

**AGENCY FOR COMMUNITY TREATMENT SERVICES, INC.  
AND AFFILIATES**

**Combined Financial Statements, Supplementary Financial Information  
and Reports as Required by the Comptroller General of the  
United States and the Uniform Guidance**

**June 30, 2019 and 2018  
(With Independent Auditor's Report Thereon)**

**AGENCY FOR COMMUNITY TREATMENT SERVICES, INC.  
AND AFFILIATES**

**Table of Contents**

	<b><u>Page</u></b>
Independent Auditor's Report on Combined Financial Statements and Supplementary Financial Information	1 - 2
Combined Financial Statements:	
Combined Statements of Financial Position	3 - 4
Combined Statements of Support and Revenue, Expenses and Other Changes in Net Assets Without Donor Restrictions	5
Combined Statements of Changes in Net Assets	6
Combined Statements of Functional Expenses	7 - 8
Combined Statements of Cash Flows	9
Notes to Combined Financial Statements	10 - 22
Supplementary Financial Information:	
Schedule of Expenditures of Federal Awards and State Financial Assistance	23 - 25
Schedule of Expenditures of Federal Awards and State Financial Assistance Summarized by Federal Programs and State Projects	26
Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance	27
Substance Abuse and Mental Health Services, Program/Cost Center Actual Expenses and Revenues Schedules:	
Part I: Actual Funding Sources and Revenues	28 - 29
Part II: Actual Expenses	30 - 31
Schedule of State Earnings	32
Schedule of Bed-Day Availability Payments	33
Schedule of Related Party Transaction Adjustments	34
Internal Control and Compliance:	
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Combined Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	35 - 36
Independent Auditor's Report on Compliance for Each Major Federal Program and State Project and on Internal Control Over Compliance Required by the Uniform Guidance and Chapter 10.650, <i>Rules of the State of Florida Auditor General</i>	37 - 38
Schedule of Findings and Questioned Costs	39 - 40
Management Letter	41



**Mayer Hoffman McCann P.C.**

13577 Feather Sound Drive, Suite 400 ■ Clearwater, FL 33762  
Main: 727.572.1400 ■ Fax: 727.571.1933 ■ [www.mhmcpa.com](http://www.mhmcpa.com)

**Independent Auditor’s Report on Combined Financial Statements  
and Supplementary Financial Information**

The Board of Directors  
Agency for Community Treatment Services, Inc. and Affiliates:

**Report on the Combined Financial Statements**

We have audited the accompanying combined financial statements of Agency for Community Treatment Services, Inc. and Affiliates (the “Organization”), which comprise the combined statements of financial position as of June 30, 2019 and 2018, and the related combined statements of support and revenue, expenses, and other changes in net assets without donor restrictions, changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the combined financial statements.

**Management’s Responsibility for the Combined Financial Statements**

Management is responsible for the preparation and fair presentation of these combined 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 combined financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor’s Responsibility**

Our responsibility is to express an opinion on these combined financial statements based on our audits. We conducted our audits 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 combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization’s preparation and fair presentation of the combined 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 Organization’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 combined 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 combined financial statements referred to above present fairly, in all material respects, the financial position of Agency for Community Treatment Services, Inc. and Affiliates as of June 30, 2019 and 2018, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### ***Other Information***

Our audit was conducted for the purpose of forming an opinion on the combined financial statements as a whole. The accompanying supplementary information appearing on pages 28 through 34 and the accompanying schedule of expenditures of federal awards and state financial assistance, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*, and Chapter 10.650, *Rules of the State of Florida Auditor General*, are presented for purposes of additional analysis and are not a required part of the combined 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 combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined 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 combined financial statements as a whole.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 30, 2019, on our consideration of Agency for Community Treatment Services, Inc. and Affiliates' internal control over financial reporting and on our tests of their 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 Agency for Community Treatment Services, Inc. and Affiliates' internal control over financial reporting and compliance.

*Mayer Hoffman McCann P.C.*

October 30, 2019  
Clearwater, Florida

**AGENCY FOR COMMUNITY TREATMENT SERVICES, INC.  
AND AFFILIATES**

**Combined Statements of Financial Position**

**June 30, 2019 and 2018**

<b>Assets</b>	<u><b>2019</b></u>	<u><b>2018</b></u>
Current assets:		
Cash and cash equivalents (Note 9)	\$ 1,686,250	669,413
Certificates of deposit (Note 9)	421,224	419,128
Accounts receivable:		
Funding contracts (Note 9)	2,925,856	2,905,941
First and third party	56,602	58,106
Current portion of gifted facilities (Note 3)	77,647	122,181
Inventories	64,770	57,827
Prepaid expenses	<u>312,140</u>	<u>406,602</u>
Total current assets	5,544,489	4,639,198
Property and equipment, net (Notes 2, 4, 5 and 13)	7,310,001	7,347,883
Gifted facilities, less current portion (Note 3)	455,255	632,890
Other assets	<u>149,500</u>	<u>183,266</u>
	<u>\$ 13,459,245</u>	<u>12,803,237</u>

<b>Liabilities and Net Assets</b>	<u>2019</u>	<u>2018</u>
Current liabilities:		
Current installments under capital lease obligations (Note 6)	\$ 85,086	118,476
Current installments of long-term debt (Note 4)	312,207	317,371
Accounts payable	816,448	526,912
Accrued salaries and payroll related expenses	760,992	454,118
Other accrued expenses	4,700	50
	<hr/>	<hr/>
Total current liabilities	1,979,433	1,416,927
Capital lease obligations, excluding current installments (Note 6)	-	85,086
Long-term debt, net of unamortized issuance costs, excluding current installments (Note 4)	2,327,426	2,244,711
Deferred payment mortgages (Note 5)	885,743	995,743
Accrued rent expense	63,322	47,134
	<hr/>	<hr/>
Total liabilities	5,255,924	4,789,601
Net assets:		
Without donor restrictions:		
Undesignated	3,970,880	3,672,069
Net investment in property and equipment	3,402,059	3,013,304
	<hr/>	<hr/>
	7,372,939	6,685,373
With donor restrictions (Note 7)	830,382	1,328,263
	<hr/>	<hr/>
Total net assets	8,203,321	8,013,636
Commitments and contingencies (Notes 6 and 8)		
	<hr/>	<hr/>
	\$ 13,459,245	12,803,237
	<hr/> <hr/>	<hr/> <hr/>

**AGENCY FOR COMMUNITY TREATMENT SERVICES, INC.  
AND AFFILIATES**

**Combined Statements of Support and Revenue, Expenses and Other Changes  
in Net Assets Without Donor Restrictions**

**Years Ended June 30, 2019 and 2018**

	<b>2019</b>	<b>2018</b>
Operating support and revenue:		
Public support:		
Contributions	\$ 1,780	10,720
In-kind contributions (Note 10)	1,208,885	1,254,257
	1,210,665	1,264,977
Revenue:		
Reimbursement of direct and indirect costs of providing services by:		
Governmental and other agencies (Note 9)	22,371,915	21,626,396
Medicaid	179,488	206,266
First and third party fees	14,669	89,805
Drug laboratory processing fees	180,857	187,434
Rental income	444,969	469,504
Food stamps	61,404	86,432
Interest income	3,023	2,932
Other income	3,314	11,084
	23,259,639	22,679,853
Net assets released from restrictions:		
Expiration of time restrictions on capital assets	285,713	321,189
Expiration of time restrictions on gifted facility leases	246,534	146,173
	532,247	467,362
Total operating support and revenue	25,002,551	24,412,192
Operating expenses:		
Program services	20,880,473	20,502,262
Supporting services	3,429,510	3,370,919
Total operating expenses	24,309,983	23,873,181
Increase in net assets without donor restrictions from operations	692,568	539,011
Other changes:		
Governmental grants to acquire and improve capital assets	80,910	-
Forgiveness of debt (Note 5)	110,000	-
Gain (loss) on sale of equipment	(95,924)	700
Loss on early termination of gifted facility lease (Note 3)	(99,988)	-
Increase in net assets without donor restrictions	\$ 687,566	539,711

**AGENCY FOR COMMUNITY TREATMENT SERVICES, INC.  
AND AFFILIATES**

**Combined Statements of Changes in Net Assets**

**Years Ended June 30, 2019 and 2018**

	<b>2019</b>	<b>2018</b>
Net assets without donor restrictions:		
Operating support and revenue	\$ 24,470,304	23,944,830
Operating expenses	(24,309,983)	(23,873,181)
Net assets released from restrictions	532,247	467,362
Governmental grants to acquire and improve capital assets	80,910	-
Forgiveness of debt	110,000	-
Gain (loss) on sale of equipment	(95,924)	700
Loss on early termination of gifted facility lease	(99,988)	-
Increase in net assets without donor restrictions	687,566	539,711
Net assets with donor restrictions:		
Contributions	34,366	145,981
Net assets released from restrictions	(532,247)	(467,362)
Decrease in net assets with donor restrictions	(497,881)	(321,381)
Increase in net assets	189,685	218,330
Net assets at beginning of year	8,013,636	7,795,306
Net assets at end of year	\$ 8,203,321	8,013,636

**AGENCY FOR COMMUNITY TREATMENT SERVICES, INC.  
AND AFFILIATES**

**Combined Statement of Functional Expenses**

**Year Ended June 30, 2019  
(With Comparative Totals for 2018)**

	Program Services										Supporting Services		
	Adult Substance Abuse	Children's Substance Abuse	Adult Mental Health	Juvenile Justice	Jail Diversion	Child Welfare	Housing	Drug Testing	Special Projects	Total Program Services	General and Administrative	2019	2018
Salaries	\$ 3,229,341	2,125,699	496,198	777,530	90,998	668,246	1,216,509	171,599	33,865	8,809,985	1,489,778	10,299,763	10,287,157
Payroll taxes and employee benefits	537,797	386,265	82,156	135,038	15,276	138,862	225,906	36,869	5,091	1,563,260	251,822	1,815,082	1,858,804
Total salaries and related expenses	3,767,138	2,511,964	578,354	912,568	106,274	807,108	1,442,415	208,468	38,956	10,373,245	1,741,600	12,114,845	12,145,961
Professional services	349,628	304,839	29,509	19,761	1,793	12,216	161,797	4,368	464	884,375	232,667	1,117,042	1,034,447
Occupancy	794,330	437,938	169,159	73,832	11,744	52,665	1,885,739	12,791	-	3,438,198	124,962	3,563,160	3,354,194
Travel	20,284	44,195	4,807	8,271	2,734	3,165	32,760	110	486	116,812	23,848	140,660	146,560
Equipment costs	112,575	42,480	21,138	6,580	5,887	19,320	57,698	5,273	1,037	271,988	63,017	335,005	312,729
Food	476,517	265,453	106,553	8,704	-	34,514	207,211	-	-	1,098,952	11,513	1,110,465	1,180,694
Medical and pharmacy	137,949	7,923	7,543	73	98	54	53,573	-	263,070	470,283	-	470,283	651,712
Subcontractors	255,674	90,534	9,582	180,114	187,500	-	2,650	12,100	-	738,154	208,339	946,493	763,235
Insurance	154,148	107,332	34,968	23,558	741	20,272	121,576	5,083	436	468,114	105,973	574,087	536,289
Operating supplies and expenses	293,487	216,090	39,232	70,561	18,325	59,964	181,685	128,607	1,626	1,009,577	595,768	1,605,345	1,404,923
In-kind expenses (Note 10)	101,945	1,029,022	77,918	-	-	-	-	-	-	1,208,885	-	1,208,885	1,254,257
Interest	13,153	28,510	24,728	4,066	-	842	6,106	1,978	-	79,383	79,419	158,802	176,739
Other	50,483	11	12,360	-	-	327	14,205	-	90	77,476	135,724	213,200	66,674
Total expenses before depreciation and amortization	6,527,311	5,086,291	1,115,851	1,308,088	335,096	1,010,447	4,167,415	378,778	306,165	20,235,442	3,322,830	23,558,272	23,028,414
Depreciation and amortization	208,188	134,696	47,724	44,936	-	6,512	201,551	1,424	-	645,031	106,680	751,711	844,767
Total expenses before allocation of general and administrative expenses	6,735,499	5,220,987	1,163,575	1,353,024	335,096	1,016,959	4,368,966	380,202	306,165	20,880,473	3,429,510	24,309,983	23,873,181
Allocation of general and administrative expenses	1,106,272	857,520	191,111	222,227	55,038	167,030	717,580	62,446	50,286	3,429,510	(3,429,510)	-	-
Total expenses	\$ 7,841,771	6,078,507	1,354,686	1,575,251	390,134	1,183,989	5,086,546	442,648	356,451	24,309,983	-	24,309,983	23,873,181

See accompanying independent auditor's report and notes to combined financial statements.

**AGENCY FOR COMMUNITY TREATMENT SERVICES, INC.  
AND AFFILIATES**

**Combined Statement of Functional Expenses**

**Year Ended June 30, 2018**

	Program Services									Supporting Services	Total Expenses	
	Adult Substance Abuse	Children's Substance Abuse	Adult Mental Health	Juvenile Justice	Jail Diversion	Child Welfare	Housing	Drug Testing	Special Projects	Total Program Services		General and Administrative
Salaries	\$ 3,075,220	2,022,382	484,550	786,206	77,900	644,653	1,184,548	178,714	-	8,454,173	1,832,984	10,287,157
Payroll taxes and employee benefits	556,102	384,420	82,990	143,683	15,205	133,105	217,165	35,192	-	1,567,862	290,942	1,858,804
Total salaries and related expenses	3,631,322	2,406,802	567,540	929,889	93,105	777,758	1,401,713	213,906	-	10,022,035	2,123,926	12,145,961
Professional services	359,310	314,754	34,294	20,708	1,559	11,310	121,025	4,099	-	867,059	167,388	1,034,447
Occupancy	666,117	422,724	135,509	83,815	11,690	68,467	1,845,720	13,540	-	3,247,582	106,612	3,354,194
Travel	18,540	37,548	3,492	6,743	2,713	5,059	36,037	100	-	110,232	36,328	146,560
Equipment costs	94,385	31,899	15,838	3,735	3,560	20,363	80,773	6,986	-	257,539	55,190	312,729
Food	511,801	298,198	107,411	9,595	101	46,083	193,625	-	-	1,166,814	13,880	1,180,694
Medical and pharmacy	131,275	8,206	7,221	43	90	48	146,838	-	357,881	651,602	110	651,712
Subcontractors	132,000	105,840	8,539	191,599	171,750	3,825	9,850	20,269	-	643,672	119,563	763,235
Insurance	134,549	105,080	29,621	18,894	518	18,693	129,282	5,067	-	441,704	94,585	536,289
Operating supplies and expenses	249,462	218,274	30,198	68,233	13,030	61,442	179,665	186,947	295	1,007,546	397,377	1,404,923
In-kind expenses (Note 10)	110,872	1,069,644	73,741	-	-	-	-	-	-	1,254,257	-	1,254,257
Interest	26,853	28,176	1,685	6,472	-	1,489	9,575	2,117	-	76,367	100,372	176,739
Other	25,611	12	1,021	-	1,478	88	13,960	-	-	42,170	24,504	66,674
Total expenses before depreciation and amortization	6,092,097	5,047,157	1,016,110	1,339,726	299,594	1,014,625	4,168,063	453,031	358,176	19,788,579	3,239,835	23,028,414
Depreciation and amortization	210,907	186,701	32,317	56,591	-	11,473	214,307	1,387	-	713,683	131,084	844,767
Total expenses before allocation of general and administrative expenses	6,303,004	5,233,858	1,048,427	1,396,317	299,594	1,026,098	4,382,370	454,418	358,176	20,502,262	3,370,919	23,873,181
Allocation of general and administrative expenses	1,036,321	860,535	172,379	229,578	49,258	168,708	720,536	74,714	58,890	3,370,919	(3,370,919)	-
Total expenses	\$ 7,339,325	6,094,393	1,220,806	1,625,895	348,852	1,194,806	5,102,906	529,132	417,066	23,873,181	-	23,873,181

**AGENCY FOR COMMUNITY TREATMENT SERVICES, INC.  
AND AFFILIATES**

**Combined Statements of Cash Flows**

**Years Ended June 30, 2019 and 2018**

	<b>2019</b>	<b>2018</b>
Cash flows from operating activities:		
Increase in net assets	\$ 189,685	218,330
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation and amortization	751,711	844,767
Loss (gain) on sale of equipment	95,924	(700)
Forgiveness of debt	(110,000)	-
Increase in accounts receivable	(18,411)	(104,602)
Decrease in gifted facilities	222,169	192
Increase in inventories	(6,943)	(20,358)
Decrease (increase) in prepaid expenses and other assets	128,228	(98,215)
Increase (decrease) in accounts payable	289,536	(234,271)
Increase (decrease) in accrued expenses	311,524	(53,238)
Increase in accrued rent expense	16,188	47,134
	1,869,611	599,039
Net cash provided by operating activities		
Cash flows from investing activities (Note 14):		
Reinvested interest earned on certificates of deposit	(2,096)	(2,083)
Purchases of property and equipment	(416,893)	(145,086)
Proceeds from sale of equipment	750	700
	(418,239)	(146,469)
Net cash used in investing activities		
Cash flows from financing activities (Note 14):		
Principal payments on long-term debt	(316,059)	(303,423)
Principal payments on capital lease obligations	(118,476)	(118,754)
	(434,535)	(422,177)
Net cash used in financing activities		
Net increase in cash and cash equivalents	1,016,837	30,393
Cash and cash equivalents at beginning of year	669,413	639,020
Cash and cash equivalents at end of year	\$ 1,686,250	669,413
Supplemental cash flow information:		
Cash paid for interest	\$ 158,802	177,098

**AGENCY FOR COMMUNITY TREATMENT SERVICES, INC.  
AND AFFILIATES**

**Notes to Combined Financial Statements**

**June 30, 2019 and 2018**

**(1) Description of Organization and Summary of Significant Accounting Policies**

**(a) Description of Organization**

Agency for Community Treatment Services, Inc. (“ACTS” or the “Organization”) was incorporated as a Florida not-for-profit organization in 1978. The mission of ACTS is to increase public awareness of substance abuse and its effects and to provide and manage a range of prevention, intervention, treatment, psychosocial and supportive services related to substance abuse and mental health. In addition to substance abuse and mental health services, ACTS administers program services related to child welfare, the homeless, juvenile offenders and others. ACTS provides these services throughout central and south Florida. ACTS Affordable Housing, Inc., an affiliate of ACTS, began operations in 2010, providing maintenance services to ACTS affordable housing programs. Flagship Manor, LLC, ACTS Affordable Housing, LLC, and ACTS Jersey Gardens GP, LLC were formed in 2015, 2017, and 2018, respectively, to develop multi-unit housing facilities for persons with special needs.

Funding is provided by the State of Florida Department of Children and Families, Central Florida Behavioral Health Network, Inc., the U.S. Department of Housing and Urban Development, the U.S. Department of Health and Human Services, Child Net, Inc., the Veteran’s Administration, Hillsborough County, the State of Florida Department of Juvenile Justice, City of Tampa, Managed Care Medicaid Plans, commercial insurance plans, and program service fees and contributions.

**(b) Principles of Combination**

The combined financial statements include the financial statements of Agency for Community Treatment Services, Inc., ACTS Affordable Housing, Inc., ACTS Affordable Housing, LLC, Flagship Manor, LLC, and Jersey Gardens GP, LLC (collectively, “ACTS” or the “Organization”). All significant inter-organizational balances and transactions have been eliminated in combination.

**(c) Basis of Accounting**

These combined financial statements, which are presented on the accrual basis of accounting, have been prepared to focus on ACTS as a whole and to present net assets and revenues, expenses, gains and losses based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

- *Net Assets Without Donor Restrictions* include net assets that are not subject to donor-imposed stipulations and net assets that have been designated for a specific purpose by the Board of Directors of the Organization.

**AGENCY FOR COMMUNITY TREATMENT SERVICES, INC.  
AND AFFILIATES**

**Notes to Combined Financial Statements - Continued**

**(1) Description of Organization and Summary of Significant Accounting Policies - Continued**

**(c) Basis of Accounting - Continued**

- *Net Assets With Donor Restrictions* represent those amounts which are not available until future periods or are donor restricted for specific purposes. When a donor restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the accompanying statement of support and revenue, expenses and other changes in net assets without donor restrictions as released from restrictions.

Revenues are reported as increases net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law.

Contributions received with donor-imposed restrictions that are met in the same year as received are reported as revenues of the net assets without donor restrictions class.

**(d) Cash Equivalents**

For purposes of the statements of cash flows, ACTS considers all highly liquid investments with a maturity of three months or less at time of purchase to be cash equivalents.

**(e) Accounts Receivable**

Accounts receivable are stated at unpaid balances, less an allowance for doubtful accounts. ACTS provides for losses on accounts receivable using the allowance method. The allowance is based on uncollected funds from billings to patients, insurance companies, Medicaid or governmental agencies for services provided to patients. Funding contracts receivable represents uncollected funds from various grants and contracts for services provided to patients. Receivables are considered impaired if full principal payments are not received in accordance with the contractual terms. It is ACTS policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected.

**(f) Inventories**

Inventories consist of pharmacy and drug testing supplies and are stated at the lower of cost or net realizable value. Cost is determined using the first-in, first-out method.

**AGENCY FOR COMMUNITY TREATMENT SERVICES, INC.  
AND AFFILIATES**

**Notes to Combined Financial Statements - Continued**

**(1) Description of Organization and Summary of Significant Accounting Policies - Continued**

**(g) Property and Equipment**

Property and equipment with a cost in excess of \$1,000 are capitalized, if purchased, or at estimated market value at date of receipt if acquired by gift. Depreciation is calculated using the straight-line method over the estimated useful lives of the respective assets, except for leasehold improvements, which are amortized over the shorter of the lease term or the useful life of the leased asset. Equipment held under capital leases is amortized straight-line over the estimated useful life of the leased asset.

Property acquired with governmental funds is considered to be owned by ACTS while used in the program for which it was purchased or in future authorized programs; however, its disposition as well as the ownership of any proceeds therefrom is subject to applicable regulations.

**(h) Income Taxes**

ACTS has been recognized as exempt from Federal income taxes under section 501(c)(3) of the Internal Revenue Code. Therefore, no provision for income taxes has been presented in these combined financial statements. ACTS has not reported any unrelated business income; however, such status is subject to final determination upon examination, if any, of the related income tax returns by the appropriate taxing authorities.

The Organization is not aware of any tax positions it has taken that are subject to a significant degree of uncertainty. Tax filings for tax years after 2015 remain subject to examination by federal and state taxing authorities.

**(i) Functional Expense Allocations**

The costs of providing ACTS' various programs and other activities have been summarized on a functional basis in the Combined Statement of Functional Expenses. Expenses directly attributable to a specific functional area of ACTS are reported as direct expenses of those functional areas while indirect costs that benefit multiple functional areas have been allocated among the functional areas based on either time spent by employees on each functional area or based on a square footage analysis for all indirect occupancy-related expenses.

**(j) Donated Materials, Facilities and Services**

Donated materials are reflected in the accompanying combined financial statements at their estimated fair market value at date of receipt. Donated facilities represent the estimated fair rental value of facilities leased by ACTS under original lease terms of less than one year. Donations of services are recorded as support at their estimated fair value if the services require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation.

**AGENCY FOR COMMUNITY TREATMENT SERVICES, INC.  
AND AFFILIATES**

**Notes to Combined Financial Statements - Continued**

**(1) Description of Organization and Summary of Significant Accounting Policies - Continued**

**(k) Estimates in Combined Financial Statements**

The preparation of combined financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the combined financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

**(l) Recent Accounting Pronouncements**

In August 2016, the FASB issued ASU No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities (Topic 958)*. The ASU amends the current reporting model for nonprofit organizations and enhances their required disclosures. The major changes include: (a) requiring the presentation of only two classes of net assets now entitled “net assets without donor restrictions” and “net assets with donor restrictions,” (b) modifying the presentation of underwater endowment funds and related disclosures, (c) requiring the use of the placed in service approach to recognize the expiration of restrictions on gifts used to acquire or construct long-lived assets absent explicit donor stipulations otherwise, (d) requiring that all nonprofits present an analysis of expenses by function and nature in either the statement of activities, a separate statement or in the notes to the financial statements and disclose a summary of the allocation methods used to allocate costs, (e) requiring the disclosure of quantitative and qualitative information regarding liquidity and availability of resources, (f) presenting investment return net of external and direct internal investment expenses, and (g) modifying other financial statement reporting requirements and disclosures intended to increase the usefulness of nonprofit financial statements. The Agency has adopted this ASU as of and for the year ended June 30, 2019. As a result, the Agency changed the presentation of its net asset classes and expanded its footnote disclosures as required by the ASU.

**(m) Fair Value of Financial Instruments**

The fair values of ACTS financial instruments which include cash and cash equivalents, funding contracts receivable, patient accounts receivable, other receivables, accounts payable, and long-term debt approximate their carrying amounts as presented in the accompanying combined statements of financial position.

**(n) Subsequent Events**

ACTS has evaluated subsequent events through October 30, 2019, the date the combined financial statements were available for issuance.

**AGENCY FOR COMMUNITY TREATMENT SERVICES, INC.  
AND AFFILIATES**

**Notes to Combined Financial Statements - Continued**

**(2) Property and Equipment**

Property and equipment consists of the following at June 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>	<u>Estimated Useful Lives</u>
Land	\$ 2,180,988	2,020,863	-
Construction in progress	-	28,000	-
Buildings and improvements	10,911,851	10,580,900	10 - 40 years
Vehicles	795,631	714,924	5 - 10 years
Leasehold improvements	1,115,917	2,058,755	5 - 15 years
Equipment and furniture	<u>2,431,169</u>	<u>2,262,674</u>	4 - 5 years
	17,435,556	17,666,116	
Less accumulated depreciation and amortization	<u>10,125,555</u>	<u>10,318,233</u>	
	<u>\$ 7,310,001</u>	<u>7,347,883</u>	

Depreciation expense for the years ended June 30, 2019 and 2018 was \$749,101 and \$841,985, respectively.

**AGENCY FOR COMMUNITY TREATMENT SERVICES, INC.  
AND AFFILIATES**

**Notes to Combined Financial Statements - Continued**

**(3) Gifted Facilities**

Gifted facilities represent the present value of the excess of the aggregate fair rental value of building leases over below market rent payments due under two leases with original lease terms in excess of one year. In 2000, ACTS executed a lease for 18,650 square feet in the Drew Park area of Tampa, Florida for approximately \$5 per square foot. In June 2015, the Drew Park lease was extended to June 2025. In 2006, ACTS executed a 10-year lease for 14,715 square feet in Mulberry, Florida at no cost from the State of Florida Department of Children and Families (DCF). In June 2011, the Mulberry lease was extended to June 2021. In May 2019, the Organization closed the program at this location and terminated the lease agreement with DCF. The balance of the gifted facility asset was written off upon early termination of the lease. In fiscal 2018, the Organization executed a lease in Thonotosassa, Florida which included contributed space valued at \$973 per month through June 2026.

Recognition of the fair values of these leases is summarized as follows:

	<u>Drew Park Facility</u>	<u>Mulberry Facility</u>	<u>Thonotosassa Facility</u>	<u>Total</u>
Balances at June 30, 2017	\$ 561,441	193,822	-	755,263
Recognition of fair value contribution for executed building lease	-	-	117,491	117,491
Recognition of annual fair value of gifted building leases	21,352	5,494	1,644	28,490
Recognition of rent expense for the year ended June 30, 2018	<u>(82,123)</u>	<u>(51,666)</u>	<u>(12,384)</u>	<u>(146,173)</u>
Balances at June 30, 2018	500,670	147,650	106,751	755,071
Recognition of annual fair value of gifted building leases	18,876	4,005	1,484	24,365
Recognition of rent expense for the year ended June 30, 2019	(82,123)	(51,667)	(12,756)	(146,546)
Loss on early termination of lease	<u>-</u>	<u>(99,988)</u>	<u>-</u>	<u>(99,988)</u>
Balances at June 30, 2019	437,423	-	95,479	532,902
Current portion of gifted facilities	<u>65,824</u>	<u>-</u>	<u>11,823</u>	<u>77,647</u>
Gifted facilities, less current portion	<u>\$ 371,599</u>	<u>-</u>	<u>83,656</u>	<u>455,255</u>

**AGENCY FOR COMMUNITY TREATMENT SERVICES, INC.  
AND AFFILIATES**

**Notes to Combined Financial Statements - Continued**

**(4) Long-Term Debt**

Long-term debt consists of the following at June 30, 2019 and 2018:

	<b>2019</b>	<b>2018</b>
4.95% mortgage note payable to a commercial bank due in monthly installments of \$21,834, including interest, through February 2027; secured by real property; net of unamortized issuance costs of \$12,304 at June 30, 2019 and \$13,926 at June 30, 2018.	\$ 1,664,087	1,837,760
4% construction mortgage note payable to a commercial bank due in monthly installments of \$5,654, including interest, through January 2020; secured by real property; net of unamortized issuance costs of \$492 at June 30, 2019 and \$1,480 at June 30, 2018.	39,040	98,544
Mortgage note payable to Florida Community Loan Fund, Inc., modified in June 2014, due in monthly installments of \$5,481, including interest at 5.5% through June 2020; secured by real property.	59,648	120,196
4.62% mortgage note payable to a commercial bank due in monthly installments of \$3,555, including interest, through January 2027; secured by real property.	502,341	520,988
5.50% mortgage note payable to a commercial bank due in monthly installments of \$2,707, including interest, through February 2029; secured by real property.	387,313	-
Total long-term debt	2,652,429	2,577,488
Less current installments	312,207	317,371
Less unamortized debt issuance costs	12,796	15,406
Long-term debt, excluding current installments	\$ 2,327,426	2,244,711

**AGENCY FOR COMMUNITY TREATMENT SERVICES, INC.  
AND AFFILIATES**

**Notes to Combined Financial Statements - Continued**

**(4) Long-Term Debt - Continued**

ACTS has a revolving line of credit with BB&T that allows ACTS to borrow up to \$900,000 at the greater of the bank's prime rate (4.25% at June 30, 2019) or 4%. The line matures in April 2020 and is secured by all of ACTS accounts receivable and depository accounts. There was no outstanding balance on the revolving line of credit at June 30, 2019 and 2018.

The 4.95% mortgage note payable agreement with BB&T includes covenants that require ACTS to maintain certain financial ratios and restrict the ability of ACTS to, among other things, incur additional debt. ACTS was not in compliance with one of these covenants at June 30, 2019, however, ACTS obtained a waiver from BB&T so the non-compliance had no effect on the classification of the outstanding debt. The 4.95% mortgage note payable also includes prepayment penalties of 5% in the first year after the date of the note, then decreasing by one percent each year thereafter and then finally 1% in years five through seven.

The aggregate maturities of long-term debt for each of the five years subsequent to June 30, 2019 and thereafter are as follows:

<u>Year Ending June 30,</u>	
2020	\$ 312,207
2021	224,548
2022	236,060
2023	248,162
2024	260,835
Thereafter	<u>1,370,617</u>
	<u>\$ 2,652,429</u>

**(5) Deferred Payment Mortgages**

In 2011, Pasco County provided financing through a \$300,000 deferred payment mortgage funded by the federal Community Development Block Grant Program. As a condition of the funding, ACTS must continue to provide services to persons earning less than 80% of the area median income, with substance abuse and mental health disorders at this location for a period of thirty years through June 2041.

In 1999, the City of Tampa provided financing through a \$110,000 deferred payment mortgage for projects funded by the HUD Supportive Housing Program. As a condition of the HUD funding, ACTS provided supportive housing or supportive services to homeless persons at this location for a period of twenty years through January 2019. In fiscal 2019, the loan was forgiven upon satisfaction of that requirement.

**AGENCY FOR COMMUNITY TREATMENT SERVICES, INC.  
AND AFFILIATES**

**Notes to Combined Financial Statements - Continued**

**(5) Deferred Payment Mortgages - Continued**

In 2000, the City of Tampa provided financing through a \$35,300 deferred payment mortgage for projects funded by the HUD Community Development Block Grant (CDBG) Program. As a condition of the HUD funding, ACTS must continue to provide HUD services at this location for a period of twenty years through February 2020.

In 2012, ACTS assumed responsibility for a deferred payment mortgage funded by the Hillsborough Achievement and Resource Center, Inc. provided through Hillsborough County. In 2015, the deferred payment mortgage was modified to increase the indebtedness to \$287,943, funded by the Neighborhood Stabilization Program. As a condition of the funding, ACTS must acquire and rehabilitate apartments which will be rented to persons earning less than 120% of the area median income, with 3 units being limited to persons earning less than 50% of the area median income. ACTS must provide affordable supportive housing for a period of fifteen years.

In 2014, ACTS assumed responsibility for a \$262,500 deferred payment mortgage funded by the Home Investment Partnership Program provided through the City of Tampa. As a condition of the funding, ACTS must provide three residential units which will be rented to persons with disabilities or mental illness and provide case management and support services. ACTS must provide affordable supportive housing and supporting services at this location through March 2024.

**(6) Leases**

ACTS is obligated under capital leases for office equipment that expire in fiscal 2020. ACTS also has several non-cancellable operating leases, primarily for office space, that expire over the next seven years. Security deposits related to such leases are included in other assets. Rental expense on all operating leases was approximately \$2,038,000 and \$2,003,000 in fiscal 2019 and 2018, respectively.

At June 30, 2019, the gross amount of office equipment and related accumulated amortization recorded under the capital leases were \$497,193 and \$427,085, respectively. At June 30, 2018, the gross amount of office equipment and related accumulated amortization recorded under the capital leases were \$497,193 and \$327,646, respectively. Amortization of assets held under the capital lease is included in depreciation expense.

In fiscal 2015, ACTS entered into a license agreement with another non-profit organization to provide services for homeless, formerly homeless, low income and medically underserved residents at a health center in Hillsborough County. The licensing agreement may be terminated at any time with notice by either party. Licensing expense for use of the facility for the year ended June 30, 2019 and 2018 was approximately \$60,000. Licensing expense has been reflected in the accompanying combined statement of functional expenses as a component of occupancy expense.

**AGENCY FOR COMMUNITY TREATMENT SERVICES, INC.  
AND AFFILIATES**

**Notes to Combined Financial Statements - Continued**

**(6) Leases - Continued**

Future minimum lease payments under non-cancellable operating leases (with initial or remaining terms in excess of one year) and the present value of future minimum capital lease payments as of June 30, 2019 are as follows:

<u>Year Ending June 30,</u>	<u>Capital Leases</u>	<u>Operating Leases</u>	<u>Total</u>
2020	\$ 89,759	203,700	293,459
2021	-	171,600	171,600
2022	-	176,700	176,700
2023	-	182,000	182,000
2024	-	187,500	187,500
Thereafter	-	269,500	269,500
Total minimum lease payments	89,759	<u>1,191,000</u>	<u>1,280,759</u>
Less amount representing interest	<u>4,673</u>		
Present value of capital lease obligations	85,086		
Less current installments under capital lease obligations	<u>85,086</u>		
Obligation under capital leases, excluding current installments	<u>\$ -</u>		

**(7) Net Assets With Donor Restrictions**

Net assets with donor restrictions as of June 30, 2019 and 2018 relate to the following:

	<u>2019</u>	<u>2018</u>
Gifted facilities	\$ 532,902	755,071
Facilities and equipment subject to time restrictions	287,480	573,192
Donor restrictions for capital improvements	<u>10,000</u>	<u>-</u>
	<u>\$ 830,382</u>	<u>1,328,263</u>

**AGENCY FOR COMMUNITY TREATMENT SERVICES, INC.  
AND AFFILIATES**

**Notes to Combined Financial Statements - Continued**

**(8) Contingencies**

The Organization has been notified of potential claims arising in the ordinary course of its operations including certain claims which are covered under the Organization's insurance policies. Management believes that any liability incurred in connection with these claims would be nominal in amount because the claims are without merit or would be limited to the insurance deductible.

The Organization routinely enters into grant agreements and contracts with governmental agencies that provide for reimbursement of the eligible direct and indirect costs of providing certain of the Organization's program services. The grants and contracts are subject to audit or review and retroactive adjustment based on a final determination by the grantor of eligible reimbursable expenditures. The effect of such adjustments, if any, on the Organization's combined financial statements cannot be determined at this time and no provision has been made for any such adjustment in the accompanying combined financial statements.

**(9) Funding and Credit Concentrations**

Substantially all of the Organization's activities are supported by funds provided by the State of Florida, including pass-through awards received from Central Florida Behavioral Health Network, Inc., under performance and fixed-rate contracts. The Organization also receives direct federal support from the Department of Housing and Urban Development, and local support from Hillsborough County. At June 30, 2019, the Organization's receivables from two funding sources represented approximately 73% of funding contract receivables. Revenues from three local, state, and federal contract awards represented approximately 82% of total support and revenue for the year ended June 30, 2019. At June 30, 2018, the Organization's receivables from two funding sources represented approximately 69% of funding contract receivables. Revenues from three local, state, and federal contract awards represented approximately 80% of total support and revenue for the year ended June 30, 2018.

The Organization maintains several deposit accounts with what management believes to be a high credit quality financial institution. The total of these balances exceeded federal insurance limits by approximately \$2,041,000 and \$1,355,000 as of June 30, 2019 and 2018, respectively.

**AGENCY FOR COMMUNITY TREATMENT SERVICES, INC.  
AND AFFILIATES**

**Notes to Combined Financial Statements - Continued**

**(10) In-Kind Contributions**

The values of in-kind contributions included in the accompanying combined financial statements and the corresponding in-kind expenses for the years ended June 30, 2019 and 2018 were as follows:

	<b>2019</b>	<b>2018</b>
Consultants	\$ 746,054	786,676
Counseling services	271,047	271,047
Facilities and landscaping	170,763	170,763
Food and dietary supplies	9,100	13,050
Clothing and other supplies	11,921	12,721
	<b>\$ 1,208,885</b>	<b>1,254,257</b>

**(11) Pension Plan**

Effective January 1991, the Organization adopted a 403(b) retirement plan (the “Plan”) under which employees may contribute the maximum allowed by the Internal Revenue Code. Employees are eligible for matching contributions once they have attained the age of 18 years. Effective January 1, 2018, the Plan was amended to a modified three year vesting period for participants’ rights to matching contributions. Previously, participants’ rights to matching contributions vested over a five year period. In 2018, the Plan required matching contributions of 50% on the first 4% of participant contributions for a maximum contribution of 2%. In January 2019, the Plan was amended to require matching contributions of 50% on the first 8% of participant contributions for a maximum contribution of 4%. For the years ended June 30, 2019 and 2018, retirement plan expense was approximately \$140,000 and \$103,000, respectively.

**(12) Matching Requirements**

The Organization receives a substantial portion of its support from various funding sources which required a local match. These funding sources include: the State of Florida Department of Children and Families, Central Florida Behavioral Health Network, Inc., and the U.S. Department of Housing and Urban Development (HUD) under the Supportive Housing Program. The Organization has satisfied all matching requirements through local grants and by incurring sufficient eligible expenses.

**(13) Joint Ownership and Occupancy Agreement**

Under a revised joint ownership and occupancy agreement, ACTS and Drug Abuse Comprehensive Coordinating Office, Inc. (DACCO), a nonprofit corporation, operate a facility at 3107 North 50<sup>th</sup> Street in Tampa, Florida. ACTS licenses the facility to another provider who provides mental health residential treatment services and DACCO operates a residential program for the Department of Corrections.

**AGENCY FOR COMMUNITY TREATMENT SERVICES, INC.  
AND AFFILIATES**

**Notes to Combined Financial Statements - Continued**

**(13) Joint Ownership and Occupancy Agreement - Continued**

During fiscal 2014, ACTS and DACCO amended this agreement in connection with capital improvements funded in disproportionate amounts. As a result, the amended agreement redefines ownership interests used to calculate each entity's share of sales proceeds upon the future sale of the property such that DACCO would be entitled to its original 50% share plus the unamortized balance of the fair value of their improvements made during fiscal 2014.

**(14) Noncash Investing and Financing Activities**

In fiscal 2019, ACTS financed the acquisition of property in the amount of \$391,000.

**(15) Liquidity and Availability of Resources**

The Organization is supported by contributions with and without donor restrictions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Organization must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. The Organization regularly monitors liquidity to meet its operating needs and other contractual commitments. The Organization has various sources of liquidity at its disposal including cash and a revolving line of credit (described in Note 4).

As of June 30, 2019, the Organization's financial assets available to meet general expenditures within one year were as follows:

Financial assets:		
Cash and cash equivalents	\$	1,686,250
Certificates of deposit		421,224
Grants and funding contracts		2,925,856
Other receivables		<u>56,602</u>
Total financial assets		5,089,932
Less amounts unavailable for general expenditure within one year due to:		
Donor restricted for capital improvements		<u>(10,000)</u>
Financial assets available to meet cash needs for general expenditures within one year	\$	<u><u>5,079,932</u></u>

**SUPPLEMENTARY FINANCIAL INFORMATION**

**AGENCY FOR COMMUNITY TREATMENT SERVICES, INC.  
AND AFFILIATES**

**Schedule of Expenditures of Federal Awards and State Financial Assistance  
Year Ended June 30, 2019**

Federal/State Agency Pass-through Entity Federal Program/State Project	CFDA/ CSFA Number	Contract/ Grant Number	Total Expenditures	Transfers to Subrecipients
<b>U.S. Department of Agriculture</b>				
Passed-through Florida Department of Agriculture and Consumer Services:				
<i>Child Nutrition Cluster:</i>				
School Breakfast Program (SBP)	10.553	01-0295	\$ 22,907	-
National School Lunch Program (NSLP)	10.555	01-0295	<u>35,513</u>	-
<b>Subtotal - U.S. Department of Agriculture</b>			58,420	-
<b>U.S. Department of Housing and Urban Development</b>				
Direct federal award:				
Continuum of Care (COC) Program				
	14.267	FL0052L4H031710	55,379	-
		FL0011L4H011710	122,330	-
		FL0048L4H031708	62,482	-
		FL0048L4H031607	32,380	-
		FL0351L4H011708	186,755	-
		FL0499L4H011704	1,050,213	-
		FL0499L4H011603	734,943	-
		FL0384L4H031706	138,666	-
		FL0384L4H031605	96,442	-
		FL0553L4H031702	172,996	-
		FL0553L4H031601	68,539	-
Passed-through Tampa Hillsborough Homeless Initiative:				
Continuum of Care (COC) Program				
	14.267	FL0547L4H011702	302,117	-
		FL0547L4H011601	128,159	-
Passed-through the City of Tampa:				
<i>CDBG - Entitlement Grants Cluster:</i>				
Community Development Block Grants/Entitlement Grants	14.218	N/A	35,300	-
Supportive Housing Program	14.235	N/A	110,000	-
Home Investment Partnerships Program	14.239	N/A	262,500	-
Housing Opportunities for Persons with AIDS	14.241	N/A	77,617	-
Passed-through Pasco County, Florida:				
<i>CDBG - Entitlement Grants Cluster:</i>				
Community Development Block Grants/Entitlement Grants	14.218	N/A	300,000	-
Passed-through Hillsborough County, Florida:				
<i>CDBG - Entitlement Grants Cluster:</i>				
Community Development Block Grants/Entitlement Grants	14.218	N/A	22,606	-
Neighborhood Stabilization Program	14.264	N/A	<u>287,943</u>	-
<b>Subtotal - U.S. Department of Housing and Urban Development</b>			4,247,367	-
<b>U.S. Department of Justice</b>				
Passed-through Drug Abuse Cooperative Coordinating Office:				
Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to States and Territories				
	16.803	N/A	<u>5,839</u>	-
<b>Subtotal - U.S. Department of Justice</b>			5,839	-

(Continued)

**AGENCY FOR COMMUNITY TREATMENT SERVICES, INC.  
AND AFFILIATES**

**Schedule of Expenditures of Federal Awards and State Financial Assistance - Continued**

Federal/State Agency Pass-through Entity Federal Program/State Project	CFDA/ CSFA Number	Contract/ Grant Number	Total Expenditures	Transfers to Subrecipients
<b>U.S. Department of Veteran Affairs</b>				
Direct federal award:				
VA Homeless Providers Grant and Per Diem Program	64.024	99-80-FL	\$ 85,169	-
		AFCT626-0751-673-S1-19	166,044	-
		AFCT626-0752-673-BH-19	<u>95,200</u>	<u>-</u>
<b>Subtotal - U.S. Department of Veteran Affairs</b>			346,413	-
<b>U.S. Department of Health and Human Services</b>				
Passed-through Central Florida Behavioral Health Network, Inc.:				
<i>TANF Cluster:</i>				
Temporary Assistance for Needy Families (TANF)	93.558	QB001-18	206,612	-
Substance Abuse and Mental Health Services				
Projects of Regional and National Significance	93.243	QB001-18	1,772	-
State Targeted Response to the Opioid Crisis Grants	93.788	QB001-18	856,553	-
Block Grants for Community Mental Health Services	93.958	QB001-18	98,310	-
Block Grants for Prevention and Treatment of Substance Abuse	93.959	QB001-18	4,595,840	-
Passed-through Hillsborough County, Florida:				
Projects of Regional and National Significance	93.243	N/A	41,488	-
Passed-through Tampa Family Health Centers:				
<i>Health Center Program Cluster:</i>				
Affordable Care Act (ACA) Grants for New and Expanded Services Under the Health Center Program	93.527	N/A	10,000	-
Passed-through Florida Alcohol and Drug Abuse Association:				
State Targeted Response to the Opioid Crisis Grants	93.788	N/A	8,890	-
Passed-through ChildNet, Inc.:				
Foster Care Title IV-E	93.658	ACT18RGC	240,664	-
		Clothing Allowance	1,616	-
Social Services Block Grant	93.667	ACT18RGC	168,989	-
		Clothing Allowance	<u>1,135</u>	<u>-</u>
<b>Subtotal - U.S. Department of Health and Human Services</b>			<u>6,231,869</u>	<u>-</u>
<b>Total Federal Expenditures</b>			<u>\$ 10,889,908</u>	<u>-</u>

(Continued)

**AGENCY FOR COMMUNITY TREATMENT SERVICES, INC.  
AND AFFILIATES**

**Schedule of Expenditures of Federal Awards and State Financial Assistance - Continued**

Federal/State Agency Pass-through Entity Federal Program/State Project	CFDA/ CSFA Number	Contract/ Grant Number	Total Expenditures	Transfers to Subrecipients
<b>State of Florida, State Courts System</b>				
Passed-through Florida Alcohol and Drug Abuse Association: Naltrexone	22.022	N/A	\$ 469,830	-
<b>Subtotal - State of Florida, State Courts System</b>			<u>469,830</u>	<u>-</u>
<b>State of Florida, Department of Children and Families</b>				
Passed-through ChildNet, Inc.:				
Out-of-Home Supports	60.074	ACT18RGC Clothing Allowance	57,390 385	- -
Passed-through Mental Health Care, Inc.:				
Forensic Services and Competency Restoration Training	60.114	N/A	25,000	-
Centralized Receiving Systems	60.163	N/A	151,200	-
Passed-through Hillsborough County, Florida:				
Criminal Justice, Mental Health, and Substance Abuse Reinvestment Grant Program	60.115	LHZ49	<u>466,473</u>	<u>-</u>
<b>Subtotal - State of Florida, Department of Children and Families</b>			<u>700,448</u>	<u>-</u>
<b>Total Expenditures of State Financial Assistance</b>			<u>\$ 1,170,278</u>	<u>-</u>

**AGENCY FOR COMMUNITY TREATMENT SERVICES, INC.  
AND AFFILIATES**

**Schedule of Expenditures of Federal Awards and State Financial Assistance  
Summarized by Federal Programs and State Projects**

**Year Ended June 30, 2019**

<b>CFDA/ CSFA Number</b>	<b>Federal Program/State Project</b>	<b>Total</b>
	<i>Child Nutrition Cluster:</i>	
10.553	School Breakfast Program (SBP)	\$ 22,907
10.555	National School Lunch Program (NSLP)	<u>35,513</u>
	Total Child Nutrition Cluster	58,420
	<i>CDBG - Entitlement Grants Cluster:</i>	
14.218	Community Development Block Grants/Entitlement Grants	<u>357,906</u>
	Total CDBG - Entitlement Grants Cluster	357,906
	<i>Health Center Program Cluster:</i>	
93.527	Affordable Care Act (ACA) Grants for New and Expanded Services Under the Health Center Program	<u>10,000</u>
	Total Health Center Program Cluster	<u>10,000</u>
	<i>TANF Cluster:</i>	
93.558	Temporary Assistance for Needy Families (TANF)	<u>206,612</u>
	Total TANF Cluster	206,612
14.239	Home Investment Partnerships Program	262,500
14.235	Supportive Housing Program	110,000
14.241	Housing Opportunities for Persons with AIDS	77,617
14.264	Neighborhood Stabilization Program	287,943
14.267	Continuum of Care (COC) Program	3,151,401
16.803	Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to States and Territories	5,839
64.024	VA Homeless Providers Grant and Per Diem Program	346,413
93.658	Foster Care Title IV-E	242,280
93.667	Social Services Block Grant	170,124
93.243	Substance Abuse and Mental Health Services Projects of Regional and National Significance	43,260
93.788	State Targeted Response to the Opioid Crisis Grants	865,443
93.958	Block Grants for Community Mental Health Services	98,310
93.959	Block Grants for Prevention and Treatment of Substance Abuse	<u>4,595,840</u>
	Total Federal Expenditures	<u>\$ 10,889,908</u>
22.022	Naltrexone	\$ 469,830
60.074	Out-of-Home Supports	57,775
60.114	Forensic Services and Competency Restoration Training	25,000
60.115	Criminal Justice, Mental Health, and Substance Abuse Reinvestment Grant Program	466,473
60.163	Centralized Receiving Systems	<u>151,200</u>
	Total Expenditures of State Financial Assistance	<u>\$ 1,170,278</u>

**AGENCY FOR COMMUNITY TREATMENT SERVICES, INC.  
AND AFFILIATES**

**Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance**

**Year Ended June 30, 2019**

**(1) Basis of Presentation**

The accompanying schedule of expenditures of federal awards and state financial assistance (the "Schedule") includes the federal and state grant activity of Agency for Community Treatment Services, Inc. (the "Organization") under programs of the federal and state government for the year ended June 30, 2019. The information in this Schedule is presented in accordance with the 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 State of Florida Auditor General*. Because the Schedule presents only a selected portion of the operations of Agency for Community Treatment Services, Inc. and Affiliates, it is not intended to and does not present the combined financial position, changes in net assets or cash flows of Agency for Community Treatment Services, Inc. and Affiliates.

**(2) Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**(3) Indirect Cost Rate**

Agency for Community Treatment Services, Inc. and Affiliates has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

**(4) Loans**

Loans outstanding at the beginning of the year and loans received during the year, if any, are included in the federal expenditures presented in the Schedule. The balance of outstanding loans as of June 30, 2019 consists of:

<u>CFDA Number</u>	<u>Federal Program</u>	<u>Balance at June 30, 2019</u>
14.218	Community Development Block Grants/Entitlement Grants	\$ 35,300
14.239	Home Investment Partnerships Program	262,500
14.218	Community Development Block Grants/Entitlement Grants	300,000
14.264	Neighborhood Stabilization Program	287,943

**AGENCY FOR COMMUNITY TREATMENT SERVICES, INC.  
AND AFFILIATES**

**Substance Abuse and Mental Health Services, Program/Cost Center Actual Expenses and Revenues Schedules  
Part I: Actual Funding Sources and Revenues**

**Year Ended June 30, 2019**

Funding Sources and Revenue	State-Designated SAMH Cost Centers State SAMH-Funded Cost Centers Combined Substance Abuse/Mental Health									
	Assessment Adult/ Children	Drop-In/ Self-Help Centers	Intervention Adult/ Children	Medical Services	Outpatient Adult/ Children	Outreach Adult/ Children	Prevention Children	Residential Level II Adult/ Children	Residential Level III Adult/ Children	Substance Abuse Detox Adult/ Children
<b>IA. State SAMH Funding</b>										
Contract #QB001-18	\$ -	281,590	1,088,825	1,038,801	201,546	577,369	191,014	2,334,132	317,389	4,232,263
Central Receiving Systems	-	-	-	-	-	-	-	-	-	-
MHCI-EODI	-	-	-	-	-	-	-	-	-	-
CJMHSR Reinvestment Grant	-	-	-	-	-	-	-	-	-	-
<b>Total State SAMH Funding</b>	<b>-</b>	<b>281,590</b>	<b>1,088,825</b>	<b>1,038,801</b>	<b>201,546</b>	<b>577,369</b>	<b>191,014</b>	<b>2,334,132</b>	<b>317,389</b>	<b>4,232,263</b>
<b>IB. Other Government Funding</b>										
(1) Other state agency funding	-	-	-	-	-	-	-	47,349	-	11,071
(2) Medicaid	-	-	-	120	12,569	-	-	120	-	5,980
(3) Local governments	-	-	-	-	67,141	-	-	1,096,067	-	-
(4) Federal contracts	-	-	-	-	-	-	-	-	85,169	-
(5) In-kind from local government	-	-	-	-	-	-	-	453,731	-	-
<b>Total other government funding</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>120</b>	<b>79,710</b>	<b>-</b>	<b>-</b>	<b>1,597,267</b>	<b>85,169</b>	<b>17,051</b>
<b>IC. All Other Revenues</b>										
(1) 1st and 2nd party payments	6,525	-	-	-	632	-	-	1,350	7,652	-
(2) 3rd party payments	-	-	-	222	1,395	-	-	51,452	8,466	1,496
(3) Medicare	-	-	-	-	-	-	-	-	-	-
(4) Contributions	-	10,000	-	-	-	-	-	5,490	11,703	-
(5) Other	-	-	-	-	-	-	-	102,713	(1,871)	26
(6) In-kind	-	-	746,054	-	-	-	-	9,100	-	-
<b>Total for all other revenues</b>	<b>6,525</b>	<b>10,000</b>	<b>746,054</b>	<b>222</b>	<b>2,027</b>	<b>-</b>	<b>-</b>	<b>170,105</b>	<b>25,950</b>	<b>1,522</b>
<b>Total funding</b>	<b>\$ 6,525</b>	<b>291,590</b>	<b>1,834,879</b>	<b>1,039,143</b>	<b>283,283</b>	<b>577,369</b>	<b>191,014</b>	<b>4,101,504</b>	<b>428,508</b>	<b>4,250,836</b>

(Continued)

**AGENCY FOR COMMUNITY TREATMENT SERVICES, INC.  
AND AFFILIATES**

**Substance Abuse and Mental Health Services, Program/Cost Center Actual Expenses and Revenues Schedules  
Part I: Actual Funding Sources and Revenues - Continued**

Funding Sources and Revenue	State-Designated SAMH Cost Centers State SAMH-Funded Cost Centers Combined Substance Abuse/Mental Health					Total for Non-State- Funded SAMH Cost Centers	Total for all State Designated SAMH Cost Centers	Non-SAMH Cost Center	Total Funding
	Incidentals Adult	Aftercare Adult	Room and Board Level III Adult	Recovery Support Adult/ Children	Total for State SAMH-Funded Cost Centers				
<b>IA. State SAMH Funding</b>									
Contract #QB001-18	\$ 66,160	9,702	927,667	170,738	11,437,196	-	11,437,196	-	11,437,196
Central Receiving Systems	-	-	-	-	-	-	-	151,200	151,200
MHCI-EODI	-	-	-	-	-	-	-	25,000	25,000
CJMHS A Reinvestment Grant	-	-	-	-	-	-	-	466,473	466,473
<b>Total State SAMH Funding</b>	<b>66,160</b>	<b>9,702</b>	<b>927,667</b>	<b>170,738</b>	<b>11,437,196</b>	<b>-</b>	<b>11,437,196</b>	<b>642,673</b>	<b>12,079,869</b>
<b>IB. Other Government Funding</b>									
(1) Other state agency funding	-	-	-	-	58,420	-	58,420	2,418,868	2,477,288
(2) Medicaid	-	1,183	-	3,203	23,175	-	23,175	156,313	179,488
(3) Local governments	-	14,170	-	1,816	1,179,194	-	1,179,194	2,016,882	3,196,076
(4) Federal contracts	-	-	-	328,661	413,830	-	413,830	3,512,868	3,926,698
(5) In-kind from local government	-	-	-	-	453,731	-	453,731	-	453,731
<b>Total other government funding</b>	<b>-</b>	<b>15,353</b>	<b>-</b>	<b>333,680</b>	<b>2,128,350</b>	<b>-</b>	<b>2,128,350</b>	<b>8,104,931</b>	<b>10,233,281</b>
<b>IC. All Other Revenues</b>									
(1) 1st and 2nd party payments	-	-	-	-	16,159	-	16,159	440,450	456,609
(2) 3rd party payments	-	126	-	347	63,504	-	63,504	929	64,433
(3) Medicare	-	-	-	-	-	-	-	-	-
(4) Contributions	-	-	25,608	25,605	78,406	-	78,406	38,650	117,056
(5) Other	-	-	-	-	100,868	-	100,868	692,398	793,266
(6) In-kind	-	-	-	-	755,154	-	755,154	-	755,154
<b>Total for all other revenues</b>	<b>-</b>	<b>126</b>	<b>25,608</b>	<b>25,952</b>	<b>1,014,091</b>	<b>-</b>	<b>1,014,091</b>	<b>1,172,427</b>	<b>2,186,518</b>
<b>Total funding</b>	<b>\$ 66,160</b>	<b>25,181</b>	<b>953,275</b>	<b>530,370</b>	<b>14,579,637</b>	<b>-</b>	<b>14,579,637</b>	<b>9,920,031</b>	<b>24,499,668</b>

**AGENCY FOR COMMUNITY TREATMENT SERVICES, INC.  
AND AFFILIATES**

**Substance Abuse and Mental Health Services, Program/Cost Center Actual Expenses and Revenues Schedules  
Part II: Actual Expenses**

**Year Ended June 30, 2019**

Expense Categories	State-Designated SAMH Cost Centers State SAMH-Funded Cost Centers Substance Abuse/Mental Health Combined										
	Assessment Adult/ Children	Drop-In/ Self-Help Centers	Intervention Adult/ Children	Medical Services	Outpatient Individual Adult/ Children	Outreach Adult/ Children	Prevention Children	Residential Level II Adult/ Children	Residential Level III Adult/ Children	Substance Abuse Detox Adult/ Children	Incidentals Adult
<b>IIA. Personnel Expenses</b>											
Salaries	\$ 30,293	72,941	451,454	241,406	241,148	233,452	141,888	1,460,108	326,121	1,662,682	-
Payroll taxes and benefits	4,525	5,386	89,646	33,325	43,546	41,751	25,355	262,889	61,067	263,304	-
Total personnel costs	34,818	78,327	541,100	274,731	284,694	275,203	167,243	1,722,997	387,188	1,925,986	-
<b>IIB. Other Expenses</b>											
Building occupancy	568	41,539	55,927	73,071	13,687	17,772	13,019	682,014	226,610	367,738	-
Professional services	571	958	11,144	88,914	18,978	5,929	3,768	102,881	8,080	423,288	-
Travel	5	-	23,924	2,353	4,117	840	2,696	21,272	856	3,916	-
Equipment	5	772	9,458	256	6,963	735	619	124,141	22,395	44,718	-
Food services	-	-	114	9,860	-	24	11	474,849	64,828	179,577	-
Medical and pharmacy	-	-	389	153	-	14	18	39,894	-	72,649	-
Subcontracted services	14,983	-	59,368	-	995	18	7	18,711	-	14,394	12,200
Insurance	471	9,652	16,149	14,937	4,829	6,540	3,330	100,342	28,358	72,560	-
Interest	395	24,009	2,451	762	5,637	2,429	611	2,643	441	25,385	-
Operating supplies and expenses	430	4,617	77,007	13,254	13,382	11,357	11,017	137,806	36,138	176,625	-
Other	-	10,000	-	-	-	-	-	1,623	-	2,890	3,959
In-kind	-	-	746,054	-	-	-	-	462,831	-	-	-
Total other expenses	17,428	91,547	1,001,985	203,560	68,588	45,658	35,096	2,169,007	387,706	1,383,740	16,159
Total personnel and other expenses	52,246	169,874	1,543,085	478,291	353,282	320,861	202,339	3,892,004	774,894	3,309,726	16,159
<b>IIIC. Distributed Indirect Costs</b>											
Administration	8,610	27,995	254,295	78,821	58,220	52,877	33,345	641,389	127,700	545,431	2,663
Total actual operating expenses	60,856	197,869	1,797,380	557,112	411,502	373,738	235,684	4,533,393	902,594	3,855,157	18,822
<b>IIID. Unallowable Costs</b>											
Unallowable costs	-	-	-	-	-	-	-	80,436	54,547	-	-
Total allowable operating expenses	\$ 60,856	197,869	1,797,380	557,112	411,502	373,738	235,684	4,452,957	848,047	3,855,157	18,822
<b>IIIE. Capital Expenditures</b>											
Capital expenditures	\$ -	5,098	-	-	9,738	-	-	105,309	13,198	24,026	-

(Continued)

**AGENCY FOR COMMUNITY TREATMENT SERVICES, INC.  
AND AFFILIATES**

**Substance Abuse and Mental Health Services, Program/Cost Center Actual Expenses and Revenues Schedules  
Part II: Actual Expenses - Continued**

Expense Categories	State-Designated SAMH Cost Centers State SAMH-Funded Cost Centers Substance Abuse/Mental Health Combined						Non-SAMH Cost Center	Administration	Total
	Aftercare Adult	Room and Board Level III Adult	Recovery Support Adult/ Children	Total for State SAMH-Funded Cost Centers	Total for Non-State- Funded SAMH Cost Centers	Total for all State Designated SAMH Cost Centers			
<b>IIA. Personnel Expenses</b>									
Salaries	\$ 29,858	445,251	230,622	5,567,224	-	5,567,224	3,242,761	1,489,778	10,299,763
Payroll taxes and benefits	5,127	85,022	43,472	964,415	-	964,415	598,845	251,822	1,815,082
Total personnel costs	34,985	530,273	274,094	6,531,639	-	6,531,639	3,841,606	1,741,600	12,114,845
<b>IIB. Other Expenses</b>									
Building occupancy	694	132,726	87,151	1,712,516	-	1,712,516	2,192,481	156,437	4,061,434
Professional services	790	5,976	6,746	678,023	-	678,023	200,672	231,717	1,110,412
Travel	11	2,926	329	63,245	-	63,245	53,567	23,848	140,660
Equipment	6	23,155	10,197	243,420	-	243,420	195,960	149,062	588,442
Food services	-	76,176	43,084	848,523	-	848,523	250,429	11,513	1,110,465
Medical and pharmacy	-	2,413	-	115,530	-	115,530	354,753	-	470,283
Subcontracted services	-	-	-	120,676	-	120,676	624,108	208,339	953,123
Insurance	759	20,268	11,511	289,706	-	289,706	178,408	105,973	574,087
Interest	475	441	712	66,391	-	66,391	12,992	79,419	158,802
Operating supplies and expenses	486	29,769	11,462	523,350	-	523,350	486,227	595,768	1,605,345
Other	-	-	-	18,472	-	18,472	59,004	135,724	213,200
In-kind	-	-	-	1,208,885	-	1,208,885	-	-	1,208,885
Total other expenses	3,221	293,850	171,192	5,888,737	-	5,888,737	4,608,601	1,697,800	12,195,138
Total personnel and other expenses	38,206	824,123	445,286	12,420,376	-	12,420,376	8,450,207	3,439,400	24,309,983
<b>IIC. Distributed Indirect Costs</b>									
Administration	6,296	135,813	73,382	2,046,837	-	2,046,837	1,392,563	(3,439,400)	-
Total actual operating expenses	44,502	959,936	518,668	14,467,213	-	14,467,213	9,842,770	-	24,309,983
<b>IID. Unallowable Costs</b>									
Unallowable costs	-	20,394	2,134	157,511	-	157,511	304,557	-	462,068
Total allowable operating expenses	\$ 44,502	939,542	516,534	14,309,702	-	14,309,702	9,538,213	-	23,847,915
<b>IIIE. Capital Expenditures</b>									
Capital expenditures	\$ -	25,956	28,450	211,775	-	211,775	54,217	541,901	807,893

See accompanying independent auditor's report.

**AGENCY FOR COMMUNITY TREATMENT SERVICES, INC.  
AND AFFILIATES**

**Schedule of State Earnings**

**Year Ended June 30, 2019**

1.	Total expenditures	\$ 24,309,983
2.	Less: other state and federal funds	6,583,474
3.	Less: non-match SAMH funds	10,268,955
4.	Less: unallowable costs	<u>462,068</u>
5.	Total allowable expenditures	6,995,486
6.	Maximum available earnings	5,246,615
7.	Amount of state funds requiring match	<u>1,319,441</u>
8.	Amount due to Department	<u><u>\$ -</u></u>

**AGENCY FOR COMMUNITY TREATMENT SERVICES, INC.  
AND AFFILIATES**

**Schedule of Bed-Day Availability Payments**

**Year Ended June 30, 2019**

<b>Program</b>	<b>Cost Center</b>	<b>State Contract Rate</b>	<b>Total Units of Service Provided</b>	<b>Total Units of Service Paid for by 3rd Party Contracts, Local Gov't or Other State Agencies</b>	<b>Maximum Number of Units Eligible for Payment by the Department</b>	<b>Amount Paid for Services by the Department</b>	<b>Maximum Value of Units in Column F</b>	<b>Amount Owed to Department</b>
<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>	<b>G</b>	<b>H</b>	<b>I</b>
Children's substance abuse	Substance Abuse Detox	\$ 281	7,300	34	7,266	\$ 1,159,909	\$ 2,041,746	\$ -
Adult substance abuse	Substance Abuse Detox	281	10,950	11	10,939	3,072,354	3,073,859	-

**AGENCY FOR COMMUNITY TREATMENT SERVICES, INC.  
AND AFFILIATES**

**Schedule of Related Party Transaction Adjustments\***

**Year Ended June 30, 2019**

*\* There were no related party transaction adjustments for the year ended June 30, 2019.*

**INTERNAL CONTROL AND COMPLIANCE**



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

The Board of Directors  
Agency for Community Treatment Services, Inc. and Affiliate:

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 combined financial statements of Agency for Community Treatment Services, Inc. and Affiliates, which comprise the combined statement of financial position as of June 30, 2019, and the related combined statements of support and revenue, expenses and other changes in net assets without donor restrictions, changes in net assets, functional expenses and cash flows for the year then ended, and the related notes to the combined financial statements, and have issued our report thereon dated October 30, 2019.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the combined financial statements, we considered Agency for Community Treatment Services, Inc. and Affiliates' 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 combined financial statements, but not for the purpose of expressing an opinion on the effectiveness of Agency for Community Treatment Services, Inc. and Affiliates' internal control. Accordingly, we do not express an opinion on the effectiveness of Agency for Community Treatment Services, Inc. and Affiliates' 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 Organization's combined 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.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Agency for Community Treatment Services, Inc. and Affiliates' combined financial statements are free from material misstatement, we performed tests of their 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 Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Mayer Hoffman McCann P.C.*

October 30, 2019  
Clearwater, Florida



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

The Board of Directors  
Agency for Community Treatment Services, Inc. and Affiliate:

**Report on Compliance for Each Major Federal Program and State Project**

We have audited Agency for Community Treatment Services, Inc. and Affiliates’ compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the requirements described in the *Department of Financial Services’ State Projects Compliance Supplement*, that could have a direct and material effect on each of their major federal programs and state projects for the year ended June 30, 2019. Agency for Community Treatment Services, Inc. and Affiliates’ major federal programs and state projects are 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 federal programs and state projects.

**Auditor’s Responsibility**

Our responsibility is to express an opinion on compliance for Agency for Community Treatment Services, Inc. and Affiliates’ 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 of America; 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 State of Florida Auditor General*. Those standards, the Uniform Guidance, and Chapter 10.650 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 Agency for Community Treatment Services, Inc. and Affiliates’ 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 Agency for Community Treatment Services, Inc. and Affiliates’ compliance.

## Opinion on Each Major Federal Program and State Project

In our opinion, Agency for Community Treatment Services, Inc. and Affiliates 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, 2019.

## Report on Internal Control Over Compliance

Management of Agency for Community Treatment Services, Inc. and Affiliates 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 Agency for Community Treatment Services, Inc. and Affiliates' internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program and 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, 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 Agency for Community Treatment Services, Inc. and Affiliates' 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 a 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. Accordingly, this report is not suitable for any other purpose.

*Mayer Hoffman McCann P.C.*

October 30, 2019  
Clearwater, Florida

**AGENCY FOR COMMUNITY TREATMENT SERVICES, INC.  
AND AFFILIATES**

**Schedule of Findings and Questioned Costs**

**Year Ended June 30, 2019**

**(A) Summary of Audit Results**

1. The Auditor's report expresses an unmodified opinion on the combined financial statements of Agency for Community Treatment Services, Inc. and Affiliates.
2. No significant deficiencies or material weaknesses relating to the audit of the combined financial statements are reported in the Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Combined Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the combined financial statements of Agency for Community Treatment Services, Inc. and Affiliates were disclosed during the audit.
4. No significant deficiencies or material weaknesses in internal control over compliance relating to the major federal program or state projects are reported in the Independent Auditor's Report on Compliance for Each Major Federal Program and State Project and on Internal Control Over Compliance Required by the Uniform Guidance and Chapter 10.650, *Rules of the State of Florida Auditor General*.
5. The Auditor's report on compliance for the major federal award program and state projects expresses an unmodified opinion.
6. Audit findings relative to the major federal award program and state projects for Agency for Community Treatment Services, Inc. and Affiliates, if any, are reported in Part C and Part D of this schedule.
7. The programs tested a major federal program and major state projects were:

Federal Program:

Continuum of Care (COC) Program - CFDA No. 14.267

State Projects:

Naltrexone - CSFA 22.022

Criminal Justice, Mental Health, and Substance Abuse Reinvestment Grant Program -  
CSFA 60.115

8. The threshold for distinguishing Types A and B programs was \$750,000 for major federal programs and \$351,083 for major state projects.
9. Agency for Community Treatment Services, Inc. was determined to be a low-risk auditee.

**AGENCY FOR COMMUNITY TREATMENT SERVICES, INC.  
AND AFFILIATES**

**Schedule of Findings and Questioned Costs - Continued**

**(B) Findings - Audit of Combined Financial Statements**

None.

**(C) Findings and Questioned Costs - Major Federal Award Program Audit**

None.

**(D) Findings and Questioned Costs - Major State Financial Assistance Projects**

None.

**(E) Other Issues**

A Summary Schedule of Prior Audit Findings is not required because there were no prior audit findings related to a major federal program or state project.



The Board of Directors  
Agency for Community Treatment Services, Inc. and Affiliates:

### Report on Combined Financial Statements

We have audited the combined financial statements of Agency for Community Treatment Services, Inc. and Affiliates as of and for the year ended June 30, 2019, and have issued our report thereon dated October 30, 2019.

### Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States; 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 State of Florida Auditor General*.

### Other Reports and Schedule

We have issued our Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Combined Financial Statements Performed in Accordance with *Government Auditing Standards*, our Independent Auditor's Report on Compliance for Each Major Federal Program and State Project and on Internal Control Over Compliance Required by the Uniform Guidance and Chapter 10.650, *Rules of the State of Florida Auditor General*, and the Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule, which are dated October 30, 2019, should be considered in conjunction with this management letter.

### Other Matter

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

### Purpose of This Letter

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

*Mayer Hoffman McCann P.C.*

October 30, 2019  
Clearwater, Florida