

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT**

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

JUNE 30, 2019

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT**

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

JUNE 30, 2019

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of First Step of Sarasota, Inc. (the Corporation), a non-profit organization, which comprise the statement of financial position as of June 30, 2019, 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.

Auditor's 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 Corporation'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 Corporation'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.

Certified Public Accountants

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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 AUDITOR'S REPORT

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, 2019, 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.

Report on Summarized Comparative Information

We have previously audited the Corporation's 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 23, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018, 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.

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

INDEPENDENT AUDITOR'S REPORT

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 25, 2019, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Corporation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Corporation's internal control over financial reporting and compliance.

Purvis, Gray and Company, LLP

October 25, 2019
Sarasota, Florida

STATEMENT OF FINANCIAL POSITION
JUNE 30, 2019,
WITH COMPARATIVE TOTALS FOR JUNE 30, 2018
FIRST STEP OF SARASOTA, INC.
SARASOTA, FLORIDA

ASSETS	2019	2018
Current Assets		
Cash and Cash Equivalents	\$ 1,025,557	\$ 1,223,626
Investments	17,320	14,077
Grants and Accounts Receivable, Net	1,027,127	900,151
Prepaid Expenses	277,696	77,674
Total Current Assets	2,347,700	2,215,528
Property and Equipment		
Land	466,237	466,237
Buildings	6,305,922	6,321,866
Furniture and Equipment	888,486	861,893
Vehicles	127,619	127,619
	7,788,264	7,777,615
(Accumulated Depreciation)	(4,187,240)	(3,964,232)
Total Property and Equipment Used in Operations	3,601,024	3,813,383
Construction in Progress	34,419	18,286
Total Property and Equipment , Net	3,635,443	3,831,669
Total Assets	5,983,143	6,047,197
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts Payable	108,111	142,081
Accrued Liabilities	333,292	305,877
Client Deposits	16,570	45,262
Unearned Revenue	98,057	26,538
Current Portion of Notes Payable	49,850	47,724
Total Current Liabilities	605,880	567,482
Other Liabilities		
Notes Payable (Less Current Portion)	245,578	295,421
Total Liabilities	851,458	862,903
Net Assets		
Without Donor Restrictions:		
Net Investment in Property and Equipment	3,340,015	3,488,524
Unrestricted	1,775,820	1,658,132
Total Net Assets Without Donor Restrictions	5,115,835	5,146,656
With Donor Restrictions	15,850	37,638
Total Net Assets	5,131,685	5,184,294
Total Liabilities and Net Assets	\$ 5,983,143	\$ 6,047,197

See accompanying notes.

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019,
WITH COMPARATIVE TOTALS FOR JUNE 30, 2018
FIRST STEP OF SARASOTA, INC.
SARASOTA, FLORIDA

	Totals		2019	Totals 2018
	Without Donor Restrictions	With Donor Restrictions		
Revenues and Support				
Contracts and Grants (Federal and State)	\$ 5,411,052	\$ -	\$ 5,411,052	\$ 5,356,836
County and Local Contracts	3,063,002	-	3,063,002	2,035,090
Client Fees, Insurance, and Medicaid	1,715,963	-	1,715,963	1,671,463
Rental Income	83,795	-	83,795	91,645
Subtotal	10,273,812	-	10,273,812	9,155,034
Net Assets Released from Restrictions	194,539	(194,539)	-	-
Total Revenues and Support	10,468,351	(194,539)	10,273,812	9,155,034
Functional Expenses				
Program Expenses:				
Pathways Level 1	1,028,311	-	1,028,311	1,023,801
Seasons Level 2	594,421	-	594,421	562,833
Crossroads Level 3	392,899	-	392,899	463,159
VIPER/SIO	132,734	-	132,734	127,508
Mothers and Infants	649,259	-	649,259	632,671
Choices	644,799	-	644,799	883,978
ARF/Detoxification	2,409,108	-	2,409,108	2,277,284
Crisis Triage Unit	316,148	-	316,148	299,264
Outpatient Services	3,605,166	-	3,605,166	2,395,685
Royal Palm	112,262	-	112,262	88,991
Supporting Services:				
Fundraising	123,584	-	123,584	121,983
Administration	722,566	-	722,566	916,924
(Total Functional Expenses)	(10,731,257)	-	(10,731,257)	(9,794,081)
(Decrease) in Net Assets Before Other Revenues	(262,906)	(194,539)	(457,445)	(639,047)
Other Revenues				
Contributions	22,407	143,393	165,800	108,667
In-Kind Contributions	33,863	-	33,863	45,312
Capital Contribution	-	29,358	29,358	72,343
Interest and Investment Income	3,547	-	3,547	7,713
Special Events Income	128,186	-	128,186	98,449
Miscellaneous Income	44,082	-	44,082	30,996
Gain on Disposal of Equipment	-	-	-	8,743
Total Other Revenues	232,085	172,751	404,836	372,223
Change in Net Assets	(30,821)	(21,788)	(52,609)	(266,824)
Net Assets, Beginning of Year	5,146,656	37,638	5,184,294	5,638,617
Prior Period Adjustment	-	-	-	(187,499)
Net Assets, Beginning of Year, As Restated	5,146,656	37,638	5,184,294	5,451,118
Net Assets, End of Year	\$ 5,115,835	\$ 15,850	\$ 5,131,685	\$ 5,184,294

See accompanying notes.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2019,
WITH COMPARATIVE TOTALS FOR JUNE 30, 2018
FIRST STEP OF SARASOTA, INC.
SARASOTA, FLORIDA

	2019						
	Program Expenses						
	Pathways Level 1	Seasons Level 2	Crossroads Level 3	VIPER	Mothers and Infants Level 2	Choices	ARF/ Detoxification
Salaries	\$ 553,955	\$ 334,801	\$ 198,446	\$ 100,187	\$ 410,262	\$ 376,070	\$ 1,654,139
Fringe Benefits/Taxes	86,724	67,565	38,084	21,961	83,085	61,601	262,284
Professional Fees, Serv, Recruit	25,781	10,035	9,484	369	1,836	1,242	14,266
Medical Supplies/Equip/Lab	9,512	11,807	20,253	184	2,545	5,750	29,225
Food Supplies	50,662	55,586	41,010	79	55,474	114,860	87,846
Operating Supplies	25,800	13,799	10,323	4,476	10,643	14,127	30,738
Occupancy Expenses	69,593	64,252	47,313	2,749	41,895	43,556	167,198
Depreciation Expenses	18,178	20,146	14,797	170	14,563	12,498	60,718
Travel, Confer, Edu	3,131	2,131	1,424	339	8,601	1,222	5,231
Comm, Public Relat, Mkg	110,020	-	-	-	-	-	-
Subscriptions/Dues/Software Fees	12,881	13,104	9,676	2,204	10,289	6,740	29,551
Special Events	-	-	-	-	-	-	-
Other Expenses	62,074	1,195	2,089	16	10,066	7,133	67,912
Subtotals	1,028,311	594,421	392,899	132,734	649,259	644,799	2,409,108
Administration Allocation	62,859	39,478	23,207	11,984	48,404	42,941	188,026
(Total Program Expenses)	\$ (1,091,170)	\$ (633,899)	\$ (416,106)	\$ (144,718)	\$ (697,663)	\$ (687,740)	\$ (2,597,134)

See accompanying notes.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2019,
WITH COMPARATIVE TOTALS FOR JUNE 30, 2018
FIRST STEP OF SARASOTA, INC.
SARASOTA, FLORIDA

	2019						Totals 2019	Totals 2018	
	Program Expenses			Supporting Services					
	Crisis Triage Unit Support	Outpatient Services	Royal Palm	Fundraising	Administration				
Salaries	\$ 238,871	\$ 2,341,450	\$ 29,616	\$ 68,225	\$ 385,333	\$ 6,691,355	\$ 6,000,713		
Fringe Benefits/Taxes	42,067	460,244	3,207	11,885	67,766	1,206,473	1,091,680		
Professional Fees, Serv, Recruit	775	93,063	13	-	55,177	212,041	171,940		
Medical Supplies/Equip/Lab	278	322,319	-	200	-	402,073	292,754		
Food Supplies	295	2,781	-	-	3,014	411,607	436,214		
Operating Supplies	1,485	46,517	1,406	852	15,621	175,787	195,617		
Occupancy Expenses	19,076	197,471	54,181	-	90,097	797,381	778,770		
Depreciation Expenses	8,335	8,469	22,919	-	74,929	255,722	312,798		
Travel, Confer, Edu	561	50,622	920	38	4,204	78,424	73,193		
Comm, Public Relat, Mkg	-	4,084	-	-	-	114,104	36,667		
Subscriptions/Dues/Software Fees	4,370	63,995	-	5,285	25,926	184,021	185,319		
Special Events	-	-	-	36,955	-	36,955	20,288		
Other Expenses	35	14,151	-	144	499	165,314	198,128		
Subtotals	316,148	3,605,166	112,262	123,584	722,566	10,731,257	9,794,081		
Administration Allocation	27,564	274,883	3,220	-	(722,566)	-	-		
(Total Program Expenses)	\$ (343,712)	\$ (3,880,049)	\$ (115,482)	\$ (123,584)	\$ -	\$ (10,731,257)	\$ (9,794,081)		

See accompanying notes.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2019,
WITH COMPARATIVE TOTALS FOR JUNE 30, 2018
FIRST STEP OF SARASOTA, INC.
SARASOTA, FLORIDA

	<u>2019</u>	<u>2018</u>
Cash Flows from Operating Activities		
Change in Net Assets	\$ (52,609)	\$ (266,824)
Adjustments to Reconcile Change in Net Assets to Net		
Cash Provided by (Used in) Operating Activities:		
Depreciation	255,722	312,798
Bad Debt Expense	105,899	150,191
Unrealized Gain on Investments	(3,243)	(7,348)
Gain on Disposal of Fixed Assets	-	(8,743)
Decrease (Increase) in Operating Assets:		
Grants and Accounts Receivable	(232,875)	(59,088)
Prepaid Expenses	(200,022)	(12,883)
Increase (Decrease) in Operating Liabilities:		
Accounts Payable	(33,970)	(4,156)
Accrued Liabilities	27,415	12,668
Client Deposits	(28,692)	(12,286)
Unearned Revenue	71,519	26,538
Net Cash Provided by (Used in) Operating Activities	<u>(90,856)</u>	<u>130,867</u>
Cash Flows from Investing Activities		
Purchases of Property and Equipment	(59,496)	(64,172)
Proceeds from Sale of Equipment	-	11,801
Net Cash Provided by (Used in) Investing Activities	<u>(59,496)</u>	<u>(52,371)</u>
Cash Flows from Financing Activities		
Payments on Long-Term Debt	(47,717)	(45,694)
Net Cash Provided by (Used in) Financing Activities	<u>(47,717)</u>	<u>(45,694)</u>
Net Increase (Decrease) in Cash	(198,069)	32,802
Cash and Cash Equivalents, Beginning of Year	<u>1,223,626</u>	<u>1,190,824</u>
Cash and Cash Equivalents, End of Year	<u>\$ 1,025,557</u>	<u>\$ 1,223,626</u>
Supplemental Disclosures		
Interest Paid	<u>\$ 15,111</u>	<u>\$ 18,196</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 prevent and treat alcohol and drug addictions, and associated disorders for individuals 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 with donor restrictions or without donor restrictions depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in without donor restrictions 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 with donor restrictions depending on the nature of the restriction.

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, 2019.

Accounts Receivable

Accounts receivable primarily consists of grant and contract 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 at June 30, 2019.

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 \$255,722 in 2019.

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

Financial Statement Presentation

The Corporation is required by generally accepted accounting principles to report information regarding its financial position and activities according to two classes of net assets: Without Donor Restrictions and With Donor Restrictions. Net assets Without Donor Restrictions are not subject to donor-imposed stipulations. Net assets With Donor restrictions are subject to donor-imposed stipulations that may or will be met either by actions of the Corporation and/or the passage of time or purpose. When a restriction expires, With Donor Restriction assets are reclassified to Without Donor Restrictions, and reported in the statement of activities as net assets released from restriction.

All contributions are considered available for unrestricted use unless specifically restricted by the donor or subject to other legal restrictions.

Comparative Amounts for 2018

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, 2018, from which the summarized information was derived.

Functional Allocation of Expenses

Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function in Residential and Special Services programs are allocated based on the number of bed days provided for each of the functions. Expenses related to more than one function in Outpatient services and Supporting Services, separately, are allocated based on the program's proportionate share of expenses prior to the allocation. Management expenses include those expenses that are not directly identifiable with any other specific function, but provide for the overall support and direction of the Corporation, and are allocated to the programs based on personnel expense.

Donated Services

The Corporation records donated services as revenues if either: (a) they create or enhance non-financial 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 2016.

Subsequent Events

The Corporation has evaluated subsequent events and transactions for potential recognition or disclosure in the financial statements through October 25, 2019, the date of the independent auditor's report.

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

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.

Investments

Investments in equities with readily determinable market values are recorded at fair value. Unrealized and realized gains and losses on these investments are reported in the statement of revenues and expenses without donor restrictions and statement of changes in net assets.

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.

Special Event Expenses

The Corporation engages in various special events that help fund its main purpose and programs. The total expenses for these special events for the year ended June 30, 2019, are \$36,955.

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 - Liquidity and Availability of Financial Assets

The following reflects the Corporation's financial assets as of the balance sheet date, reduced by amounts not available for general use within one year of the balance sheet date because of contractual or donor-imposed restrictions. Amounts available include current assets available for expenditure in the following year. Amounts not available include items such as restricted net assets and revenue received in advance and not available for general expenses.

	<u>2019</u>	<u>2018</u>
Financial Assets, at Year-End*	\$ 2,070,004	\$ 2,137,854
Less Those Unavailable for General Expenditures Within One Year, Due to:		
Contractual or Donor Imposed Restrictions:		
Restricted by Donor with Time or Purpose Restrictions	<u>(15,850)</u>	<u>(37,638)</u>
Total	<u>\$ 2,054,154</u>	<u>\$ 2,100,216</u>

*Total Assets, Less Non-Financial Assets (i.e. Property and Equipment and Prepaid Expenses).

Note 4 - Prepaid expense

The Corporation utilized reserved funds to pre-pay insurance that includes coverage for the ensuing fiscal year and plans to replenish these funds from operating accounts as the expense is incurred.

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

Note 5 - Long-Term Debt

Following is a schedule of outstanding long-term debt at June 30, 2019:

Payee	2019
Sarasota County	\$ 13,942
SunTrust Bank	281,486
Total	\$ 295,428

Sarasota County

The Corporation financed with Sarasota County 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 through February 2027. The note is secured by a mortgage on the property. The note may be prepaid in whole or in part without penalty.

Line of Credit

The Corporation has a \$300,000 open end revolving line of credit with a financial institution. Interest is due monthly at the prime rate which was 5.5% as of June 30, 2019. There was no outstanding balance at June 30, 2019.

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 8. 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
2020	\$ 49,850
2021	52,069
2022	54,388
2023	56,811
2024	59,342
2025 and After	22,968
Total	\$ 295,428

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

Note 6 - Net Assets

With Donor Restrictions

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 Margaret Bates Fund provides financing for the Crossroads and Seasons programs to have psychological evaluations performed.

Net assets with donor restrictions are for the following programs:

Account	2019
Sandy Seidman Fund	\$ 13,792
Crossroads and Seasons Psychological Evaluations	2,058
Total Net Assets With Donor Restrictions	\$ 15,850

Note 7 - Retirement Plan

The Corporation provides a contributory tax-deferred annuity plan for all eligible employees. Employer contributions were suspended by the Corporation from January 1, 2009 to December 31, 2018. Beginning January 1, 2019, the Corporation reinstated contributions to the plan by providing matching contributions equal to 25% of each employee's contribution, up to 3% of the employee's base salary. Retirement expense was \$5,799 and \$0 for 2019 and 2018, respectively.

Note 8 - 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.

Note 9 - 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 two years. Future minimum lease payments on operating leases are as follows:

Year	Total
2020	\$ 39,950
2021	42,865
Total	\$ 82,815

Rent expense under operating leases was \$161,223 during the year ended June 30, 2019.

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

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.

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 (the 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.

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

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 there-under “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, but has not made any additional draws. 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.

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 10 - Related-Party Disclosure

The Corporation paid rent of \$21,854 for the year ended June 30, 2019, for an office in Venice, Florida owned by a Board Member’s family limited partnership.

Note 11 - Fair Value Measurements

The Fair Value topic of the FASB Accounting Standards Codification (ASC) establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of observable inputs other than quoted prices for identical assets, and Level 3 inputs have the lowest priority. The Corporation uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments.

When available, the Corporation measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs are only used when Level 1 or Level 2 inputs are not available. There were no changes in methods or assumptions from prior year.

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

The following table presents the fair value measurements of assets and liabilities recognized in the accompanying statements of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall:

<u>Fair Value Measurements as of June 30, 2019</u>				
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
Investments:				
Stocks	\$ 17,320	\$ -	\$ -	\$ 17,320
Total	<u>\$ 17,320</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,320</u>

Methods and assumptions used by the Corporation in estimating fair values are as follows:

- Stocks: The fair value of these instruments is based upon quoted market prices or dealer quotes in an active market.

The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the beginning of the period. For the years ended June 30, 2019 and June 30, 2018, there were no transfers in or out of Levels 1, 2, or 3.

Note 12 - Adoption of New Accounting Standard

During the fiscal year ended June 30, 2019, the Corporation implemented the Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit* (Topic 958) *Presentation of Financial Statements of Not-for-Profit Entities*. This ASU significantly amends the standards for the presentation and accompanying disclosures for non-profit organizations. Some of the changes include the following:

- Requires a functional and natural classification of expenses.
- Requires the presentation of two classes of net assets instead of three.
- Requires additional disclosure of how a non-profit organization manages liquidity and communicates the availability of financial assets to meet cash needs for general expenditures.
- Requires additional disclosures of the amounts and purposes of any Board of Directors' net asset designations.
- Requires additional disclosures of the methods used to allocate costs among programs and support functions.

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

Note 13 - Coastal Behavioral Healthcare, Inc.

The Corporation signed an agreement with Coastal Behavioral Healthcare, Inc. (Coastal) on April 16, 2019, to enter into a nine-month due diligence agreement. Under this agreement, Coastal agrees to donate, assign, transfer, and convey to the Corporation, and the Corporation agrees to accept from Coastal, free and clear of all liens, encumbrances, and obligations, all of Coastal's centers, organization, program services, personnel, and other property (COPPP), including, but not limited to, the contracts and agreements related thereto and the funds flowing therefrom; its organization as a going concern; all lands and buildings owned by Coastal, all of its 50% membership interest in or its 50% control of, and all of its seats on the Board of Directors of, Coastal Renaissance Behavioral Health Services, Inc., all leases in which Coastal is a tenant (or landlord, if applicable), all personal property and assets owned and used by Coastal as a part or in connection with the operation of Coastal's COPPP. This nine-month due diligence agreement will allow the Corporation to make a determination of the best way to consolidate the entities.

OTHER REPORTS

**INDEPENDENT AUDITOR’S 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 non-profit organization, which comprise the statement of financial position as of June 30, 2019, 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 October 25, 2019.

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 Corporation’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

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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 AUDITOR'S 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**

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, non-compliance 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 non-compliance 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.

Purvis, Gray and Company, LLP

October 25, 2019
Sarasota, 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 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 First Step of Sarasota, Inc.'s (the Corporation) compliance 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, 2019. The Corporation's 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 federal and state statutes, regulations, and the terms and conditions of its federal and state awards applicable to its federal programs and state projects.

Auditor's 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 non-compliance 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

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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 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 AUDITOR GENERAL**

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, 2019.

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, non-compliance 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 non-compliance 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.

Board of Directors
First Step of Sarasota, Inc.
Sarasota, 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 AUDITOR GENERAL**

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.

Purvis, Gray and Company, LLP

October 25, 2019
Sarasota, Florida

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND
STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2019
FIRST STEP OF SARASOTA, INC.
SARASOTA, FLORIDA**

Federal or State Grantor/Pass-Through Grantor/Program Title	CFDA/ CSFA Number	Grantor or Pass-Through Number	Federal/ State Expenditures
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/VD013	\$ 1,743,822
Temporary Assistance for Needy Families	93.558	QB013	384,792
Block Grants for Community Mental Health Services	93.958	QB013	28,996
State Targeted Response to the Opioid Crisis Grant	93.788	QB013	333,466
Total Passed Through Central Florida Behavioral Health Network			<u>2,491,076</u>
Passed Through State of Florida, Department of Health:			
Affordable Care Act Grants for New and Expanded Services under the Health Center Program	93.527		52,216
State Targeted Response to the Opioid Crisis Grant	93.788		27,511
Total Passed Through State of Florida, Department of Health			<u>79,727</u>
Total Federal Awards			<u><u>\$ 2,570,803</u></u>
State Financial Assistance			
Florida Alcohol and Drug Abuse Association			
Naltrexone	22.022		\$ 100,090
Florida Department of Corrections			
Substance Abuse:			
Residential*	70.016	C2659	142,925
Choices*	70.016	C2894	570,299
Outpatient*	70.016	C2770	86,851
			<u>800,075</u>
Total State Financial Assistance			<u><u>\$ 900,165</u></u>

* Denotes Major Program/Project

Notes

The programs do not utilize sub-recipients.

There were no federal awards expended in non-cash 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, 2019
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*, 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.

Note 4 - Indirect Cost Rate Election

The Corporation elected to use the de minimus rate of 10% for determining indirect cost amounts for federal awards and state projects.

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS - FEDERAL
AWARDS PROGRAMS AND STATE FINANCIAL ASSISTANCE PROJECTS
FOR THE YEAR ENDED JUNE 30, 2019
FIRST STEP OF SARASOTA, INC.
SARASOTA, FLORIDA**

Part A - Summary of Audit Results

- I. The Independent Auditor's Report expresses an unmodified 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 Auditor's 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 non-compliance 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 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 Auditor General*).
- V. An unmodified 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 \$300,000 for major state projects.
- IX. First Step of Sarasota, Inc. was determined to be a low-risk auditee pursuant to the Uniform Guidance.

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS - FEDERAL
AWARDS PROGRAMS AND STATE FINANCIAL ASSISTANCE PROJECTS
FOR THE YEAR ENDED JUNE 30, 2019
FIRST STEP OF SARASOTA, INC.
SARASOTA, FLORIDA**

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*.

SUPPLEMENTARY INFORMATION

**SCHEDULE OF STATE EARNINGS
FOR THE YEAR ENDED JUNE 30, 2019
FIRST STEP OF SARASOTA, INC.
SARASOTA, FLORIDA**

1. Total Expenditures	\$ 10,731,257
2. (Less Other State and Federal Funds)	(3,983,133)
3. (Less Non-Match SAMH Funds)	(819,621)
4. (Less Unallowable Costs per 65E-14, F.A.C.)	<u>(361,621)</u>
5. Total Allowable Expenditures	<u>\$ 5,566,883</u>
6. Maximum Available Earnings	\$ 4,175,162
7. Amount of State Funds Requiring Match	\$ 882,250
8. Amount Due to Department	\$ -

**SCHEDULE OF RELATED-PARTY TRANSACTION ADJUSTMENTS
FOR THE YEAR ENDED JUNE 30, 2019
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, 2019
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	10,950	5,838	5,112	\$ 350,951	\$ 1,229,180	\$ -
Total Amount Owed to Department								\$ -

**SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES
PROGRAM/COST CENTER ACTUAL EXPENSES AND REVENUES SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2019
FIRST STEP OF SARASOTA, INC.
SARASOTA, FLORIDA**

Agency: First Step of Sarasota, Inc.

Date Prepared: 10/1/2019
Budget Period: From 7/1/18 to 6/30/19

Part I: Actual Funding Sources and Revenues

**State Designated SAMH Cost Centers
State Funded SAMH Cost Centers**

Funding Sources and Revenues A	Seasons Residential Level 2	Crossroads Residential Level 3	Mothers and Infants Residential Level 2	Crisis Support	Detox	Case Management
IA. State SAMH Funding						
(1) Central Florida Behavioral Health Network	\$ 927,444	\$ 58,117	\$ 824,498	\$ 304,470	\$ 389,612	\$ 4,001
Total State SAMH Funding	<u>927,444</u>	<u>58,117</u>	<u>824,498</u>	<u>304,470</u>	<u>389,612</u>	<u>4,001</u>
IB. Other Government Funding						
(1) Other State Agency Funding	-	142,925	-	-	-	-
(2) Medicaid	-	-	-	-	-	-
(3) Local Government	-	105,364	-	-	1,250,162	-
(4) Federal Grants and Contracts	-	-	-	-	-	-
(5) In-Kind from Local Government Only	-	-	-	-	-	-
Total Other Government Funding	<u>-</u>	<u>248,289</u>	<u>-</u>	<u>-</u>	<u>1,250,162</u>	<u>-</u>
IC. All Other Revenues						
(1) 1st and 2nd Party Payments	-	18,035	-	-	73,886	-
(2) 3rd Party Payments (Except Medicare)	-	-	-	-	79,813	-
(3) Contributions, Donations, and Grants	6,000	1,000	72,484	-	-	-
(4) Other/UW/YMCA	-	-	-	-	-	8
(5) In-Kind	-	-	-	-	-	55
(6) Contracts	-	-	-	-	-	-
Total All Other Revenues	<u>6,000</u>	<u>19,035</u>	<u>72,484</u>	<u>-</u>	<u>153,699</u>	<u>63</u>
TOTAL FUNDING	<u>\$ 933,444</u>	<u>\$ 325,441</u>	<u>\$ 896,982</u>	<u>\$ 304,470</u>	<u>\$ 1,793,473</u>	<u>\$ 4,064</u>

**SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES
PROGRAM/COST CENTER ACTUAL EXPENSES AND REVENUES SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2019
FIRST STEP OF SARASOTA, INC.
SARASOTA, FLORIDA**

Agency: First Step of Sarasota, Inc.

Part I: Actual Funding Sources and Revenues

Funding Sources and Revenues A	State Designated SAMH Cost Centers					State Funded SAMH Cost Centers			
	Intervention	Prevention	Assessments	Outpatient Individual/Group	Path CCST	Prevention Coalition	Outreach	Outpatient Medical	Incidental
IA. State SAMH Funding									
(1) Central Florida Behavioral Health Network	\$ 600,005	\$ 464,172	\$ 31,423	\$ 121,574	\$ -	\$ 62,674	\$ 242,791	\$ 107,790	\$ 121,753
Total State SAMH Funding	600,005	464,172	31,423	121,574	-	62,674	242,791	107,790	121,753
IB. Other Government Funding									
(1) Other State Agency Funding	-	-	23,196	63,655	-	-	-	191,729	-
(2) Medicaid	-	-	7,625	47,831	-	-	-	-	-
(3) Local Government	41,478	-	26,202	168,633	-	-	-	-	-
(4) Federal Grants and Contracts	-	-	-	48,787	-	-	-	27,511	-
(5) In-kind from Local Government Only	-	-	-	-	-	-	-	-	-
Total Other Government Funding	41,478	-	57,023	328,906	-	-	-	219,240	-
IC. All Other Revenues									
(1) 1st and 2nd Party Payments	-	-	23,722	148,804	-	-	-	-	-
(2) 3rd Party Payments (Except Medicare)	-	-	1,391	8,723	-	-	-	-	-
(3) Contributions, Donations, and Grants	-	1,158	-	-	-	473	-	26,538	-
(4) Other/UW/YMCA	1,296	940	196	1,228	-	128	491	714	-
(5) In-Kind	8,776	6,366	1,326	8,318	-	864	3,321	4,837	-
(6) Contracts	-	-	-	-	-	-	-	-	-
Total All Other Revenues	10,072	8,464	26,635	167,073	-	1,465	3,812	32,089	-
TOTAL FUNDING	\$ 651,555	\$ 472,636	\$ 115,081	\$ 617,553	\$ -	\$ 64,139	\$ 246,603	\$ 359,119	\$ 121,753

**SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES
PROGRAM/COST CENTER ACTUAL EXPENSES AND REVENUES SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2019
FIRST STEP OF SARASOTA, INC.
SARASOTA, FLORIDA**

Agency: First Step of Sarasota, Inc.

Part I: Actual Funding Sources and Revenues

Funding Sources and Revenues A	Total for State Funded SAMH Cost Centers E	Total for Non-State Funded SAMH Cost Centers F	Total for all State Designated SAMH Cost Centers G	Non SAMH Cost Centers H	Other Support Services I	Administration J	Total Funding K
IA. State SAMH Funding							
(1) Central Florida Behavioral Health Network	\$ 4,260,324	\$ -	\$ 4,260,324	\$ -	\$ -	\$ -	\$ 4,260,324
Total State SAMH Funding	4,260,324	-	4,260,324	-	-	-	4,260,324
IB. Other Government Funding							
(1) Other State Agency Funding	421,505	-	421,505	570,299	-	-	991,804
(2) Medicaid	55,456	-	55,456	-	-	-	55,456
(3) Local Government	1,591,839	-	1,591,839	1,249,455	-	-	2,841,294
(4) Federal Grants and Contracts	76,298	-	76,298	18,280	-	-	94,578
(5) In-Kind from Local Government Only	-	-	-	-	-	-	-
Total Other Government Funding	2,145,098	-	2,145,098	1,838,034	-	-	3,983,132
IC. All Other Revenues							
(1) 1st and 2nd Party Payments	264,447	-	264,447	829,161	-	-	1,093,608
(2) 3rd Party Payments (Except Medicare)	89,927	-	89,927	476,973	-	-	566,900
(3) Contributions, Donations, and Grants	107,653	-	107,653	233,300	131,503	30,687	503,143
(4) Other/UW/YMCA	5,001	-	5,001	85,320	-	41,558	131,879
(5) In-Kind	33,863	-	33,863	-	-	-	33,863
(6) Contracts	-	-	-	105,800	-	-	105,800
Total All Other Revenues	500,891	-	500,891	1,730,554	131,503	72,245	2,435,193
TOTAL FUNDING	\$ 6,906,313	\$ -	\$ 6,906,313	\$ 3,568,588	\$ 131,503	\$ 72,245	\$ 10,678,649

SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES
PROGRAM/COST CENTER ACTUAL EXPENSES AND REVENUES SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2019
FIRST STEP OF SARASOTA, INC.
SARASOTA, FLORIDA

Agency: First Step of Sarasota, Inc.

Date Prepared: 10/1/2019
Budget Period: From 7/1/18 to 6/30/19**Part II: Actual Expenses**

Expense Categories A	State Designated SAMH Cost Centers						
	State Funded SAMH Cost Centers						
	Residential Level 1	Seasons Residential Level 2	Crossroads Residential Level 3	Mothers and Infants Residential Level 2	Crisis Support	Detox	Case Management
IIA. Personnel Expenses							
(1) Salaries	\$ -	\$ 334,801	\$ 198,446	\$ 410,262	\$ 238,871	\$ 1,654,139	\$ 3,018
(2) Fringe Benefits/Taxes	-	67,565	38,084	83,085	42,067	262,284	591
Total Personnel Expenses	-	402,366	236,530	493,347	280,938	1,916,423	3,609
IIB. Other Expenses							
(1) Professional Fees/Services/Recruiting	-	10,035	9,484	1,836	775	14,267	70
(2) Medical Supplies/Equipment/Lab	-	11,807	20,253	2,545	278	29,225	118
(3) Food Supplies	-	55,586	41,010	55,474	295	87,846	5
(4) Operating Supplies	-	13,799	10,323	10,643	1,485	30,738	80
(5) Occupancy Expenses	-	84,399	62,110	56,458	27,412	227,916	382
(6) Travel, Conference, Education	-	2,132	1,424	8,601	561	5,231	83
(7) Subscriptions/Dues/Software Fees	-	13,104	9,676	10,289	4,370	29,551	114
(8) Other Expenses	-	1,195	2,089	10,066	35	67,912	32
Total Other Expenses	-	192,057	156,369	155,912	35,211	492,686	884
Total Personnel and Other Expenses	-	594,423	392,899	649,259	316,149	2,409,109	4,493
IIC. Distributed Indirect Costs							
(a) Administration	-	39,477	23,207	48,404	27,564	188,026	354
Total Distributed Indirect Costs	-	39,477	23,207	48,404	27,564	188,026	354
Total Actual Operating Expenses	-	633,900	416,106	697,663	343,713	2,597,135	4,847
IID. Unallowable Costs	-	(20,166)	(16,003)	(14,563)	(8,335)	(86,891)	(26)
Total Allowable Operation Expenses	\$ -	\$ 613,734	\$ 400,103	\$ 683,100	\$ 335,378	\$ 2,510,244	\$ 4,821

SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES
PROGRAM/COST CENTER ACTUAL EXPENSES AND REVENUES SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2019
FIRST STEP OF SARASOTA, INC.
SARASOTA, FLORIDA

Agency: First Step of Sarasota, Inc.

Part II: Actual Expenses

Expense Categories A	State Designated SAMH Cost Centers					State Funded SAMH Cost Centers			
	Intervention	Prevention	Assessments	Outpatient Individual/Group	Path CCST	Prevention Coalition	Outreach	Outpatient Medical	Incidental
IIA. Personnel Expenses									
(1) Salaries	\$ 483,797	\$ 396,881	\$ 85,451	\$ 458,552	\$ 8,735	\$ 52,396	\$ 183,109	\$ 116,249	\$ -
(2) Fringe Benefits/Taxes	94,713	80,370	16,729	89,770	2,313	11,096	35,847	20,062	-
Total Personnel Expenses	578,510	477,251	102,180	548,322	11,048	63,492	218,956	136,311	-
IIB. Other Expenses									
(1) Professional Fees/Services/Recruiting	11,301	4,259	1,996	10,711	-	-	4,277	60,448	-
(2) Medical Supplies/Equipment/Lab	18,854	-	3,330	17,870	-	2,715	7,136	150,543	121,753
(3) Food Supplies	828	46	146	785	-	-	313	-	-
(4) Operating Supplies	12,860	601	2,271	12,189	-	1,277	4,867	1,380	-
(5) Occupancy Expenses	61,296	2,125	10,826	58,097	-	438	23,199	914	-
(6) Travel, Conference, Education	13,367	3,337	2,361	12,669	146	851	5,059	786	-
(7) Subscriptions/Dues/Software Fees	18,321	2,884	3,236	17,365	-	-	6,934	18	-
(8) Other Expenses	5,183	42	916	4,913	-	576	1,962	302	-
Total Other Expenses	142,010	13,294	25,082	134,599	146	5,857	53,747	214,391	121,753
Total Personnel and Other Expenses	720,520	490,545	127,262	682,921	11,194	69,349	272,703	350,702	121,753
IIC. Distributed Indirect Costs									
(a) Administration	56,760	46,824	10,025	53,797	1,084	6,229	21,483	13,374	-
Total Distributed Indirect Costs	56,760	46,824	10,025	53,797	1,084	6,229	21,483	13,374	-
Total Actual Operating Expenses	777,280	537,369	137,287	736,718	12,278	75,578	294,186	364,076	121,753
IID. Unallowable Costs	(4,214)	(3,477)	(744)	(3,995)	(80)	(463)	(1,595)	(993)	-
Total Allowable Operation Expenses	\$ 773,066	\$ 533,892	\$ 136,543	\$ 732,723	\$ 12,198	\$ 75,115	\$ 292,591	\$ 363,083	\$ 121,753

SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES
PROGRAM/COST CENTER ACTUAL EXPENSES AND REVENUES SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2019
FIRST STEP OF SARASOTA, INC.
SARASOTA, FLORIDA

Agency: First Step of Sarasota, Inc.

Part II: Actual Expenses

Expense Categories A	Total for State Funded SAMH Cost Centers	Total for Non-State SAMH Cost Centers	Total for all State Designated SAMH Cost Centers F	Non-SAMH Cost Centers G	Other Support Services	Administration	Total Expenses H
IIA. Personnel Expenses							
(1) Salaries	\$ 4,624,707	\$ -	\$ 4,624,707	\$ 1,613,095	\$ 68,225	\$ 385,332	\$ 6,691,359
(2) Fringe Benefits/Taxes	844,576	-	844,576	282,245	11,885	67,766	1,206,472
Total Personnel Expenses	5,469,283	-	5,469,283	1,895,340	80,110	453,098	7,897,831
IIB. Other Expenses							
(1) Professional Fees/Services/Recruiting	129,459	-	129,459	27,404	-	55,177	212,040
(2) Medical Supplies/Equipment/Lab	386,427	-	386,427	15,447	200	-	402,074
(3) Food Supplies	242,334	-	242,334	166,259	-	3,014	411,607
(4) Operating Supplies	102,513	-	102,513	56,800	852	15,621	175,786
(5) Occupancy Expenses	615,572	-	615,572	272,505	-	165,027	1,053,104
(6) Travel, Conference, Education	56,608	-	56,608	17,572	38	4,204	78,422
(7) Subscriptions/Dues/Software Fees	115,862	-	115,862	36,947	5,285	25,926	184,020
(8) Other Expenses	95,223	-	95,223	183,552	37,099	499	316,373
Total Other Expenses	1,743,998	-	1,743,998	776,486	43,474	269,468	2,833,426
Total Personnel and Other Expenses	7,213,281	-	7,213,281	2,671,826	123,584	722,566	10,731,257
IIC. Distributed Indirect Costs							
(a) Administration	536,608	-	536,608	185,958	-	(722,566)	-
Total Distributed Indirect Costs	536,608	-	536,608	185,958	-	(722,566)	-
Total Actual Operating Expenses	7,749,889	-	7,749,889	2,857,784	123,584	-	10,731,257
IID. Unallowable Costs	(161,545)	-	(161,545)	(125,145)	-	(74,929)	(361,619)
Total Allowable Operation Expenses	\$ 7,588,344	\$ -	\$ 7,588,344	\$ 2,732,639	\$ 123,584	\$ (74,929)	\$ 10,369,638