FIRST STEP OF SARASOTA, INC.
SARASOTA, FLORIDA
(Continued)**

Agency: First Step of Sarasota, Inc.

Part II: Actual Expenses (Continued)

Expense Categories A	State Designated SAMH Cost Centers				Total for State Funded SAMH Cost D
	State Funded SAMH Cost Centers				
	CSA Mothers and Infants	CSA Intervention	CSA Outreach	CSA Total Program 2	
IIA. Personnel Expenses					
(1) Salaries	\$ 173,153	\$ 57,924	\$ 57,923	\$ 289,000	\$ 3,862,434
(2) Fringe Benefits	30,044	9,434	9,434	48,912	600,733
Total Personnel Expenses	<u>203,197</u>	<u>67,358</u>	<u>67,357</u>	<u>337,912</u>	<u>4,463,167</u>
IIB. Other Expenses					
(1) Professional Services	0	2,958	2,957	5,915	76,171
(2) Medical and Equipment	1,091	1,988	1,987	5,066	81,803
(3) Food Supplies	24,865	100	101	25,066	217,119
(4) Operating Supplies and Expenses	7,407	3,321	3,323	14,051	170,197
(5) Occupancy Expense	39,302	8,465	8,464	56,231	602,997
(6) Travel, Conference, Education, and Recruiting	2,303	1,864	1,865	6,032	55,285
(7) Sub-Contract Expense	0	0	0	0	0
(8) Other	9,511	4,570	4,570	18,651	160,480
Total Other Expenses	<u>84,479</u>	<u>23,266</u>	<u>23,267</u>	<u>131,012</u>	<u>1,364,052</u>
Total Personnel and Other Expenses	<u>287,676</u>	<u>90,624</u>	<u>90,624</u>	<u>468,924</u>	<u>5,827,219</u>
IIIC. Distributed Indirect Costs					
(a) Distributed Indirect Costs	0	0	0	0	0
(b) Administration	44,159	8,660	8,660	61,479	617,537
Total Distributed Indirect Costs	<u>44,159</u>	<u>8,660</u>	<u>8,660</u>	<u>61,479</u>	<u>617,537</u>
Total Actual Operating Expenses	<u>331,835</u>	<u>99,284</u>	<u>99,284</u>	<u>530,403</u>	<u>6,444,756</u>
IIID. Unallowable Costs	(2,511)	(586)	(586)	(3,683)	(39,468)
Total Allowable Operation Expenses	<u>\$ 329,324</u>	<u>\$ 98,698</u>	<u>\$ 98,698</u>	<u>\$ 526,720</u>	<u>\$ 6,405,288</u>

**SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES
PROGRAM/COST CENTER ACTUAL EXPENSES AND REVENUES SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2016
FIRST STEP OF SARASOTA, INC.
SARASOTA, FLORIDA
(Concluded)**

Agency: First Step of Sarasota, Inc.

Part II: Actual Expenses (Concluded)

State Designated SAMH Cost Centers

Expense Categories A	Total for Nonstate Funded SAMH Cost Centers E	Total for all State Designated SAMH Cost Centers F	Non-SAMH Cost Center G	Administration I	Total Expenses J
IIA. Personnel Expenses					
(1) Salaries	\$ 0	\$ 3,862,434	\$ 1,426,032	\$ 562,292	\$ 5,850,758
(2) Fringe Benefits	0	600,733	226,565	74,439	901,737
Total Personnel Expenses	<u>0</u>	<u>4,463,167</u>	<u>1,652,597</u>	<u>636,731</u>	<u>6,752,495</u>
IIB. Other Expenses					
(1) Professional Services	0	76,171	39,392	32,522	148,085
(2) Medical and Equipment	0	81,803	49,875	3,444	135,122
(3) Food Supplies	0	217,119	200,725	2,348	420,192
(4) Operating Supplies and Expenses	0	170,197	80,198	23,290	273,685
(5) Occupancy Expense	0	602,997	379,677	182,091	1,164,765
(6) Travel, Conference, Education, and Recruiting	0	55,285	24,703	17,135	97,123
(7) Sub-Contract Expense	0	0	0	0	0
(8) Other	0	160,480	145,348	23,414	329,242
Total Other Expenses	<u>0</u>	<u>1,364,052</u>	<u>919,918</u>	<u>284,244</u>	<u>2,568,214</u>
Total Personnel and Other Expenses	<u>0</u>	<u>5,827,219</u>	<u>2,572,515</u>	<u>920,975</u>	<u>9,320,709</u>
IIIC. Distributed Indirect Costs					
(a) Distributed Indirect Costs	0	0	0	0	0
(b) Administration	0	617,537	303,438	(920,975)	0
Total Distributed Indirect Costs	<u>0</u>	<u>617,537</u>	<u>303,438</u>	<u>(920,975)</u>	<u>0</u>
Total Actual Operating Expenses	<u>0</u>	<u>6,444,756</u>	<u>2,875,953</u>	<u>0</u>	<u>9,320,709</u>
IIID. Unallowable Costs	<u>0</u>	<u>(39,468)</u>	<u>0</u>	<u>0</u>	<u>(39,468)</u>
Total Allowable Operation Expenses	<u>\$ 0</u>	<u>\$ 6,405,288</u>	<u>\$ 2,875,953</u>	<u>\$ 0</u>	<u>\$ 9,281,241</u>