

Mental Health Resource Center, Inc.

(a non-profit organization)

Jacksonville, Florida

Financial Statements and Supplemental Information

June 30, 2019 and 2018

Mental Health Resource Center, Inc.
(a non-profit organization)
Table of Contents

	<u>Page No.</u>
Independent Auditor's Report	1
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses	5
Statements of Cash Flows	7
Notes to the Financial Statements	8
Supplemental Information	
Schedule of Expenditures of Federal Awards and State Financial Assistance	16
Schedule of Program/Cost Center Actual Expenses and Revenues	19
Schedule of State Earnings for Fiscal Year 06/30/2019	23
Schedule of Revenues	24
Schedule of Bed-Day Availability Payments	25
Schedule of Related Party Transaction Adjustments	26
Schedule of Findings and Questioned Costs	27
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>	29
Independent Auditor's Report on Compliance for Each Major Program and Major State Project and on Internal Control Over Compliance Required by the Uniform Guidance and Chapter 10.650, <i>Rules of the Auditor General</i>	31

RALSTON & COMPANY, P.A.
CERTIFIED PUBLIC ACCOUNTANTS
8777 SAN JOSE BOULEVARD, SUITE 600
JACKSONVILLE, FLORIDA 32217-4213

R. BRUCE SHEALY
MICHAEL R. FITCH
KEVIN M. FRITZ
JON E. CORNAIRE

ROBERT E. RALSTON
(1921 - 1986)

BERT J. PITTMAN, JR.
(1944 - 2018)

TELEPHONE (904) 730-0440
FAX (904) 730-0993
EMAIL cpas@ralstonco.com

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Mental Health Resource Center, Inc.
Jacksonville, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of Mental Health Resource Center, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2019 and 2018, and the related statements of activities, statements of functional expenses and statements of cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness or the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Mental Health Resource Center, Inc. as of June 30, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards and state financial assistance; program/cost center actual expenses and revenues schedules, schedule of state earnings, schedule of revenues; schedule of bed-day availability payments; schedule of related party transaction adjustments; City of Jacksonville schedule of source and expenditure of city grant funds; and schedule of findings and questioned costs, 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; Chapter 10.650 Rules of the Auditor General*, as well as the Schedule of the Source and Status of Funds as required by the City of Jacksonville Municipal Ordinance Code, Chapter 118.202(e), is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 22, 2019 on our consideration of Mental Health Resource Center, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Mental Health Resource Center, Inc.'s internal control over financial reporting and compliance.

Rabaten & Company P.A.

October 22, 2019

Mental Health Resource Center, Inc.
(a non-profit organization)
Statements of Financial Position
June 30, 2019 and 2018

ASSETS

	<u>2019</u>	<u>2018</u>
Cash and cash equivalents	\$ 3,009,234	\$ 5,527,339
Accounts receivable, net of allowance for doubtful accounts of \$12,608,977 and \$11,785,951	777,746	898,666
Grants receivable	2,445,055	2,672,037
Prepaid expenses and other current assets	237,329	542,338
Due from related organizations	256,121	197,237
Property and equipment, net of accumulated depreciation of \$7,060,152 and \$6,649,050	7,675,236	7,754,849
Deposits	<u>25,796</u>	<u>35,796</u>
 Total assets	 <u>\$ 14,426,517</u>	 <u>\$ 17,628,262</u>

LIABILITIES AND NET ASSETS

Accounts payable	\$ 383,018	\$ 425,577
Accrued expenses	1,570,663	1,466,440
Due to related organizations	410,492	484,738
Deferred income	-	1,000
Estimated liabilities to third-party payors	-	61,510
Notes payable	<u>4,109,404</u>	<u>6,362,155</u>
 Total liabilities	 6,473,577	 8,801,420
 Net assets		
Without donor restrictions	<u>7,952,940</u>	<u>8,826,842</u>
 Total liabilities and net assets	 <u>\$ 14,426,517</u>	 <u>\$ 17,628,262</u>

The accompanying notes are an integral part of this statement.

Mental Health Resource Center, Inc.
(a non-profit organization)
Statements of Activities
For the years ended June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Changes in net assets without donor restrictions:		
Public support and revenue		
Public support:		
Federal and state grants	\$ 22,779,188	\$ 22,055,099
City of Jacksonville	2,231,545	2,231,795
Contributions	<u>176,965</u>	<u>13,832</u>
Total public support	<u>25,187,698</u>	<u>24,300,726</u>
Revenue:		
Client fees for services	3,684,547	3,623,583
Medicaid HMO	7,448,233	7,806,793
Other contract revenue	1,158,039	1,155,677
Miscellaneous revenue	<u>193,126</u>	<u>238,921</u>
Total revenue	<u>12,483,945</u>	<u>12,824,974</u>
Total public support and revenue	37,671,643	37,125,700
Expenses		
Program services	33,651,503	32,141,975
Management and general	<u>4,894,042</u>	<u>4,839,532</u>
Total expenses	<u>38,545,545</u>	<u>36,981,507</u>
Change in net assets without donor restrictions	(873,902)	144,193
Net assets without donor restrictions - beginning of year	<u>8,826,842</u>	<u>8,682,649</u>
Net assets without donor restrictions - end of year	<u>\$ 7,952,940</u>	<u>\$ 8,826,842</u>

The accompanying notes are an integral part of this statement.

Mental Health Resource Center, Inc.
(a non-profit organization)
Statements of Functional Expenses
For the years ended June 30, 2019 and 2018

June 30, 2019	<u>Program Services</u>	<u>Management and General</u>	<u>Total</u>
Salaries	\$ 17,810,457	\$ 103,474	\$ 17,913,931
Payroll taxes	1,281,726	6,352	1,288,078
Fringe benefits	3,108,832	27,088	3,135,920
Total salaries and related expenses	22,201,015	136,914	22,337,929
Management fees	-	4,608,127	4,608,127
Operating supplies and expenses	2,565,423	22,649	2,588,072
Professional services	2,356,191	37,083	2,393,274
Building occupancy	1,917,723	338	1,918,061
Medical and pharmacy	1,164,411	-	1,164,411
Travel	1,000,971	2,146	1,003,117
Insurance	753,922	37,925	791,847
Provision for doubtful accounts	570,162	-	570,162
Food services	402,494	516	403,010
Subcontractor services	244,636	-	244,636
Interest	244,043	-	244,043
Equipment costs	212,576	756	213,332
Miscellaneous	17,936	47,588	65,524
Total expenses	<u>\$ 33,651,503</u>	<u>\$ 4,894,042</u>	<u>\$ 38,545,545</u>

The accompanying notes are an integral part of this statement.

Mental Health Resource Center, Inc.
(a non-profit organization)
Statements of Functional Expenses
For the years ended June 30, 2019 and 2018

June 30, 2018	Program Services	Management and General	Total
Salaries	\$ 16,976,290	\$ 63,707	\$ 17,039,997
Payroll taxes	1,213,027	3,641	1,216,668
Fringe benefits	2,986,865	18,851	3,005,716
Total salaries and related expenses	21,176,182	86,199	21,262,381
Management fees	-	4,606,052	4,606,052
Professional services	2,384,590	38,841	2,423,431
Operating supplies and expenses	2,343,511	16,104	2,359,615
Building occupancy	1,957,166	2,158	1,959,324
Medical and pharmacy	1,100,504	-	1,100,504
Travel	968,971	11,738	980,709
Insurance	676,272	30,570	706,842
Food services	377,137	129	377,266
Provision for doubtful accounts	349,455	-	349,455
Interest	275,720	-	275,720
Subcontractor services	237,551	-	237,551
Equipment costs	221,685	1,299	222,984
Miscellaneous	73,231	46,442	119,673
Total expenses	<u>\$ 32,141,975</u>	<u>\$ 4,839,532</u>	<u>\$ 36,981,507</u>

The accompanying notes are an integral part of this statement.

Mental Health Resource Center, Inc.
(a non-profit organization)
Statements of Cash Flows
For the years ended June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities		
Change in net assets without donor restrictions	\$ (873,902)	\$ 144,193
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	554,457	577,158
Change in allowance for doubtful accounts	823,026	(7,750,549)
Change in accounts receivable	(702,105)	7,879,862
Change in grants receivable	226,982	(42,791)
Change in prepaid expenses and other current assets	305,009	(321,350)
Change in amounts due from related organizations	(58,884)	(26,093)
Change in deposits	10,000	(790)
Change in accounts payable	(42,560)	119,779
Change in accrued expenses	104,224	(6,407)
Change in due to related organizations	(74,247)	(18,856)
Change in deferred income	(1,000)	(2,742)
Change in estimated liabilities to third-party payors	(61,510)	-
Net cash provided by operating activities	<u>209,490</u>	<u>551,414</u>
Cash flows from investing activities		
Purchases of property and equipment	(236,237)	(164,936)
Increase in construction in process	(238,607)	(19,170)
Net cash used by investing activities	<u>(474,844)</u>	<u>(184,106)</u>
Cash flows from financing activities		
Repayment of long-term debt	(2,252,751)	(294,329)
Net cash used by financing activities	<u>(2,252,751)</u>	<u>(294,329)</u>
Increase (decrease) in cash and cash equivalents	(2,518,105)	72,979
Cash and cash equivalents - beginning of year	<u>5,527,339</u>	<u>5,454,360</u>
Cash and cash equivalents - end of year	<u>\$ 3,009,234</u>	<u>\$ 5,527,339</u>
Supplemental disclosures:		
Cash paid for interest	<u>\$ 244,043</u>	<u>\$ 275,720</u>
Income taxes paid	<u>\$ N/A</u>	<u>\$ N/A</u>

The accompanying notes are an integral part of this statement.

Mental Health Resource Center, Inc.
(a non-profit organization)
Notes to the Financial Statements
June 30, 2019 and 2018

1. Organization

Mental Health Resource Center, Inc. (the Center) provides comprehensive community mental health services including clinical, rehabilitative and residential programs. The Center's goal is to provide such services to all individuals requesting assistance, regardless of their ability to pay. The Center is accredited by The Joint Commission. The Center is governed by a Board of Directors (the Board) consisting of volunteers from the community. The Board is approved by Renaissance Behavioral Health Systems, Inc. (RBHS), a not-for-profit organization that is the sole member of the Center.

2. Summary of Significant Accounting Policies

Basis of Accounting

The financial statements of the Center have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities.

The costs related to the administration of the Center's programs are summarized in the statement of activities. Personnel and operating expenses that are associated with a specific program are charged directly to that program. Personnel and operating expenses that benefit more than one program are allocated to the various programs based on the relative benefit provided.

Use of Estimates

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

Public Support

Public support revenue from government grants is recorded based upon the terms of the grantor allotment that generally provides that revenues are earned when the allowable costs of the specific grant provisions have been incurred or the performance of services rendered. Such revenues are subject to audit by the grantor and, if the examination results in a deficiency of allowable expenses or services, the Center will be required to refund any deficiencies. Management believes that any potential disallowed costs in the Schedule of Expenditures of Federal Awards and State Financial Assistance would be insignificant as of June 30, 2019 and 2018.

Accounts Receivable

Grants, contracts and accounts receivable are stated at the amounts management expects to collect from outstanding balances. If amounts become uncollectible, they will be charged to the program when the determination is made. At June 30, 2019 and 2018, the allowance for doubtful accounts was \$12,608,977 and \$11,785,951, respectively.

Contributions

Mental Health Resource Center, Inc. reports contributions as with donor restriction or without donor restrictions depending on the existence and/or nature of any donor restrictions. Contributions that are with donor restrictions are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contribution are recognized. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose of the restriction is accomplished, 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.

Mental Health Resource Center, Inc.
(a non-profit organization)
Notes to the Financial Statements
June 30, 2019 and 2018

The Center has no net assets with donor-restricted support.

Donated Materials, Long-lived Assets, Facilities & Services

Donated materials are recorded as contributions at their estimated fair value at the date of donation. Long-lived assets for the use of facilities are recorded as contributions in the period received at fair value. Contributions of services are recorded in the financial statements if the services enhance or create non-financial assets or require specialized skills and are provided by individuals possessing those skills.

Client Service Fees

Fees for client services are recorded at standard rates or net realizable value per contractual agreements that are reduced by allowances based upon the client's financial capabilities and by amounts estimated by management to be non-reimbursable by third-party payers and state programs under the provisions of applicable program payment arrangements. Final determination of amounts earned is subject to third party payer audit. Management believes that adequate reserves have been established for potential losses resulting from such audits.

Charity Care

The Center follows the provisions of FASB Accounting Standards Codification 954. Accordingly, the Center provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Because the Center does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue. Grants are received from state and local governmental agencies to assist in providing charity care.

The amount of costs for services and supplies under the Center's charity care policy aggregated approximately \$7,257,000 and \$6,345,000 in 2019 and 2018, respectively.

Tax Status

The Center is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and comparable state law as a charitable organization, whereby only unrelated business income, as defined by Section 509(a)(1) of the Code is subject to federal income taxes. The Center currently has no unrelated business income. Accordingly, no provision for income taxes has been recorded. The Center is no longer subject to U.S. federal income tax examinations by the tax authorities for the years before June 30, 2016.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Center considers all unrestricted highly liquid debt instruments with an original maturity of three months or less to be cash equivalents.

The Center invests its surplus operating funds in money market mutual funds. These funds generally invest in highly liquid U.S. government obligations.

Property and Equipment

Property and equipment are recorded at historical cost or in the case of contributed property and equipment, at estimated fair value at the date of donation. Equipment expenditures of less than \$1,000 are expensed. Ordinary repairs and maintenance are charged to expense when incurred. Depreciation is computed using the straight-line method over the useful lives of the various assets. The State of Florida is entitled to the proceeds from the disposal of certain equipment, if such equipment is acquired with state contract funds.

Mental Health Resource Center, Inc.
(a non-profit organization)
Notes to the Financial Statements
June 30, 2019 and 2018

Long-lived assets held and used by the Center are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. In the event that facts and circumstances indicate that the cost of any long-lived asset may be impaired, an evaluation of recoverability would be performed following generally accepted accounting principles.

Allocation of Expenses

Administrative expenses in the Statement of Functional Expenses are allocated based on a percentage of actual expenses. Other support is allocated primarily based on utilization.

Recent Accounting Pronouncements

In August 2016, the FASB issued ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements for Not-for-Profit Entities*, which changes the current guidance for assets classification, governing board designations, investment return, expenses, liquidity and presentation of operating cash flows. ASU 2016-14 reduces the required number of classes of net assets from three to two: *net assets with donor restrictions and net assets without donor restrictions*. ASU 2016-14 also requires not-for-profit entities to provide enhanced disclosures about the amounts and purposes of governing board designations and appropriations. ASU 2016-14 requires not-for-profits to report investment return net of external and direct internal investment expenses. The requirement to disclose those netted expenses is eliminated. In the absence of explicit donor restrictions, ASU 2016-14 requires not-for-profit entities to use the placed-in-service approach to account for capital gifts. The current option to use the over-time approach has been eliminated. ASU 2016-14 requires expenses to be reported by nature in addition to function and include an analysis of expenses by both nature and function. The methods used by not-for-profit entities to allocate costs among program and support functions will also need to be disclosed. ASU 2016-14 requires not-for-profit entities to provide both qualitative and quantitative information on management of liquid available resources and the ability to cover short-term cash needs within one year of the balance sheet date. Finally, current standards allow not-for-profit entities to decide whether to present operating cash flows using either the direct method or the indirect method. ASU 2016-14 eliminates the requirement to present or disclose the indirect method of reconciliation if the entity decides to use the direct method. ASU 2016-14 is effective for annual reporting periods beginning after December 15, 2017. Early adoption is permitted with retrospective application required for all prior periods presented. The Center has adopted the provisions of ASU 2016-14 and has retrospectively applied this standard to the financial statements as of and for the year ending June 30, 2018.

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*. This ASU requires that a lease liability and related right-of-use-asset representing the lessee's right to use or control the asset be recorded on the statement of financial position upon the commencement of all leases except for short-term leases. Leases will be classified as either finance leases or operating leases, which are substantially similar to the classification criteria for distinguishing between capital leases and operating in existing lease accounting guidance. As a result, the effect of leases in the statement of activities and changes in net assets and the statement of cash flows will be substantially unchanged from the existing lease accounting guidance. The ASU is effective for fiscal years beginning after December 15, 2020. Early adoption is permitted. The Center is currently evaluating the full effect that the adoption of this standard will have on the financial statements.

Mental Health Resource Center, Inc.
(a non-profit organization)
Notes to the Financial Statements
June 30, 2019 and 2018

In May 2014, the FASB issued Accounting Standards Update (“ASU”) No. 2014-09, Revenue from Contracts with Customers (Topic 606). This ASU will supersede most current revenue recognition guidance, including industry-specific guidance. The core principle of the new guidance is that an entity will recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard provides a five-step analysis of transactions to determine when and how revenue is recognized. Other major provisions include the capitalization and amortization of certain contract costs, ensuring the time value of money is considered in the transaction price, and allowing estimates of variable consideration to be recognized before contingencies are resolved in certain circumstances. Additionally, the guidance requires disclosures related to the nature, amount, timing, and uncertainty of revenue that is recognized. In August 2015, the FASB issued ASU No. 2015-14, Revenue from Contracts with Customers (Topic 606), which changed the effective dates of ASU 2014-09. The provisions of ASU 2014-09 are now effective for annual reporting periods beginning after December 31, 2018. Transition to the new guidance may be done using either a full or a modified retrospective method. The Center is currently evaluating the full effect that the adoption of this standard will have on the financial statements.

3. Liquidity

The Center’s 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, are as follows:

	<u>2019</u>	<u>2018</u>
Cash	\$ 3,009,234	\$ 5,527,339
Grants receivable	2,445,055	2,672,037
Accounts receivable, net of allowance for doubtful accounts	<u>777,747</u>	<u>898,668</u>
 Total financial assets at year end	 <u>\$ 6,232,036</u>	 <u>\$ 9,098,044</u>
 Total financial assets available to meet general expenditures within the next 12 months	 <u>\$ 6,232,036</u>	 <u>\$ 9,098,044</u>

As part of the Center’s liquidity management, it has a policy to structure financial assets to be available as its general expenditures, liabilities, and other obligations come due.

Mental Health Resource Center, Inc.
(a non-profit organization)
Notes to the Financial Statements
June 30, 2019 and 2018

4. Property and Equipment

Property and equipment consist of:

	<u>2019</u>	<u>2018</u>
Land	\$ 389,329	\$ 389,329
Building and leasehold improvements	11,931,304	11,834,133
Furniture and equipment	2,156,978	2,161,267
	<u>14,477,611</u>	<u>14,384,729</u>
Less accumulated depreciation	<u>(7,060,152)</u>	<u>(6,649,050)</u>
	7,417,459	7,735,679
Construction in progress	257,777	19,170
	<u>\$ 7,675,236</u>	<u>\$ 7,754,849</u>

Depreciation expense was \$554,457 and \$577,158 for the years ended June 30, 2019 and 2018, respectively.

5. Notes Payable

The Center's mortgage loan payable liability is as follows:

	<u>2019</u>	<u>2018</u>
Bond issued by the City of Jacksonville of which the proceeds constituted an identical and contemporaneous loan to the Center, used in connection with the refinance of the Health Facilities Revenue Bonds 1999A and 1999B, and to provide additional funds for construction, total amount of \$6,451,500, bearing interest at fixed rate of 3.9925% with a swap rate agreement of 65.10% of one month LIBOR plus 2.4%, interest currently at 3.98%, secured through a security interest in the net revenues of the Center as well as substantially all of the assets of the Center, payable in monthly installments of principal plus interest, fixed principal portion of payment beginning in December 2014 at \$18,938 and increasing annually at 4.26% through October 2033.	\$ 4,109,404	\$ 5,453,665

Mental Health Resource Center, Inc.
(a non-profit organization)
Notes to the Financial Statements
June 30, 2019 and 2018

Bond issued by the City of Jacksonville of which the proceeds constituted an identical and contemporaneous loan to the Center, issued in connection with the refinance of the mortgage loan, total amount of \$1,048,500, bearing interest at 3.25% plus one month LIBOR, interest currently at 4.83%, secured through a security interest in the net revenues of the Center as well as substantially all of the assets of the Center, payable in monthly installments of principal plus interest, fixed principal portion of payment beginning in December 2014 at \$3,078 and increasing annually at 4.26%, satisfied in current year.

	-	908,490
	<u>4,109,404</u>	<u>6,362,155</u>
Less current portion	274,932	306,871
Long-term portion	<u>\$ 3,834,472</u>	<u>\$ 6,055,284</u>

Interest expense for the year ended June 30, 2019 and 2018 was \$244,043 and \$275,720, respectively.

The scheduled maturities of notes payable for the next five years and in aggregate are as follows:

June 30, 2020	\$ 274,932
June 30, 2021	286,447
June 30, 2022	298,962
June 30, 2023	311,919
June 30, 2024	325,210
Thereafter	2,611,934
	<u>\$ 4,109,404</u>

The Center entered the Health Facilities Revenue Bonds on October 31, 2013 as an Obligated Group with Mental Health Center of Jacksonville, Inc. and Renaissance Behavioral Health Systems, Inc.

For the twelve-month period ending December 31, 2018, the Obligated Group did not satisfy the required Debt Service Coverage Ratio set forth in the loan agreement, and was required to reduce the outstanding combined principal balance in the aggregate amount of \$1,957,210 as a consequence. On March 4, 2019, a payment in the amount of \$876,919 paid off the 2013B bond, and on April 8, 2019, a payment in the amount of \$1,080,291 reduced the balance of the 2013A bond. Additionally, the Debt Service Coverage Ratio covenant and the Minimum Required Balance of cash on hand going forward were adjusted.

The covenants, as amended April 1, 2019, on the bond include, but are not limited to the following:

	<u>Required Coverage</u>
Debt Service Coverage Ratio	≥ 1.15
Debt to Capitalization Ratio	≤ 55%
Days Cash on Hand	≥ 30 days

Mental Health Resource Center, Inc.
(a non-profit organization)
Notes to the Financial Statements
June 30, 2019 and 2018

As of June 30, 2019, the Obligated Group was in compliance with the covenants.

6. Operating Leases

The Center leases equipment under operating leases expiring through 2024. The Center's future minimum lease payments, by year, for ten (10) buildings, fifty-eight (58) vehicles and equipment, consist of the following at June 30, 2019:

June 30, 2020	\$ 800,745
June 30, 2021	466,817
June 30, 2022	247,795
June 30, 2023	177,622
June 30, 2024 and thereafter	207,236
	<u>\$ 1,900,214</u>

The Center incurred total building lease expense of \$590,696 and \$585,831 during the years ended June 30, 2019 and 2018, respectively, which is included in building occupancy expenses in accompanying statement of functional expenses. Vehicle and equipment lease expense for the years ended June 30, 2019 and 2018 was \$367,902 and \$346,822, respectively.

7. Retirement Plan

The Center adopted a Discretionary Profit Sharing-Thrift Plan (Plan) effective August 1, 1989. The Plan covers full-time and part-time employees who have completed one year of service with at least 1,000 hours of service during the year as of the Plan's effective date. Both basic and matching Center contributions to the Plan are discretionary and are determined on an annual basis by the Center's Board of Directors. Employee contributions to the Plan are voluntary. The Center's retirement expense was \$221,804 and \$232,701 for the years ended June 30, 2019 and 2018, respectively, and is included in fringe benefits expense in the statement of functional expenses.

8. Transactions with Affiliated Organizations

Management fee expense is incurred to RBHS for services rendered for management, accounting, data processing and support. Amounts due to related organizations primarily related to unpaid amounts related to these services. Management fees paid to RBHS for the years ended June 30, 2019 and 2018 were \$4,608,127 and \$4,606,052, respectively.

Due to RBHS was \$410,492 and \$484,738 at June 30, 2019 and 2018, respectively.

The Center serves as a sponsor for two organizations. Balances due from these organizations was \$256,121 and \$197,237 at June 30, 2019 and 2018, respectively.

9. Support from the State of Florida

The Center received a substantial portion of its support in 2019 from the State of Florida, through the Department of Children and Families. A significant reduction in the level of future support would have a substantial effect on the Center's programs and activities. The contracts are renegotiated periodically. Certain contract funds require a rate of twenty-five percent (25%) or fifty percent (50%) of local match for community mental health services. The Center required \$3,597,882 and

Mental Health Resource Center, Inc.
(a non-profit organization)
Notes to the Financial Statements
June 30, 2019 and 2018

\$3,315,353 in local matching funds in order to be in compliance with the aforementioned contract provisions for the years ended June 30, 2019 and 2018, respectively. The Center exceeded its local match requirements for the years ended June 30, 2019 and 2018.

10. Concentration of Credit Risk

The Center grants credit without collateral to its patients, many of whom are local residents and are insured under third-party payer agreements including Medicaid, Medicare, and other third party payers.

The Center maintains cash balance in two financial institutions. The balances are insured up to \$250,000 by the Federal Deposit Insurance Corporation. At June 30, 2019, the Center's uninsured cash balance totaled \$1,855,459. It is the opinion of management that the solvency of the financial institutions are not of particular concern at this time.

The Center has one Treasury Money Market Fund of \$965,959 and \$1,932,606 at June 30, 2019 and 2018, respectively. Money markets are uninsured. However, the funds are invested in conservative and stable Institutional 100% Treasury Money Market Funds.

11. Commitments and Contingencies

The Center is periodically involved in litigation and routine monitoring by regulatory agencies arising from the ordinary course of business. In the opinion of the Center's management, after consultation with legal counsel, such matters will be resolved without a material adverse effect on the financial position or results of operations of the Center. The Center has professional liability insurance through RBHS, the parent company, which effectively covers \$4,000,000 in aggregate and \$2,000,000 per occurrence, to insure against potential malpractice claims.

The Center receives a substantial portion of its client revenues from Medicaid HMO, Medicaid, and Medicare. The Center bills Medicaid HMO, Medicaid, and Medicare for eligible services it renders. Medicaid HMO, Medicaid, and Medicare have oversight agencies that periodically audit claims submitted to these programs. To the extent services are billed to Medicaid HMO, Medicaid, or Medicare and are not properly documented by the Center, the claims may be denied and reimbursement from the Center may be requested. Accordingly, the Center has established a liability for estimated denied claims based on historical experience.

12. Subsequent Events

Management has assessed subsequent events through October 22, 2019, the date the financial statements were available to be issued.

SUPPLEMENTAL INFORMATION

Mental Health Resource Center, Inc.
Schedule of Expenditures of Federal Awards and State Financial Assistance
For the year ended June 30, 2019

<u>Grantor/Program Title</u>	CFDA CSFA No	Contract Grant Number	Total Expenditures	Transfer to Subrecipients
<u><i>U.S. Department of Health and Human Services</i></u>				
<u>Dept of Children & Families SAMH Program</u>				
<u><i>Pass through funds from Lutheran Service Florida, Inc.</i></u>				
Block Grants for Community Mental Health Services	93.958	LS024	\$ 621,018	\$ -
Projects for Assistance in the Transition from Homelessness (PATH)	93.150	LS024	259,934	-
Medical Assistance Program	93.778	LS024	799,241	-
<u><i>Pass through funds from Central Florida Behavioral Health Network, Inc.</i></u>				
Block Grants for Community Mental Health Services	93.958	QB030	568,019	-
Medical Assistance Program	93.778	QB030	1,076,720	-
<u><i>Pass through funds from Central Florida Cares Health System, Inc.</i></u>				
Block Grants for Community Mental Health Services	93.958	MHR21	276,323	-
Medical Assistance Program	93.778	MHR21	523,609	-
			<u>4,124,864</u>	<u>-</u>
<u><i>U.S. Department of Housing and Urban Development</i></u>				
Continuum of Care Program 2018	14.267	FL0135L4H101811	55,553	-
Continuum of Care Program 2017	14.267	FL0573L4H101702	69,902	-
Continuum of Care Program 2016	14.267	FL0573L4H101601	47,216	-
Continuum of Care Program 2017	14.267	FL0135L4H101710	179,690	-
			<u>352,361</u>	<u>-</u>
<u><i>U. S. Department of Agriculture</i></u>				
<u>FL Dept of Elder Affairs</u>				
National School Lunch Program 18/19	10.555	Y4039	45,665	-
Child and Adult Care Food Program 18/19	10.558	Y4039	2,503	-
National School Lunch Program 17/18	10.555	Y4039	16,393	-
Child and Adult Care Food Program 17/18	10.558	Y4039	906	-
			<u>65,467</u>	<u>-</u>
Total Federal Awards			<u>4,542,692</u>	<u>-</u>

Mental Health Resource Center, Inc.
Schedule of Expenditures of Federal Awards and State Financial Assistance
For the year ended June 30, 2019

<u>Grantor/Program Title</u>	<u>CFDA CSFA No</u>	<u>Contract Grant Number</u>	<u>Total Expenditures</u>	<u>Transfer to Subrecipients</u>
<u>State Financial Assistance</u>				
<u>Dept of Children & Families SAMH Program</u>				
<u>Pass through funds from Lutheran Service Florida, Inc.</u>				
Community Forensic Beds Comp Rest Tng	60.114	LS024	652,000	-
Centralized Receiving System	60.163	LS024	1,944,260	244,636
Centralized Receiving System - 17/18 Carry-forward	60.163	LS024	317,607	-
<u>Pass through funds from Changing Homelessness, Inc.</u>				
Homeless Challenge Grant	60.014	n/a	901	-
Total State Financial Assistance			<u>\$ 2,914,768</u>	<u>\$ 244,636</u>
Total Federal Awards and State Financial Assistance			<u>\$ 7,457,460</u>	<u>\$ 244,636</u>
<u>Local Contract & Grants</u>				
<u>City of Jacksonville</u>				
Outpatient and Baker Act - 2018 -2019	n/a	7694-43	\$ 1,672,124	\$ -
Outpatient and Baker Act - 2017 -2018	n/a	7694-42	559,421	-
Total Local			<u>2,231,545</u>	<u>-</u>
Total Federal awards, State Financial Assistance, and Local Contracts/Grants			<u>\$ 9,689,005</u>	<u>\$ 244,636</u>

Mental Health Resource Center, Inc.

(a non-profit organization)

Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance Year ended June 30, 2019

Note A - Basis of Accounting

The accompanying schedule of expenditures of financial awards and state financial assistance (the Schedule) includes the federal award activity and state project activity of Mental Health Resource Center, Inc. under programs of the federal and state government for the year ended June 30, 2019. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and as described in Chapter 10.650, *Rules of the Auditor General*. Because the Schedule presents only a selected portion of the operations of Mental Health Resource Center, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of Mental Health Resource Center, Inc.

Note B – Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and/or OMB Circular A-122, *Cost Principles for Non-profit Organizations*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note C – Indirect Cost Rate

Mental Health Resource Center, Inc. has elected to use the 10% de minimus indirect cost rate allowed under the Uniform Guidance.



AUDIT SCHEDULE ACTUAL EXPENSES AND REVENUES SCHEDULE

DATE PREPARED: 8/26/2019

AGENCY: Mental Health Resource Center, Inc.

BUDGET PERIOD: FROM 07/01/2018 TO 06/30/2019

CONTRACT #: LS024 (subcontract with Lutheran Services Florida, Network), QB030 (subcontract with Central Florida Behavioral Health Network (CFBHN)) and MHR21 (subcontract with Central Florida Cares Health System)

PART I: ACTUAL FUNDING SOURCES & REVENUES

STATE-DESIGNATED SAMH COST CENTERS

Adult Mental Health

FUNDING SOURCES & REVENUES A	Assessment B _{1-a}	Case Management B _{1-b}	Crisis Stabilization B _{1-c}	Crisis Support/ Emergency B _{1-d}	Intensive Case Management B _{1-e}	Supported Housing B _{1-f}	Intervention - Group B _{1-g}	Day Treatment B _{1-h}	Medical Services B _{1-i}	Outpatient - Individual B _{1-j}	Outreach B _{1-k}	Residential Level IV B _{1-l}	Incidental Expenses LS024 B _{1-m}	Incidental Expenses QB030 B _{1-n}	Incidental Expenses - IDP Cash B _{1-o}	FACT LS024 B _{1-q}	FACT QB030 B _{1-r}	FACT MHR21 B _{1-s}
IA. STATE SAMH FUNDING																		
(1) LS024 (Lutheran Services Florida, Inc.)	\$ 111,321	\$ 999,806	\$ 4,797,518	\$ 941,094	\$ 114,340	\$ 6,459	\$ 31,786	\$ 87,529	\$ 617,725	\$ 79,464	\$ 345,572	\$ 195,265	\$ 743,944	\$ -	\$ 39,251	\$ 3,030,096	\$ -	\$ -
(2) MHR21	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,376,135
(3) IDP Line of Credit	\$ -	\$ -	\$ 98,448	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 211,257	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(4) Challenge Grant	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 901	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(5) QB030 (subcontract with CFBHN)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 893,624	\$ -	\$ -	\$ 4,044,140	\$ -
(6) Crisis Counseling	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(7) Mental Health Court - River Region	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(8) LSF Fixed Cost Reimbursement	\$ 229,873	\$ 174,120	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 473,657	\$ 160,017	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL STATE SAMH FUNDING =	\$ 341,194	\$ 1,173,926	\$ 4,895,966	\$ 941,094	\$ 114,340	\$ 6,459	\$ 31,786	\$ 87,529	\$ 1,302,639	\$ 239,481	\$ 346,473	\$ 195,265	\$ 743,944	\$ 893,624	\$ 39,251	\$ 3,030,096	\$ 4,044,140	\$ 2,376,135
IB. OTHER GOVT. FUNDING																		
(1) Other State Agency Funding	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(2) Medicaid	\$ 18,446	\$ 122,219	\$ -	\$ -	\$ 36,985	\$ -	\$ -	\$ 262,189	\$ 118,843	\$ 12,958	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(3) Local Government	\$ 14,256	\$ 213,149	\$ 1,182,873	\$ 298,294	\$ -	\$ -	\$ -	\$ -	\$ 349,758	\$ 15,737	\$ 48,003	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(4) Federal Grants and Contracts	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 65,467	\$ -	\$ -	\$ 352,363	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(5) In-kind from local govt. only	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOT. OTHER GOVT. FUNDING =	\$ 32,702	\$ 335,367	\$ 1,182,873	\$ 298,294	\$ 36,985	\$ -	\$ -	\$ 327,656	\$ 468,601	\$ 28,695	\$ 400,366	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
IC. ALL OTHER REVENUES																		
(1) 1st & 2nd Party Payments	\$ 2,540	\$ (269)	\$ 46,850	\$ -	\$ -	\$ -	\$ -	\$ 30	\$ 29,012	\$ 4,971	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(2) 3rd Party Payments (except Medicare)	\$ 61,965	\$ 382,166	\$ 3,567,190	\$ -	\$ 94,586	\$ -	\$ -	\$ 1,048,615	\$ 623,834	\$ 77,766	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(3) Medicare	\$ -	\$ -	\$ 28,872	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 40,918	\$ 238	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(4) Contributions and Donations	\$ -	\$ 2,651	\$ 220	\$ -	\$ 48	\$ -	\$ -	\$ 829	\$ 161,000	\$ -	\$ 3,059	\$ -	\$ -	\$ -	\$ -	\$ 600	\$ 3,465	\$ 350
(5) Other (Includes Overhead Revenue)	\$ 992	\$ 5,013	\$ 42,760	\$ 3,805	\$ 694	\$ -	\$ 89	\$ 4,359	\$ 4,548	\$ 850	\$ 671	\$ 299	\$ -	\$ -	\$ -	\$ 14,191	\$ 23,597	\$ 25,221
(6) In-kind	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOT. ALL OTHER REVENUES =	\$ 65,497	\$ 389,560	\$ 3,685,892	\$ 3,805	\$ 95,328	\$ -	\$ 89	\$ 1,053,833	\$ 859,312	\$ 83,825	\$ 3,730	\$ 299	\$ -	\$ -	\$ -	\$ 14,791	\$ 27,062	\$ 25,571
TOTAL FUNDING =	\$ 439,393	\$ 1,898,854	\$ 9,764,731	\$ 1,243,193	\$ 246,654	\$ 6,459	\$ 31,875	\$ 1,469,018	\$ 2,630,552	\$ 352,001	\$ 750,569	\$ 195,564	\$ 743,944	\$ 893,624	\$ 39,251	\$ 3,044,887	\$ 4,071,202	\$ 2,401,706



AUDIT SCHEDULE ACTUAL EXPENSES AND REVENUES SCHEDULE

DATE PREPARED: 8/26/2019

AGENCY: Mental Health Resource Center, Inc.

BUDGET PERIOD: FROM 07/01/2018 TO 06/30/2019

CONTRACT #: LS024 (subcontract with Lutheran Services Florida, Network), QB030 (subcontract with Central Florida Behavioral Health Network (CFBHN)) and MHR21 (subcontract with Central Florida Cares Health System)

PART I: ACTUAL FUNDING SOURCES & REVENUES

FUNDING SOURCES & REVENUES A	Adult Mental Health					Children's Mental Health			Total for State SAMH-Funded Cost Centers (C ₁ +...+C _x) D	Tot. for All State-Designated SAMH Cost Centers (D+E) F	Non-SAMH Cost Center G	Total Funding (F+G) H
	LS024 MH0FH Community Forensic Multidisciplinary Team B _{1-u}	Recovery Support - Individual B _{1-v}	Recovery Support - Group B _{1-w}	Information and Referral B _{1-x}	Total for Adult Mental Health (B _{1-a} +...+B _{1-x}) C ₁	Crisis Stabilization B _{2-a}	Crisis Support/ Emergency B _{2-b}	Total for Children's Mental Health (B _{2-a} +...+B _{2-x}) C ₂				
IA. STATE SAMH FUNDING												
(1) LS024 (Lutheran Services Florida, Inc.)	\$ 652,000	\$ 13,519	\$ 7,478	\$ 108,216	\$ 12,922,383	\$ 295,349	\$ 292,795	\$ 588,144	\$ 13,510,527	\$ 13,510,526	XXXXXXXX	\$ 13,510,526
(2) MHR21	\$ -	\$ -	\$ -	\$ -	\$ 2,376,135	\$ -	\$ -	\$ -	\$ 2,376,135	\$ 2,376,135	XXXXXXXX	\$ 2,376,135
(3) IDP Line of Credit	\$ 61,473	\$ -	\$ -	\$ -	\$ 371,178	\$ 9,991	\$ -	\$ 9,991	\$ 381,169	\$ 381,169	XXXXXXXX	\$ 381,169
(4) Challenge Grant	\$ -	\$ -	\$ -	\$ -	\$ 901	\$ -	\$ -	\$ -	\$ 901	\$ 901	XXXXXXXX	\$ 901
(5) QB030 (subcontract with CFBHN)	\$ -	\$ -	\$ -	\$ -	\$ 4,937,764	\$ -	\$ -	\$ -	\$ 4,937,764	\$ 4,937,764	XXXXXXXX	\$ 4,937,764
(6) Crisis Counseling	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	XXXXXXXX	\$ 0
(7) Mental Health Court - River Region	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	XXXXXXXX	\$ 0
(8) LSF Fixed Cost Reimbursement	\$ -	\$ 12,339	\$ 6,826	\$ 98,031	\$ 1,154,863	\$ -	\$ -	\$ -	\$ 1,154,863	\$ 1,154,863	XXXXXXXX	\$ 1,154,863
TOTAL STATE SAMH FUNDING =	\$ 713,473	\$ 25,858	\$ 14,304	\$ 206,247	\$ 21,763,224	\$ 305,340	\$ 292,795	\$ 598,135	\$ 22,361,359	\$ 22,361,358	XXXXXXXX	\$ 22,361,359
IB. OTHER GOVT. FUNDING												
(1) Other State Agency Funding	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(2) Medicaid	\$ -	\$ -	\$ -	\$ -	\$ 571,640	\$ -	\$ -	\$ -	\$ 571,640	\$ 571,640	\$ 17,858	\$ 589,498
(3) Local Government	\$ -	\$ -	\$ -	\$ 39,616	\$ 2,161,686	\$ -	\$ 69,860	\$ 69,860	\$ 2,231,546	\$ 2,231,545	\$ -	\$ 2,231,545
(4) Federal Grants and Contracts	\$ -	\$ -	\$ -	\$ -	\$ 417,830	\$ -	\$ -	\$ -	\$ 417,830	\$ 417,830	\$ -	\$ 417,830
(5) In-kind from local govt. only	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOT. OTHER GOVT. FUNDING =	\$ -	\$ -	\$ -	\$ 39,616	\$ 3,151,156	\$ -	\$ 69,860	\$ 69,860	\$ 3,221,016	\$ 3,221,015	\$ 17,858	\$ 3,238,873
IC. ALL OTHER REVENUES												
(1) 1st & 2nd Party Payments	\$ -	\$ -	\$ -	\$ -	\$ 83,134	\$ 43,695	\$ -	\$ 43,695	\$ 126,829	\$ 126,829	\$ 1,449	\$ 128,278
(2) 3rd Party Payments (except Medicare)	\$ -	\$ -	\$ -	\$ -	\$ 5,856,122	\$ 4,177,809	\$ -	\$ 4,177,809	\$ 10,033,931	\$ 10,033,931	\$ 230,290	\$ 10,264,220
(3) Medicare	\$ -	\$ -	\$ -	\$ -	\$ 70,028	\$ 6	\$ -	\$ 6	\$ 70,034	\$ 70,034	\$ 80,750	\$ 150,784
(4) Contributions and Donations	\$ -	\$ -	\$ -	\$ -	\$ 172,222	\$ 4,746	\$ -	\$ 4,746	\$ 176,968	\$ 176,968	\$ -	\$ 176,968
(5) Other (Includes Overhead Revenue)	\$ 2,104	\$ 65	\$ 36	\$ 514	\$ 129,807	\$ 23,535	\$ 957	\$ 24,492	\$ 154,299	\$ 154,299	\$ 1,196,863	\$ 1,351,161
(6) In-kind	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOT. ALL OTHER REVENUES =	\$ 2,104	\$ 65	\$ 36	\$ 514	\$ 6,311,313	\$ 4,249,791	\$ 957	\$ 4,250,748	\$ 10,562,061	\$ 10,562,060	\$ 1,509,351	\$ 12,071,410
TOTAL FUNDING =	\$ 715,577	\$ 25,923	\$ 14,340	\$ 246,377	\$ 31,225,693	\$ 4,555,131	\$ 363,612	\$ 4,918,743	\$ 36,144,435	\$ 36,144,433	\$ 1,527,209	\$ 37,671,642



AUDIT SCHEDULE ACTUAL EXPENSES AND REVENUES SCHEDULE

DATE PREPARED: 8/26/2019

AGENCY: Mental Health Resource Center, Inc.

BUDGET PERIOD: FROM 07/01/2018 TO 06/30/2019

CONTRACT #: LS024 (subcontract with Lutheran Services Florida, Network), QB030 (subcontract with Central Florida Behavioral Health Network (CFBHN)) and MHR21 (subcontract with Central Florida Cares Health System)

PART II: ACTUAL EXPENSES

STATE-DESIGNATED SAMH COST CENTERS

STATE SAMH-FUNDED COST CENTERS

Adult Mental Health

EXPENSE CATEGORIES	Assessment	Case Management	Crisis Stabilization	Crisis Support/ Emergency	Intensive Case Management	Supported Housing	Intervention - Group	Day Treatment	Medical Services	Outpatient - Individual	Outreach	Residential Level IV	Incidental Expenses LS024	Incidental Expenses QB030	Incidental Expenses - IDP Cash	FACT LS024	FACT QB030	FACT MHR21
A	B _{1-a}	B _{1-b}	B _{1-c}	B _{1-d}	B _{1-e}	B _{1-f}	B _{1-g}	B _{1-h}	B _{1-i}	B _{1-j}	B _{1-k}	B _{1-l}	B _{1-m}	B _{1-n}	B _{1-o}	B _{1-q}	B _{1-r}	B _{1-s}
IIA. PERSONNEL EXPENSES																		
(1) Salaries	\$ 252,269	\$ 1,053,609	\$ 4,297,938	\$ 553,657	\$ 152,219	\$ 6,459	\$ 22,860	\$ 503,531	\$ 738,866	\$ 153,263	\$ 393,957	\$ 16,986	\$ -	\$ -	\$ -	\$ 1,745,295	\$ 2,403,013	\$ 974,759
(2) Fringe Benefits	\$ 69,346	\$ 294,892	\$ 974,067	\$ 100,454	\$ 26,227	\$ -	\$ 5,603	\$ 180,773	\$ 168,396	\$ 41,628	\$ 141,118	\$ 4,832	\$ -	\$ -	\$ -	\$ 445,921	\$ 560,464	\$ 283,687
TOTAL PERSONNEL EXPENSES =	\$ 321,615	\$ 1,348,501	\$ 5,272,005	\$ 654,111	\$ 178,446	\$ 6,459	\$ 28,463	\$ 684,304	\$ 907,262	\$ 194,891	\$ 535,075	\$ 21,818	\$ -	\$ -	\$ -	\$ 2,191,216	\$ 2,963,477	\$ 1,258,446
IIB. OTHER EXPENSES																		
(1) Building Occupancy	\$ 10,275	\$ 45,965	\$ 499,640	\$ 62,206	\$ 5,277	\$ -	\$ 352	\$ 180,307	\$ 30,581	\$ 10,714	\$ 48,023	\$ 2,353	\$ -	\$ -	\$ -	\$ 160,517	\$ 254,544	\$ 127,612
(2) Professional Services	\$ 14,011	\$ 3,422	\$ 693,247	\$ 5,358	\$ 412	\$ -	\$ 2	\$ 921	\$ 731,850	\$ 11,968	\$ 2,322	\$ 4	\$ -	\$ -	\$ -	\$ 72,875	\$ 65,637	\$ 332,800
(3) Travel	\$ 80	\$ 91,662	\$ 51,961	\$ 177,899	\$ 18,527	\$ -	\$ 1,771	\$ 83,030	\$ 13,338	\$ 739	\$ 20,805	\$ -	\$ -	\$ -	\$ -	\$ 141,535	\$ 174,083	\$ 81,461
(4) Equipment	\$ 2,612	\$ 3,976	\$ 57,641	\$ 10,701	\$ 163	\$ -	\$ 26	\$ 6,102	\$ 18,101	\$ 2,587	\$ 4,079	\$ 50	\$ -	\$ -	\$ -	\$ 8,930	\$ 14,989	\$ 8,345
(5) Food Services	\$ -	\$ 333	\$ 186,608	\$ 23,973	\$ 21	\$ -	\$ -	\$ 95,098	\$ 9,664	\$ -	\$ 503	\$ -	\$ -	\$ -	\$ -	\$ 5,624	\$ 6,402	\$ 1,755
(6) Medical and Pharmacy	\$ -	\$ 88	\$ 320,690	\$ 80	\$ -	\$ -	\$ -	\$ 2,484	\$ 306,459	\$ -	\$ -	\$ -	\$ 83,033	\$ 117,125	\$ 39,251	\$ -	\$ -	\$ 56,737
(7) Subcontracted Services	\$ 17,616	\$ 105,982	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 52,848	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(8) Insurance	\$ 3,553	\$ 24,634	\$ 129,405	\$ 17,714	\$ 2,612	\$ -	\$ 280	\$ 45,768	\$ 16,136	\$ 3,600	\$ 22,390	\$ 776	\$ -	\$ -	\$ -	\$ 98,532	\$ 132,474	\$ 62,614
(9) Interest Paid	\$ 2,817	\$ 3,119	\$ 109,401	\$ 5,922	\$ 421	\$ -	\$ 54	\$ -	\$ 5,634	\$ 2,817	\$ 34	\$ 104	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(10) Operating Supplies & Expenses	\$ 32,659	\$ 204,506	\$ 1,706,595	\$ 306,303	\$ 33,289	\$ -	\$ 3,229	\$ 191,611	\$ 175,318	\$ 36,279	\$ 43,254	\$ 82,946	\$ 660,911	\$ 776,499	\$ -	\$ 184,519	\$ 218,680	\$ 410,940
(11) Other	\$ 5,932	\$ 21,483	\$ 232,618	\$ 2,962	\$ 3,574	\$ -	\$ 179	\$ 27,851	\$ 48,815	\$ 6,486	\$ 4,843	\$ 216	\$ -	\$ -	\$ -	\$ 15,388	\$ 17,450	\$ 9,167
(12) Donated Items	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL OTHER EXPENSES =	\$ 89,555	\$ 505,169	\$ 3,987,806	\$ 613,118	\$ 64,297	\$ -	\$ 5,893	\$ 633,172	\$ 1,355,895	\$ 128,038	\$ 146,254	\$ 86,449	\$ 743,944	\$ 893,624	\$ 39,251	\$ 687,920	\$ 884,259	\$ 1,091,431
TOT. PERSONNEL & OTH. EXP. =	\$ 411,170	\$ 1,853,670	\$ 9,259,811	\$ 1,267,229	\$ 242,744	\$ 6,459	\$ 34,356	\$ 1,317,476	\$ 2,263,157	\$ 322,929	\$ 681,328	\$ 108,267	\$ 743,944	\$ 893,624	\$ 39,251	\$ 2,879,136	\$ 3,847,736	\$ 2,349,877
IIC. DISTRIBUTED INDIRECT COSTS																		
(a) Other Support Costs (Optional)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(b) Administration	\$ 36,675	\$ 177,424	\$ 816,230	\$ 110,191	\$ 24,404	\$ -	\$ 3,194	\$ 116,517	\$ 196,731	\$ 29,071	\$ 63,275	\$ 9,836	\$ -	\$ -	\$ -	\$ 317,822	\$ 429,105	\$ 210,728
TOT. DISTR'D INDIRECT COSTS =	\$ 36,675	\$ 177,424	\$ 816,230	\$ 110,191	\$ 24,404	\$ -	\$ 3,194	\$ 116,517	\$ 196,731	\$ 29,071	\$ 63,275	\$ 9,836	\$ -	\$ -	\$ -	\$ 317,822	\$ 429,105	\$ 210,728
TOTAL ACTUAL OPER. EXPENSES =	\$ 447,845	\$ 2,031,094	\$ 10,076,041	\$ 1,377,420	\$ 267,148	\$ 6,459	\$ 37,549	\$ 1,433,993	\$ 2,459,888	\$ 352,000	\$ 744,603	\$ 118,103	\$ 743,944	\$ 893,624	\$ 39,251	\$ 3,196,958	\$ 4,276,841	\$ 2,560,605
IID. UNALLOWABLE COSTS	\$ 5,130	\$ 12,290	\$ 205,210	\$ 407	\$ 1,976	\$ -	\$ 3	\$ 24,171	\$ 46,349	\$ 5,538	\$ 670	\$ 153	\$ -	\$ -	\$ -	\$ 3,636	\$ 3,159	\$ 2,974
Γ. ALLOWABLE OPER. EXP. =	\$ 442,715	\$ 2,018,804	\$ 9,870,831	\$ 1,377,013	\$ 265,173	\$ 6,459	\$ 37,546	\$ 1,409,822	\$ 2,413,539	\$ 346,462	\$ 743,934	\$ 117,950	\$ 743,944	\$ 893,624	\$ 39,251	\$ 3,193,323	\$ 4,273,682	\$ 2,557,631
III. CAPITAL EXPENDITURES																		
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -



AUDIT SCHEDULE ACTUAL EXPENSES AND REVENUES SCHEDULE

DATE PREPARED: 8/26/2019

AGENCY: Mental Health Resource Center, Inc.

BUDGET PERIOD: FROM 07/01/2018 TO 06/30/2019

CONTRACT #: LS024 (subcontract with Lutheran Services Florida, Network), QB030 (subcontract with Central Florida Behavioral Health Network (CFBHN)) and MHR21 (subcontract with Central Florida Cares Health System)

PART II: ACTUAL EXPENSES

EXPENSE CATEGORIES A	STATE-DESIGNATED SAMH COST CENTERS										Non-SAMH Cost Center G	Other Support Costs (optional) H	Administration I	Total Expenses (F+G+H+I*) J	
	Adult Mental Health					Children's Mental Health			Total for State SAMH-Funded Cost Centers (C ₁ +...+C _x) D	Tot. for All State-Designated SAMH Cost Centers (D+E) F					
	LS024 MH0FH Community Forensic Multidisciplinary Team B _{1-u}	Recovery Support - Individual B _{1-v}	Recovery Support - Group B _{1-w}	Information and Referral B _{1-x}	Total for Adult Mental Health (B _{1-a} +...+B _{1-x}) C ₁	Crisis Stabilization B _{2-a}	Crisis Support/ Emergency B _{2-b}	Total for Children's Mental Health (B _{2-a} +...+B _{2-x}) C ₂							
IIA. PERSONNEL EXPENSES															
(1) Salaries	\$ 275,100	\$ 10,257	\$ 5,674	\$ 112,358	\$ 13,672,071	\$ 2,067,796	\$ 170,117	\$ 2,237,913	\$ 15,909,984	\$ 15,909,984	\$ 612,475	\$ 1,287,999	\$ 103,474	\$ 17,913,931	
(2) Fringe Benefits	\$ 72,482	\$ 2,435	\$ 1,347	\$ 26,485	\$ 3,400,156	\$ 464,396	\$ 34,848	\$ 499,244	\$ 3,899,400	\$ 3,899,400	\$ 101,504	\$ 389,655	\$ 33,440	\$ 4,423,999	
TOTAL PERSONNEL EXPENSES =	\$ 347,582	\$ 12,692	\$ 7,021	\$ 138,843	\$ 17,072,227	\$ 2,532,192	\$ 204,965	\$ 2,737,157	\$ 19,809,384	\$ 19,809,384	\$ 713,979	\$ 1,677,654	\$ 136,914	\$ 22,337,930	
IIIB. OTHER EXPENSES															
(1) Building Occupancy	\$ 14,989	\$ 421	\$ 233	\$ 4,581	\$ 1,458,591	\$ 264,456	\$ 9,539	\$ 273,995	\$ 1,732,586	\$ 1,732,586	\$ 95,414	\$ 89,723	\$ 338	\$ 1,918,061	
(2) Professional Services	\$ 1,536	\$ 65	\$ 36	\$ 706	\$ 1,937,172	\$ 188,959	\$ 1,243	\$ 190,202	\$ 2,127,374	\$ 2,127,374	\$ 176,963	\$ 51,856	\$ 37,083	\$ 2,393,276	
(3) Travel	\$ 26,303	\$ 347	\$ 192	\$ 3,779	\$ 887,513	\$ 8,840	\$ 90,296	\$ 99,136	\$ 986,649	\$ 986,649	\$ 2,753	\$ 11,569	\$ 2,146	\$ 1,003,117	
(4) Equipment	\$ 4,427	\$ 93	\$ 51	\$ 1,009	\$ 143,881	\$ 37,183	\$ 2,566	\$ 39,749	\$ 183,630	\$ 183,630	\$ 17,543	\$ 8,037	\$ 4,124	\$ 213,334	
(5) Food Services	\$ 1,084	\$ 1	\$ 1	\$ 12	\$ 331,079	\$ 61,140	\$ 6,819	\$ 67,959	\$ 399,038	\$ 399,038	\$ -	\$ 3,456	\$ 516	\$ 403,010	
(6) Medical and Pharmacy	\$ 81,412	\$ 3	\$ 2	\$ 32	\$ 1,007,395	\$ 152,312	\$ 47	\$ 152,359	\$ 1,159,755	\$ 1,159,755	\$ -	\$ 4,653	\$ -	\$ 1,164,408	
(7) Subcontracted Services	\$ -	\$ 5,487	\$ 3,035	\$ 59,669	\$ 244,636	\$ -	\$ -	\$ -	\$ 244,636	\$ 244,636	\$ -	\$ -	\$ -	\$ 244,636	
(8) Insurance	\$ 18,173	\$ 345	\$ 191	\$ 3,754	\$ 582,951	\$ 67,797	\$ 5,084	\$ 72,881	\$ 655,832	\$ 655,832	\$ 17,548	\$ 80,541	\$ 37,925	\$ 791,846	
(9) Interest Paid	\$ 685	\$ 89	\$ 49	\$ 965	\$ 132,111	\$ 61,088	\$ 1,749	\$ 62,837	\$ 194,948	\$ 194,948	\$ 49,096	\$ -	\$ -	\$ 244,044	
(10) Operating Supplies & Expenses	\$ 158,807	\$ 1,237	\$ 684	\$ 13,456	\$ 5,241,724	\$ 905,798	\$ 59,514	\$ 965,312	\$ 6,207,036	\$ 6,207,036	\$ 48,945	\$ (1,931,749)	\$ 2,871,967	\$ 7,196,199	
(11) Other	\$ 1,899	\$ 37	\$ 20	\$ 398	\$ 399,318	\$ 270,833	\$ 684	\$ 271,517	\$ 670,835	\$ 670,835	\$ (87,004)	\$ 4,265	\$ 47,588	\$ 635,684	
(12) Donated Items	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
TOTAL OTHER EXPENSES =	\$ 309,315	\$ 8,125	\$ 4,495	\$ 88,361	\$ 12,366,371	\$ 2,018,406	\$ 177,541	\$ 2,195,947	\$ 14,562,319	\$ 14,562,319	\$ 321,258	\$ (1,677,649)	\$ 3,001,687	\$ 16,207,614	
TOT. PERSONNEL & OTH. EXP. =	\$ 656,897	\$ 20,817	\$ 11,516	\$ 227,204	\$ 29,438,598	\$ 4,550,598	\$ 382,506	\$ 4,933,104	\$ 34,371,702	\$ 34,371,702	\$ 1,035,237	\$ 5	\$ 3,138,601	\$ 38,545,545	
IIIC. DISTRIBUTED INDIRECT COSTS															
(a) Other Support Costs (Optional)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(b) Administration	\$ 60,230	\$ 1,927	\$ 1,066	\$ 20,958	\$ 2,625,384	\$ 385,754	\$ 32,920	\$ 418,674	\$ 3,044,058	\$ 3,044,058	\$ 91,176	\$ 0.00	\$ <	\$ >	\$ -
TOT. DISTR'D INDIRECT COSTS =	\$ 60,230	\$ 1,927	\$ 1,066	\$ 20,958	\$ 2,625,384	\$ 385,754	\$ 32,920	\$ 418,674	\$ 3,044,058	\$ 3,044,058	\$ 91,176	XXXXXXXXXX	XXXXXXXXXX	\$ -	
TOTAL ACTUAL OPER. EXPENSES =	\$ 717,127	\$ 22,744	\$ 12,582	\$ 248,162	\$ 32,063,982	\$ 4,936,352	\$ 415,426	\$ 5,351,778	\$ 37,415,760	\$ 37,415,760	\$ 1,126,413	\$ 0.00	\$ 0.00	\$ 38,545,545	
IIID. UNALLOWABLE COSTS	\$ 134	\$ 7	\$ 4	\$ 71	\$ 311,882	\$ 257,360	\$ 101	\$ 257,460	\$ 569,342	\$ 569,342	\$ 1,126,413	XXXXXXXXXX	XXXXXXXXXX	\$ 1,695,755	
TOT. ALLOWABLE OPER. EXP. =	\$ 716,993	\$ 22,738	\$ 12,578	\$ 248,091	\$ 31,752,101	\$ 4,678,992	\$ 415,325	\$ 5,094,317	\$ 36,846,418	\$ 36,846,418	\$ 19,582	XXXXXXXXXX	XXXXXXXXXX	\$ 36,849,791	
IIIE. CAPITAL EXPENDITURES	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -



AUDIT SCHEDULE
Mental Health Resource Center, Inc.
Schedule of State Earnings for
Fiscal Year 06/30/2019

1	Total Expenditures	\$	38,545,545
2	Less Other State and Federal Funds	\$	(1,007,328)
3	Less Non-Match SAMH Funds	\$	(12,539,873)
4	Less Unallowable Costs per 65E-14, F.A.C.	\$	(1,695,755)
5	Total Allowable Expenditures (Sum of lines 1, 2, 3, and 4)	\$	23,302,589
6	Maximum Available Earnings (see note below)	\$	17,198,237
7	Amount of State Funds Requiring Match	\$	9,821,515
8	Amount Due to Department (Subtract line 7 from line 6)	\$	7,376,722

*Note: ((Total Allowable Expenditures - Allowable Costs from CRS Grant Funded Departments) * .75) + (Allowable Costs from CRS Grant Funded Departments * 0.66)*

Mental Health Resource Center, Inc.
(a non-profit organization)
Schedule of Revenues
For the year ended June 30, 2019

State and Federal Grants:	
LSF - Adult Mental Health Services	\$ 9,720,407
LSF - Carry Forward Adult	317,607
LSF - Path Grant	259,934
LSF - Children's Mental Health Services	588,144
LSF - Adult Mental Health Incidental Expenditures	22,070
LSF - Incidental Expenditures - MHTRV	56,856
LSF - Incidental Expenditures - MHDRF	79,643
LSF - FACT Program	3,030,095
LSF - FACT Incidental Expenditures	590,633
CFBHN - FACT Program	4,044,140
CFBHN - FACT Incidental Expenditures	833,624
CFBHN - Carry Forward Funding	60,000
SAMH - IDP Line of Credit	381,169
CFCHS - FACT Program	2,376,135
DCF Challenge Grant	901
Adult care food program	65,467
HUD	352,363
Total State and Federal Grants	<u>22,779,188</u>
Other government funding:	
Local government	2,231,545
Total other government funding	<u>2,231,545</u>
All other funding and revenues:	
Medicaid	589,498
Medicare	150,784
First and third-party fees	2,944,265
Medicaid HMO	7,448,233
Contributions	176,965
Other	1,351,165
Total other funding and revenues	<u>12,660,910</u>
Total all funding and revenues	<u><u>\$ 37,671,643</u></u>

The accompanying notes are an integral part of this statement.

AUDIT SCHEDULE
Mental Health Resource Center, Inc.
Schedule of Related Party Transaction Adjustments
for the Fiscal Year Ending 06/30/19

		Allocation of Related Party Transactions Adjustment															
		State-Designated Cost Centers															
	Related Party	Case Management	Assessment	Adult Crisis Stabilization	Adult Crisis Support/ Emergency	Intensive Case Management	Medical Services	Community Forensic Multidisciplinary	Residential Level IV	LSF FACT	Information and Referral	Outpatient Individual	Children Crisis Stabilization	Children Crisis Support/ Emergency	Other Support Costs	Administration Costs	Total
Revenues From Grantee																	
	Rent	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Total Revenue From Grantee	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Expenses Associated with Grantee Transactions																	
	Personal Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Depreciation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Interest	155	156	9,271	218	64	312	50	8	-	78	156	3,380	260	-	-	14,108
	Other	4	7	8,915	327	-	3,922	373	-	592	4	273	1,344	13	1,635	380,444	397,853
	Total Associated Expenses	159	163	18,186	545	64	4,234	423	8	592	82	429	4,724	273	1,635	380,444	411,961
	Related Party Transaction Adjustment	159	163	18,186	545	64	4,234	423	8	592	82	429	4,724	273	1,635	380,444	411,961
RBHS - Renaissance Behavioral Health Systems, Inc.																	

Mental Health Resource Center, Inc.
(a non-profit organization)
Schedule of Findings and Questioned Costs – Federal Programs
and State Projects
For the year ended June 30, 2019

Section I - Summary of Independent Auditor's Results

Financial Statements

- Type of auditor's report issued: Unmodified
- Internal control over financial reporting:
- Material weakness(es) identified? Yes No
 - Significant deficiency(ies) identified that are not considered to be material weaknesses? Yes None reported
 - Noncompliance material to financial statements noted? Yes No

Federal Awards and State Projects

- Internal control over the major programs:
- Material weakness(es) identified? Yes No
 - Significant deficiency(ies) identified that are Not considered to be material weaknesses? Yes None reported

Type of auditor's report issued on compliance for the major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a) or Chapter 10.656? Yes No

Identification of federal major programs:

CFDA Number	Name of Federal Program or Cluster
93.958	Block Grants for Community Mental Health Services
93.778	Medical Assistance Program

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? Yes No

Mental Health Resource Center, Inc.
(a non-profit organization)
Schedule of Findings and Questioned Costs – Federal Programs
and State Projects
For the year ended June 30, 2019

Identification of state major programs:

<u>CSFA Number</u>	<u>Name of State Project</u>
60.114	Forensic Services and Competency Restoration Training
60.163	Centralized Receiving Systems

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Section II – Financial Statement Findings

There were no financial statement findings reported during the 2019 audit.

Section III – Federal Award and State Projects Findings and Questioned Costs

There were no federal award or state project findings or questioned costs reported during the 2019 audit.

Section IV – Other items

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

No Summary Schedule of Prior Audit Findings is required because there were no prior audit findings related to Federal programs or State projects.

RALSTON & COMPANY, P.A.
CERTIFIED PUBLIC ACCOUNTANTS
8777 SAN JOSE BOULEVARD, SUITE 600
JACKSONVILLE, FLORIDA 32217-4213

R. BRUCE SHEALY
MICHAEL R. RITCH
KEVIN M. FRITZ
JON E. CORNAIRE

ROBERT E. RALSTON
(1921 - 1986)
BERT J. PITTMAN, JR.
(1944 - 2018)

TELEPHONE (904) 730-0440
FAX (904) 730-0983
EMAIL cpas@ralstonco.com

**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
Mental Health Resource Center, Inc.
Jacksonville, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Mental Health Resource Center, Inc. (a non-profit organization), which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 22, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Mental Health Resource Center, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Mental Health Resource Center, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Mental Health Resource Center, Inc.'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 organization's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Mental Health Resource Center, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Reidman & Company P.A.

October 22, 2019

RALSTON & COMPANY, P.A.
CERTIFIED PUBLIC ACCOUNTANTS
8777 SAN JOSE BOULEVARD, SUITE 600
JACKSONVILLE, FLORIDA 32217-4213

R. BRUCE SHEALY
MICHAEL R. RITCH
KEVIN M. FRITZ
JON E. CORNAIRE

ROBERT E. RALSTON
(1921 - 1986)

BERT J. PITTMAN, JR.
(1944 - 2018)

TELEPHONE (904) 730-0440
FAX (904) 730-0993
EMAIL cpas@ralstonco.com

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH
MAJOR PROGRAM AND MAJOR STATE PROJECT 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
Mental Health Resource Center, Inc.
Jacksonville, Florida

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

We have audited Mental Health Resource Center, Inc.'s (a non-profit organization) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and described in the Department of Financial Services *State Projects Compliance Supplement* that could have a direct and material effect on each of Mental Health Resource Center, Inc.'s major Federal programs and state projects for the year ended June 30, 2019. Mental Health Resource Center, Inc.'s major Federal programs and major State projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Mental Health Resource Center, Inc.'s major federal programs and major state projects based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and Chapter 10.650 *Rules of the Auditor General*. Those standards, 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 major state project occurred. An audit includes examining, on a test basis, evidence about Mental Health Resource Center, Inc.'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 on Mental Health Resource Center, Inc.'s compliance.

Opinion on Each Major Federal Program

In our opinion, Mental Health Resource Center, Inc. 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 Mental Health Resource Center, Inc. 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 Mental Health Resource Center, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major Federal program and State project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major Federal program and State project and to test and report on the 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 Mental Health Resource Center, Inc.'s internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a Federal program and 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 major Federal program and 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 major Federal program and State project that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance, and Chapter 10.650, *Rules of the Auditor General*. Accordingly, this report is not suitable for any other purpose.


October 22, 2019