

Henderson Behavioral Health, Inc. and Subsidiaries

Combined Financial Statements
and Additional Information
For the Year Ended June 30, 2019

Henderson Behavioral Health, Inc. and Subsidiaries

Table of Contents

Independent Auditor's Report	1-2
Combined Financial Statements	
Combined Statement of Financial Position	3
Combined Statement of Activities	4-5
Combined Statement of Functional Expenses	6-9
Combined Statement of Cash Flows	10
Notes to Combined Financial Statements	11-30
Additional Information	
Schedule of Expenditures of Federal Awards and State Financial Assistance	31-34
Schedule of Other State Funding	35
Schedule of Local Financial Assistance	36-38
Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance, Other State Funding and Local Financial Assistance	39
Schedule of Program/Covered Service Actual Expenses and Revenues	40-52
Schedule of Related Party Transaction Adjustments	53
Schedule of State Earnings	54
Schedule of Bed-Day Availability Payments	55
Internal Controls and Compliance	
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 <i>Government Auditing Standards</i>	56-57
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 Auditor General</i>	58-59
Schedule of Findings and Questioned Costs	60-61

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Henderson Behavioral Health, Inc. and Subsidiaries

Report on the Combined Financial Statements

We have audited the accompanying combined financial statements of Henderson Behavioral Health, Inc. and Subsidiaries (the "Organization") (a nonprofit organization), which comprise the combined statement of financial position as of June 30, 2019, and the related combined statements of activities, functional expenses, and cash flows for the year 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 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 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 entity'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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the 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 the Organization 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 Organization's 2018 combined financial statements and we expressed an unmodified audit opinion on those audited combined financial statements in our report dated October 17, 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 combined financial statements from which it has been derived.

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 schedule of expenditures of federal awards, 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 Nonprofit Organizations* and the Florida Single Audit Act, is presented for purposes of additional analysis and is not a required part of the combined financial statements. Further, the schedules of other state funding, local financial assistance, program/covered service actual expenses and revenues, state earnings and bed day availability payments are also 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 23, 2019, on our consideration of the Organization'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 Organization'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 Organization's internal control over financial reporting and compliance.


KEEFE McCULLOUGH

Fort Lauderdale, Florida
October 23, 2019

COMBINED FINANCIAL STATEMENTS

Henderson Behavioral Health, Inc. and Subsidiaries
Combined Statement of Financial Position
June 30, 2019
(with comparative totals as of June 30, 2018)

	<u>2019</u>	<u>2018</u>
Assets:		
Cash and cash equivalents	\$ 23,371,816	\$ 10,805,112
Restricted cash	154,462	207,939
Investments	4,679,659	4,506,424
Accounts receivable, net	1,334,337	1,482,219
Grants and contracts receivable	3,315,074	4,946,719
Leverage loan receivable	9,086,000	-
Prepaid expenses	133,166	130,802
Property and equipment, net	9,949,431	10,151,809
Deposits, inventory and other assets	<u>285,364</u>	<u>255,826</u>
Total assets	<u>\$ 52,309,309</u>	<u>\$ 32,486,850</u>
Liabilities:		
Accounts payable	\$ 813,214	\$ 223,760
Accrued expenses and other liabilities	253,190	298,331
Deferred revenue	38,567	44,833
Accrued employee compensation	1,178,309	1,369,692
Accrued employee leave benefits	542,339	541,739
Capital lease payable	113,219	185,259
Debt, net of unamortized debt issuance costs	<u>20,755,413</u>	<u>2,816,240</u>
Total liabilities	<u>23,694,251</u>	<u>5,479,854</u>
Net Assets:		
With donor restrictions:		
Perpetual in nature	751,921	751,921
Purpose restricted	<u>417,287</u>	<u>-</u>
	<u>1,169,208</u>	<u>751,921</u>
Without donor restrictions:		
Undesignated	9,945,850	8,755,075
Board designated	<u>17,500,000</u>	<u>17,500,000</u>
	<u>27,445,850</u>	<u>26,255,075</u>
Total net assets	<u>28,615,058</u>	<u>27,006,996</u>
Total liabilities and net assets	<u>\$ 52,309,309</u>	<u>\$ 32,486,850</u>

The accompanying notes to combined financial statements are an integral part of these statements.

Henderson Behavioral Health, Inc. and Subsidiaries
Combined Statement of Activities
For the Year Ended June 30, 2019
(with comparative totals for the year ended June 30, 2018)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total 2019</u>	<u>Total 2018</u>
Revenues, Gains and Other Support:				
Grant and contract revenue	\$ 35,034,166	\$ -	\$ 35,034,166	\$ 33,777,733
Net client service revenue	6,630,546	-	6,630,546	6,840,626
Rental income	1,124,136	-	1,124,136	1,189,404
Student counseling	964,814	-	964,814	961,106
Contributions	556,211	417,287	973,498	546,646
Donated goods and services	405,645	-	405,645	463,530
Investment income	206,695	-	206,695	274,503
Miscellaneous	289,854	-	289,854	271,800
	<u>45,212,067</u>	<u>417,287</u>	<u>45,629,354</u>	<u>44,325,348</u>
Expenses:				
Program services:				
Case management	5,507,410	-	5,507,410	4,500,192
Central receiving facility	3,566,783	-	3,566,783	2,847,486
Medical services	2,873,063	-	2,873,063	3,085,449
Residential level II	2,805,266	-	2,805,266	2,886,998
Outpatient	2,471,622	-	2,471,622	2,125,446
Crisis support/emergency	2,344,325	-	2,344,325	2,502,577
Crisis stabilization	2,012,394	-	2,012,394	1,958,721
Prevention	1,778,187	-	1,778,187	2,326,286
Non-state funded SAMH covered services	1,688,400	-	1,688,400	2,178,455
Florida assertive community treatment (FACT) team	1,461,652	-	1,461,652	1,597,085
FITT	1,208,770	-	1,208,770	1,184,973
Incidental expenses	1,042,219	-	1,042,219	855,169
Outreach	754,386	-	754,386	831,715
Room and board with supervision level II	675,720	-	675,720	536,438
First episode	615,087	-	615,087	582,708
Intervention	554,950	-	554,950	575,543
Residential level III	531,726	-	531,726	439,404
Forensic multidisciplinary team	489,848	-	489,848	409,344
Residential level I	483,271	-	483,271	436,211
Room and board with supervision Level I	372,505	-	372,505	588,286
BNET	355,630	-	355,630	462,421
Room and board with supervision level III	227,796	-	227,796	222,099
In-home and on-site	212,591	-	212,591	578,069
Assessment	172,488	-	172,488	177,559
Day treatment	168,363	-	168,363	427,484
Supported employment	122,928	-	122,928	357,312
Recovery support	79,926	-	79,926	124,639
Care coordination team	70,968	-	70,968	145,511
	<u>34,648,274</u>	<u>-</u>	<u>34,648,274</u>	<u>34,943,580</u>
Total program services	<u>34,648,274</u>	<u>-</u>	<u>34,648,274</u>	<u>34,943,580</u>

The accompanying notes to combined financial statements are an integral part of these statements.

Henderson Behavioral Health, Inc. and Subsidiaries
Combined Statement of Activities
(continued)
For the Year Ended June 30, 2019
(with comparative totals for the year ended June 30, 2018)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total 2019</u>	<u>Total 2018</u>
Support services:				
Administrative and general	5,826,566	-	5,826,566	4,447,310
Branch services	1,959,860	-	1,959,860	1,917,997
Headway New Vistas, LLC	1,367,367	-	1,367,367	1,284,006
Fundraising	219,225	-	219,225	225,089
	<u>9,373,018</u>	<u>-</u>	<u>9,373,018</u>	<u>7,874,402</u>
Total support services				
Total expenses	<u>44,021,292</u>	<u>-</u>	<u>44,021,292</u>	<u>42,817,982</u>
Change in net assets before change in fair value of interest rate swap	<u>1,190,775</u>	<u>417,287</u>	<u>1,608,062</u>	<u>1,507,366</u>
Change in fair value of interest rate swap	<u>-</u>	<u>-</u>	<u>-</u>	<u>31,286</u>
Change in net assets	<u>1,190,775</u>	<u>417,287</u>	<u>1,608,062</u>	<u>1,538,652</u>
Net Assets, July 1	<u>26,255,075</u>	<u>751,921</u>	<u>27,006,996</u>	<u>25,468,344</u>
Net Assets, June 30	<u>\$ 27,445,850</u>	<u>\$ 1,169,208</u>	<u>\$ 28,615,058</u>	<u>\$ 27,006,996</u>

The accompanying notes to combined financial statements are an integral part of these statements.

Henderson Behavioral Health, Inc. and Subsidiaries
Combined Statement of Functional Expenses
For the Year Ended June 30, 2019
(with comparative totals for the year ended June 30, 2018)

	Program Services								
	<u>Assessment</u>	<u>Care Coordination Team</u>	<u>Case Management</u>	<u>Central Receiving Facility</u>	<u>Crisis Support/ Emergency</u>	<u>Crisis Stabilization</u>	<u>Day Treatment</u>	<u>First Episode</u>	<u>Florida Assertive Community Treatment (FACT) Team</u>
PROGRAM EXPENSES:									
Salaries	\$ 117,352	\$ 3,191	\$ 4,004,582	\$ 2,044,966	\$ 1,513,121	\$ 1,413,261	\$ 35,620	\$ 405,699	\$ 987,094
Fringe benefits	25,601	18,311	788,507	402,081	374,989	308,315	61,637	84,018	172,278
Building occupancy	9,980	7,138	293,329	186,554	146,185	111,444	24,028	32,753	70,825
Other	-	28,342	-	-	-	-	-	-	-
Equipment	3,162	2,261	92,919	67,062	46,308	35,303	7,612	10,375	22,435
Professional services	-	-	-	521,549	78,447	17,792	-	28,443	-
In-kind donations	-	-	-	-	-	-	-	-	-
Food and client services	10,513	7,520	94,134	79,673	85,419	11,622	25,310	34,501	148,780
Travel	2,672	1,911	78,538	56,682	39,141	29,839	6,434	8,770	18,963
Medical and pharmacy	306	219	75,875	78,085	18,211	52,415	736	1,004	20,684
Insurance	1,291	923	32,170	63,678	18,904	14,411	3,107	4,236	9,159
Operating supplies and expenses	1,611	1,152	47,356	66,453	23,600	17,992	3,879	5,288	11,434
Interest expense	-	-	-	-	-	-	-	-	-
Total functional expenses	\$ <u>172,488</u>	\$ <u>70,968</u>	\$ <u>5,507,410</u>	\$ <u>3,566,783</u>	\$ <u>2,344,325</u>	\$ <u>2,012,394</u>	\$ <u>168,363</u>	\$ <u>615,087</u>	\$ <u>1,461,652</u>
Allocation of other support costs	\$ <u>10,164</u>	\$ <u>4,182</u>	\$ <u>324,514</u>	\$ <u>210,166</u>	\$ <u>138,135</u>	\$ <u>118,577</u>	\$ <u>9,921</u>	\$ <u>36,243</u>	\$ <u>86,125</u>
Allocation of administration	\$ <u>28,891</u>	\$ <u>11,886</u>	\$ <u>922,450</u>	\$ <u>597,410</u>	\$ <u>392,657</u>	\$ <u>337,061</u>	\$ <u>28,200</u>	\$ <u>103,023</u>	\$ <u>244,816</u>

The accompanying notes to combined financial statements are an integral part of these statements.

Henderson Behavioral Health, Inc. and Subsidiaries
Combined Statement of Functional Expenses
(continued)
For the Year Ended June 30, 2019
(with comparative totals for the year ended June 30, 2018)

	<u>Program Services</u>								
	<u>FITT</u>	<u>Forensic Multidisciplinary Team</u>	<u>Incidental Expenses</u>	<u>In-Home and On-Site</u>	<u>Intervention</u>	<u>Medical Services</u>	<u>Outpatient</u>	<u>Outreach</u>	<u>Prevention</u>
Program Expenses:									
Salaries	\$ 745,852	\$ 373,424	\$ -	\$ 79,588	\$ 377,558	\$ 1,857,966	\$ 1,608,780	\$ 557,971	\$ 1,032,203
Fringe benefits	162,714	59,022	-	54,767	82,369	418,799	299,977	91,202	346,384
Building occupancy	83,419	23,009	-	29,231	32,110	163,264	116,942	35,554	135,034
Other	-	13,548	-	-	-	-	-	-	-
Equipment	20,094	7,289	-	8,168	10,172	51,718	37,044	11,262	42,775
Professional services	55,085	-	-	-	-	-	-	-	-
In-kind donations	-	-	-	-	-	225,666	119,132	-	-
Food and client services	85,929	-	1,042,219	26,729	33,823	31,396	223,937	37,450	142,236
Travel	16,984	6,161	-	6,904	8,598	43,713	31,311	9,519	36,155
Medical and pharmacy	1,944	705	-	720	984	33,071	3,583	1,090	4,138
Insurance	8,203	2,975	-	2,473	4,152	21,112	15,123	4,598	17,462
Operating supplies and expenses	28,546	3,715	-	4,011	5,184	26,358	15,793	5,740	21,800
Interest expense	-	-	-	-	-	-	-	-	-
Total functional expenses	<u>\$ 1,208,770</u>	<u>\$ 489,848</u>	<u>\$ 1,042,219</u>	<u>\$ 212,591</u>	<u>\$ 554,950</u>	<u>\$ 2,873,063</u>	<u>\$ 2,471,622</u>	<u>\$ 754,386</u>	<u>\$ 1,778,187</u>
Allocation of other support costs	<u>\$ 71,225</u>	<u>\$ 28,861</u>	<u>\$ -</u>	<u>\$ 12,527</u>	<u>\$ 32,700</u>	<u>\$ 155,994</u>	<u>\$ 138,616</u>	<u>\$ 44,451</u>	<u>\$ 104,776</u>
Allocation of administration	<u>202,460</u>	<u>\$ 82,047</u>	<u>\$ -</u>	<u>\$ 35,608</u>	<u>\$ 92,950</u>	<u>\$ 443,419</u>	<u>\$ 394,025</u>	<u>\$ 126,354</u>	<u>\$ 297,833</u>

The accompanying notes to combined financial statements are an integral part of these statements.

Henderson Behavioral Health, Inc. and Subsidiaries
Combined Statement of Functional Expenses
(continued)
For the Year Ended June 30, 2019
(with comparative totals for the year ended June 30, 2018)

	Program Services								
	Recovery Support	Residential Level I	Room and Board with Supervision Level I	Residential Level II	Room and Board with Supervision Level II	Residential Level III	Room and Board with Supervision Level III	Supportive Employment	Non-State Funded SAMH Covered Services
Program Expenses:									
Salaries	\$ 41,223	\$ 252,917	\$ 147,622	\$ 1,872,375	\$ 392,380	\$ 212,027	\$ 135,993	\$ 64,985	\$ 1,037,400
Fringe benefits	17,971	79,338	52,932	408,475	74,589	46,256	29,668	14,177	243,227
Building occupancy	7,006	69,044	95,006	183,742	103,177	148,200	29,773	5,527	94,585
Other	-	-	-	-	-	-	-	-	16,351
Equipment	2,219	6,537	9,798	52,938	9,216	5,712	3,664	1,751	21,996
Professional services	-	17,919	26,859	34,997	25,265	15,659	10,044	4,799	79,718
In-kind donations	-	-	-	-	-	-	-	-	-
Food and client services	7,379	41,634	12,784	104,345	41,689	84,330	11,840	28,433	20,291
Travel	1,876	5,525	8,281	44,744	7,790	4,828	3,097	1,480	18,592
Medical and pharmacy	215	4,358	10,230	55,061	12,727	9,471	354	169	72,566
Insurance	906	2,668	4,000	21,610	4,912	2,332	1,496	715	70,674
Operating supplies and expenses	1,131	3,331	4,993	26,979	3,975	2,911	1,867	892	13,000
Interest expense	-	-	-	-	-	-	-	-	-
Total functional expenses	<u>\$ 79,926</u>	<u>\$ 483,271</u>	<u>\$ 372,505</u>	<u>\$ 2,805,266</u>	<u>\$ 675,720</u>	<u>\$ 531,726</u>	<u>\$ 227,796</u>	<u>\$ 122,928</u>	<u>\$ 1,688,400</u>
Allocation of other support costs	<u>\$ 4,710</u>	<u>\$ 28,476</u>	<u>\$ 21,949</u>	<u>\$ 165,295</u>	<u>\$ 39,816</u>	<u>\$ 31,331</u>	<u>\$ 13,422</u>	<u>\$ 7,243</u>	<u>\$ 99,486</u>
Allocation of administration	<u>\$ 13,387</u>	<u>\$ 80,944</u>	<u>\$ 62,392</u>	<u>\$ 469,862</u>	<u>\$ 113,178</u>	<u>\$ 89,060</u>	<u>\$ 38,154</u>	<u>\$ 20,589</u>	<u>\$ 282,794</u>

The accompanying notes to combined financial statements are an integral part of these statements.

Henderson Behavioral Health, Inc. and Subsidiaries
Combined Statement of Functional Expenses
(continued)
For the Year Ended June 30, 2019
(with comparative totals for the year ended June 30, 2018)

	Program Services		Support Services						Total 2019	Total 2018
	BNET	Total Program Services	Administrative and General	Branch Services	Headway New Vistas LLC	Fundraising	Total Support Services			
Program Expenses:										
Salaries	\$ 298,354	\$ 21,613,504	\$ 3,111,972	\$ 1,269,285	\$ 358,980	\$ 103,280	\$ 4,843,517	\$ 26,457,021	\$ 26,047,072	
Fringe benefits	37,349	4,754,953	587,204	274,240	77,561	22,315	961,320	5,716,273	5,557,138	
Building occupancy	3,262	2,240,121	309,316	158,533	541,820	12,496	1,022,165	3,262,286	2,991,284	
Other	-	58,241	356,295	20,474	34,411	5,478	416,658	474,899	310,258	
Equipment	708	590,498	71,080	34,422	9,612	2,713	117,827	708,325	731,415	
Professional services	-	916,576	891,242	94,363	32,180	7,438	1,025,223	1,941,799	1,632,453	
In-kind donations	-	344,798	-	-	-	60,847	60,847	405,645	463,530	
Food and client services	4,998	2,478,914	-	-	19,996	-	19,996	2,498,910	2,614,759	
Travel	599	499,107	60,078	29,094	8,124	2,293	99,589	598,696	613,695	
Medical and pharmacy	276	459,197	-	-	-	-	-	459,197	479,890	
Insurance	5,762	339,052	118,156	-	118,949	-	237,105	576,157	508,195	
Operating supplies and expenses	4,322	353,313	123,447	79,449	58,832	2,365	264,093	617,406	611,850	
Interest expense	-	-	197,776	-	106,902	-	304,678	304,678	256,443	
Total functional expenses	\$ <u>355,630</u>	\$ <u>34,648,274</u>	\$ <u>5,826,566</u>	\$ <u>1,959,860</u>	\$ <u>1,367,367</u>	\$ <u>219,225</u>	\$ <u>9,373,018</u>	\$ <u>44,021,292</u>	\$ <u>42,817,982</u>	
Allocation of other support costs	\$ <u>20,955</u>	\$ <u>1,959,860</u>	\$ <u>-</u>	\$ <u>(1,959,860)</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>(1,959,860)</u>	\$ <u>-</u>	\$ <u>-</u>	
Allocation of administration	\$ <u>59,565</u>	\$ <u>5,571,015</u>	\$ <u>(5,826,566)</u>	\$ <u>-</u>	\$ <u>229,024</u>	\$ <u>26,527</u>	\$ <u>(5,571,015)</u>	\$ <u>-</u>	\$ <u>-</u>	

The accompanying notes to combined financial statements are an integral part of these statements.

Henderson Behavioral Health, Inc. and Subsidiaries
Combined Statement of Cash Flows
For the Year Ended June 30, 2019
(with comparative totals for the year ended June 30, 2018)

	<u>2019</u>	<u>2018</u>
Cash Flows From Operating Activities:		
Change in net assets	\$ 1,608,062	\$ 1,538,652
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Provision for depreciation	778,997	801,865
Gain (loss) on sale of assets	14,950	-
Grant for property and equipment	(100,130)	(44,735)
Realized/unrealized (gains) losses on investments	109,008	(182,212)
Change in fair value of interest rate swap	-	(31,286)
(Increase) decrease in assets:		
Restricted cash - (Note 3)	53,477	98,125
Accounts receivable	147,882	256,224
Grants and contracts receivable	1,631,645	(798,821)
Prepaid expenses	(2,364)	16,015
Deposits, inventory and other assets	(29,538)	(106,162)
(Increase) decrease in liabilities:		
Accounts payable	589,454	(5,159)
Accrued expenses and other liabilities	(45,141)	(27,403)
Deferred revenue	(6,266)	17,933
Accrued employee compensation	(191,383)	(350,520)
Accrued employee leave benefits	600	27,354
Net cash provided by (used in) operating activities	<u>4,559,253</u>	<u>1,209,870</u>
Cash Flows From Investing Activities:		
Leverage loans	(9,086,000)	-
Purchases of property and equipment	(594,463)	(286,850)
Purchase of investments, net	(249,730)	(184,547)
Net cash provided by (used in) investing activities	<u>(9,930,193)</u>	<u>(471,397)</u>
Cash Flows From Financing Activities:		
Proceeds from debt	18,940,000	-
Settlement of restricted cash - swap (Note 3)	-	2,244,838
Settlement of interest rate swap	-	(941,300)
Principal payments on capital lease	(32,218)	(69,566)
Principal payments on debt	(348,259)	(2,283,760)
Loan costs	(621,879)	-
Net cash provided by (used in) financing activities	<u>17,937,644</u>	<u>(1,049,788)</u>
Net increase (decrease) in cash and cash equivalents	12,566,704	(311,315)
Cash and Cash Equivalents, July 1	<u>10,805,112</u>	<u>11,116,427</u>
Cash and Cash Equivalents, June 30	<u>\$ 23,371,816</u>	<u>\$ 10,805,112</u>

The accompanying notes to combined financial statements are an integral part of these statements.

Note 1 - Organization and Operations

Henderson Behavioral Health, Inc. and Subsidiaries (collectively, the "Organization") provides behavioral healthcare throughout South Florida in Broward and Palm Beach Counties, the Treasure Coast and Okeechobee. The Organization charges fees based upon its patients' ability to pay for clinical services and receive grants, contracts and contributions from various governmental and charitable agencies. Gifts, donations and volunteer services are also received from individuals and corporations.

Note 2 - Summary of Significant Accounting Policies

A summary of the Organization's significant accounting policies consistently applied in the preparation of the combined financial statements follows:

Basis of accounting: The accompanying combined financial statements have been prepared using the accrual basis of accounting. Using this method, revenues are recognized when earned and expenses are recognized when incurred.

Basis of presentation: The financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Accounting Standards Update (FASB ASU) No. 2016-14 *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements for Not-for-Profit Entities*. Under FASB ASU No. 2016-14, the Foundation is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

The combined financial statements include the accounts of Henderson Behavioral Health, Inc. (a nonprofit, tax exempt organization), ("Henderson") the parent and sole member of its two Limited Liability Companies, subsidiaries, Henderson Behavioral Health, LLC and Headway New Vistas, LLC, as well as HBH CSU Support Corporation a Florida nonprofit corporation. Henderson Behavioral Health, LLC (the "Center") is responsible for delivering health services, management and other administrative services and functions. Headway New Vistas, LLC ("Headway") owns all the real estate properties, which are leased to third-party tenants and the Center (Note 10). HBH CSU Support Corporation ("HBH CSU") was incorporated to carry out the construction of CSU replacement project, a 48-bed capacity facility on behalf of Henderson (Note 8). All of these entities operate to further enhance Henderson's 501(c)(3) nonprofit status.

Net assets: Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

- *Net Assets Without Donor Restrictions* - consist of net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets as described in Note 11.
- *Net Assets with Donor Restrictions* - represent net assets subject to donor (or certain grantor) imposed restrictions. Some restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor or grantor. Other restrictions are perpetual in nature, where the donor or grantor stipulates that resources be maintained in perpetuity.

Note 2 - Summary of Significant Accounting Policies (continued)

Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends, or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

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

Cash and cash equivalents: The Organization considers all liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Concentration of credit risk: Financial instruments that potentially subject the Organization to concentration of credit risk consist primarily of receivables, cash, and investments. The concentration of credit risk with respect to receivables is primarily due to the economic dependency in federal, state, and other agencies and the ability to obtain authorization, process and collect balances timely. The Organization does not require collateral or other security to support receivables. The Organization has cash in financial institutions that is insured by the Federal Deposit Insurance Corporation ("FDIC"). At various times throughout the year, the Organization may have cash balances at financial institutions that exceed the insured amount.

Investments: Readily marketable investments are primarily held in brokerage accounts administered for the Organization. The broker is responsible for the custody and disbursement of funds on instructions from the Board of Directors/Finance Committee of the Organization. Deposit accounts, including CDs, are maintained with what management believes to be quality financial institutions.

Readily marketable investments are stated at fair value using quoted market prices. In accordance with the policy of stating investments at fair value, net unrealized appreciation or depreciation for the year is reflected in the accompanying statements of activities.

Accounts receivable: Accounts receivable are carried at amounts estimated to be realized by the Organization based on past experience.

Client services are provided at rates established periodically, primarily by Medicaid intermediaries and state and local funding authorities. Payments for services may differ from the amounts billed due to subsequent changes in rates, discrepancies as to eligibility dates and approved services, and other similar issues. Allowances for doubtful accounts are recorded to reflect the differences between the amounts billed for services and expected reimbursement. The expense for these billing differences is recorded as an offset to revenue. At June 30, 2019 and 2018, the Organization recorded an allowance amounting to approximately \$ 235,000.

Note 2 - Summary of Significant Accounting Policies (continued)

The Organization has established a sliding fee scale based on the Federal poverty guidelines wherein the clients are expected to pay amounts based upon their individual financial ability. Client services rendered to Medicaid program beneficiaries are reimbursed under a maximum fee for service methodology. The Organization is reimbursed at a predictable rate.

Promises to give: Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases in liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met. At June 30, 2019 and 2018, the Organization had no unconditional or conditional promises to give.

Deposits, inventory and other assets: Deposits, inventory and other assets primarily include security deposits, utility deposits and drug inventories. Inventories consist primarily of drugs held for the clients served by the Organization as part of the Indigent Drug Program. Donated drugs are stated at fair market value. Purchased drugs are stated at current replacement cost and the resulting carrying amounts are not significantly different from that which would result if the lower of cost (first-in, first-out method) or market value were used. At June 30, 2019 and 2018, drug inventory amounted to \$159,476 and \$104,309, respectively.

Prepaid expenses: Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses.

Property and equipment: Property and equipment are carried at cost if purchased or, if donated, at fair value on the date of donation, less accumulated depreciation.

The Organization follows the policy of providing for depreciation using the straight-line method over the estimated useful life of each type of asset which is as follows:

Buildings and improvements	10-39.50 years
Equipment, including air-conditioning	5-20 years
Vehicles	5 years
Furniture and fixtures	5-10 years
Landscaping, parking lot, sprinklers	10-20 years
Leasehold improvements	Lesser of lease term or 39.50 years

Donations of property and equipment are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Without donor stipulations regarding how long these donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated assets are placed in service, reclassifying temporarily restricted net assets to unrestricted net assets at that time.

The Organization received vehicles donated as grants for the years ended June 30, 2019 and 2018 totaling \$100,130 and \$44,735, respectively. Donated property is to be used for the purpose of providing services related to the Organization's mission and demographic population served. The property may be sold, however, the proceeds from the sale are to be used for the establishment of a new facility that serves the mission of the Organization.

Note 2 - Summary of Significant Accounting Policies (continued)

Maintenance and repairs to property and equipment are charged to expense when incurred. Additions and major renovations are capitalized over their estimated useful lives.

Debt issuance costs: Debt issuance costs associated with outstanding debt is presented in the statement of financial position as a direct reduction in the carrying value of the associated debt liability. Amortization of debt issuance costs is reported as a component of interest expense in the statement of activities. Debt costs are amortized using the straight-line method over the life of the associated debt.

Deferred revenue: Grant and contract revenue that is not recognized because the allowable cost as defined by the individual grant or contract has not been incurred and/or the units of service have not been rendered is considered deferred revenue.

Accrued employee leave benefits: The Organization accrues for employee paid time off up to a maximum of 100 hours per employee. The accrual is calculated at current salary rates.

Grant and contract revenue: Grant and contract revenue is recognized when the allowable costs as defined by the individual grants or contracts are incurred and/or the unit of service has been performed. Grant and contracts receivable at year end represent units of service performed and/or allowable expenditures, which have not yet been reimbursed by the granting agency.

Donated services, goods, and facilities: The Organization pays for most services requiring specific expertise. However, a number of volunteers have donated their time in certain of the Organization's program service areas. Because these donated services do not require specialized skills, its value has not been recorded in the accompanying combined financial statements. However, when the value of donated services requires specific expertise, they are reflected in the combined financial statements as revenues and expenses. For the years ended June 30, 2019 and 2018, the Organization recorded \$ 119,132 and \$ 99,540, respectively, for donated services, which relates to medical services (therapists and psychiatrists) and \$ 60,847 and \$ 75,240, respectively, for advertising and public relations. Donated goods are recorded as contributions and a corresponding expense at their estimated fair value at the date of donation. During the years ended June 30, 2019 and 2018, the Center recorded \$ 225,666 and \$ 288,750, respectively, in such donations, consisting principally of drugs allocated to several of the Organization's programs.

Functional expenses: The costs of providing the various programs and supporting services activities have been summarized on a functional basis in the combined statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Program and supporting services are charged with their direct expenses. Certain categories of expenses are attributed to both a program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses allocated include personnel and overhead costs, among other expenses; which are allocated on the basis of estimates of time and effort, square footage basis, as well as other methods as determined from time-to-time by management.

Joint costs of fundraising appeals: The Organization utilizes various pamphlets, brochures and information methods to inform the general public of their activities and to solicit funds. These costs are charged to fundraising.

Henderson Behavioral Health, Inc. and Subsidiaries
Notes to Combined Financial Statements
June 30, 2019
(with comparative totals for the year ended June 30, 2018)

Note 2 - Summary of Significant Accounting Policies (continued)

Use of estimates: The presentation of combined financial statements in conformity with generally accepted accounting principles 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 reporting period. Actual results could differ from those estimates.

Summarized prior year information: The combined financial statements include summarized comparative information from the prior year, which is not presented by net asset type and functional expense classification and does not include sufficient detail to conform with generally accepted accounting principles. This information should be read in conjunction with the Organization's combined financial statements for the year ended June 30, 2018, from which the comparative information was extracted.

Reclassifications: Certain accounts in the prior year financial statements have been reclassified to conform with the presentation in the current year financial statements.

Date of management review: Subsequent events were evaluated by management through October 23, 2019 which is the date the combined financial statements were available for issuance.

Note 3 - Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date is estimated and, comprise the following:

	<u>2019</u>	<u>2018</u>
Financial Assets:		
Cash and cash equivalents	\$ 23,371,816	\$ 10,805,112
Investments	4,679,659	4,506,424
Accounts receivable, net	1,334,337	1,482,219
Grants and contracts receivable, net	<u>3,315,074</u>	<u>4,946,719</u>
Financial assets at year end	32,700,886	21,740,474
Less those unavailable for general expenditures within one year, due to:		
Contractual or donor-imposed restrictions	(1,169,208)	(751,921)
Board desingnations	<u>(17,500,000)</u>	<u>(17,500,000)</u>
Financial assets available within one year to meet cash needs for general expenditures within one year	\$ <u><u>14,031,678</u></u>	<u><u>3,488,553</u></u>

Henderson Behavioral Health, Inc. and Subsidiaries
Notes to Combined Financial Statements
June 30, 2019
(with comparative totals for the year ended June 30, 2018)

Note 4 - Restricted Cash

Restricted cash consists of cash deposited in the Organization's bank accounts on behalf of clients. The Organization is trustee for client funds which are expended on behalf of the clients for personal items. The related liability is included in "accrued expenses and other liabilities" in the combined statement of financial position. The total amount of restricted cash held on behalf of clients at June 30, 2019 and 2018 was \$ 154,462 and \$ 207,939, respectively.

Note 5 - Leverage Loan Receivable

During the year the Organization provided a leverage loan of \$ 9,086,000 (Note 8). The leverage loan will bear interest at 1 % per annum and require quarterly payments of interest only for approximately 7.5 years. Thereafter, the leverage loan will require quarterly payments of principal and interest in an amount sufficient to amortize the loan balance over the approximately 17.5 years of its remaining term, with any outstanding amounts due on March 31, 2044. The leverage loan will be drawn in two disbursements on the date hereof in the amounts of \$ 8,823,386 and \$ 262,614. At June 30, 2019 the amount due was \$ 9,086,000.

Note 6 - Investments

The Organization follows Statement of Financial Accounting Standards in its Accounting Standards Codification (ASC) No. 820, *Fair Value Measurements and Disclosures* for fair value measurements of investments that are recognized and disclosed at fair value in the combined financial statements on a recurring basis. ASC No. 820 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical investments that the Organization has the ability to access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the investments, either directly or indirectly (e.g. quoted prices in active markets for similar securities valuations based on commonly quoted benchmarks, interest rates and yield curves, and/or securities indices).
- Level 3 inputs are unobservable inputs for the investments (e.g. information about assumptions, including risk, market participants would use in pricing a security).

The level in the fair value hierarchy within which a fair measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

Henderson Behavioral Health, Inc. and Subsidiaries
Notes to Combined Financial Statements
June 30, 2019
(with comparative totals for the year ended June 30, 2018)

Note 6 - Investments

The following table represents the investments as held by the Organization at June 30, 2019:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total 2019</u>
Domestic equities	\$ 1,582,327	\$ -	\$ -	\$ 1,582,327
Domestic fixed income securities	1,087,590	-	-	1,087,590
International equities	907,128	-	-	907,128
Money market/cash	833,295	-	-	833,295
Commodities	193,175	-	-	193,175
Real estate investment funds	<u>76,144</u>	<u>-</u>	<u>-</u>	<u>76,144</u>
Total	<u>\$ 4,679,659</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,679,659</u>

The following table represents the investments as held by the Organization at June 30, 2018:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total 2018</u>
Domestic fixed income securities	\$ 1,242,507	\$ -	\$ -	\$ 1,242,507
International equities	1,001,476	-	-	1,001,476
Domestic equities	983,848	-	-	983,848
Money market/cash	829,996	-	-	829,996
Commodities	206,560	-	-	206,560
International fixed income securities	204,227	-	-	204,227
Real estate investment funds	<u>37,810</u>	<u>-</u>	<u>-</u>	<u>37,810</u>
Total	<u>\$ 4,506,424</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,506,424</u>

The input or methodology used for valuing securities is not necessarily an indicator of risk associated with investing in those securities.

Investment income is composed of:

	<u>2019</u>	<u>2018</u>
Unrealized gain (loss) on investments	\$ (213,298)	\$ 118,502
Interest and dividend income	157,203	109,297
Realized gain (loss) on investments	279,589	63,710
Investment fees and charges	<u>(16,799)</u>	<u>(17,006)</u>
	<u>\$ 206,695</u>	<u>\$ 274,503</u>

Henderson Behavioral Health, Inc. and Subsidiaries
Notes to Combined Financial Statements
June 30, 2019
(with comparative totals for the year ended June 30, 2018)

Note 6 - Investments (continued)

At June 30, 2019 and 2018, the Organization's investments are categorized as follows:

	<u>2019</u>	<u>2018</u>
Without donor restrictions	\$ 3,927,738	\$ 3,754,503
With donor restrictions	<u>751,921</u>	<u>751,921</u>
	<u>\$ 4,679,659</u>	<u>\$ 4,506,424</u>

Note 7 - Property and Equipment

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

	<u>2019</u>	<u>2018</u>
Buildings and improvements	\$ 15,749,562	\$ 15,749,562
Equipment, including air-conditioning	4,126,874	4,014,475
Vehicles	1,113,582	1,041,950
Furniture and fixtures	807,332	792,543
Landscaping, parking lot, sprinklers	115,060	115,060
Leasehold improvements	<u>74,976</u>	<u>74,976</u>
	21,987,386	21,788,566
Less accumulated depreciation	<u>(14,762,319)</u>	<u>(14,026,706)</u>
	<u>7,225,067</u>	<u>7,761,860</u>
Land	2,287,069	2,287,069
Construction in progress	<u>437,295</u>	<u>102,880</u>
	<u>2,724,364</u>	<u>2,389,949</u>
	<u>\$ 9,949,431</u>	<u>\$ 10,151,809</u>

Provision for depreciation amounted to \$ 778,997 and \$ 801,865 for the years ended June 30, 2019 and 2018, respectively.

Construction commitments: The Organization entered into a construction agreement on May 28, 2019 to construct a two story 48 bed capacity central receiving facility. The total amount of the contract is approximately \$ 11,700,000. Construction is scheduled to start November 2019 with a projected completion date of October 2020.

Henderson Behavioral Health, Inc. and Subsidiaries
Notes to Combined Financial Statements
June 30, 2019
(with comparative totals for the year ended June 30, 2018)

Note 8 - Debt

Debt at June 30, 2019 and 2018 is summarized as follows:

	<u>2019</u>	<u>2018</u>
Term loan	\$ 2,437,292	2,816,240
Term note	5,500,000	-
Promissory note A	9,086,000	-
Promissory note B	4,354,000	-
Debt issuance costs	<u>(621,879)</u>	<u>-</u>
	<u>\$ 20,755,413</u>	<u>\$ 2,816,240</u>

Term loan with a financial institution in the amount of \$ 3,000,000. This loan requires monthly principal and interest payments of \$ 42,050, which includes interest at a fixed rate of 4.75% through November 2024, at which time all unpaid interest and principal will become due. This loan is collateralized by certain property and equipment of the Organization. At June 30, 2019 and 2018 the amount outstanding on the loan was \$ 2,437,292 and \$ 2,816,240 respectively.

Future maturities of debt at June 30, 2019, are approximately as follows:

<u>Year Ending</u> <u>June 30</u>		
2020	\$	431,300
2021		418,300
2022		438,600
2023		459,900
2024		323,000
Thereafter		<u>366,200</u>
	\$	<u>2,437,300</u>

Term note with a financial institution in the amount of \$ 5,500,000, of which the proceeds are to be used in connection with the CSU Project discussed below. The note incurs a fixed rate of interest at 5.375% and is payable as follows (i) 36 consecutive payments of interest only in the amount of approximately \$ 24,600, each payable monthly commencing June 30, 2019 and on the 30th day of each month thereafter through May 31, 2022, (ii) thereafter, in consecutive installment(s) of principal and interest consisting of 51 installments of approximately \$ 37,500, each payable monthly commencing June 30, 2022 and on the 30th day of each month thereafter, with the final installment consisting of all then remaining unpaid principal and interest payable; provided that, notwithstanding the foregoing, any and all remaining outstanding principal shall be due and payable in full on August 30, 2026.

Henderson Behavioral Health, Inc. and Subsidiaries
Notes to Combined Financial Statements
June 30, 2019
(with comparative totals for the year ended June 30, 2018)

Note 8 - Debt (continued)

Future maturities of debt at June 30, 2019, are approximately as follows:

Year Ending <u>June 30</u>		
2020	\$	-
2021		-
2022		-
2023		144,100
2024		165,500
Thereafter		<u>5,190,400</u>
	\$	<u><u>5,500,000</u></u>

CSU Project

PNC New Markets Investment Partners, LLC, a Delaware limited liability company (the "Investor Member"), made one or more capital contributions in the aggregate amount of \$ 12,000,000 to HBH CSU Investment Fund, LLC (f/k/a FCNMF 26 Investment Fund, LLC), a Delaware limited liability company (the "Fund"), which the Fund used to make a capital contribution in the amount of \$ 12,000,000 to FCNMF 26, LLC, a Florida limited liability company (the "CDE").

Henderson (in such capacity, the "Leverage Lender") made a loan in the aggregate principal amount of \$ 9,086,000 to the Fund (the "Leverage Loan") (Note 5). The leverage loan is evidenced by a promissory note from the Fund to the Leverage Lender in the same amount and is a nonrecourse loan secured by a pledge of the Fund 's membership interest in the CDE.

The Fund will use proceeds of the first disbursement of leverage loan proceeds to make an additional capital contribution in the amount of \$ 2,000,000 to the CDE and to return a portion of capital to the Investor Member in the amount of \$ 6,823,386. The investments in the CDE, including the investment made on the Initial Investment is intended by the Fund and the CDE to constitute a qualified equity investment as defined in Section 45D(b) of the Code (a "QEI") entitling the Fund, and thereby the Investor Member, to new markets tax credits under Section 45D of the Code ("NMTC").

The CDE will use the proceeds of the Fund 's investments to pay a fee in the amount of \$ 560,000 to Florida Community Loan Fund, Inc., a Florida not-for profit corporation ("the Allocatee"), and to fund the Project Loans in the aggregate amount of \$ 13,440,000.

HBH CSU will use the Project Loans proceeds to finance the new construction of an approximately 32,000 square foot crisis stabilization unit and the rehabilitation of an existing 18,700 square foot outpatient facility located at Fort Lauderdale, FL (the "Project"). HBH CSU will lease the existing and completed Project realty to Center, for a term of approximately 25 years commencing on around June 12, 2019 and expiring on December 31, 2044 pursuant to that certain Net Lease entered into on or about the date hereof (the "Project Lease"). The Center will sublease a portion of the Project realty for operation as a pharmacy to Genoa Healthcare, LLC, a Pennsylvania limited liability company, pursuant to that certain Commercial Sublease.

Henderson Behavioral Health, Inc. and Subsidiaries
Notes to Combined Financial Statements
June 30, 2019
(with comparative totals for the year ended June 30, 2018)

Note 8 - Debt (continued)

The project loans will be in the aggregate principal amount of \$ 13,440,000, mature in approximately 33.5 years, bear interest at the rate of 1.201% per annum, and be evidenced by promissory notes as follows:

- i) Promissory Note A from the Borrower to the CDE in the amount of \$ 9,086,000 ("Note A"); and
- ii) Promissory Note B from the Borrower to the CDE in the amount of \$ 4,354,000 ("Note B");

The project loans relating to the project are further described below.

HBH CSU is intended to satisfy the requirements to be a "qualified active low-income community business" as defined in Section 45D(d)(2) of the Code and the Regulations thereunder (a "QALICB") and each of the Project Loans is intended to be treated as a "qualified low-income community investment" pursuant to Section 45D(d) of the Code and the Regulations thereunder (a "QLICI").

HBH CSU, Henderson, and Headway, are entering into that certain Reimbursement and Contribution Agreement by and between the parties noted above dated June 12, 2019 (the "Reimbursement and Contribution Agreement"). HBH CSU and Henderson are also entering into that certain Cost Reimbursement Certification and Agreement, dated June 12, 2019, by and among HBH CSU, Henderson, and the CDE (the "Cost Reimbursement Certification").

Below is more detail on the project loans discussed above:

Promissory Note A in the amount of \$ 9,086,000 at a fixed rate of interest of 1.201%. The note is payable as follows: a) From the closing date (June 12, 2019), payment of all accrued and unpaid interest calculated from the close date through June 30, 2019. (b) Thereafter, through December 2026, quarterly payments of accrued and unpaid interest is due and payable in the amount of \$ 22,715 on the first 1st day of each March, June, September and December. (c) Commencing with the payment due on March 1, 2027, quarterly payments are due and payable of principal sufficient to fully amortize the unpaid balance of the principal amount the term of this Note in the approximate amount of \$ 143,530. (d) A final payment of all outstanding principal accrued interest and any and all unpaid fees and other charges owed pursuant to the Loan Documents on the Maturity Date of December 31, 2052.

Future maturities of debt at June 30, 2019, are approximately as follows:

Year Ending <u>June 30</u>	
2020	\$ -
2021	-
2022	-
2023	-
2024	-
Thereafter	<u>9,086,000</u>
	<u>\$ 9,086,000</u>

Henderson Behavioral Health, Inc. and Subsidiaries
Notes to Combined Financial Statements
June 30, 2019
(with comparative totals for the year ended June 30, 2018)

Note 8 - Debt (continued)

Promissory Note B in the amount of \$ 4,354,000 at a fixed rate of interest of 1.201%. The note is payable as follows: a) From the closing date (June 12, 2019), payment of all accrued and unpaid interest calculated from the close date through June 30, 2019. (b) Thereafter, through December 2026, quarterly payments of accrued and unpaid interest is due and payable in the amount of \$ 13,073 on the first 1st day of each March, June, September and December. (c) Commencing with the payment due on March 1, 2027, quarterly payments are due and payable of principal sufficient to fully amortize the unpaid balance of the principal amount the term of this Note in the approximate amount of \$ 48,804. (d) A final payment of all outstanding principal accrued interest and any and all unpaid fees and other charges owed pursuant to the Loan Documents on the Maturity Date of December 31, 2052.

Future maturities of debt at June 30, 2019, are approximately as follows:

Year Ending <u>June 30</u>	
2020	\$ -
2021	-
2022	-
2023	-
2024	-
Thereafter	<u>4,354,000</u>
	<u>\$ 4,354,000</u>

Debt is shown net of loan costs of \$ 621,879 which is being amortized over the life of the loan on a straight-line basis.

Note 9 - Line of Credit

At June 30, 2019 and 2018, the Organization had available a \$ 750,000 revolving line of credit with a bank for working capital needs which will expire in November 2019. Interest is charged at the bank's variable prime rate (5.00% and 4.25% at June 30, 2019 and 2018, respectively) and payable monthly on the outstanding balance. In addition, this line of credit is cross-collateralized and cross-defaulted with the debt agreement above (Note 7). At June 30, 2019 and 2018, the Organization had no outstanding balance on the line of credit. The line of credit requires adherence to a number of restrictive covenants which must be adhered to by the Organization. Among other provisions, the agreement requires the Organization to maintain a minimum net worth to be greater than \$ 17 million and a debt service coverage ratio of no less than 1.00 to 1.00 at June 30, 2018 and 1.20 to 1.00 at June 30, 2019. At June 30, 2019 and 2018, the Organization was in compliance with all of its covenants.

Henderson Behavioral Health, Inc. and Subsidiaries
Notes to Combined Financial Statements
June 30, 2019
(with comparative totals for the year ended June 30, 2018)

Note 10 - Lease Commitments

Operating leases: The Organization maintains real estate rental arrangements at three locations, these respective leases expire in various years through June 2022. Monthly rental payments range from approximately \$ 1,500 to \$ 8,500, plus applicable incidental expenses. Total rent expense in connection with these arrangements and other expired arrangements amounted to approximately \$ 174,000 and \$ 165,000 in 2019 and 2018, respectively. In addition, the Organization leased certain real estate from Headway (Note 2) for approximately \$ 1,102,000 and \$ 1,114,000 in fiscal years 2019 and 2018, respectively.

The future approximate minimum lease payments required under these leases and as of June 30, 2019 are as follows:

<u>Year Ending</u> <u>June 30</u>		
2020	\$	174,000
2021	\$	128,400
2022	\$	94,100
Thereafter	\$	NONE

Capital lease: The Organization previously entered into a lease agreement for office equipment that was classified as a capital lease. The cost of the equipment under this capital lease is included in the statement of financial position as property and equipment of \$ 354,720 at June 30, 2019 and 2018. Accumulated depreciation of the leased equipment at June 30, 2019 and June 30, 2018 was approximately \$ 248,300 and \$ 172,800, respectively.

At June 30, 2019 and 2018, the present value of the minimum lease payments required on this capital lease was \$ 113,219 and \$ 185,259, respectively, net of the amount representing interest of \$ 3,171 and \$ 8,507, respectively.

The future minimum lease payments required under this capital lease and the present value of the net minimum lease payments as of June 30, 2019 is as follows:

<u>Year ending</u> <u>June 30</u>		<u>Amount</u>
2020	\$	77,376
2021		39,014
Total minimum lease payments		116,390
Less: amount representing interest at 3.50%		3,171
Present value of net minimum capital lease payments		\$ <u>113,219</u>

Henderson Behavioral Health, Inc. and Subsidiaries
Notes to Combined Financial Statements
June 30, 2019
(with comparative totals for the year ended June 30, 2018)

Note 11 - Net Assets Without Donor Restrictions

At June 30, 2019 and 2018, the Board of Directors had designated unrestricted net assets to be set-aside for the following purposes:

	<u>2019</u>		<u>2018</u>
Operating expenses reserve	\$ 10,000,000	\$	10,000,000
Building and capital improvements	5,000,000		5,000,000
Technology and infrastructure	<u>2,500,000</u>		<u>2,500,000</u>
	<u>\$ 17,500,000</u>	\$	<u>17,500,000</u>

Note 12 - Net Assets with Donor Restrictions

At June 30, 2019 the Organization had received a contribution of \$ 417,287 toward the CSU building project. The amount is included in cash and cash equivalents in the accompanying statement of financial position and is reported as net assets with donor restriction as to purpose.

Note 13 - Endowments

The Organization’s endowment consists of three individual funds established for a variety of purposes. These donor-restricted funds function as endowments. As required by GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretations of Relevant Law: The Organization has interpreted the State of Florida’s Uniform Prudent Management of Institutional Funds Act (“FUPMIFA”) as requiring the preservation of the fair value of an original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by FUPMIFA. In accordance with FUPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the Organization and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the Organization
- (7) The investment policies of the Organization

Henderson Behavioral Health, Inc. and Subsidiaries
Notes to Combined Financial Statements
June 30, 2019
(with comparative totals for the year ended June 30, 2018)

Note 13 - Endowments (continued)

Endowment net asset composition by type of fund as of June 30, 2019 is as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total 2019</u>
Donor-restricted endowment funds	\$ <u>32,464</u>	\$ <u>751,921</u>	\$ <u>784,385</u>
Total funds	\$ <u><u>32,464</u></u>	\$ <u><u>751,921</u></u>	\$ <u><u>784,385</u></u>

Endowment net asset composition by type of fund as of June 30, 2018 is as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total 2018</u>
Donor-restricted endowment funds	\$ <u>2,619</u>	\$ <u>751,921</u>	\$ <u>754,540</u>
Total funds	\$ <u><u>2,619</u></u>	\$ <u><u>751,921</u></u>	\$ <u><u>754,540</u></u>

Changes in endowment net assets for the year ended June 30, 2019 is as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total 2019</u>
Endowment net assets, at beginning of year	\$ 2,619	\$ 751,921	\$ 754,540
Investment income	17,302	-	17,302
Net appreciation (realized and unrealized)	<u>12,543</u>	<u>-</u>	<u>12,543</u>
Endowment net assets, at end of year	\$ <u><u>32,464</u></u>	\$ <u><u>751,921</u></u>	\$ <u><u>784,385</u></u>

Changes in endowment net assets for the year ended June 30, 2018 is as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total 2018</u>
Endowment net assets, at beginning of year	\$ 20,190	\$ 751,921	\$ 772,111
Investment income	13,081	-	13,081
Net depreciation (realized and unrealized)	<u>(30,652)</u>	<u>-</u>	<u>(30,652)</u>
Endowment net assets, at end of year	\$ <u><u>2,619</u></u>	\$ <u><u>751,921</u></u>	\$ <u><u>754,540</u></u>

Note 13 - Endowments (continued)

Funds with Deficiencies: From time to time the fair value of certain endowments may fall under historical values (original gift/book values), and therefore, are considered to be underwater. A deficiency will be recorded as a reduction in unrestricted net assets in accordance with accounting principles generally accepted in the United States of America. Future gains will be used to restore a deficiency in unrestricted net assets before any net appreciation above the historical cost value of such funds increases unrestricted net assets. As such, there was no deficiency at June 30, 2019 and June 30, 2018.

Return Objectives and Risk Parameters: The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for a donor-specified period(s) as well as board-designated funds. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce expected returns of the consumer price index plus 500 basis points while assuming a moderate level of investment risk. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives: To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation that includes equity investments, fixed income investments, mutual funds, treasury securities, money markets, and cash using prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy: The Organization has a policy of appropriating for distribution each year 5 percent of the trailing three years average market value on June 30th of the preceding fiscal year in which the distribution is planned. In establishing this policy, the Organization considered the long-term expected return on its endowment. Accordingly, over the long term, the Organization expects the current spending policy to allow its endowment to grow at an annual rate equal or greater than the consumer price index. This is consistent with the Organization's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

Permanent Endowment: The Organization previously entered into agreements with the Community Foundation of Broward, Inc., a Florida nonprofit corporation (the "Foundation") to create designated funds to serve as permanent endowments on behalf of the Organization. Distributions from the funds will only be made with the approval and authorization of the Board of Trustees of the Foundation and the funds are the property of the Foundation. As such, they are not carried as an asset of the Organization. It is the general policy of the Foundation to make distributions to the Organization from the endowments at least once annually. The ending asset value of the endowments at June 30, 2019 and 2018 was \$ 178,728 and \$ 183,038, respectively.

Henderson Behavioral Health, Inc. and Subsidiaries
Notes to Combined Financial Statements
June 30, 2019
(with comparative totals for the year ended June 30, 2018)

Note 14 - Grants and Contracts for Organization Operations

Funding agreements for services to be provided are generally entered into on an annual basis. The release of funds are subject to monies being made available by the Federal government, the Florida Legislature, the Broward County Board of County Commissioners and certain other grantor agencies. Generally, agreements may be terminated by either party upon thirty to ninety days written notice. However, such an event would be unlikely if contract performance continues to be satisfactory.

In addition, certain funding arrangements require the Organization to provide additional services on a specified matching basis. In all such contract arrangements, the Organization has met its matching requirements.

Program expenditures made by the Organization are subject to additional audit by grantor agencies. As a result of such audits, the grantor may require that amounts be returned. In certain instances, the grantor may increase its grant of funds to the Organization to offset amounts which would otherwise be refundable based on audits. As of June 30, 2019, the Organization had no amounts required to be returned as a result of such audits.

Matching requirements, which are based on revenues earned for the year ended June 30, 2019, rather than contractual amounts, are as follows:

<u>Grantor</u>	<u>Contract Number</u>	<u>Matching Requirement</u>
Broward Behavioral Health Coalition, Inc.	34357	\$ 4,561,826
Broward County	19-CP-CSA-8263-01/01	117,004
	19-CP-CSA-8263-01/6	65,425
	19-CP-CSA-8263-01/5	53,940
	19-CP-HIP-8263-01	55,573
	16-CP-CSA-8263-01	5,780
	19-CP-HIP-8263-7	25,273
	16-CP-CSA-8263-01/2	5,535
Children's Services Council of Broward County	15-2157	32,350
	15-2158	22,013
	14-2156	15,432
	16-2159	8,377
	18-2150	3,172
State of Florida Department of Transportation	YR41	<u>10,013</u>
		<u>\$ 4,981,713</u>

Henderson Behavioral Health, Inc. and Subsidiaries
Notes to Combined Financial Statements
June 30, 2019
(with comparative totals for the year ended June 30, 2018)

Note 15 - Client Service Revenue

The components of client service revenue for the year ended June 30, 2019 are summarized as follows:

	<u>Third-Party Payors</u>	<u>Self-Pay</u>	<u>Total All Payors</u>
Client service revenue, gross	\$ 12,291,050	\$ 253,167	\$ 12,544,217
Less: contractual and charitable adjustments	4,301,868	37,975	4,339,843
Less: provision for doubtful accounts	<u>1,482,132</u>	<u>91,696</u>	<u>1,573,828</u>
Client service revenue, net	<u>\$ 6,507,050</u>	<u>\$ 123,496</u>	<u>\$ 6,630,546</u>

The components of client service revenue for the year ended June 30, 2018 are summarized as follows:

	<u>Third-Party Payors</u>	<u>Self-Pay</u>	<u>Total All Payors</u>
Client service revenue, gross	\$ 12,669,293	\$ 273,325	\$ 12,942,618
Less: contractual and charitable adjustments	4,434,253	40,999	4,475,252
Less: provision for doubtful accounts	<u>1,527,743</u>	<u>98,997</u>	<u>1,626,740</u>
Client service revenue, net	<u>\$ 6,707,297</u>	<u>\$ 133,329</u>	<u>\$ 6,840,626</u>

Note 16 - Income Taxes

Henderson Behavioral Health, Inc. and HBH CSU Support Corporation are nonprofit organizations, exempt from tax under Internal Revenue Code Section 501(c)(3). Henderson Behavioral Health, LLC and Headway New Vistas, LLC are both Florida limited liability companies wholly owned by Henderson Behavioral Health, Inc. Both limited liability companies are treated as disregarded entities for Federal and state income tax and exist to further enhance Henderson Behavioral Health, Inc.'s 501(c)(3) nonprofit status. Therefore, no tax provision has been made in the accompanying combined financial statements (Note 2).

Note 17 - Employee Benefit Plans

The Organization provides a noncontributory revenue sharing retirement plan (the "Plan") covering substantially all of its employees. Contributions by the Organization to the Plan are determined annually by the Board of Directors and allocated based on participant compensation. The revenue sharing retirement plan contributions for the years ended June 30, 2019 and 2018 was \$ 794,074 and \$ 788,786, respectively.

The Organization also offers all employees a tax-sheltered annuity program under Internal Revenue Code Section 403(b). Employees may contribute a maximum of 20% of their annual compensation to the program subject to certain limitations. No contributions are made by the Organization to this program.

Henderson Behavioral Health, Inc. and Subsidiaries
Notes to Combined Financial Statements
June 30, 2019
(with comparative totals for the year ended June 30, 2018)

Note 17 - Employee Benefit Plans (continued)

In addition, the Organization maintains a Section 125 cafeteria plan for the benefit of its employees. No contribution is required of the Organization to this Plan.

Note 18 - Related Party Transactions

The Organization is related to Henderson Center Residential Services, Inc., a Florida nonprofit corporation, through common board members. The Organization has sponsored Henderson Center Residential Services, Inc. in a program with the United States Department of Housing and Urban Development (HUD).

The HUD program consists of operating a sixteen-unit independent living facility in Pompano Beach, Florida. HUD granted Henderson Center Residential Services, Inc. a 9.25%, forty-year mortgage note in 1990. Principal and interest are payable in monthly installments of \$4,524 over 40 years. This mortgage note had a balance of \$ 365,582 and \$ 385,066 as of June 30, 2019 and 2018, respectively. The Organization has guaranteed this mortgage obligation. The Organization would be required to perform under the guarantee in the event of nonpayment of the mortgage note payments to HUD. At June 30, 2019, the maximum potential amount of future payments the Organization could be required to make under the agreement is the outstanding balance of the obligation and any accrued interest thereon. There are no organizational assets held as security for the loan. Collateral for the mortgage note is the purchased facility.

Henderson Center Residential Services, Inc. uses the Organization to provide it with support in areas such as management and accounting. The Organization charges Henderson Center Residential Services, Inc. a monthly management fee for these services. Total management fees for the years ended June 30, 2019 and 2018 were \$ 4,500. Additionally, the Organization had balances included in accounts receivable for the years ended June 30, 2019 and 2018 of \$ 660,874 and \$ 638,133, respectively, relating to amounts paid by the Organization on behalf of Henderson Center Residential Services, Inc.; however, management maintains a reserve of \$ 235,243 as of June 30, 2019 and 2018 due to the remote likelihood of its collection in full.

Note 19 - Concentration in Operations

For the year ended June 30, 2019, approximately 80% and 77% of the Organization's total revenues and receivables were derived from three entities. The entities and their respective revenue and receivable percentages are as follows:

	<u>Revenues</u>	<u>Receivables</u>
State of Florida Department of Children and Families	54%	38%
Broward County	12%	17%
Medicaid	14%	19%
	<u>80%</u>	<u>74%</u>

A significant change in funding from these governmental entities could have an adverse effect on the Organization's operations.

Henderson Behavioral Health, Inc. and Subsidiaries
Notes to Combined Financial Statements
June 30, 2019
(with comparative totals for the year ended June 30, 2018)

Note 20 - Commitments and Contingencies

Litigation: The Organization is subject to claims and litigations arising in the normal course of operations. The Organization does not believe the outcome of any such claims will be material to its financial position.

Outstanding liens: At June 30, 2019 and 2018, a portion of the Organization's real property, with a net book value of approximately \$ 971,900 and \$ 1,031,900, respectively, was originally acquired with funds provided under a contract with Broward County, Florida. Certain "special provisions" of the contract require that the property shall be used for the originally authorized purpose for a period ending September 2023. If the property is no longer necessary for operations prior to September 2023, the Organization must obtain approval from Broward County, Florida to use the property for other purposes. After September 2023, Broward County, Florida will no longer have a claim to the property. Broward County's claim to the property is evidenced by recorded mortgages. Such liens reported outstanding balances as of June 30, 2019 and 2018 of approximately \$ 106,300 and \$ 144,600, respectively.

Note 21 - Supplemental Cash Flow Information

Supplemental Disclosure of Cash Flow Information:

	<u>2019</u>	<u>2018</u>
Cash received during the year for - Interest and dividend income	\$ 251,168	\$ 152,248
Cash paid during the year for - Interest expense	\$ 284,339	\$ 274,939

Other Noncash Investing and Financing Activities:

Acquisition of property and equipment- Cost of property and equipment	\$ 694,593	\$ 331,585
Less: vehicles provided through grants from the State of Florida Department of Transportation	<u>(100,130)</u>	<u>(44,735)</u>
Cash paid for property and equipment	<u>\$ 594,463</u>	<u>\$ 286,850</u>
Issuance of new debt- Outstanding balance of existing debt	\$ -	\$ 3,000,000
Less: Proceeds of new debt	<u>(18,940,000)</u>	<u>(3,000,000)</u>
Cash received for new debt	<u>\$ 18,940,000</u>	<u>\$ -</u>

ADDITIONAL INFORMATION

Henderson Behavioral Health, Inc. and Subsidiaries
Schedule of Expenditures of Federal Awards
and State Financial Assistance
For the Year Ended June 30, 2019

<u>Federal/State Agency, Pass-through Entity Federal Program</u>	<u>CFDA Number</u>	<u>Contract/ Grant Number</u>	<u>Expenditures</u>	<u>Transfers to Subrecipients</u>
Federal Agency Name:				
Indirect Programs:				
Department of Health and Human Services - Passed through the State of Florida				
Department of Children and Families - Passed through the Broward Behavioral Health Coalition, Inc. -				
Alcohol, Drug Abuse and Mental Services	93.958	34357	\$ 1,935,663	\$ -
	93.959	34357	804,908	-
	93.767	34357	422,052	-
	93.150	34357	223,669	-
	93.778	34357	188,539	-
			<u>3,574,831</u>	<u>-</u>
Passed through the Southeast Florida Behavioral Health Network, Inc. -				
Alcohol, Drug Abuse and Mental Services	93.778	PNA33	246,136	-
	93.958	PNA33	129,848	-
	93.958	LTF10	61,248	-
	93.558	LTF10	60,914	-
	93.959	LTF10	874	-
			<u>499,020</u>	<u>-</u>

See Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance, Other State Funding and Local Financial Assistance

Henderson Behavioral Health, Inc. and Subsidiaries
Schedule of Expenditures of Federal Awards
and State Financial Assistance
(continued)
For the Year Ended June 30, 2019

<u>Federal/State Agency, Pass-through Entity Federal Program</u>	<u>CFDA Number</u>	<u>Contract/ Grant Number</u>	<u>Expenditures</u>	<u>Transfers to Subrecipients</u>
Federal Agency Name (continued):				
Indirect Programs (continued):				
Passed through Child Net, Inc. -				
Residential Group Care Program Services	93.658	HEN17RGC	532,001	-
	93.667	HEN17RGC	148,399	-
Placement Partnership Program	93.958	HEN17PPP	393,755	-
Safety Management Response Team	93.658	PHEN17SMS	714,403	-
	93.658	HEN17SMS	188,102	-
	93.556	PHEN17SMS	146,325	-
	93.558	HEN17SMS	56,127	-
	93.645	HEN17SMS	11,029	-
	93.659	HEN17SMS	10,169	-
	93.556	HEN17SMS	1,499	-
			2,201,809	-
Passed through Broward Healthy Start Coalition, Inc. -				
Care Coordination Services	93.778	HBH2018-19	253,140	-
	93.994	HBH2018-19	113,179	-
			366,319	-
Department of Housing and Urban Development -				
Passed through Broward County, Florida				
Supportive Housing Program	14.267	16-CP-HIP-8263-HUD15-01 & 19-CP-HIP-8263-HUD18-01	212,340	-

See Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance, Other State Funding and Local Financial Assistance

Henderson Behavioral Health, Inc. and Subsidiaries
Schedule of Expenditures of Federal Awards
and State Financial Assistance
(continued)
For the Year Ended June 30, 2019

<u>Federal/State Agency, Pass-through Entity Federal Program</u>	<u>CFDA Number</u>	<u>Contract/ Grant Number</u>	<u>Expenditures</u>	<u>Transfers to Subrecipients</u>
Federal Agency Name (continued):				
Indirect Programs (continued):				
Passed through Hollywood Housing Authority Shelter Care Plus	14.238	FL136SR0001	<u>166,173</u>	<u>-</u>
Department of Agriculture - Passed through State of Florida Department of Elder Affairs Child and Adult Care Food Program	10.558	Y-6050	<u>56,198</u>	<u>-</u>
Department of Transportation - Passed through State of Florida Department of Transportation Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	YR41	<u>100,130</u>	<u>-</u>
Department of Education - Passed through the State of Florida Department of Education Supported Employment Services	84.126	VR5063	<u>23,446</u>	<u>-</u>
Total expenditures of Federal Awards			\$ <u><u>7,200,266</u></u>	\$ <u><u>-</u></u>

See Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance, Other State Funding and Local Financial Assistance

Henderson Behavioral Health, Inc. and Subsidiaries
Schedule of Expenditures of Federal Awards
and State Financial Assistance
(continued)
For the Year Ended June 30, 2019

<u>Federal/State Agency, Pass-through Entity State Project</u>	<u>CSFA Number</u>	<u>Contract/ Grant Number</u>	<u>Expenditures</u>	<u>Transfers to Subrecipients</u>
State Agency Name:				
Direct Projects:				
State of Florida, Department of Corrections - Substance Abuse Services - Recently Assertive Community Treatment	70.016	HENDERSON	\$ <u>51,619</u>	\$ <u>-</u>
State of Florida, Department of Juvenile Justice - Mental Health and Substance Abuse Services	80.011	10309	<u>29,848</u>	<u>-</u>
Indirect Projects:				
State of Florida, Department of Children and Families - Passed through the Broward Behavioral Health Coalition, Inc. - Substance Abuse and Mental Health Services	60.163	34357	4,305,021	-
	60.184	34357	3,273,117	-
	60.114	34357	<u>1,923,567</u>	<u>-</u>
			<u>9,501,705</u>	<u>-</u>
Passed through Child Net, Inc. - Placement Partnership Program	60.074	HEN17PPP	<u>55,788</u>	<u>-</u>
Total Expenditures of State Financial Assistance			\$ <u>9,638,960</u>	\$ <u>-</u>

See Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance, Other State Funding and Local Financial Assistance.

Henderson Behavioral Health, Inc. and Subsidiaries
Schedule of Other State Funding
For the Year Ended June 30, 2019

<u>Grantor</u>	<u>Program Title</u>	<u>Contract/ Grant Number</u>	<u>Expenditures</u>	<u>Transfers to Subrecipients</u>
Other State Funding:				
Department of Health and Human Services - Passed through the State of Florida Department of Children and Families - Passed through the Broward Behavioral Health Coalition, Inc. -	Alcohol, Drug Abuse and Mental Health Services	34357	\$ <u>8,887,390</u>	\$ <u>-</u>
Passed through the Southeast Florida Behavioral Health Network, Inc -	Alcohol, Drug Abuse and Mental Health Services	PNA33 PDF04 LTF10	739,064 600,000 385,511 <u>1,724,575</u>	- - - <u>-</u>
Total Other State Funding			\$ <u><u>10,611,965</u></u>	\$ <u><u>-</u></u>

See Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance, Other State Funding and Local Financial Assistance.

Henderson Behavioral Health, Inc. and Subsidiaries
Schedule of Local Financial Assistance
For the Year Ended June 30, 2019

<u>Grantor</u>	<u>Program Title</u>	<u>Contract Number</u>	<u>County Taxonomy Code</u>	<u>Expenditures</u>
Local Financial Assistance:				
Broward County	Responding Effectively to Adolescents and Children at Home (REACH) -	19-CP-CSA-8263-01/4	--	\$ 1,053,040
	Safe Haven - Board and Care	19-CP-HIP-8263-02	PF-100	834,071
	Crisis Stabilization	16-CP-HCS-8263-02	RM-330.330	513,222
	Dual Diagnosis	19-CP-CSA-8263-01/5	RP-330, RF-200, RF-250, TP-850.850	485,459
	Crossover Wraparound	16-CP-CSA-8263-01	PH-100, PH-236,950, TJ300.800	285
	Family Intervention Team	19-CP-CSA-8263-01/6	RF-330, RF-200, RF-250	588,828
	General Case Management	16-CP-CSA-8263-01	PH-100, PH-236,950, TJ300.800	52,021
	Wraparound Case Management	16-CP-CSA-8263-01/2	PH-100, PH-236,950, TJ300.800	49,813
	Mobile Crisis Services	17-CP-HCS-8263-01	RP-150	361,714
	Chronic Homeless Initiative (HHOPE) - Supported Employment Services, Co-Occurring	16-CP-HIP-8263-01		
	Treatment and Peer Mentoring	19-CP-HIP-8263-01	ND-360,825, RF-650, RD-150	500,150
	Court Project - Crisis Shelter, Transitional Shelter and Rental Assistance	16-CP-HIP-8263-01		
		19-CP-HIP-8263-01	BH-180.150, BH-18-950,	227,458

See Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance, Other State Funding and Local Financial Assistance.

Henderson Behavioral Health, Inc. and Subsidiaries
Schedule of Local Financial Assistance
(continued)
For the Year Ended June 30, 2019

<u>Grantor</u>	<u>Program Title</u>	<u>Contract Number</u>	<u>County Taxonomy Code</u>	<u>Expenditures</u>
Local Financial Assistance:				
(continued):				
Broward County	Outpatient Adult Mental Health Services	17-CP-HCS-8263-01	RF-330, RF-200, RF-250	<u>402,018</u>
				<u>5,068,079</u>
Broward County - Sheriff's Office	First Call of Help			184,056
Sheriff's Office	Drug Court - Medical Director	--	--	<u>54,195</u>
				238,251
Children Services Council of Broward County	Family Strengthening - Multi-Systemic Therapy	15-2157	--	646,997
	Diversion Wraparound	14-2156 & 18-2156	--	495,787
	Homebuilders Program	15-2158	--	440,258
	Healthy Youth Transitions	16-2159	--	167,544
	Children's After School Program	--	--	54,875
	Family Intensive Team	18-2150	--	<u>63,434</u>
				<u>1,868,895</u>

See Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance, Other State Funding and Local Financial Assistance.

Henderson Behavioral Health, Inc. and Subsidiaries
 Schedule of Local Financial Assistance
 (continued)
 For the Year Ended June 30, 2019

<u>Grantor</u>	<u>Program Title</u>	<u>Contract Number</u>	<u>County Taxonomy Code</u>	<u>Expenditures</u>
Local Financial Assistance:				
(continued):				
United Way of Broward County	Hill	--	--	90,094
	Military Outreach Program	--		<u>40,938</u>
				<u>131,032</u>
City of Fort Lauderdale	Youth Emergency Services	PB1181129	--	<u>15,000</u>
	Total expenditures of Local Financial Assistance			\$ <u><u>7,321,257</u></u>

See Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance, Other State Funding and Local Financial Assistance.

Henderson Behavioral Health, Inc. and Subsidiaries
Notes to Schedule of Expenditures of Federal Awards and State
Financial Assistance, Other State Funding and Local Financial Assistance
June 30, 2019

Note 1 - Basis of Presentation

The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance, Other State Funding and Local Financial Assistance (the "Schedules") include the federal award, state financial assistance, other state and local funding Henderson Behavioral Health, Inc. and Subsidiaries (the "Organization") and are presented on the accrual basis of accounting. The information in the Schedule of Expenditures of Federal Awards and State Financial Assistance is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and Chapter 10.650, *Rules of the Auditor General*. Because the Schedules presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Organization.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following cost principles contained in the Uniform Guidance, Chapter 10.650, *Rules of Auditor General* and/or OMB Circular A-122, *Cost Principles for Non-Profit Organizations*, wherein certain types of expenditures are not allowed or are limited as to reimbursement.

Note 3 - Indirect Cost Rate

The Organization did not elect to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

Note 4 - Contingency

The grants from governmental agencies amounts received are subject to audit and adjustment. If any expenditures or expenses are disallowed by the grantor agencies as a result of such an audit, any claim for reimbursement to the grantor agencies would become a liability of the Organization. In the opinion of management, all grant expenditures are in compliance with the terms of the grant agreements and applicable federal and state laws and other regulations.

Henderson Behavioral Health, Inc. and Subsidiaries
Schedule of Program/Covered Service Actual Expenses and Revenues
For the Year Ended June 30, 2019

Adult Mental Health										
Funding Sources and Revenues	Assessment	Care Coordination Team	Case Management	Central Receiving Facility	Crisis/ Support Emergency	Crisis Stabilization	Day Treatment	First Episode	Florida Assertive Community Treatment (FACT) Team	Forensic Multidisciplinary Team
State SAMH Funding:										
From the District funding these contracts										
34357	\$ 222,465	\$ 74,747	\$ 1,649,812	\$ 4,305,021	\$ 893,947	\$ 2,045,049	\$ -	\$ 750,000	\$ 854,125	\$ 659,956
PNA33	-	-	-	-	-	-	-	-	931,550	-
PDF04	-	-	-	-	-	-	-	-	-	-
LTF10	-	-	-	-	-	-	-	-	-	-
Total state SAMH funding	<u>222,465</u>	<u>74,747</u>	<u>1,649,812</u>	<u>4,305,021</u>	<u>893,947</u>	<u>2,045,049</u>	<u>-</u>	<u>750,000</u>	<u>1,785,675</u>	<u>659,956</u>
Other Government Funding:										
Local government	15,000	-	538,235	-	361,714	513,222	-	-	-	-
Medicaid	-	-	1,420,800	-	-	-	103,300	-	-	-
Federal grants and contracts	-	-	-	-	-	-	-	-	-	-
Other state agency funding	-	-	-	-	-	-	161,111	-	-	-
Total other government funding	<u>15,000</u>	<u>-</u>	<u>1,959,035</u>	<u>-</u>	<u>361,714</u>	<u>513,222</u>	<u>264,411</u>	<u>-</u>	<u>-</u>	<u>-</u>
All Other Revenues:										
Other	-	-	-	-	-	-	-	-	-	-
Rental income	-	-	-	-	-	-	-	-	-	-
Student counseling	-	-	-	-	-	-	-	-	-	-
In-kind	-	-	-	-	-	-	-	-	-	-
Contributions and donations	-	-	-	-	-	417,287	-	-	-	-
First and second party payments	-	-	69,472	-	-	-	-	-	-	-
Medicare	-	-	-	-	-	-	-	-	-	-
Total all other revenues	<u>-</u>	<u>-</u>	<u>69,472</u>	<u>-</u>	<u>-</u>	<u>417,287</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total funding	<u>\$ 237,465</u>	<u>\$ 74,747</u>	<u>\$ 3,678,319</u>	<u>\$ 4,305,021</u>	<u>\$ 1,255,661</u>	<u>\$ 2,975,558</u>	<u>\$ 264,411</u>	<u>\$ 750,000</u>	<u>\$ 1,785,675</u>	<u>\$ 659,956</u>

Henderson Behavioral Health, Inc. and Subsidiaries
Schedule of Program/Covered Service Actual Expenses and Revenues
(continued)
For the Year Ended June 30, 2019

Adult Mental Health										
Funding Sources and Revenues	In-Home and On-Site	Incidental Expenses	Intervention	Medical Services	Outpatient	Outreach	Recovery Support	Residential Level I	Room and Board with Supervision Level I	Residential Level II
State SAMH Funding:										
From the District funding these contracts										
34357	\$ 32,050	\$ 818,546	\$ -	\$ 1,630,026	\$ 559,466	\$ 72,535	\$ 106,482	\$ 631,020	\$ 176,675	\$ 1,940,976
PNA33	-	183,499	-	-	-	-	-	-	-	-
PDF04	-	-	-	-	-	-	-	-	-	-
LTF10	-	11,423	12,330	-	-	-	-	-	-	-
Total state SAMH funding	<u>32,050</u>	<u>1,013,468</u>	<u>12,330</u>	<u>1,630,026</u>	<u>559,466</u>	<u>72,535</u>	<u>106,482</u>	<u>631,020</u>	<u>176,675</u>	<u>1,940,976</u>
Other Government Funding:										
Local government	-	-	131,030	54,195	402,018	-	-	212,340	-	227,459
Medicaid	35,669	-	20,880	809,230	685,606	3,554	-	17,850	275,660	102,001
Federal grants and contracts	-	-	-	-	-	-	-	-	-	382,837
Other state agency funding	-	-	-	-	-	-	-	-	-	-
Total other government funding	<u>35,669</u>	<u>-</u>	<u>151,910</u>	<u>863,425</u>	<u>1,087,624</u>	<u>3,554</u>	<u>-</u>	<u>230,190</u>	<u>275,660</u>	<u>712,297</u>
All Other Revenues:										
Other	-	-	-	-	-	-	-	-	-	-
Rental income	-	-	-	-	-	-	-	-	-	-
Student counseling	-	-	-	-	-	-	-	-	-	-
In-kind	-	-	-	225,666	119,132	-	-	-	-	-
Contributions and donations	-	-	-	-	-	-	-	-	-	-
First and second party payments	-	-	-	-	54,360	-	-	5,107	7,499	10,520
Medicare	-	-	-	69,047	-	-	-	-	-	-
Total all other revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>294,713</u>	<u>173,492</u>	<u>-</u>	<u>-</u>	<u>5,107</u>	<u>7,499</u>	<u>10,520</u>
Total funding	<u>\$ 67,719</u>	<u>\$ 1,013,468</u>	<u>\$ 164,240</u>	<u>\$ 2,788,164</u>	<u>\$ 1,820,582</u>	<u>\$ 76,089</u>	<u>\$ 106,482</u>	<u>\$ 866,317</u>	<u>\$ 459,834</u>	<u>\$ 2,663,793</u>

Henderson Behavioral Health, Inc. and Subsidiaries
Schedule of Program/Covered Service Actual Expenses and Revenues
(continued)
For the Year Ended June 30, 2019

Funding Sources and Revenues	Adult Mental Health					Children's Mental Health				
	Room and Board with Supervision Level II	Residential Level III	Room and Board with Supervision Level III	Supportive Employment	Total for Adult Mental Health	Case Management	Crisis Support/ Emergency	In-Home and On-Site	Incidental Expenses	Intervention
State SAMH Funding:										
From the District funding these contracts										
34357	\$ 105,383	\$ 385,777	\$ 308,028	\$ 151,276	\$ 18,373,362	\$ 429,140	\$ 1,159,310	\$ 74	\$ 5,215	\$ 214,090
PNA33	-	-	-	-	1,115,049	-	-	-	-	-
PDF04	-	-	-	-	-	-	-	-	-	-
LTF10	-	-	-	-	23,753	60,416	-	27,992	5,095	154,171
Total state SAMH funding	<u>105,383</u>	<u>385,777</u>	<u>308,028</u>	<u>151,276</u>	<u>19,512,164</u>	<u>489,556</u>	<u>1,159,310</u>	<u>28,066</u>	<u>10,310</u>	<u>368,261</u>
Other Government Funding:										
Local government	834,071	500,150	-	-	3,789,434	868,804	440,258	-	-	54,875
Medicaid	13,250	-	-	-	3,487,800	1,440,033	45,890	170,210	-	74,840
Federal grants and contracts	-	-	-	-	382,837	403,199	-	-	-	-
Other state agency funding	-	-	-	-	161,111	-	-	-	-	-
Total other government funding	<u>847,321</u>	<u>500,150</u>	<u>-</u>	<u>-</u>	<u>7,821,182</u>	<u>2,712,036</u>	<u>486,148</u>	<u>170,210</u>	<u>-</u>	<u>129,715</u>
All Other Revenues:										
Other	-	-	-	-	-	-	-	-	-	-
Rental income	-	-	-	-	-	-	-	-	-	-
Student counseling	-	-	-	-	-	-	-	-	-	-
In-kind	-	-	-	-	344,798	-	-	-	-	-
Contributions and donations	-	-	-	-	417,287	-	-	-	-	-
First and second party payments	8,801	6,897	6,810	-	169,466	118,570	-	-	-	-
Medicare	-	-	-	-	69,047	-	-	-	-	-
Total all other revenues	<u>8,801</u>	<u>6,897</u>	<u>6,810</u>	<u>-</u>	<u>1,000,598</u>	<u>118,570</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total funding	<u>\$ 961,505</u>	<u>\$ 892,824</u>	<u>\$ 314,838</u>	<u>\$ 151,276</u>	<u>\$ 28,333,944</u>	<u>\$ 3,320,162</u>	<u>\$ 1,645,458</u>	<u>\$ 198,276</u>	<u>\$ 10,310</u>	<u>\$ 497,976</u>

Henderson Behavioral Health, Inc. and Subsidiaries
Schedule of Program/Covered Service Actual Expenses and Revenues
(continued)
For the Year Ended June 30, 2019

Funding Sources and Revenues	Children's Mental Health							Adult Substance Abuse		
	Assessment	BNET	Medical Services	Outpatient	Outreach	Prevention	Residential Level II	Total For Children's Mental Health	Central Receiving Facility	Day Treatment
State SAMH Funding:										
From the District funding these contracts										
34357	\$ 3,735	\$ 440,697	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,252,261	\$ -	\$ 23,855
PNA33	-	-	-	-	-	-	-	-	-	-
PDF04	-	-	-	-	-	-	-	-	-	-
LTF10	-	173,014	-	-	51,777	-	-	472,465	-	-
Total state SAMH funding	<u>3,735</u>	<u>613,711</u>	<u>-</u>	<u>-</u>	<u>51,777</u>	<u>-</u>	<u>-</u>	<u>2,724,726</u>	<u>-</u>	<u>23,855</u>
Other Government Funding:										
Local government	-	-	-	167,550	-	964,644	1,005,501	3,501,632	-	-
Medicaid	-	-	275,309	211,200	208,706	-	-	2,426,188	-	12,100
Federal grants and contracts	-	-	329,224	487,991	-	1,282,778	-	2,503,192	-	-
Other state agency funding	-	-	-	-	-	-	-	-	-	-
Total other government funding	<u>-</u>	<u>-</u>	<u>604,533</u>	<u>866,741</u>	<u>208,706</u>	<u>2,247,422</u>	<u>1,005,501</u>	<u>8,431,012</u>	<u>-</u>	<u>12,100</u>
All Other Revenues:										
Other	-	-	-	-	-	-	-	-	-	-
Rental income	-	-	-	-	-	-	-	-	-	-
Student counseling	-	-	-	-	-	-	-	-	-	-
In-kind	-	-	-	-	-	-	-	-	-	-
Contributions and donations	-	-	-	-	-	-	-	-	-	-
First and second party payments	-	-	-	93,558	-	-	-	212,128	-	-
Medicare	-	-	-	-	-	-	-	-	-	-
Total all other revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>93,558</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>212,128</u>	<u>-</u>	<u>-</u>
Total funding	<u>\$ 3,735</u>	<u>\$ 613,711</u>	<u>\$ 604,533</u>	<u>\$ 960,299</u>	<u>\$ 260,483</u>	<u>\$ 2,247,422</u>	<u>\$ 1,005,501</u>	<u>\$ 11,367,866</u>	<u>\$ -</u>	<u>\$ 35,955</u>

Henderson Behavioral Health, Inc. and Subsidiaries
Schedule of Program/Covered Service Actual Expenses and Revenues
(continued)
For the Year Ended June 30, 2019

Funding Sources and Revenues	Adult Substance Abuse					Total Adult Substance Abuse	Children's Substance Abuse		Total Children's Substance Abuse	Total For State Funded SAMH Covered Services
	FITT	Incidentals	Intervention	Outpatient	Outreach		Intervention	Outreach		
State SAMH Funding:										
From the District funding these contracts										
34357	\$ 800,000	\$ 2,272	\$ 97,261	\$ -	\$ 670,790	\$ 1,594,178	\$ -	\$ -	\$ -	\$ 22,219,801
PNA33	-	-	-	-	-	-	-	-	-	1,115,049
PDF04	600,000	-	-	-	-	600,000	-	-	-	600,000
LTF10	-	-	12,330	-	-	12,330	-	-	-	508,548
Total state SAMH funding	<u>1,400,000</u>	<u>2,272</u>	<u>109,591</u>	<u>-</u>	<u>670,790</u>	<u>2,206,508</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>24,443,398</u>
Other Government Funding:										
Local government	63,435	-	-	-	-	63,435	-	-	-	7,354,501
Medicaid	-	-	32,321	269,789	-	314,210	-	-	-	6,228,198
Federal grants and contracts	-	-	-	-	-	-	-	-	-	2,886,029
Other state agency funding	-	-	-	-	-	-	-	-	-	161,111
Total other government funding	<u>63,435</u>	<u>-</u>	<u>32,321</u>	<u>269,789</u>	<u>-</u>	<u>377,645</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,629,839</u>
All Other Revenues:										
Other	-	-	-	-	-	-	-	-	-	-
Rental income	-	-	-	-	-	-	-	-	-	-
Student counseling	-	-	-	-	-	-	-	-	-	-
In-kind	-	-	-	-	-	-	-	-	-	344,798
Contributions and donations	-	-	-	-	-	-	-	-	-	417,287
First and second party payments	-	-	-	-	-	-	-	-	-	381,594
Medicare	-	-	-	-	-	-	-	-	-	69,047
Total all other revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,212,726</u>
Total funding	<u>\$ 1,463,435</u>	<u>\$ 2,272</u>	<u>\$ 141,912</u>	<u>\$ 269,789</u>	<u>\$ 670,790</u>	<u>\$ 2,584,153</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 42,285,963</u>

Henderson Behavioral Health, Inc. and Subsidiaries
Schedule of Program/Covered Service Actual Expenses and Revenues
(continued)
For the Year Ended June 30, 2019

Funding Sources and Revenues	Non-State Funded SAMH Covered Services	All State - Designated SAMH Covered Services	Non- SAMH Covered Services	Fundraising	Total Funding
State SAMH Funding:					
From the District funding these contracts					
34357	\$ -	\$ 22,219,801	\$ -	\$ -	\$ 22,219,801
PNA33	-	1,115,049	-	-	1,115,049
PDF04	-	600,000	-	-	600,000
LTF10	-	508,548	-	-	508,548
Total State SAMH funding	-	24,443,398	-	-	24,443,398
Other Government Funding:					
Local government	-	7,354,501	-	-	7,354,501
Medicaid	-	6,228,198	-	-	6,228,198
Federal grants and contracts	-	2,886,029	-	-	2,886,029
Other state agency funding	-	161,111	-	-	161,111
Total other government funding	-	16,629,839	-	-	16,629,839
All Other Revenues:					
Other	123,855	123,855	513,528	-	637,383
Rental income	-	-	1,124,136	-	1,124,136
Student counseling	964,814	964,814	-	-	964,814
In-kind	-	344,798	-	60,847	405,645
Contributions and donations	361,187	778,474	-	195,024	973,498
First and second party payments	-	381,594	-	-	381,594
Medicare	-	69,047	-	-	69,047
Total all other revenues	1,449,856	2,662,582	1,637,664	255,871	4,556,117
Total funding	\$ 1,449,856	\$ 43,735,819	\$ 1,637,664	\$ 255,871	\$ 45,629,354

Henderson Behavioral Health, Inc. and Subsidiaries
Schedule of Program/Covered Service Actual Expenses and Revenues
(continued)
For the Year Ended June 30, 2019

Adult Mental Health									
Expense Categories	Assessment	Care Coordination Team	Case Management	Central Receiving Facility	Crisis Support/ Emergency	Crisis Stabilization	Day Treatment	First Episode	Florida Assertive Community Treatment (FACT) Team
Personnel Expenses:									
Salaries	\$ 117,352	\$ 3,191	\$ 2,015,545	\$ 2,044,966	\$ 655,941	\$ 1,413,261	\$ 10,985	\$ 405,699	\$ 987,094
Fringe benefits	25,601	18,311	444,358	402,081	187,988	308,315	56,263	84,018	172,278
Total personnel expenses	<u>142,953</u>	<u>21,502</u>	<u>2,459,903</u>	<u>2,447,047</u>	<u>843,929</u>	<u>1,721,576</u>	<u>67,248</u>	<u>489,717</u>	<u>1,159,372</u>
Other Expenses:									
Building occupancy	9,980	7,138	159,166	186,554	73,285	111,444	21,933	32,753	70,825
Other	-	28,342	-	-	-	-	-	-	-
Equipment	3,162	2,261	50,420	67,062	23,215	35,303	6,948	10,375	22,435
Professional services	-	-	-	521,549	15,140	17,792	-	28,443	-
In-kind donations	-	-	-	-	-	-	-	-	-
Food and client care services	10,513	7,520	82,514	79,673	8,630	11,622	23,103	34,501	148,780
Travel	2,672	1,911	42,616	56,682	19,622	29,839	5,873	8,770	18,963
Medical and pharmacy	306	219	50,798	78,085	15,977	52,415	672	1,004	20,684
Insurance	1,291	923	20,582	63,678	9,477	14,411	2,836	4,236	9,159
Operating supplies and expenses	1,611	1,152	25,696	66,453	11,831	17,992	3,541	5,288	11,434
Interest expense	-	-	-	-	-	-	-	-	-
Total other expenses	<u>29,535</u>	<u>49,466</u>	<u>431,792</u>	<u>1,119,736</u>	<u>177,177</u>	<u>290,818</u>	<u>64,906</u>	<u>125,370</u>	<u>302,280</u>
Total personnel and other expenses	<u>172,488</u>	<u>70,968</u>	<u>2,891,695</u>	<u>3,566,783</u>	<u>1,021,106</u>	<u>2,012,394</u>	<u>132,154</u>	<u>615,087</u>	<u>1,461,652</u>
Distributed Indirect Costs:									
Allocation of other support costs	10,164	4,182	170,388	210,166	60,167	118,577	7,787	36,243	86,125
Allocation of administration	28,891	11,886	484,337	597,410	171,028	337,061	22,135	103,023	244,816
Total distributed indirect costs	<u>39,055</u>	<u>16,068</u>	<u>654,725</u>	<u>807,576</u>	<u>231,195</u>	<u>455,638</u>	<u>29,922</u>	<u>139,266</u>	<u>330,941</u>
Total actual operating expenses	<u>211,543</u>	<u>87,036</u>	<u>3,546,420</u>	<u>4,374,359</u>	<u>1,252,301</u>	<u>2,468,032</u>	<u>162,076</u>	<u>754,353</u>	<u>1,792,593</u>
Unallowable Costs									
Total allowed operating expenses	<u>\$ 211,543</u>	<u>\$ 87,036</u>	<u>\$ 3,546,420</u>	<u>\$ 4,374,359</u>	<u>\$ 1,252,301</u>	<u>\$ 2,468,032</u>	<u>\$ 162,076</u>	<u>\$ 754,353</u>	<u>\$ 1,792,593</u>
Capital Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 437,103</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Henderson Behavioral Health, Inc. and Subsidiaries
Schedule of Program/Covered Service Actual Expenses and Revenues
(continued)
For the Year Ended June 30, 2019

Adult Mental Health									
Expense Categories	Forensic Multidisciplinary Team	In-Home and On-Site	Incidental Expenses	Intervention	Medical Services	Outpatient	Outreach	Recovery Support	Residential Level I
Personnel Expenses:									
Salaries	\$ 373,424	\$ 24,795	\$ -	\$ 37,003	\$ 1,569,230	\$ 961,821	\$ 39,400	\$ 41,223	\$ 252,917
Fringe benefits	59,022	13,040	-	8,073	342,342	120,053	13,982	17,971	79,338
Total personnel expenses	<u>432,446</u>	<u>37,835</u>	<u>-</u>	<u>45,076</u>	<u>1,911,572</u>	<u>1,081,874</u>	<u>53,382</u>	<u>59,194</u>	<u>332,255</u>
Other Expenses:									
Building occupancy	23,009	5,084	-	3,147	133,458	46,801	5,451	7,006	69,044
Other	13,548	-	-	-	-	-	-	-	-
Equipment	7,289	1,610	-	997	42,276	14,825	1,727	2,219	6,537
Professional services	-	-	-	-	-	-	-	-	17,919
In-kind donations	-	-	-	-	225,666	119,132	-	-	-
Food and client care services	-	5,355	1,027,121	3,315	-	150,054	5,741	7,379	41,634
Travel	6,161	1,361	-	843	35,733	12,531	1,459	1,876	5,525
Medical and pharmacy	705	156	-	96	32,158	1,434	167	215	4,358
Insurance	2,975	657	-	407	17,258	6,052	705	906	2,668
Operating supplies and expenses	3,715	821	-	508	21,546	7,556	880	1,131	3,331
Interest expense	-	-	-	-	-	-	-	-	-
Total other expenses	<u>57,402</u>	<u>15,044</u>	<u>1,027,121</u>	<u>9,313</u>	<u>508,095</u>	<u>358,385</u>	<u>16,130</u>	<u>20,732</u>	<u>151,016</u>
Total personnel and other expenses	<u>489,848</u>	<u>52,879</u>	<u>1,027,121</u>	<u>54,389</u>	<u>2,419,667</u>	<u>1,440,259</u>	<u>69,512</u>	<u>79,926</u>	<u>483,271</u>
Distributed Indirect Costs:									
Allocation of other support costs	28,861	3,116	-	3,205	129,278	77,845	4,096	4,710	28,476
Allocation of administration	82,047	8,857	-	9,110	367,479	221,279	11,643	13,387	80,944
Total distributed indirect costs	<u>110,908</u>	<u>11,973</u>	<u>-</u>	<u>12,315</u>	<u>496,757</u>	<u>299,124</u>	<u>15,739</u>	<u>18,097</u>	<u>109,420</u>
Total actual operating expenses	<u>600,756</u>	<u>64,852</u>	<u>1,027,121</u>	<u>66,704</u>	<u>2,916,424</u>	<u>1,739,383</u>	<u>85,251</u>	<u>98,023</u>	<u>592,691</u>
Unallowable Costs									
Total allowed operating expenses	<u>\$ 600,756</u>	<u>\$ 64,852</u>	<u>\$ 1,027,121</u>	<u>\$ 66,704</u>	<u>\$ 2,916,424</u>	<u>\$ 1,739,383</u>	<u>\$ 85,251</u>	<u>\$ 98,023</u>	<u>\$ 592,691</u>
Capital Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 36,780</u>

Henderson Behavioral Health, Inc. and Subsidiaries
Schedule of Program/Covered Service Actual Expenses and Revenues
(continued)
For the Year Ended June 30, 2019

Expense Categories	Adult Mental Health						Children's Mental Health		
	Room and Board with Supervision Level I	Residential Level II	Room and Board with Supervision Level II	Residential Level III	Room and Board with Supervision Level III	Supportive Employment	Total for Adult Mental Health	Case Management	Crisis Support/Emergency
Personnel Expenses:									
Salaries	\$ 147,622	\$ 1,336,693	\$ 392,380	\$ 212,027	\$ 135,993	\$ 64,985	\$ 13,243,547	\$ 1,989,037	\$ 857,180
Fringe benefits	52,932	291,611	74,589	46,256	29,668	14,177	2,862,267	344,149	187,001
Total personnel expenses	200,554	1,628,304	466,969	258,283	165,661	79,162	16,105,814	2,333,186	1,044,181
Other Expenses:									
Building occupancy	95,006	138,184	103,177	148,200	29,773	5,527	1,485,945	134,163	72,900
Other	-	-	-	-	-	-	41,890	-	-
Equipment	9,798	38,506	9,216	5,712	3,664	1,751	367,308	42,499	23,093
Professional services	26,859	34,997	25,265	15,659	10,044	4,799	718,466	-	63,307
In-kind donations	-	-	-	-	-	-	344,798	-	-
Food and client care services	12,784	56,357	41,689	84,330	11,840	28,433	1,882,888	11,620	76,789
Travel	8,281	32,546	7,790	4,828	3,097	1,480	310,459	35,922	19,519
Medical and pharmacy	10,230	53,665	12,727	9,471	354	169	346,065	25,077	2,234
Insurance	4,000	15,719	4,912	2,332	1,496	715	187,395	11,588	9,427
Operating supplies and expenses	4,993	19,624	3,975	2,911	1,867	892	218,748	21,660	11,769
Interest expense	-	-	-	-	-	-	-	-	-
Total other expenses	171,951	389,598	208,751	273,443	62,135	43,766	5,903,962	282,529	279,038
Total personnel and other expenses	372,505	2,017,902	675,720	531,726	227,796	122,928	22,009,776	2,615,715	1,323,219
Distributed Indirect Costs:									
Allocation of other support costs	21,949	118,901	39,816	31,331	13,422	7,243	1,216,048	154,126	77,968
Allocation of administration	62,392	337,984	113,178	89,060	38,154	20,589	3,456,690	438,113	221,629
Total distributed indirect costs	84,341	456,885	152,994	120,391	51,576	27,832	4,672,738	592,239	299,597
Total actual operating expenses	456,846	2,474,787	828,714	652,117	279,372	150,760	26,682,514	3,207,954	1,622,816
Unallowable Costs	-	-	-	-	-	-	-	-	-
Total allowed operating expenses	\$ 456,846	\$ 2,474,787	\$ 828,714	\$ 652,117	\$ 279,372	\$ 150,760	\$ 26,682,514	\$ 3,207,954	\$ 1,622,816
Capital Expenditures	\$ 55,170	\$ 21,455	\$ 30,650	\$ 45,975	\$ 15,325	\$ -	\$ 642,458	\$ -	\$ -

Henderson Behavioral Health, Inc. and Subsidiaries
Schedule of Program/Covered Service Actual Expenses and Revenues
(continued)
For the Year Ended June 30, 2019

Children's Mental Health

Expense Categories	In-Home and On-Site	Incidental Expenses	Intervention	Medical Services	Outpatient	Outreach	Prevention	Residential Level II	BNET
Personnel Expenses:									
Salaries	\$ 54,793	\$ -	\$ 268,981	\$ 288,736	\$ 504,984	\$ 130,168	\$ 1,032,203	\$ 535,682	\$ 298,354
Fringe benefits	41,727	-	58,681	76,457	132,876	37,375	346,384	116,864	37,349
Total personnel expenses	96,520	-	327,662	365,193	637,860	167,543	1,378,587	652,546	335,703
Other Expenses:									
Building occupancy	24,147	-	22,876	29,806	51,800	14,570	135,034	45,558	3,262
Other	-	-	-	-	-	-	-	-	-
Equipment	6,558	-	7,247	9,442	16,409	4,615	42,775	14,432	708
Professional services	-	-	-	-	-	-	-	-	-
In-kind donations	-	-	-	-	-	-	-	-	-
Food and client care services	21,374	10,374	24,096	31,396	54,563	15,347	142,236	47,988	4,998
Travel	5,543	-	6,125	7,980	13,869	3,901	36,155	12,198	599
Medical and pharmacy	564	-	701	913	1,587	447	4,138	1,396	276
Insurance	1,816	-	2,958	3,854	6,699	1,884	17,462	5,891	5,762
Operating supplies and expenses	3,190	-	3,693	4,812	5,276	2,352	21,800	7,355	4,322
Interest expense	-	-	-	-	-	-	-	-	-
Total other expenses	63,192	10,374	67,696	88,203	150,203	43,116	399,600	134,818	19,927
Total personnel and other expenses	159,712	10,374	395,358	453,396	788,063	210,659	1,778,187	787,364	355,630
Distributed Indirect Costs:									
Allocation of other support costs	9,411	-	23,296	26,716	46,435	12,413	104,776	46,394	20,955
Allocation of administration	26,751	-	66,219	75,940	131,995	35,284	297,833	131,878	59,565
Total distributed indirect costs	36,162	-	89,515	102,656	178,430	47,697	402,609	178,272	80,520
Total actual operating expenses	195,874	10,374	484,873	556,052	966,493	258,356	2,180,796	965,636	436,150
Unallowable Costs	-	-	-	-	-	-	-	-	-
Total allowed operating expenses	\$ 195,874	\$ 10,374	\$ 484,873	\$ 556,052	\$ 966,493	\$ 258,356	\$ 2,180,796	\$ 965,636	\$ 436,150
Capital Expenditures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Henderson Behavioral Health, Inc. and Subsidiaries
Schedule of Program/Covered Service Actual Expenses and Revenues
(continued)
For the Year Ended June 30, 2019

Expense Categories	Children's Mental Health		Adult Substance Abuse						
	Assessment	Total for Children's Mental Health	Central Receiving Facility	Day Treatment	FITT	Incidental Expenses	Intervention	Outpatient	Outreach
Personnel Expenses:									
Salaries	\$ -	\$ 5,960,118	\$ -	\$ 24,635	\$ 745,852	\$ -	\$ 71,574	\$ 141,975	\$ 388,403
Fringe benefits	-	1,378,863	-	5,374	162,714	-	15,615	47,048	39,845
Total personnel expenses	-	7,338,981	-	30,009	908,566	-	87,189	189,023	428,248
Other Expenses:									
Building occupancy	-	534,116	-	2,095	83,419	-	6,087	18,341	15,533
Other	-	-	-	-	-	-	-	-	-
Equipment	-	167,778	-	664	20,094	-	1,928	5,810	4,920
Professional services	-	63,307	-	-	55,085	-	-	-	-
In-kind donations	-	-	-	-	-	-	-	-	-
Food and client care services	-	440,781	-	2,207	85,929	4,724	6,412	19,320	16,362
Travel	-	141,811	-	561	16,984	-	1,630	4,911	4,159
Medical and pharmacy	-	37,333	-	64	1,944	-	187	562	476
Insurance	-	67,341	-	271	8,203	-	787	2,372	2,009
Operating supplies and expenses	-	86,229	-	338	28,546	-	983	2,961	2,508
Interest expense	-	-	-	-	-	-	-	-	-
Total other expenses	-	1,538,696	-	6,200	300,204	4,724	18,014	54,277	45,967
Total personnel and other expenses	-	8,877,677	-	36,209	1,208,770	4,724	105,203	243,300	474,215
Distributed Indirect Costs:									
Allocation of other support costs	-	522,490	-	2,134	71,225	-	6,199	14,336	27,942
Allocation of administration	-	1,485,207	-	6,065	202,460	-	17,621	40,751	79,427
Total distributed indirect costs	-	2,007,697	-	8,199	273,685	-	23,820	55,087	107,369
Total actual operating expenses	-	10,885,374	-	44,408	1,482,455	4,724	129,023	298,387	581,584
Unallowable Costs	-	-	-	-	-	-	-	-	-
Total allowed operating expenses	\$ -	\$ 10,885,374	\$ -	\$ 44,408	\$ 1,482,455	\$ 4,724	\$ 129,023	\$ 298,387	\$ 581,584
Capital Expenditures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Henderson Behavioral Health, Inc. and Subsidiaries
Schedule of Program/Covered Service Actual Expenses and Revenues
(continued)
For the Year Ended June 30, 2019

Expense Categories	Children Substance Abuse				Total for State Funded SAMH Covered Services	Non-State Funded SAMH Covered Services	All State-Designated SAMH Covered Services	Non-SAMH Covered Services	Fundraising
	Total for Adult Substance Abuse	Intervention	Outreach	Total for Children Substance Abuse					
Personnel Expenses:									
Salaries	\$ 1,372,439	\$ -	\$ -	\$ -	\$ 20,576,104	\$ 1,037,400	\$ 21,613,504	\$ 358,980	\$ 103,280
Fringe benefits	270,596	-	-	-	4,511,726	243,227	4,754,953	77,561	22,315
Total personnel expenses	1,643,035	-	-	-	25,087,830	1,280,627	26,368,457	436,541	125,595
Other Expenses:									
Building occupancy	125,475	-	-	-	2,145,536	94,585	2,240,121	541,820	12,496
Other	-	-	-	-	41,890	16,351	58,241	34,411	5,478
Equipment	33,416	-	-	-	568,502	21,996	590,498	9,612	2,713
Professional services	55,085	-	-	-	836,858	79,718	916,576	32,180	7,438
In-kind donations	-	-	-	-	344,798	-	344,798	-	60,847
Food and client care services	134,954	-	-	-	2,458,623	20,291	2,478,914	19,996	-
Travel	28,245	-	-	-	480,515	18,592	499,107	8,124	2,293
Medical and pharmacy	3,233	-	-	-	386,631	72,566	459,197	-	-
Insurance	13,642	-	-	-	268,378	70,674	339,052	118,949	-
Operating supplies and expenses	35,336	-	-	-	340,313	13,000	353,313	58,832	2,365
Interest expense	-	-	-	-	-	-	-	106,902	-
Total other expenses	429,386	-	-	-	7,872,044	407,773	8,279,817	930,826	93,630
Total personnel and other expenses	2,072,421	-	-	-	32,959,874	1,688,400	34,648,274	1,367,367	219,225
Distributed Indirect Costs:									
Allocation of other support costs	121,836	-	-	-	1,860,374	99,486	1,959,860	-	-
Allocation of administration	346,324	-	-	-	5,288,221	282,794	5,571,015	229,024	26,527
Total distributed indirect costs	468,160	-	-	-	7,148,595	382,280	7,530,875	229,024	26,527
Total actual operating expenses	2,540,581	-	-	-	40,108,469	2,070,680	42,179,149	1,596,391	245,752
Unallowable Costs	-	-	-	-	-	-	-	-	245,752
Total allowed operating expenses	\$ 2,540,581	\$ -	\$ -	\$ -	\$ 40,108,469	\$ 2,070,680	\$ 42,179,149	\$ 1,596,391	\$ 245,752
Capital Expenditures	\$ -	\$ -	\$ -	\$ -	\$ 642,458	\$ -	\$ 642,458	\$ -	\$ -

Henderson Behavioral Health, Inc. and Subsidiaries
Schedule of Program/Covered Service Actual Expenses and Revenues
(continued)
For the Year Ended June 30, 2019

Expense Categories	Other Support Costs	Administration	Total Expenses
Personnel Expenses:			
Salaries	\$ 1,269,285	\$ 3,111,972	\$ 26,457,021
Fringe benefits	<u>274,240</u>	<u>587,204</u>	<u>5,716,273</u>
Total personnel expenses	<u>1,543,525</u>	<u>3,699,176</u>	<u>32,173,294</u>
Other Expenses:			
Building occupancy	158,533	309,316	3,262,286
Other	20,474	356,295	474,899
Equipment	34,422	71,080	708,325
Professional services	94,363	891,242	1,941,799
In-kind donations	-	-	405,645
Food and client care services	-	-	2,498,910
Travel	29,094	60,078	598,696
Medical and pharmacy	-	-	459,197
Insurance	-	118,156	576,157
Operating supplies and expenses	79,449	123,447	617,406
Interest expense	<u>-</u>	<u>197,776</u>	<u>304,678</u>
Total other expenses	<u>416,335</u>	<u>2,127,390</u>	<u>11,847,998</u>
Total personnel and other expenses	<u>1,959,860</u>	<u>5,826,566</u>	<u>44,021,292</u>
Distributed Indirect Costs:			
Allocation of other support costs	(1,959,860)	-	-
Allocation of administration	<u>-</u>	<u>(5,826,566)</u>	<u>-</u>
Total distributed indirect costs	<u>(1,959,860)</u>	<u>(5,826,566)</u>	<u>-</u>
Total actual operating expenses	<u>-</u>	<u>-</u>	<u>44,021,292</u>
Unallowable Costs	<u>-</u>	<u>-</u>	<u>245,752</u>
Total allowed operating expenses	\$ <u>-</u>	\$ <u>-</u>	\$ <u>43,775,540</u>
Capital Expenditures	<u>\$ -</u>	<u>\$ 52,135</u>	<u>\$ 694,593</u>

**Henderson Behavioral Health, Inc. and Subsidiaries
Schedule of Related Party Transaction Adjustments
For the Year Ended June 30, 2019**

Henderson Behavioral Health, Inc. and Subsidiaries did not have any related party transaction adjustments for the year ended June 30, 2019.

Henderson Behavioral Health, Inc. and Subsidiaries
Schedule of State Earnings
For the Year Ended June 30, 2019

Total Expenditures	\$ 44,021,292
Less other state and Federal funds	(9,491,864)
Less nonmatch SAMH funds	(10,875,534)
Less unallowable costs per 65E-14, F.A.C.	<u>(245,752)</u>
Total Allowable Expenditures	\$ <u>23,408,142</u>
Maximum Available Earnings	\$ <u>17,556,107</u>
Amount of State Funds Requiring Match	\$ <u>13,311,991</u>
Amount Due to Department *	\$ <u>4,244,116</u>

* If this amount is negative, the amount due to the department up to the amount on line listed as "amount of state funds requiring match."

Henderson Behavioral Health, Inc. and Subsidiaries
Schedule of Bed-Day Availability Payments
For the Year Ended June 30, 2019

<u>Program</u>	<u>Covered Service</u>	<u>State Contracted Rate</u>	<u>Total Units of Service Provided</u>	<u>Total Units of Services Paid by Third Party Contracts, Local Government or Other State Agencies</u>	<u>Maximum Number of Units Eligible For Payment by Department</u>	<u>Amount Paid For Services by the Department</u>	<u>Maximum Dollar Value of Units Eligible for Payment by the Department</u>	<u>Amount Owed to Department</u>
Adult Mental Health (34357)	Crisis Stabilization	\$ 303.67	6,199	1,825	4,374	\$ 1,328,253	\$ 1,328,253	\$ NONE
Adult Mental Health (34357)	Crisis Stabilization	\$ <u>326.41</u>	<u>2,196</u>		<u>2,196</u>	\$ <u>716,796</u>	\$ <u>716,796</u>	\$ <u>NONE</u>

INTERNAL CONTROLS AND COMPLIANCE

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*

To the Board of Directors
Henderson Behavioral Health, Inc. and Subsidiaries

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 Henderson Behavioral Health, Inc. and Subsidiaries (the "Organization") (a nonprofit 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 combined financial statements, and have issued our report thereon dated October 23, 2019.

Internal Control over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's 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 the Organization's combined financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.



KEEFE McCULLOUGH

Fort Lauderdale, Florida
October 23, 2019

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND CHAPTER 10.650,
RULES OF THE AUDITOR GENERAL

To the Board of Directors
Henderson Behavioral Health, Inc. and Subsidiaries

Report on Compliance for Each Major Federal Program and State Project

We have audited Henderson Behavioral Health, Inc. and Subsidiaries (the "Organization") (a nonprofit organization) compliance with the types of compliance requirements described in the OMB *Compliance Supplement*, and the compliance requirements described in the *Department of Financial Services' State Projects Compliance Supplement*, that could have a direct and material effect on each of the Organization's major federal programs and state projects for the year ended June 30, 2019. Henderson Behavioral Health, Inc. and Subsidiaries and Subsidiaries 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 Organization'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; and the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) 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, the Uniform Guidance and Chapter 10.650, *Rules of the Auditor General* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program and/or state project occurred. An audit includes examining, on a test basis, evidence about the Organization'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 Organization's compliance.

Opinion on Each Major Federal Program and State Project

In our opinion, the Organization 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 Henderson Behavioral Health, Inc. and Subsidiaries 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 Henderson Behavioral Health, Inc. and Subsidiaries 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 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 Henderson Behavioral Health, Inc. and Subsidiaries 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 and/or state project on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program and/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 and/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.

Purpose of this Report

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.



KEEFE McCULLOUGH

Fort Lauderdale, Florida
October 23, 2019

Henderson Behavioral Health, Inc. and Subsidiaries
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2019

A. Summary of Auditor’s Results

1. The auditor's report expresses an unmodified opinion on the combined financial statements of Henderson Behavioral Health, Inc. and Subsidiaries.
2. No 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 Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the combined financial statements of Henderson Behavioral Health, Inc. and Subsidiaries were disclosed during the audit.
4. No material weaknesses relating to the audit of the major federal program 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 Auditor General*.
5. The auditor’s report on compliance for the major federal programs and state projects for Henderson Behavioral Health, Inc. and Subsidiaries expresses an unmodified opinion.
6. There are no audit findings relative to the major federal programs and state projects for Henderson Behavioral Health, Inc. and Subsidiaries reported in Part C of this schedule.
7. The programs/projects tested as major program/projects are the following:

Federal Programs	Federal CFDA No.
United States Department of Health and Human Services, Block Grants for Community Mental Health Services	93.958
State Projects	State CSFA No.
State of Florida Department of Children and Families, Forensic Service and Training Mental Health Services	60.114 60.184

8. The threshold for distinguishing Type A and B programs/projects was \$ 750,000.
9. Henderson Behavioral Health, Inc. and Subsidiaries was determined to be a low risk auditee pursuant to the Uniform Guidance.

Henderson Behavioral Health, Inc. and Subsidiaries
Schedule of Findings and Questioned Costs
(continued)
For the Year Ended June 30, 2019

B. Findings - Financial Statement Audit

No matters were reported.

C. Findings and Questioned Costs - Major Federal Awards Programs and State Financial Assistance Project Audits

No matters were reported.

D. Other Issues

1. No management letter is required because there were no findings required to be reported in a separate management letter.
2. No summary schedule of prior audit findings is required because there were no prior audit findings related to federal programs or state projects.
3. No corrective action plan is required because there were no findings reported under the Uniform Guidance or the Florida Single Audit Act.