

AGENCY FOR COMMUNITY TREATMENT SERVICES, INC. AND AFFILIATES

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

**June 30, 2020 and 2019
(With Independent Auditor's Report Thereon)**

AGENCY FOR COMMUNITY TREATMENT SERVICES, INC. AND AFFILIATES

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Mayer Hoffman McCann P.C.

13577 Feather Sound Drive, Suite 400 ■ Clearwater, FL 33762
Main: 727.572.1400 ■ Fax: 727.571.1933 ■ www.mhmcpa.com

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

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

Report on the Combined Financial Statements

We have audited the accompanying combined financial statements of Agency for Community Treatment Services, Inc. and Affiliates (the “Organization”), which comprise the combined statements of financial position as of June 30, 2020 and 2019, and the related combined statements of support and revenue, expenses, and other changes in net assets without donor restrictions, changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the combined financial statements.

Management’s Responsibility for the Combined Financial Statements

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

Auditor’s Responsibility

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

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

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

Opinion

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of Agency for Community Treatment Services, Inc. and Affiliates as of June 30, 2020 and 2019, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the combined financial statements as a whole. The accompanying supplementary information appearing on pages 31 through 37 and the schedule of expenditures of federal awards and state financial assistance, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*, and Chapter 10.650, *Rules of the State of Florida Auditor General*, are presented for purposes of additional analysis and are not a required part of the combined financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the combined financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 2, 2020, on our consideration of Agency for Community Treatment Services, Inc. and Affiliates' internal control over financial reporting and on our tests of their compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Agency for Community Treatment Services, Inc. and Affiliates' internal control over financial reporting and compliance.

Mayer Hoffman McCann P.C.

November 2, 2020
Clearwater, Florida

AGENCY FOR COMMUNITY TREATMENT SERVICES, INC. AND AFFILIATES

Combined Statements of Financial Position

June 30, 2020 and 2019

Assets	2020	2019
Current assets:		
Cash and cash equivalents (Note 11)	\$ 4,785,465	1,686,250
Certificates of deposit (Note 11)	423,330	421,224
Accounts receivable:		
Funding contracts (Note 11)	3,372,319	2,925,856
First and third party	85,374	56,602
Current portion of gifted facilities (Note 3)	80,900	77,647
Inventories	48,838	64,770
Prepaid expenses	359,871	312,140
Total current assets	9,156,097	5,544,489
Property and equipment, net (Notes 2, 4, 5 and 15)	7,017,881	7,310,001
Gifted facilities, less current portion (Note 3)	374,356	455,255
Other assets	153,148	149,500
	<u>\$ 16,701,482</u>	<u>13,459,245</u>

Liabilities and Net Assets	<u>2020</u>	<u>2019</u>
Current liabilities:		
Current installments under capital lease obligations (Note 7)	\$ 105,190	85,086
Current installments of long-term debt (Note 4)	224,548	312,207
Accounts payable	763,513	816,448
Accrued salaries and payroll related expenses	609,337	517,646
Other accrued expenses	460,602	248,046
Refundable advance (Note 6)	<u>1,132,736</u>	<u>-</u>
Total current liabilities	3,295,926	1,979,433
Capital lease obligations, excluding current installments (Note 7)	317,416	-
Long-term debt, net of unamortized issuance costs, excluding current installments (Note 4)	2,142,450	2,327,426
Deferred payment mortgages (Note 5)	550,443	885,743
Accrued rent expense	<u>64,964</u>	<u>63,322</u>
Total liabilities	6,371,199	5,255,924
Net assets:		
Without donor restrictions:		
Undesignated	6,197,193	3,970,880
Net investment in property and equipment	<u>3,459,078</u>	<u>3,402,059</u>
	9,656,271	7,372,939
With donor restrictions (Note 8)	<u>674,012</u>	<u>830,382</u>
Total net assets	10,330,283	8,203,321
Commitments and contingencies (Notes 7 and 9)		
	<u><u>\$ 16,701,482</u></u>	<u><u>13,459,245</u></u>

AGENCY FOR COMMUNITY TREATMENT SERVICES, INC. AND AFFILIATES

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

Years Ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Operating support and revenue:		
Public support:		
Contributions	\$ 7,701	1,780
In-kind contributions (Note 12)	<u>1,065,240</u>	<u>1,208,885</u>
	1,072,941	1,210,665
Revenue:		
Reimbursement of direct and indirect costs of providing services by:		
Governmental and other agencies (Note 11)	24,556,073	22,371,915
Medicaid	147,525	179,488
First and third party fees	20,725	14,669
Drug laboratory processing fees	102,040	180,857
Rental income	460,261	444,969
Food stamps	80,029	61,404
Interest income	6,688	3,023
Other income	<u>7,912</u>	<u>3,314</u>
	25,381,253	23,259,639
Net assets released from restrictions:		
Expiration of time restrictions on capital assets	78,722	285,713
Expiration of time restrictions on gifted facility leases	<u>95,261</u>	<u>246,534</u>
	<u>173,983</u>	<u>532,247</u>
Total operating support and revenue	26,628,177	25,002,551
Operating expenses:		
Program services	21,142,969	20,880,473
Supporting services	<u>3,261,480</u>	<u>3,429,510</u>
Total operating expenses	<u>24,404,449</u>	<u>24,309,983</u>
Increase in net assets without donor restrictions from operations	2,223,728	692,568
Other changes:		
Governmental grants to acquire and improve capital assets	51,179	80,910
Forgiveness of debt (Note 5)	35,300	110,000
Loss on disposal of assets	(26,875)	(95,924)
Loss on early termination of gifted facility lease (Note 3)	<u>-</u>	<u>(99,988)</u>
Increase in net assets without donor restrictions	<u>\$ 2,283,332</u>	<u>687,566</u>

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

AGENCY FOR COMMUNITY TREATMENT SERVICES, INC. AND AFFILIATES

Combined Statements of Changes in Net Assets

Years Ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Net assets without donor restrictions:		
Operating support and revenue	\$ 26,454,194	24,470,304
Operating expenses	(24,404,449)	(24,309,983)
Net assets released from restrictions	173,983	532,247
Governmental grants to acquire and improve capital assets	51,179	80,910
Forgiveness of debt	35,300	110,000
Loss on disposal of assets	(26,875)	(95,924)
Loss on early termination of gifted facility lease	-	(99,988)
	<hr/>	<hr/>
Increase in net assets without donor restrictions	2,283,332	687,566
Net assets with donor restrictions:		
Contributions	17,613	34,366
Net assets released from restrictions	(173,983)	(532,247)
	<hr/>	<hr/>
Decrease in net assets with donor restrictions	(156,370)	(497,881)
	<hr/>	<hr/>
Increase in net assets	2,126,962	189,685
Net assets at beginning of year	<hr/>	<hr/>
	8,203,321	8,013,636
Net assets at end of year	<hr/>	<hr/>
	\$ 10,330,283	8,203,321

AGENCY FOR COMMUNITY TREATMENT SERVICES, INC. AND AFFILIATES

Combined Statement of Functional Expenses

**Year Ended June 30, 2020
(With Comparative Totals for 2019)**

	Program Services										Supporting Services	Total Expenses	
	Adult Substance Abuse	Children's Substance Abuse	Adult Mental Health	Juvenile Justice	Jail Diversion	Child Welfare	Housing	Drug Testing	Special Projects	Total Program Services	General and Administrative	2020	2019
Salaries	\$ 4,518,038	1,894,658	439,316	827,923	180,704	485,272	1,247,936	62,233	20,806	9,676,886	1,562,643	11,239,529	10,299,763
Payroll taxes and employee benefits	747,867	351,275	80,641	161,005	35,713	104,965	219,515	12,863	3,715	1,717,559	297,524	2,015,083	1,815,082
Total salaries and related expenses	5,265,905	2,245,933	519,957	988,928	216,417	590,237	1,467,451	75,096	24,521	11,394,445	1,860,167	13,254,612	12,114,845
Professional services	425,027	165,702	20,893	14,999	2,748	9,402	107,823	1,135	233	747,962	288,011	1,035,973	1,114,730
Occupancy	697,323	497,290	171,743	69,469	2,470	52,540	1,855,874	13,260	-	3,359,969	83,098	3,443,067	3,563,160
Travel	22,593	39,657	2,063	8,043	4,587	2,513	37,360	50	238	117,104	28,377	145,481	140,660
Equipment costs	98,445	14,511	11,594	4,234	4,008	19,113	56,768	767	213	209,653	54,807	264,460	335,005
Food	550,066	117,413	87,002	9,058	-	21,371	220,757	-	-	1,005,667	19,488	1,025,155	1,110,465
Medical and pharmacy	199,664	8,319	18,228	40	133	539	40,578	-	273,304	540,805	217	541,022	470,283
Subcontractors	62,454	32,825	6,478	214,249	153,000	-	1,970	2,420	-	473,396	83,750	557,146	946,493
Insurance	186,098	99,139	36,402	21,647	1,896	17,054	106,204	826	172	469,438	130,282	599,720	574,087
Operating supplies and expenses	384,381	229,916	42,117	71,128	19,535	42,884	152,453	143,799	547	1,086,760	436,838	1,523,598	1,605,345
In-kind expenses (Note 12)	140,556	815,057	35,752	-	-	-	40,085	-	-	1,031,450	33,790	1,065,240	1,208,885
Interest	9,406	18,108	23,539	1,627	-	713	1,840	735	-	55,968	103,777	159,745	158,802
Other	43,849	(235)	135	-	48	234	73,646	-	266	117,943	24,068	142,011	215,512
Total expenses before depreciation and amortization	8,085,767	4,283,635	975,903	1,403,422	404,842	756,600	4,162,809	238,088	299,494	20,610,560	3,146,670	23,757,230	23,558,272
Depreciation and amortization	290,918	34,522	42,165	24,893	55	4,592	134,860	404	-	532,409	114,810	647,219	751,711
Total expenses before allocation of general and administrative expenses	8,376,685	4,318,157	1,018,068	1,428,315	404,897	761,192	4,297,669	238,492	299,494	21,142,969	3,261,480	24,404,449	24,309,983
Allocation of general and administrative expenses	1,292,174	666,112	157,046	220,330	62,459	117,420	662,951	36,789	46,199	3,261,480	(3,261,480)	-	-
Total expenses	\$ 9,668,859	4,984,269	1,175,114	1,648,645	467,356	878,612	4,960,620	275,281	345,693	24,404,449	-	24,404,449	24,309,983

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

AGENCY FOR COMMUNITY TREATMENT SERVICES, INC. AND AFFILIATES

Combined Statement of Functional Expenses

Year Ended June 30, 2019

	Program Services										Supporting Services	Total Expenses
	Adult Substance Abuse	Children's Substance Abuse	Adult Mental Health	Juvenile Justice	Jail Diversion	Child Welfare	Housing	Drug Testing	Special Projects	Total Program Services	General and Administrative	
Salaries	\$ 3,229,341	2,125,699	496,198	777,530	90,998	668,246	1,216,509	171,599	33,865	8,809,985	1,489,778	10,299,763
Payroll taxes and employee benefits	537,797	386,265	82,156	135,038	15,276	138,862	225,906	36,869	5,091	1,563,260	251,822	1,815,082
Total salaries and related expenses	3,767,138	2,511,964	578,354	912,568	106,274	807,108	1,442,415	208,468	38,956	10,373,245	1,741,600	12,114,845
Professional services	349,628	304,839	29,509	19,761	1,793	12,216	161,797	4,368	464	884,375	230,355	1,114,730
Occupancy	794,330	437,938	169,159	73,832	11,744	52,665	1,885,739	12,791	-	3,438,198	124,962	3,563,160
Travel	20,284	44,195	4,807	8,271	2,734	3,165	32,760	110	486	116,812	23,848	140,660
Equipment costs	112,575	42,480	21,138	6,580	5,887	19,320	57,698	5,273	1,037	271,988	63,017	335,005
Food	476,517	265,453	106,553	8,704	-	34,514	207,211	-	-	1,098,952	11,513	1,110,465
Medical and pharmacy	137,949	7,923	7,543	73	98	54	53,573	-	263,070	470,283	-	470,283
Subcontractors	255,674	90,534	9,582	180,114	187,500	-	2,650	12,100	-	738,154	208,339	946,493
Insurance	154,148	107,332	34,968	23,558	741	20,272	121,576	5,083	436	468,114	105,973	574,087
Operating supplies and expenses	293,487	216,090	39,232	70,561	18,325	59,964	181,685	128,607	1,626	1,009,577	595,768	1,605,345
In-kind expenses (Note 12)	101,945	1,029,022	77,918	-	-	-	-	-	-	1,208,885	-	1,208,885
Interest	13,153	28,510	24,728	4,066	-	842	6,106	1,978	-	79,383	79,419	158,802
Other	50,483	11	12,360	-	-	327	14,205	-	90	77,476	138,036	215,512
Total expenses before depreciation and amortization	6,527,311	5,086,291	1,115,851	1,308,088	335,096	1,010,447	4,167,415	378,778	306,165	20,235,442	3,322,830	23,558,272
Depreciation and amortization	208,188	134,696	47,724	44,936	-	6,512	201,551	1,424	-	645,031	106,680	751,711
Total expenses before allocation of general and administrative expenses	6,735,499	5,220,987	1,163,575	1,353,024	335,096	1,016,959	4,368,966	380,202	306,165	20,880,473	3,429,510	24,309,983
Allocation of general and administrative expenses	1,106,272	857,520	191,111	222,227	55,038	167,030	717,580	62,446	50,286	3,429,510	(3,429,510)	-
Total expenses	\$ 7,841,771	6,078,507	1,354,686	1,575,251	390,134	1,183,989	5,086,546	442,648	356,451	24,309,983	-	24,309,983

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

AGENCY FOR COMMUNITY TREATMENT SERVICES, INC. AND AFFILIATES

Combined Statements of Cash Flows

Years Ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities:		
Increase in net assets	\$ 2,126,962	189,685
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation and amortization	647,219	751,711
Loss on sale of property and equipment	26,875	95,924
Forgiveness of debt	(35,300)	(110,000)
Increase in accounts receivable	(475,235)	(18,411)
Decrease in gifted facilities	77,646	222,169
Decrease (increase) in inventories	15,932	(6,943)
Decrease (increase) in prepaid expenses and other assets	(51,379)	128,228
Increase (decrease) in accounts payable	(52,935)	289,536
Increase in accrued expenses	304,247	311,524
Increase in accrued rent expense	1,642	16,188
Increase in refundable advance	1,132,736	-
Net cash provided by operating activities	<u>3,718,410</u>	<u>1,869,611</u>
Cash flows from investing activities (Note 16):		
Reinvested interest earned on certificates of deposit	(2,106)	(2,096)
Purchases of property and equipment	(254,557)	(416,893)
Proceeds from sale of equipment	1,601	750
Net cash used in investing activities	<u>(255,062)</u>	<u>(418,239)</u>
Cash flows from financing activities (Note 16):		
Principal payments on long-term debt	(274,749)	(316,059)
Principal payments on capital lease obligations	(89,384)	(118,476)
Net cash used in financing activities	<u>(364,133)</u>	<u>(434,535)</u>
Net increase in cash and cash equivalents	3,099,215	1,016,837
Cash and cash equivalents at beginning of year	<u>1,686,250</u>	<u>669,413</u>
Cash and cash equivalents at end of year	\$ <u>4,785,465</u>	<u>1,686,250</u>
Supplemental cash flow information:		
Cash paid for interest	\$ <u>138,055</u>	<u>158,802</u>

AGENCY FOR COMMUNITY TREATMENT SERVICES, INC. AND AFFILIATES

Notes to Combined Financial Statements

June 30, 2020 and 2019

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

(a) **Description of Organization**

Agency for Community Treatment Services, Inc. (“ACTS” or the “Organization”) was incorporated as a Florida not-for-profit organization in 1978. The mission of ACTS is to increase public awareness of substance abuse and its effects and to provide and manage a range of prevention, intervention, treatment, psychosocial and supportive services related to substance abuse and mental health. In addition to substance abuse and mental health services, ACTS administers program services related to child welfare, the homeless, juvenile offenders and others. ACTS provides these services throughout central and south Florida. ACTS Affordable Housing, Inc., an affiliate of ACTS, began operations in 2010, providing maintenance services to ACTS affordable housing programs. Flagship Manor, LLC, ACTS Affordable Housing, LLC, and ACTS Jersey Gardens GP, LLC were formed in 2015, 2017, and 2018, respectively, to develop multi-unit housing facilities for persons with special needs. In September 2018, ACTS Jersey Gardens GP, LLC was dissolved. In March 2020, ACTS Affordable Housing, Inc., Flagship Manor, LLC, and ACTS Affordable Housing, LLC were dissolved.

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

(b) **Principles of Combination**

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

(c) **Basis of Accounting**

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

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

AGENCY FOR COMMUNITY TREATMENT SERVICES, INC. AND AFFILIATES

Notes to Combined Financial Statements - Continued

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

(c) Basis of Accounting - Continued

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

(d) Cash Equivalents

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

(e) Contributions

The Organization recognizes contributions when cash, securities or other assets or an unconditional promise to give is received. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. Contributions received with donor-imposed restrictions that are met in the same year as received are reported as revenues of the net assets without donor restrictions class.

Conditional contributions are recorded as revenue when such amounts become unconditional which generally involves the meeting of a barrier to entitlement. This can include items like meeting a matching provision, incurring specified allowable expenses in accordance with a framework of allowable costs or other barriers.

A portion of the Organization's revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the combined statement of financial position. The Organization received cost-reimbursable grants of approximately \$4,944,000 that have not been recognized at June 30, 2020 because qualifying expenditures have not yet been incurred.

(f) Accounts Receivable

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

AGENCY FOR COMMUNITY TREATMENT SERVICES, INC. AND AFFILIATES

Notes to Combined Financial Statements - Continued

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

(g) Inventories

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

(h) Property and Equipment

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

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

(i) Income Taxes

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

The Organization is not aware of any tax positions it has taken that are subject to a significant degree of uncertainty. Tax filings for tax years after 2016 remain subject to examination by federal and state taxing authorities.

(j) Functional Expense Allocations

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

AGENCY FOR COMMUNITY TREATMENT SERVICES, INC. AND AFFILIATES

Notes to Combined Financial Statements - Continued

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

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

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

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

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

(m) **Going Concern Evaluation**

On an annual basis, as required by ASC Topic 205, *Presentation of Financial Statements - Going Concern*, the Organization performs an evaluation to determine whether there are conditions or events (known and reasonably knowable), considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the combined financial statements are available to be issued.

(n) **Reclassifications**

Certain amounts in the 2019 combined financial statements have been reclassified to conform with the 2020 presentation.

(o) **Recent Accounting Pronouncements**

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, that will supersede most current revenue recognition guidance. The core principle of the new guidance is that an entity will recognize revenue to depict the transfer of promised goods and services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. The standard provides a five-step analysis of transactions to determine when and how revenue is recognized. 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 which deferred the provisions of ASU No. 2014-09 to annual reporting periods beginning after December 15, 2018. In June 2020, the FASB issued ASU 2020-05, which deferred the effective date for all entities that have not yet adopted Topic 606 to annual reporting periods beginning after December 15, 2020. The Organization is currently evaluating the full effect that the adoption of this standard will have on its combined financial statements.

AGENCY FOR COMMUNITY TREATMENT SERVICES, INC. AND AFFILIATES

Notes to Combined Financial Statements - Continued

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

(o) Recent Accounting Pronouncements - Continued

In June 2018, the FASB issued ASU No. 2018-08, *Not-for-Profit-Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. ASU 2018-08 assists entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, *Not-for-Profit-Entities*, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. The contribution standard was applied using the modified retrospective method. This method was applied to transactions that were not complete or had otherwise already been recognized as of July 1, 2019. Adoption of the new standard did not have material impact on the Organization's fiscal 2020 results. In evaluating the effects of the change, contributions in process as of the date of adoption were considered.

(p) Fair Value of Financial Instruments

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

(2) Property and Equipment

Property and equipment consists of the following at June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>	<u>Estimated Useful Lives</u>
Land	\$ 2,148,190	2,180,988	-
Buildings and improvements	10,497,698	10,911,851	10 - 40 years
Vehicles	817,050	795,631	5 - 10 years
Leasehold improvements	1,115,917	1,115,917	5 - 15 years
Equipment and furniture	<u>2,533,880</u>	<u>2,431,169</u>	4 - 5 years
	17,112,735	17,435,556	
Less accumulated depreciation and amortization	<u>10,094,854</u>	<u>10,125,555</u>	
	<u>\$ 7,017,881</u>	<u>7,310,001</u>	

Depreciation expense for the years ended June 30, 2020 and 2019 was \$645,103 and \$749,101, respectively.

AGENCY FOR COMMUNITY TREATMENT SERVICES, INC. AND AFFILIATES

Notes to Combined Financial Statements - Continued

(3) Gifted Facilities

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

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

	<u>Drew Park Facility</u>	<u>Mulberry Facility</u>	<u>Thonotosassa Facility</u>	<u>Total</u>
Balances at June 30, 2018	\$ 500,670	147,650	106,751	755,071
Recognition of annual fair value of gifted building leases	18,876	4,005	1,484	24,365
Recognition of rent expense for the year ended June 30, 2019	(82,123)	(51,667)	(12,756)	(146,546)
Loss on early termination of lease	<u>-</u>	<u>(99,988)</u>	<u>-</u>	<u>(99,988)</u>
Balances at June 30, 2019	437,423	-	95,479	532,902
Recognition of annual fair value of gifted building leases	16,300	-	1,315	17,615
Recognition of rent expense for the year ended June 30, 2020	<u>(82,123)</u>	<u>-</u>	<u>(13,138)</u>	<u>(95,261)</u>
Balances at June 30, 2020	371,600	-	83,656	455,256
Current portion of gifted facilities	<u>68,506</u>	<u>-</u>	<u>12,394</u>	<u>80,900</u>
Gifted facilities, less current portion	<u>\$ 303,094</u>	<u>-</u>	<u>71,262</u>	<u>374,356</u>

AGENCY FOR COMMUNITY TREATMENT SERVICES, INC. AND AFFILIATES

Notes to Combined Financial Statements - Continued

(4) Long-Term Debt

Long-term debt consists of the following at June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
4.95% mortgage note payable to a commercial bank due in monthly installments of \$21,834, including interest, through February 2027; secured by real property; net of unamortized issuance costs of \$10,681 at June 30, 2020 and \$12,304 at June 30, 2019.	\$ 1,512,491	1,664,087
4% construction mortgage note payable to a commercial bank due in monthly installments of \$5,654, including interest, through January 2020; secured by real property; net of unamortized issuance costs of \$0 at June 30, 2020 and \$492 at June 30, 2019.	-	39,040
Mortgage note payable to Florida Community Loan Fund, Inc., modified in June 2014, due in monthly installments of \$5,481, including interest at 5.5% through June 2020; secured by real property.	-	59,648
4.62% mortgage note payable to a commercial bank due in monthly installments of \$3,555, including interest, through January 2027; secured by real property.	486,175	502,341
5.50% mortgage note payable to a commercial bank due in monthly installments of \$2,707, including interest, through February 2029; secured by real property.	<u>379,013</u>	<u>387,313</u>
Total long-term debt	2,377,679	2,652,429
Less current installments	224,548	312,207
Less unamortized debt issuance costs	<u>10,681</u>	<u>12,796</u>
Long-term debt, excluding current installments	<u>\$ 2,142,450</u>	<u>2,327,426</u>

AGENCY FOR COMMUNITY TREATMENT SERVICES, INC. AND AFFILIATES

Notes to Combined Financial Statements - Continued

(4) Long-Term Debt - Continued

ACTS had a revolving line of credit with Truist Bank that allowed ACTS to borrow up to \$900,000 at the greater of the bank’s prime rate (3.25% at June 30, 2020) or 4%. The line was secured by all of ACTS accounts receivable and depository accounts. There was no outstanding balance on the revolving line of credit at June 30, 2020 and 2019.

In July 2020, ACTS replaced the revolving line of credit with a new financing agreement with Truist Bank, which allows ACTS to borrow up to \$1,500,000 at the bank’s prime rate. The new line matures in July 2021 and is secured by all of ACTS accounts receivable and depository accounts.

The 4.95% mortgage note payable agreement with Truist Bank includes covenants that require ACTS to maintain certain financial ratios and restrict the ability of ACTS to, among other things, incur additional debt. ACTS was in compliance with these covenants at June 30, 2020. The 4.95% mortgage note payable also includes prepayment penalties of 5% in the first year after the date of the note, then decreasing by one percent each year thereafter and then finally 1% in years five through seven.

The aggregate maturities of long-term debt for each of the five years subsequent to June 30, 2020 and thereafter are as follows:

<u>Year Ending June 30,</u>	
2021	\$ 224,548
2022	236,060
2023	248,162
2024	260,835
2025	274,259
Thereafter	<u>1,133,815</u>
	<u>\$ 2,377,679</u>

(5) Deferred Payment Mortgages

In 2011, Pasco County provided financing through a \$300,000 deferred payment mortgage funded by the federal Community Development Block Grant Program. As a condition of the funding, ACTS must continue to provide services to persons earning less than 80% of the area median income, with substance abuse and mental health disorders at this location for a period of thirty years through June 2041. In January 2020, the Organization relinquished the mortgaged property to another not-for-profit organization. The Organization’s obligation under the mortgage was forgiven upon transfer of the property. The gain on forgiveness was classified as a reduction of the loss on disposal of assets in the accompanying combined statement of activities.

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

AGENCY FOR COMMUNITY TREATMENT SERVICES, INC. AND AFFILIATES

Notes to Combined Financial Statements - Continued

(5) Deferred Payment Mortgages - Continued

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

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

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

(6) Refundable Advance

The Organization applied for and received a forgivable Paycheck Protection Program Loan of \$2,102,100 as provided under the Federal Coronavirus Aid, Relief and Economic Security Act and the loan was funded on April 17, 2020. Under the terms of the loan, the balance is forgivable to the extent the proceeds are used for certain qualified costs for the 24 week period through October 9, 2020 and that certain employment levels are maintained.

To the extent a portion of the loan does not meet the criteria to be forgiven, such amount is due on April 17, 2022 and carries an interest rate of 1%. Through June 30, 2020, the Organization has used \$969,364 of the proceeds on qualified costs and such amount has been reported as grant revenue with an offsetting reduction to the federal loan payable on the combined statement of financial position. The Organization anticipates using all of the proceeds for eligible costs and expects the entire loan to be forgiven. A formal request for forgiveness will be submitted after the performance period outlined above.

(7) Leases

ACTS is obligated under capital leases for office equipment that expire in fiscal 2025. ACTS also has several non-cancellable operating leases, primarily for office space, that expire over the next seven years. Security deposits related to such leases are included in other assets. Rental expense on all operating leases was approximately \$2,036,000 and \$2,038,000 in fiscal 2020 and 2019, respectively.

AGENCY FOR COMMUNITY TREATMENT SERVICES, INC. AND AFFILIATES

Notes to Combined Financial Statements - Continued

(7) Leases - Continued

At June 30, 2020, the gross amount of office equipment and related accumulated amortization recorded under the capital leases were \$462,841 and \$51,616, respectively. At June 30, 2019, the gross amount of office equipment and related accumulated amortization recorded under the capital leases were \$497,193 and \$427,085, respectively. Amortization of assets held under the capital lease is included in depreciation expense.

In fiscal 2015, ACTS entered into a license agreement with another non-profit organization to provide services for homeless, formerly homeless, low income and medically underserved residents at a health center in Hillsborough County. The licensing agreement may be terminated at any time with notice by either party. Licensing expense for use of the facility for the year ended June 30, 2020 and 2019 was approximately \$60,000. Licensing expense has been reflected in the accompanying combined statement of functional expenses as a component of occupancy expense.

Future minimum lease payments under non-cancellable operating leases (with initial or remaining terms in excess of one year) and the present value of future minimum capital lease payments as of June 30, 2020 are as follows:

<u>Year Ending June 30,</u>	<u>Capital Leases</u>	<u>Operating Leases</u>	<u>Total</u>
2021	\$ 127,727	171,600	299,327
2022	127,727	176,700	304,427
2023	116,171	182,000	298,171
2024	81,502	187,500	269,002
2025	30,745	193,100	223,845
Thereafter	-	76,300	76,300
Total minimum lease payments	483,872	<u>987,200</u>	<u>1,471,072</u>
Less amount representing interest	<u>61,266</u>		
Present value of capital lease obligations	422,606		
Less current installments under capital lease obligations	<u>105,190</u>		
Obligation under capital leases, excluding current installments	<u>\$ 317,416</u>		

AGENCY FOR COMMUNITY TREATMENT SERVICES, INC. AND AFFILIATES

Notes to Combined Financial Statements - Continued

(8) Net Assets With Donor Restrictions

Net assets with donor restrictions as of June 30, 2020 and 2019 relate to the following:

	<u>2020</u>	<u>2019</u>
Gifted facilities	\$ 455,256	532,902
Facilities and equipment subject to time restrictions	208,756	287,480
Donor restrictions for capital improvements	<u>10,000</u>	<u>10,000</u>
	<u>\$ 674,012</u>	<u>830,382</u>

(9) Contingencies

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

In addition to the claims noted above, DCF issued a demand letter alleging the Organization failed to maintain certain leased premises in good condition, working order, and repair after the Organization vacated the premises in June 2019. In October 2020, the Organization reached a settlement agreement in which the Organization agreed to pay DCF \$237,500 to cover repairs and maintenance in full and complete satisfaction of the dispute. The settlement is included in other accrued expenses in the accompanying combined statement of financial position.

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

AGENCY FOR COMMUNITY TREATMENT SERVICES, INC. AND AFFILIATES

Notes to Combined Financial Statements - Continued

(10) Risks and Uncertainties

The novel coronavirus (“COVID-19”) spread rapidly across the world in the first quarter of 2020 and was declared a pandemic by the World Health Organization in March 2020. The government and private sector responses to contain its spread began to adversely affect the broader economy and business in general in March 2020 and those impacts will likely affect operations through the remainder of 2020, although such effects may vary significantly. The Organization’s operations have not been significantly impacted, however, the duration and extent of the pandemic and its effects over longer terms cannot be reasonably estimated as of the date the combined financial statements were available for issuance. The risks and uncertainties resulting from the pandemic that may affect the results of operating activities, cash flows and financial condition include the nature and duration of any potential curtailment of program activities and the long-term effect on demand for the Organization’s services. Accordingly, significant estimates used in the preparation of the combined financial statements including those associated with evaluations of certain long-lived assets for impairment and expected credit losses on amounts owed to the Organization may be subject to significant adjustments in future periods.

(11) Funding and Credit Concentrations

Substantially all of the Organization’s activities are supported by funds provided by the State of Florida, including pass-through awards received from Central Florida Behavioral Health Network, Inc., under performance and fixed-rate contracts. The Organization also receives direct federal support from the U.S. Department of Housing and Urban Development, and local support from Hillsborough County. At June 30, 2020, the Organization’s receivables from two funding sources represented approximately 77% of funding contract receivables. Revenues from three local, state, and federal contract awards represented approximately 78% of total support and revenue for the year ended June 30, 2020. At June 30, 2019, the Organization’s receivables from two funding sources represented approximately 67% of funding contract receivables. Revenues from three local, state, and federal contract awards represented approximately 80% of total support and revenue for the year ended June 30, 2019.

The Organization maintains several deposit accounts with what management believes to be a high credit quality financial institution. The total of these balances exceeded federal insurance limits by approximately \$5,147,000 and \$2,041,000 as of June 30, 2020 and 2019, respectively.

AGENCY FOR COMMUNITY TREATMENT SERVICES, INC. AND AFFILIATES

Notes to Combined Financial Statements - Continued

(12) In-Kind Contributions

The values of in-kind contributions included in the accompanying combined financial statements and the corresponding in-kind expenses for the years ended June 30, 2020 and 2019 were as follows:

	<u>2020</u>	<u>2019</u>
Consultants	\$ 746,054	746,054
Counseling services	67,878	271,047
Facilities and landscaping	170,763	170,763
Food and dietary supplies	45,419	9,100
Clothing and other supplies	35,126	11,921
	<u>\$ 1,065,240</u>	<u>1,208,885</u>

(13) Pension Plan

Effective January 1991, the Organization adopted a 403(b) retirement plan (the “Plan”) under which employees may contribute the maximum allowed by the Internal Revenue Code. Employees are eligible for matching contributions once they have attained the age of 18 years. Effective January 1, 2018, the Plan was amended to a modified three year vesting period for participants’ rights to matching contributions. Previously, participants’ rights to matching contributions vested over a five year period. In 2018, the Plan required matching contributions of 50% on the first 4% of participant contributions for a maximum contribution of 2%. In January 2019, the Plan was amended to require matching contributions of 50% on the first 8% of participant contributions for a maximum contribution of 4%. For the years ended June 30, 2020 and 2019, retirement plan expense was approximately \$165,000 and \$140,000, respectively.

(14) Matching Requirements

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

(15) Joint Ownership and Occupancy Agreement

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

AGENCY FOR COMMUNITY TREATMENT SERVICES, INC. AND AFFILIATES

Notes to Combined Financial Statements - Continued

(15) Joint Ownership and Occupancy Agreement - Continued

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

(16) Supplemental Cash Flows Information

In fiscal 2020, ACTS financed the acquisition of equipment under capital lease agreements in the amount of \$426,904. In fiscal 2019, ACTS financed the acquisition of property in the amount of \$391,000.

In fiscal 2020, loss on disposal of assets includes non-cash recognition of a \$300,000 gain on forgiveness of a deferred payment mortgage described in Note 5.

(17) Liquidity and Availability of Resources

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

As of June 30, 2020 and 2019, the Organization's financial assets available to meet general expenditures within one year were as follows:

	<u>2020</u>	<u>2019</u>
Financial assets:		
Cash and cash equivalents	\$ 4,785,465	1,686,250
Certificates of deposit	423,330	421,224
Grants and funding contracts	3,372,319	2,925,856
Other receivables	<u>85,374</u>	<u>56,602</u>
Total financial assets	8,666,488	5,089,932
Less amounts unavailable for general expenditure within one year due to:		
Donor restricted for capital improvements	<u>(10,000)</u>	<u>(10,000)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 8,656,488</u>	<u>5,079,932</u>

AGENCY FOR COMMUNITY TREATMENT SERVICES, INC. AND AFFILIATES

Notes to Combined Financial Statements - Continued

(18) Subsequent Events

ACTS has evaluated subsequent events through November 2, 2020, the date the combined financial statements were available for issuance.

On September 22, 2020, ACTS executed a promissory note with Truist Bank for \$636,000. The proceeds of this note were used to acquire real property in Hillsborough County. The note bears interest at 3.8% and is payable in 119 monthly installments of \$4,658, including interest, with the remaining unpaid principal balance due upon maturity. The note matures on September 22, 2030 and is secured by the property. ACTS previously provided services at this location under a licensing agreement, which is described in Note 7.

SUPPLEMENTARY FINANCIAL INFORMATION

AGENCY FOR COMMUNITY TREATMENT SERVICES, INC. AND AFFILIATES

Schedule of Expenditures of Federal Awards and State Financial Assistance

Year Ended June 30, 2020

Federal/State Agency Pass-through Entity Federal Program/State Project	CFDA/ CSFA Number	Contract/Grant Number	Total Expenditures	Transfers to Subrecipients
U.S. Department of Agriculture				
Passed-through Florida Department of Agriculture and Consumer Services:				
<i>Child Nutrition Cluster:</i>				
School Breakfast Program (SBP)	10.553	18056	\$ 15,714	-
National School Lunch Program (NSLP)	10.555	18056	24,459	-
Subtotal - U.S. Department of Agriculture			40,173	-
U.S. Department of Housing and Urban Development				
Direct federal award:				
Continuum of Care (COC) Program				
	14.267	FL0052L4H031811	56,644	-
		FL0011L4H011811	124,839	-
		FL0048L4H031809	73,670	-
		FL0048L4H031708	42,583	-
		FL0499L4H0011805	1,110,952	-
		FL0499L4H0011704	770,594	-
		FL0384L4H031807	101,434	-
		FL0384L4H031706	65,652	-
		FL0553L4H031803	193,601	-
		FL0553L4H031702	71,880	-
Passed-through Tampa Hillsborough Homeless Initiative:				
Hillsborough Emergency Solutions Grant				
	14.231	E-19-UC-12-0002	22,951	-
Continuum of Care (COC) Program				
	14.267	FL0547L4H011803	272,855	-
		FL0547L4H011702	146,555	-
Passed-through the City of Tampa:				
<i>CDBG - Entitlement Grants Cluster:</i>				
Community Development Block Grants/Entitlement Grants	14.218	N/A	35,300	-
Home Investment Partnerships Program	14.239	N/A	262,500	-
Housing Opportunities for Persons with AIDS	14.241	N/A	37,448	-
Passed-through Pasco County, Florida:				
<i>CDBG - Entitlement Grants Cluster:</i>				
Community Development Block Grants/Entitlement Grants	14.218	N/A	300,000	-
Passed-through Hillsborough County, Florida:				
<i>CDBG - Entitlement Grants Cluster:</i>				
Community Development Block Grants/Entitlement Grants	14.218	18-1342	12,497	-
Neighborhood Stabilization Program	14.264	N/A	287,943	-
Subtotal - U.S. Department of Housing and Urban Development			3,989,898	-
U.S. Department of Justice				
Passed-through Drug Abuse Cooperative Coordinating Office:				
Recovery Act - Edward Byrne Memorial Justice Assistance				
Grant (JAG) Program/Grants to States and Territories	16.803	N/A	39,231	-
Subtotal - U.S. Department of Justice			39,231	-

(Continued)

AGENCY FOR COMMUNITY TREATMENT SERVICES, INC. AND AFFILIATES

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

Federal/State Agency Pass-through Entity Federal Program/State Project	CFDA/ CSFA Number	Contract/Grant Number	Total Expenditures	Transfers to Subrecipients
U.S. Department of Veteran Affairs				
Direct federal award:				
VA Homeless Providers Grant and Per Diem Program	64.024	AFCT626-0751-673-S1-19	\$ 221,763	-
		AFCT626-0752-673-BH-19	128,613	-
Subtotal - U.S. Department of Veteran Affairs			350,376	-
U.S. Department of Health and Human Services				
Passed-through Central Florida Behavioral Health Network, Inc.:				
<i>TANF Cluster:</i>				
Temporary Assistance for Needy Families (TANF)	93.558	QB001-19	119,781	-
Substance Abuse and Mental Health Services:				
Projects of Regional and National Significance	93.243	QB001-19	5,082	-
State Targeted Response to the Opioid Crisis Grants	93.788	QB001-19	1,315,148	-
Block Grants for Community Mental Health Services	93.958	QB001-19	103,417	-
Block Grants for Prevention and Treatment of Substance Abuse	93.959	QB001-19	4,887,993	-
Passed-through Hillsborough County, Florida:				
Projects of Regional and National Significance	93.243	N/A	206,223	-
Passed-through Tampa Family Health Centers:				
<i>Health Center Program Cluster:</i>				
Affordable Care Act (ACA) Grants for New and Expanded Services Under the Health Center Program	93.527	N/A	10,000	-
Passed-through Florida Alcohol and Drug Abuse Association:				
State Targeted Response to the Opioid Crisis Grants	93.788	N/A	750	-
Block Grants for Prevention and Treatment of Substance Abuse	93.959	N/A	4,080	-
Passed-through ChildNet, Inc.:				
Promoting Safe and Stable Families Program	93.556	ACT19RGC	27	-
Temporary Assistance for Needy Families	align="center">93.558	ACT19RGC	804	-
		Clothing Allowance	5	-
Child Welfare Services Program	align="center">93.645	ACT19RGC	423	-
		Clothing Allowance	2	-
Foster Care Title IV-E	align="center">93.658	ACT19RGC	206,910	-
		Clothing Allowance	1,187	-
Adoption Assistance	align="center">93.659	ACT19RGC	448	-
		Clothing Allowance	3	-
Social Services Block Grant	align="center">93.667	ACT19RGC	144,003	-
		Clothing Allowance	826	-
Subtotal - U.S. Department of Health and Human Services			7,007,112	-
U.S. Department of Transportation				
Passed-through Florida Department of Transportation:				
Enhanced Mobility for Seniors and Individuals with Disabilities	20.513	n/a	51,179	-
Subtotal - U.S. Department of Transportation			51,179	-
Total Federal Expenditures			\$ 11,477,969	-

(Continued)

AGENCY FOR COMMUNITY TREATMENT SERVICES, INC. AND AFFILIATES

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

<u>Federal/State Agency Pass-through Entity Federal Program/State Project</u>	<u>CFDA/ CSFA Number</u>	<u>Contract/Grant Number</u>	<u>Total Expenditures</u>	<u>Transfers to Subrecipients</u>
State of Florida, State Courts System				
Passed-through Florida Alcohol and Drug Abuse Association: Naltrexone	22.022	N/A	\$ 433,470	-
Subtotal - State of Florida, State Courts System			<u>433,470</u>	<u>-</u>
State of Florida, Department of Children and Families				
Passed-through Tampa Hillsborough Homeless Initiative: Homeless Challenge Grant	60.014	QPZ05	74,015	-
Passed-through ChildNet, Inc.: Out-of-Home Supports	60.074	ACT19RGC Clothing Allowance	362 2	- -
Passed-through Mental Health Care, Inc.: Forensic Services and Competency Restoration Training	60.114	RFP# 161702FMT	20,833	-
Centralized Receiving Systems	60.163	RFA 10H141	53,683	-
Passed-through Hillsborough County, Florida: Criminal Justice, Mental Health, and Substance Abuse Reinvestment Grant Program	60.115	LHZ49	<u>188,415</u>	<u>-</u>
Subtotal - State of Florida, Department of Children and Families			<u>337,310</u>	<u>-</u>
Total Expenditures of State Financial Assistance			\$ <u>770,780</u>	<u>-</u>

AGENCY FOR COMMUNITY TREATMENT SERVICES, INC. AND AFFILIATES

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

Year Ended June 30, 2020

CFDA/ CSFA Number	Federal Program/State Project	Total
	<i>Child Nutrition Cluster:</i>	
10.553	School Breakfast Program (SBP)	\$ 15,714
10.555	National School Lunch Program (NSLP)	<u>24,459</u>
	Total Child Nutrition Cluster	40,173
	<i>CDBG - Entitlement Grants Cluster:</i>	
14.218	Community Development Block Grants/Entitlement Grants	<u>347,797</u>
	Total CDBG - Entitlement Grants Cluster	347,797
	<i>Health Center Program Cluster:</i>	
93.527	Affordable Care Act (ACA) Grants for New and Expanded Services Under the Health Center Program	<u>10,000</u>
	Total Health Center Program Cluster	10,000
	<i>TANF Cluster:</i>	
93.558	Temporary Assistance for Needy Families (TANF)	<u>120,590</u>
	Total TANF Cluster	120,590
14.239	Home Investment Partnerships Program	262,500
14.241	Housing Opportunities for Persons with AIDS	37,448
14.264	Neighborhood Stabilization Program	287,943
14.267	Continuum of Care (COC) Program	3,031,259
14.231	Emergency Solutions Grant	22,951
16.803	Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to States and Territories	39,231
20.513	Enhanced Mobility of Seniors and Individuals with Disabilities	51,179
64.024	VA Homeless Providers Grant and Per Diem Program	350,376
93.243	Substance Abuse and Mental Health Services Projects of Regional and National Significance	211,305
93.558	Promoting Safe and Stable Families Program	27
93.645	Child Welfare Services Program	425
93.658	Foster Care Title IV-E	208,097
93.659	Adoption Assistance	451
93.667	Social Services Block Grant	144,829
93.788	State Targeted Response to the Opioid Crisis Grants	1,315,898
93.958	Block Grants for Community Mental Health Services	103,417
93.959	Block Grants for Prevention and Treatment of Substance Abuse	<u>4,892,073</u>
	Total Federal Expenditures	\$ <u>11,477,969</u>
22.022	Naltrexone	\$ 433,470
60.014	Homeless Challenge Grant	74,015
60.074	Out-of-Home Supports	364
60.114	Forensic Services and Competency Restoration Training	20,833
60.115	Criminal Justice, Mental Health, and Substance Abuse Reinvestment Grant Program	188,415
60.163	Centralized Receiving Systems	<u>53,683</u>
	Total Expenditures of State Financial Assistance	\$ <u>770,780</u>

AGENCY FOR COMMUNITY TREATMENT SERVICES, INC. AND AFFILIATES

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

Year Ended June 30, 2020

(1) Basis of Presentation

The accompanying schedule of expenditures of federal awards and state financial assistance (the "Schedule") includes the federal and state grant activity of Agency for Community Treatment Services, Inc. (the "Organization") under programs of the federal and state governments for the year ended June 30, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and Chapter 10.650, *Rules of the State of Florida Auditor General*. Because the Schedule presents only a selected portion of the operations of Agency for Community Treatment Services, Inc. and Affiliates, it is not intended to and does not present the combined financial position, changes in net assets or cash flows of Agency for Community Treatment Services, Inc. and Affiliates.

(2) Summary of Significant Accounting Policies

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

(3) Indirect Cost Rate

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

(4) Loans

Loans outstanding at the beginning of the year and loans received during the year, if any, are included in the federal expenditures presented in the Schedule. The balance of outstanding loans as of June 30, 2020 consists of:

CFDA Number	Federal Program	Balance at June 30, 2020
14.239	Home Investment Partnerships Program	\$ 262,500
14.264	Neighborhood Stabilization Program	287,943

AGENCY FOR COMMUNITY TREATMENT SERVICES, INC. AND AFFILIATES

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

Year Ended June 30, 2020

Funding Sources and Revenue	State-Designated SAMH Cost Centers											
	State SAMH-Funded Cost Centers						Substance Abuse					
	Mental Health			Substance Abuse			Substance Abuse			Substance Abuse		
	Drop-In/ Self-Help Centers	Medical Services	Residential Level II	Residential Level III	Incidental Expenses	Room and Board Level III	Assessment	Intervention - Individual	Medical Services	Outpatient - Individual	Outreach	Residential Level II
IA. State SAMH Funding												
Contract #QB001-19	\$ 122,175	107,211	372,748	92,094	40,000	252,294	-	1,024,702	1,642,008	188,569	636,426	2,184,816
QB001-19VC	-	-	-	-	-	-	-	-	-	-	-	-
Central Receiving Systems	-	-	-	-	-	-	-	-	-	-	-	-
MHCI-EODI	-	-	-	-	-	-	-	-	-	-	-	-
CJMHSR Reinvestment Grant	-	-	-	-	-	-	-	-	-	-	-	-
Total State SAMH Funding	122,175	107,211	372,748	92,094	40,000	252,294	-	1,024,702	1,642,008	188,569	636,426	2,184,816
IB. Other Government Funding												
(1) Other state agency funding	-	-	-	-	-	-	-	-	-	-	-	33,710
(2) Medicaid	-	-	-	-	-	-	-	-	290	31,589	-	-
(3) Local governments	-	-	-	-	-	-	-	-	-	170,632	-	882,110
(4) Federal contracts	-	-	-	-	-	-	-	-	-	-	-	-
(5) In-kind from local government	-	-	-	-	-	-	-	-	-	-	-	239,766
Total other government funding	-	-	-	-	-	-	-	-	290	202,221	-	1,155,586
IC. All Other Revenues												
(1) 1st and 2nd party payments	-	-	292	1,182	-	-	14,495	-	-	2,066	-	1,655
(2) 3rd party payments	-	(421)	11,766	224	-	-	-	-	(421)	3,430	-	66,675
(3) Medicare	-	-	-	-	-	-	-	-	-	-	-	-
(4) Contributions	-	-	197	1,618	-	1,801	-	-	-	-	-	1,118
(5) Other	-	-	7,086	112	-	-	-	-	-	8,729	-	40,154
(6) In-kind	-	-	832	-	-	-	-	746,054	-	-	-	4,713
Total for all other revenues	-	(421)	20,173	3,136	-	1,801	14,495	746,054	(421)	14,225	-	114,315
Total funding	\$ 122,175	106,790	392,921	95,230	40,000	254,095	14,495	1,770,756	1,641,877	405,015	636,426	3,454,717

(Continued)

AGENCY FOR COMMUNITY TREATMENT SERVICES, INC. AND AFFILIATES

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

Funding Sources and Revenue	State-Designated SAMH Cost Centers							Total for State SAMH-Funded Cost Centers	Total for Non-State-Funded SAMH Cost Centers	Total for all State Designated SAMH Cost Centers	Non-SAMH Cost Center	Total Funding
	State SAMH-Funded Cost Centers											
	Residential Level III	Substance Abuse Detox	Incidental Expenses	Aftercare - Individual	Room and Board Level III	Recovery Support	Prevention Universal Direct					
IA. State SAMH Funding												
Contract #QB001-19	\$ 552,856	4,258,557	73,182	4,669	411,050	261,569	149,017	12,373,943	-	12,373,943	-	12,373,943
QB001-19VC	-	-	4,754	-	-	-	-	4,754	-	4,754	-	4,754
Central Receiving Systems	-	-	-	-	-	-	-	-	-	-	53,683	53,683
MHCI-EODI	-	-	-	-	-	-	-	-	-	-	20,833	20,833
CJMHSR Reinvestment Grant	-	-	-	-	-	-	-	-	-	-	188,415	188,415
Total State SAMH Funding	552,856	4,258,557	77,936	4,669	411,050	261,569	149,017	12,378,697	-	12,378,697	262,931	12,641,628
IB. Other Government Funding												
(1) Other state agency funding	-	6,463	-	-	-	-	-	40,173	-	40,173	2,358,489	2,398,662
(2) Medicaid	-	10,120	-	948	-	(253)	-	42,694	-	42,694	104,831	147,525
(3) Local governments	-	-	-	20,234	-	912	-	1,073,888	-	1,073,888	2,821,464	3,895,352
(4) Federal contracts	-	-	-	-	-	349,711	-	349,711	-	349,711	4,505,710	4,855,421
(5) In-kind from local government	-	-	-	-	-	-	-	239,766	-	239,766	-	239,766
Total other government funding	-	16,583	-	21,182	-	350,370	-	1,746,232	-	1,746,232	9,790,494	11,536,726
IC. All Other Revenues												
(1) 1st and 2nd party payments	7,263	(65)	-	-	-	-	-	26,888	-	26,888	451,307	478,195
(2) 3rd party payments	1,379	-	-	33	-	(145)	-	82,520	-	82,520	300	82,820
(3) Medicare	-	-	-	-	-	-	-	-	-	-	-	-
(4) Contributions	9,941	-	-	-	2,938	-	-	17,613	-	17,613	58,880	76,493
(5) Other	688	38	-	-	-	-	-	56,807	-	56,807	833,268	890,075
(6) In-kind	-	-	-	-	-	-	-	751,599	-	751,599	73,875	825,474
Total for all other revenues	19,271	(27)	-	33	2,938	(145)	-	935,427	-	935,427	1,417,630	2,353,057
Total funding	\$ 572,127	4,275,113	77,936	25,884	413,988	611,794	149,017	15,060,356	-	15,060,356	11,471,055	26,531,411

AGENCY FOR COMMUNITY TREATMENT SERVICES, INC. AND AFFILIATES

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

Year Ended June 30, 2020

Expense Categories	State-Designated SAMH Cost Centers											
	State SAMH-Funded Cost Centers						Substance Abuse					
	Mental Health		Substance Abuse		Substance Abuse		Substance Abuse		Substance Abuse		Substance Abuse	
	Drop-In/ Self-Help Centers	Medical Services	Residential Level II	Residential Level III	Incidental Expenses	Room and Board Level III	Assessment	Intervention - Individual	Medical Services	Outpatient - Individual	Outreach	Residential Level II
IIA. Personnel Expenses												
Salaries	\$ 50,373	26,807	176,474	66,760	-	133,359	23,266	469,648	140,737	312,966	250,948	1,000,020
Payroll taxes and benefits	4,187	2,771	34,037	12,650	-	27,661	3,521	94,693	25,077	61,339	52,638	192,876
Total personnel costs	54,560	29,578	210,511	79,410	-	161,020	26,787	564,341	165,814	374,305	303,586	1,192,896
IIB. Other Expenses												
Building occupancy	41,618	-	83,220	35,910	-	37,623	526	46,877	88,232	8,038	13,561	471,580
Professional services	519	40,535	10,658	1,134	-	2,014	373	8,359	141,150	33,809	5,414	60,397
Travel	-	-	1,403	53	-	624	1	28,571	279	4,636	1,093	7,950
Equipment	1,773	-	11,467	4,101	-	6,069	2	6,562	616	3,711	350	64,977
Food services	-	-	52,154	13,497	-	21,923	-	14	8,091	2	4	295,539
Medical and pharmacy	-	10,000	5,006	9	26,535	566	-	86	51,749	33	-	28,369
Subcontracted services	-	-	1,223	-	13,450	308	-	12,625	8,000	840	-	6,928
Insurance	10,539	157	13,855	4,048	-	6,969	266	11,141	16,796	6,103	6,096	78,510
Interest	23,287	-	109	42	-	97	378	662	85	4,568	1,786	620
Operating supplies and expenses	7,545	-	22,973	4,460	15	7,163	3,419	68,872	44,389	66,872	11,120	130,179
In-kind	-	-	36,797	-	-	-	-	746,054	-	-	-	208,514
Other	-	-	4	128	-	-	-	(267)	-	2,753	-	27
Total other expenses	85,281	50,692	238,869	63,382	40,000	83,356	4,965	929,556	359,387	131,365	39,424	1,353,590
Total personnel and other expenses	139,841	80,270	449,380	142,792	40,000	244,376	31,752	1,493,897	525,201	505,670	343,010	2,546,486
IIIC. Distributed Indirect Costs												
Administration	21,538	12,363	69,214	21,993	6,161	37,639	4,890	230,090	80,891	77,883	52,830	392,210
Total actual operating expenses	161,379	92,633	518,594	164,785	46,161	282,015	36,642	1,723,987	606,092	583,553	395,840	2,938,696
IIID. Unallowable Costs												
Unallowable costs	-	-	691	8,568	-	-	-	-	-	-	-	3,918
Total allowable operating expenses	\$ 161,379	92,633	517,903	156,217	46,161	282,015	36,642	1,723,987	606,092	583,553	395,840	2,934,778
IIIE. Capital Expenditures												
Capital expenditures	\$ 9,952	-	-	-	-	-	-	20,061	2,993	16,238	-	78,893

(Continued)

AGENCY FOR COMMUNITY TREATMENT SERVICES, INC. AND AFFILIATES

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

Funding Sources and Revenue	State-Designated SAMH Cost Centers							Total for State SAMH-Funded Cost Centers	Total for Non-State-Funded SAMH Cost Centers	Total for all State Designated SAMH Cost Centers	Non-SAMH Cost Center	Administration	Total Funding
	State SAMH-Funded Cost Centers												
	Residential Level III	Substance Abuse Detox	Incidental Expenses	Aftercare - Individual	Room and Board Level III	Recovery Support	Prevention Universal Direct						
IIA. Personnel Expenses													
Salaries	\$ 410,098	2,416,948	-	37,019	217,587	381,498	128,202	6,242,710	-	6,242,710	3,434,176	1,562,643	11,239,529
Payroll taxes and benefits	77,704	368,222	-	5,938	45,132	70,442	21,190	1,100,078	-	1,100,078	617,481	297,524	2,015,083
Total personnel costs	487,802	2,785,170	-	42,957	262,719	451,940	149,392	7,342,788	-	7,342,788	4,051,657	1,860,167	13,254,612
IIB. Other Expenses													
Building occupancy	215,593	329,723	-	644	61,385	88,476	7,343	1,530,349	-	1,530,349	2,192,848	110,280	3,833,477
Professional services	6,963	274,359	-	623	3,285	6,289	2,991	598,872	-	598,872	149,090	288,011	1,035,973
Travel	328	6,469	-	2	1,018	269	2,754	55,450	-	55,450	61,654	28,377	145,481
Equipment	25,189	47,749	-	3	9,903	13,315	232	196,019	-	196,019	187,182	138,068	521,269
Food services	82,907	156,808	-	-	35,770	37,296	1	704,006	-	704,006	301,661	19,488	1,025,155
Medical and pharmacy	56	20,106	73,182	-	924	59	-	216,680	-	216,680	324,125	217	541,022
Subcontracted services	-	19,909	-	-	502	-	-	63,785	-	63,785	409,611	83,750	557,146
Insurance	24,868	86,177	-	632	11,370	13,650	4,237	295,414	-	295,414	174,024	130,282	599,720
Interest	255	17,296	-	454	158	920	97	50,814	-	50,814	5,154	103,777	159,745
Operating supplies and expenses	27,399	165,662	4,754	1,530	11,687	4,790	11,130	593,959	-	593,959	492,801	436,838	1,523,598
In-kind	-	-	-	-	-	-	-	991,365	-	991,365	40,085	33,790	1,065,240
Other	784	1,941	-	-	-	4,950	-	10,320	-	10,320	107,623	24,068	142,011
Total other expenses	384,342	1,126,199	77,936	3,888	136,002	170,014	28,785	5,307,033	-	5,307,033	4,445,858	1,396,946	11,149,837
Total personnel and other expenses	872,144	3,911,369	77,936	46,845	398,721	621,954	178,177	12,649,821	-	12,649,821	8,497,515	3,257,113	24,404,449
IIIC. Distributed Indirect Costs													
Administration	134,328	602,429	12,004	7,215	61,411	95,793	27,443	1,948,325	-	1,948,325	1,308,788	(3,257,113)	-
Total actual operating expenses	1,006,472	4,513,798	89,940	54,060	460,132	717,747	205,620	14,598,146	-	14,598,146	9,806,303	-	24,404,449
IIID. Unallowable Costs													
Unallowable costs	52,630	-	-	-	-	6,401	-	72,208	-	72,208	169,093	-	241,301
Total allowable operating expenses	\$ 953,842	4,513,798	89,940	54,060	460,132	711,346	205,620	14,525,938	-				
IIIE. Capital Expenditures													
Capital expenditures	\$ 41,244	85,889	-	-	-	4,991	-	260,261	-	260,261	148,139	273,061	681,461

AGENCY FOR COMMUNITY TREATMENT SERVICES, INC. AND AFFILIATES

Schedule of State Earnings

Year Ended June 30, 2020

1.	Total expenditures	\$	24,404,449
2.	Less: other state and federal funds		6,432,244
3.	Less: non-match SAMH funds		11,112,939
4.	Less: unallowable costs		<u>241,301</u>
5.	Total allowable expenditures		6,617,965
6.	Maximum available earnings		4,963,474
7.	Amount of state funds requiring match		<u>1,319,441</u>
8.	Amount due to Department	\$	<u><u>-</u></u>

AGENCY FOR COMMUNITY TREATMENT SERVICES, INC. AND AFFILIATES

Schedule of Bed-Day Availability Payments

Year Ended June 30, 2020

Program	Cost Center	State Contract Rate	Total Units of Service Provided	Total Units of Service Paid for by 3rd Party Contracts, Local Gov't or Other State Agencies	Maximum Number of Units Eligible for Payment by the Department	Amount Paid for Services by the Department	Maximum Value of Units in Column F	Amount Owed to Department
A	B	C	D	E	F	G	H	I
Children's substance abuse	Substance Abuse Detox	\$ 281	3,660	23	3,637	\$ 1,002,282	\$ 1,021,997	\$ -
Adult substance abuse	Substance Abuse Detox	281	10,980	-	10,980	3,064,858	3,085,380	-

AGENCY FOR COMMUNITY TREATMENT SERVICES, INC. AND AFFILIATES

Schedule of Related Party Transaction Adjustments*

Year Ended June 30, 2020

** There were no related party transaction adjustments for the year ended June 30, 2020.*

INTERNAL CONTROL AND COMPLIANCE



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the combined financial statements of Agency for Community Treatment Services, Inc. and Affiliates, which comprise the combined statement of financial position as of June 30, 2020, and the related combined statements of support and revenue, expenses and other changes in net assets without donor restrictions, changes in net assets, functional expenses and cash flows for the year then ended, and the related notes to the combined financial statements, and have issued our report thereon dated November 2, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the combined financial statements, we considered Agency for Community Treatment Services, Inc. and Affiliates' internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the combined financial statements, but not for the purpose of expressing an opinion on the effectiveness of Agency for Community Treatment Services, Inc. and Affiliates' internal control. Accordingly, we do not express an opinion on the effectiveness of Agency for Community Treatment Services, Inc. and Affiliates' internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Organization's combined financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

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

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Mayer Hoffman McCann P.C.

November 2, 2020
Clearwater, Florida



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

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

Report on Compliance for Each Major Federal Program and State Project

We have audited Agency for Community Treatment Services, Inc. and Affiliates’ compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the requirements described in the *Department of Financial Services’ State Projects Compliance Supplement*, that could have a direct and material effect on their major federal program and state project for the year ended June 30, 2020. Agency for Community Treatment Services, Inc. and Affiliates’ major federal program and state project are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

Management’s Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal program and state project.

Auditor’s Responsibility

Our responsibility is to express an opinion on compliance for Agency for Community Treatment Services, Inc. and Affiliates’ major federal program and state project based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”) and Chapter 10.650, *Rules of the State of Florida Auditor General*. Those standards and the Uniform Guidance, and Chapter 10.650 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program or state project occurred. An audit includes examining, on a test basis, evidence about Agency for Community Treatment Services, Inc. and Affiliates’ compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program and state project. However, our audit does not provide a legal determination of Agency for Community Treatment Services, Inc. and Affiliates’ compliance.

Opinion on Each Major Federal Program and State Project

In our opinion, Agency for Community Treatment Services, Inc. and Affiliates complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program and state project for the year ended June 30, 2020.

Report on Internal Control Over Compliance

Management of Agency for Community Treatment Services, Inc. and Affiliates is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Agency for Community Treatment Services, Inc. and Affiliates' internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program and state project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and state project and to test and report on internal control over compliance in accordance with the Uniform Guidance and Chapter 10.650, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Agency for Community Treatment Services, Inc. and Affiliates' internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program or state project on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program or state project will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program or state project that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

Mayer Hoffman McCann P.C.
November 2, 2020
Clearwater, Florida

AGENCY FOR COMMUNITY TREATMENT SERVICES, INC. AND AFFILIATES

Schedule of Findings and Questioned Costs

Year Ended June 30, 2020

(A) Summary of Audit Results

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

Federal Program:

Block Grants for Prevention and Treatment of Substance Abuse - CFDA No. 93.959

State Project:

Naltrexone - CSFA 22.022

8. The threshold for distinguishing Types A and B programs was \$750,000 for major federal programs and \$300,000 for major state projects.
9. Agency for Community Treatment Services, Inc. was determined to be a low-risk auditee.

(B) Findings - Audit of Combined Financial Statements

None.

AGENCY FOR COMMUNITY TREATMENT SERVICES, INC. AND AFFILIATES

Schedule of Findings and Questioned Costs - Continued

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

None.

(D) Other Issues

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



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

Report on Combined Financial Statements

We have audited the combined financial statements of Agency for Community Treatment Services, Inc. and Affiliates as of and for the year ended June 30, 2020, and have issued our report thereon dated November 2, 2020.

Auditor’s Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”), and Chapter 10.650, *Rules of the State of Florida Auditor General*.

Other Reports and Schedule

We have issued our Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Combined Financial Statements Performed in Accordance with *Government Auditing Standards*, our Independent Auditor’s Report on Compliance for Each Major Federal Program and State Project and on Internal Control Over Compliance Required by the Uniform Guidance and Chapter 10.650, *Rules of the State of Florida Auditor General*, and the Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule, which are dated November 2, 2020, should be considered in conjunction with this management letter.

Other Matter

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

Purpose of This Letter

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

Mayer Hoffman McCann P.C.

November 2, 2020
Clearwater, Florida