

**CDS FAMILY & BEHAVIORAL
HEALTH SERVICES, INC. AND AFFILIATE
CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

CDS FAMILY & BEHAVIORAL HEALTH SERVICES, INC. AND AFFILIATE
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors,
CDS Family & Behavioral Health Services, Inc. and Affiliate:

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of CDS Family & Behavioral Health Services, Inc. and Affiliate, which comprise the consolidated statements of financial position as of June 30, 2020 and 2019, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated 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 audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

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

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

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121 Executive Circle
Daytona Beach, FL 32114-1180
Telephone: 386-257-4100

133 East Indiana Avenue
DeLand, FL 32724-4329
Telephone: 386-738-3300

5931 NW 1st Place
Gainesville, FL 32607-2063
Telephone: 352-378-1331

2477 Tim Gamble Place, Suite 200
Tallahassee, FL 32308-4386
Telephone: 850-386-6184

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of CDS Family & Behavioral Health Services, Inc. and Affiliate 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.

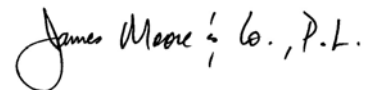
Other Matters

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying additional information on pages 24 – 25 is presented for purposes of additional analysis and is not a required part of the basic financial statements, but is required by certain contracts with the Florida Department of Children and Families and Lutheran Services Florida. The accompanying schedule of expenditures of federal awards and state financial assistance on pages 21 – 22 is presented for purposes of additional analysis as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and Chapter 10.650, Rules of the State of Florida, Office of the Auditor General, and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying additional information of pages 23 – 25 and schedule of expenditures of federal awards and state financial assistance are fairly stated in all material respects in relation to the financial statements as a whole.

The accompanying supplementary information on pages 16 – 21 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2020, on our consideration of CDS Family & Behavioral Health Services, Inc. and Affiliate's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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 CDS Family & Behavioral Health Services, Inc. and Affiliate's internal control over financial reporting and compliance.



Gainesville, Florida
December 9, 2020

CDS FAMILY & BEHAVIORAL HEALTH SERVICES, INC. AND AFFILIATE
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2020 AND 2019

	2020	2019
<u>ASSETS</u>		
Current assets		
Cash and cash equivalents	\$ 2,022,382	\$ 1,400,966
Grants receivable	550,046	647,420
Notes receivable, current	26,716	-
Other receivable	177,928	-
Prepaid expenses and other	118,101	98,971
Total current assets	<u>2,895,173</u>	<u>2,147,357</u>
Notes receivable, non-current	<u>32,094</u>	<u>-</u>
Property and equipment, net	<u>1,257,825</u>	<u>1,392,773</u>
Restricted cash		
Capital campaign	57,500	57,500
Deferred prosecution	190,408	220,496
Total restricted cash	<u>247,908</u>	<u>277,996</u>
Total Assets	<u>\$ 4,433,000</u>	<u>\$ 3,818,126</u>
<u>LIABILITIES AND NET ASSETS</u>		
Current liabilities		
Accounts payable and accrued expenses	\$ 220,600	\$ 142,404
Accrued retirement contribution	167,342	-
Refundable advance	721,954	-
Deferred revenue	5,109	-
Accrued compensated absences	237,780	195,411
Total current liabilities	<u>1,352,785</u>	<u>337,815</u>
Deferred prosecution	<u>190,408</u>	<u>220,496</u>
Total liabilities	<u>1,543,193</u>	<u>558,311</u>
Net assets		
Without donor restrictions, undesignated	1,474,482	1,709,542
Without donor restrictions, board designated for capital improvements	100,000	100,000
Without donor restrictions, invested in property and equipment	1,257,825	1,392,773
Total net assets without donor restrictions	<u>2,832,307</u>	<u>3,202,315</u>
With donor restrictions	57,500	57,500
Total net assets	<u>2,889,807</u>	<u>3,259,815</u>
Total Liabilities and Net Assets	<u>\$ 4,433,000</u>	<u>\$ 3,818,126</u>

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

CDS FAMILY & BEHAVIORAL HEALTH SERVICES, INC. AND AFFILIATE
CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Changes in net assets			
Support and revenue			
Support			
Grants and contracts	\$ 4,467,212	\$ -	\$ 4,467,212
United Way and other contributions	36,898	-	36,898
Contributed services of volunteers	37,623	-	37,623
Contributed facilities, materials and supplies	187,483	-	187,483
Total support	<u>4,729,216</u>	<u>-</u>	<u>4,729,216</u>
Revenue			
Interest	8,179	-	8,179
Gain on sale	5,625	-	5,625
Other income	136,300	-	136,300
Total revenue	<u>150,104</u>	<u>-</u>	<u>150,104</u>
Total support and revenue	<u>4,879,320</u>	<u>-</u>	<u>4,879,320</u>
Expenses			
Administration	1,313,138	-	1,313,138
Interface/Runaway	2,932,845	-	2,932,845
Prevention	754,509	-	754,509
Independent living	248,836	-	248,836
Total expenses	<u>5,249,328</u>	<u>-</u>	<u>5,249,328</u>
Change in net assets	<u>(370,008)</u>	<u>-</u>	<u>(370,008)</u>
Net assets - beginning of year	3,202,315	57,500	3,259,815
Net assets - end of year	<u>\$ 2,832,307</u>	<u>\$ 57,500</u>	<u>\$ 2,889,807</u>

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

CDS FAMILY & BEHAVIORAL HEALTH SERVICES, INC. AND AFFILIATE
CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Changes in net assets			
Support and revenue			
Support			
Grants and contracts	\$ 4,533,048	\$ -	\$ 4,533,048
United Way and other contributions	31,670	25,000	56,670
Contributed services of volunteers	29,775	-	29,775
Contributed facilities, materials and supplies	176,311	-	176,311
Total support	<u>4,770,804</u>	<u>25,000</u>	<u>4,795,804</u>
Revenue			
Program services	570	-	570
Interest	4,491	-	4,491
Other income	118,408	-	118,408
Total revenue	<u>123,469</u>	<u>-</u>	<u>123,469</u>
Total support and revenue	<u>4,894,273</u>	<u>25,000</u>	<u>4,919,273</u>
Expenses			
Administration	843,981	-	843,981
Interface/Runaway	2,913,300	-	2,913,300
Prevention	754,857	-	754,857
Independent Living	272,010	-	272,010
Total expenses	<u>4,784,148</u>	<u>-</u>	<u>4,784,148</u>
Change in net assets	<u>110,125</u>	<u>25,000</u>	<u>135,125</u>
Net assets - beginning of year	3,092,190	32,500	3,124,690
Net assets - end of year	<u>\$ 3,202,315</u>	<u>\$ 57,500</u>	<u>\$ 3,259,815</u>

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

CDS FAMILY & BEHAVIORAL HEALTH SERVICES, INC. AND AFFILIATE
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2020

	Program Services				Total
	Administration	Interface/ Runaway	Prevention	Independent Living	
Expenses					
Salaries and wages	\$ 624,568	\$ 2,092,084	\$ 383,707	\$ 198,750	\$ 3,299,109
Payroll taxes	45,264	157,378	28,660	15,257	246,559
Retirement plan	167,342	-	-	-	167,342
Insurance	70,561	231,015	49,233	22,341	373,150
Travel and conferences	6,778	21,875	3,644	4,056	36,353
Telephone and utilities	22,770	81,825	3,897	3,045	111,537
Office supplies and postage	10,365	13,480	3,604	125	27,574
Auto	2,761	14,041	-	2,469	19,271
Rent	16,057	23,553	875	-	40,485
Repairs, maintenance and supplies	67,615	102,724	11,344	-	181,683
Professional and contractual services	43,889	28,615	61,948	2,183	136,635
Educational materials and supplies	309	14,667	12,957	-	27,933
Food	6,534	82,376	-	-	88,910
Facilities, materials and supplies-contributed	-	-	187,483	-	187,483
Miscellaneous	72,330	65,539	6,113	10	143,992
Advertising	15,608	3,654	926	-	20,188
Dues	42,312	19	118	600	43,049
Depreciation	98,075	-	-	-	98,075
Total expenses	<u>\$ 1,313,138</u>	<u>\$ 2,932,845</u>	<u>\$ 754,509</u>	<u>\$ 248,836</u>	<u>\$ 5,249,328</u>

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

CDS FAMILY & BEHAVIORAL HEALTH SERVICES, INC. AND AFFILIATE
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2019

	Program Services				Total
	Administration	Interface/ Runaway	Prevention	Independent Living	
Expenses					
Salaries and wages	\$ 411,451	\$ 2,054,867	\$ 381,564	\$ 214,878	\$ 3,062,760
Payroll taxes	27,616	160,673	28,578	16,162	233,029
Insurance	44,378	228,828	41,368	25,966	340,540
Travel and conferences	9,800	32,928	4,542	5,074	52,344
Telephone and utilities	23,324	81,242	7,148	2,809	114,523
Office supplies and postage	6,541	15,185	7,004	111	28,841
Auto	7,563	14,804	-	3,029	25,396
Rent	15,370	19,820	1,543	135	36,868
Repairs, maintenance and supplies	29,700	56,806	7,645	782	94,933
Professional and contractual services	54,059	29,296	70,230	2,215	155,800
Educational materials and supplies	2,660	21,982	15,760	-	40,402
Food	8,685	99,842	3,509	41	112,077
Facilities, materials and supplies-contributed	2,120	1,038	173,153	-	176,311
Miscellaneous	29,435	89,829	12,323	808	132,395
Advertising	5,839	5,384	290	-	11,513
Dues	52,491	776	200	-	53,467
Depreciation	112,949	-	-	-	112,949
Total expenses	<u>\$ 843,981</u>	<u>\$ 2,913,300</u>	<u>\$ 754,857</u>	<u>\$ 272,010</u>	<u>\$ 4,784,148</u>

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

CDS FAMILY & BEHAVIORAL HEALTH SERVICES, INC. AND AFFILIATE
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019
Cash flows from operating activities		
Change in net assets	\$ (370,008)	\$ 135,125
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	98,075	112,949
Gain on sale of assets	(5,625)	-
Change in certain assets and liabilities:		
Grants receivable	97,374	(188,419)
Other receivable	(177,928)	-
Prepaid expenses and other	(19,130)	8,541
Deferred revenues	5,109	-
Accounts payable and accrued expenses	78,196	(38,149)
Accrued compensated absences	42,369	(9,254)
Accrued retirement contribution	167,342	(146,890)
Refundable advance	721,954	-
Deferred prosecution	(30,088)	-
Total adjustments	977,648	(261,222)
Net cash provided by (used in) operating activities	607,640	(126,097)
Cash flows from investing activities		
Purchases of property and equipment	-	(69,137)
Advances on notes receivable	(16,312)	-
Change in cash and cash equivalents	591,328	(195,234)
Cash and cash equivalents, beginning of year	1,678,962	1,874,196
Cash and cash equivalents, end of year	\$ 2,270,290	\$ 1,678,962
Presented on the statement of financial position as:		
Cash and cash equivalents	\$ 2,022,382	\$ 1,400,966
Restricted cash - capital campaign	57,500	57,500
Restricted cash - deferred prosecution	190,408	220,496
	\$ 2,270,290	\$ 1,678,962
Supplemental disclosure of noncash information		
Sale of property and equipment through note receivable	\$ 42,500	\$ -

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

CDS FAMILY & BEHAVIORAL HEALTH SERVICES, INC. AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

(1) **Summary of Significant Accounting Policies:**

The consolidated financial statements of CDS Family & Behavioral Health Services, Inc. and Affiliate (the Organization) have been prepared on the accrual basis of accounting. The significant accounting policies followed are described below to enhance the usefulness of the consolidated financial statements to the reader.

(a) **Principles of consolidation**—The accompanying consolidated financial statements include the accounts of CDS Family & Behavioral Health Services, Inc. and Community Alternative Services Foundation, Inc. (Affiliate). The organizations have common control since the board members of the organization are also board members of the Affiliate. There is also an element of economic interest since the Affiliate is organized to operate exclusively for the benefit of the Organization. Intercompany transactions and balances have been eliminated in consolidation.

(b) **General**—CDS Family & Behavioral Health Services, Inc. was formed as a not-for-profit corporation in 1970 for the primary purpose of operating a suicide prevention, general crisis and drug intervention service for Alachua County and surrounding north central Florida. The objectives of the Organization are accomplished through the following separate programs: Interface/Runaway, Prevention, and Independent Living. Funding sources include grants and contracts, program service revenues, contributions and other income. For the years ended June 30, 2020 and 2019, approximately 92% of the support and revenue of the Organization was provided by federal and state governmental agencies.

Community Alternative Services Foundation, Inc. was formed as a not-for-profit corporation in 1980 to operate exclusively for the benefit of CDS Family & Behavioral Health Services, Inc.

(c) **Cash and cash equivalents**—For purposes of reporting cash flows, cash and cash equivalents include only investments with original maturities of three months or less.

(d) **Property and equipment**—Property and equipment purchased or acquired with an original cost of \$2,500 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation of property and equipment is provided using the straight-line method over the estimated useful lives of the assets, which range from three to forty years.

(e) **Net assets**—The Organization's consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America. The Organization implemented ASU 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*, during 2019, and accordingly reports information regarding its financial position and activities according to two classes of net assets: without donor restriction and with donor restrictions.

Net assets without donor restrictions—Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. The Organization's board may designate assets without restrictions for specific purposes.

Net assets with donor restrictions—Net assets subject to stipulations imposed by donors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

CDS FAMILY & BEHAVIORAL HEALTH SERVICES, INC. AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

(1) **Summary of Significant Accounting Policies:** (Continued)

The Organization has net assets with donor restrictions at June 30, 2020 and 2019, of \$57,500. All amounts are restricted for capital improvements.

(f) **Adoption of new accounting standards**—The Organization has adopted Accounting Standards Update (“ASU”) No. 2018-08, “Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic) 605.” The ASU and all subsequently issued clarifying ASUs clarified guidance related to the recognition of nonexchange revenue that does not fall under ASU 606. The Organization adopted ASC 605 as of July 1, 2019. In adopting this ASU, there was no impact to beginning net assets. As such, no retrospective analysis of account balance changes was required.

(g) **Refundable advance**—At June 30, 2020, funds received from the Paycheck Protection Program of \$721,954 have not been recognized as revenue in the accompanying consolidated statement of activities because conditions on which they depend have not been met. The conditional contribution depends on applying and receiving forgiveness of the amount received. Therefore, this amount is recorded as a refundable advance on the consolidated statement of financial position. See Note 8 below.

(h) **Deferred prosecution**—The Organization entered into an agreement with the State Attorney Office to collect, maintain, distribute and account for funds generated by the State Attorney Office through deferred prosecution contracts entered into by criminal case defendants. The funds are required to be in a federally insured bank account and shown as a restricted balance separate from other Organization funds. Therefore, the funds are shown as restricted cash on the consolidated statement of financial position.

(i) **Contributed services, facilities, materials and supplies**—The Organization receives contributed services from volunteers, which are used primarily in the Organization’s Interface/Runaway, Prevention, and Independent Living programs. Contributed services include services provided by teachers who provide various skills training for elementary and middle school youths. Other non-specialized services are also provided by volunteers who serve to motivate youths, as well as assist in the planning and conducting of special events. The fair value of contributed services received by the Organization during the years ended June 30, 2020 and 2019, totaled approximately \$251,200 and \$315,500, respectively. Specialized services have been recognized by the Organization for the years ended June 30, 2020 and 2019, totaled approximately \$37,600 and \$29,800, respectively.

The Organization occupies without charge certain premises for which the estimated fair rental value is reported as support and expense in the period in which the premises are used. In addition, contributed materials and supplies are reported as support and expense at their estimated fair value in the period in which they are donated. The fair value of contributed facilities, materials, and supplies received by the Organization during the years ended June 30, 2020 and 2019, totaled approximately \$187,500 and \$176,300, respectively.

(j) **Income taxes**—Under Section 501(c)(3) of the Internal Revenue Code and Florida Statutes, the Organization is exempt from taxes on income other than unrelated business income. There is no tax due on the Organization’s unrelated business income for the year ended 2020. Therefore, no provision for income taxes has been made in these financial statements.

Management of the Organization considers the likelihood of changes by taxing authorities in its filed income tax returns and recognizes a liability for or discloses potential significant changes that management believes are more likely than not to occur upon examination by tax authorities, including changes to the Organization’s status as a not-for-profit entity. Management believes the

CDS FAMILY & BEHAVIORAL HEALTH SERVICES, INC. AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

(1) **Summary of Significant Accounting Policies:** (Continued)

Organization met the requirements to maintain its tax-exempt status and has not identified any uncertain tax positions subject to the unrelated business income tax that require recognition or disclosure in the accompanying consolidated financial statements. The Organization's income tax returns for the past three years are subject to examination by tax authorities, and may change upon examination.

(k) **Use of estimates**—The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

(l) **Advertising costs**—The Organization expenses advertising costs as incurred. Advertising expenses totaled \$20,188 and \$11,513 for the years ended June 30, 2020 and 2019, respectively.

(m) **Grants receivable**—Grants receivable are stated at the amount management expects to collect from balances at year-end. Based on management's assessment of the credit history with organizations having outstanding balances and current relationships with them, it has concluded that realized losses on balances outstanding at year-end will be immaterial.

(n) **Other receivable**—Other receivable balance related to an amount owed to the Organization from the retirement provider. The Organization adjusted the employer portion of the retirement contribution resulting in the receivable balance at year end.

(o) **Functional allocation of expenses**—The costs of providing the various programs and other activities have been summarized on a functional basis in the Consolidated Statements of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Costs are allocated between program and supporting services based on salary expense.

(p) **Subsequent events**—The Organization has evaluated events and transactions for potential recognition or disclosure in the consolidated financial statements through December 9, 2020, the date the consolidated financial statements were available to be issued. No subsequent events have been recognized or disclosed.

(q) **Recently issued accounting pronouncements**—The Financial Accounting Standards Board (FASB) issued new or modifications to, or interpretations of, existing accounting guidance during the year ended June 30, 2020. The Organization has considered the new pronouncements that altered accounting principles generally accepted in the United States of America, and other than as disclosed in the notes to the financial statements below, does not believe that any other new or modified principles will have a material impact on the Organization's reported financial position or operations in the near term.

In May 2014, the FASB issued Accounting Standards Update 2014-09: Revenue from Contracts with Customers, to clarify the principles used to recognize revenue for all entities. The new standard (as amended) is effective for fiscal years beginning after December 15, 2019 and may be adopted early. The Organization is currently evaluating the effect that implementation of the new standard will have on its financial position, results of operations, and cash flows.

In February 2016, the FASB issued Accounting Standards Update 2016-02: Leases (Topic 842), to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. The new standard is effective for fiscal years beginning after December 15, 2021 and may be adopted early. The Organization is currently evaluating the effect that implementation of the new standard will have on its financial position, results of operations, and cash flows.

CDS FAMILY & BEHAVIORAL HEALTH SERVICES, INC. AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

(2) **Property and Equipment:**

A summary of property and equipment as of June 30 is as follows:

	2020			
	CDS Family & Behavioral Health Services, Inc.	Community Alternative Services Foundation, Inc.	Consolidated	2019 Consolidated
Land	\$ 31,900	\$ 373,035	\$ 404,935	\$ 404,935
Buildings	558,220	876,376	1,434,596	1,434,596
Building improvements	648,811	107,686	756,497	793,997
Furniture, equipment and vehicles	694,528	56,133	750,661	777,775
	<u>1,933,459</u>	<u>1,413,230</u>	<u>3,346,689</u>	<u>3,411,303</u>
Less: Accumulated depreciation	1,299,566	789,298	2,088,864	2,018,530
	<u>\$ 633,893</u>	<u>\$ 623,932</u>	<u>\$ 1,257,825</u>	<u>\$ 1,392,773</u>

Depreciation expense totaled \$98,075 and \$112,949 for the years ended June 30, 2020 and 2019, respectively.

Building improvements include approximately \$150,000 received in 2010 from the State of Florida Department of Children and Families for improvements to be made to runaway shelters. The Organization is obligated to operate the facilities as an emergency shelter for a minimum of fifteen years according to the terms of the contract, which will expire in the 2025 fiscal year.

(3) **Leases:**

The Organization leases building space from its Affiliate. The leases were effective on January 1, 2016 and expire on June 30, 2021, with rent payments between \$1,741 and \$3,290. Lease expense paid to the Affiliate was \$85,946 for the years ended June 30, 2020 and 2019, respectively. The effect of these leases has been eliminated in the accompanying consolidated financial statements.

The Organization is the lessee of six copiers under non-cancellable operating leases under various terms. The Organization entered into a lease agreement for office space in August 2018 expiring June 30, 2020. The lease will automatically renew for each subsequent year unless written notice is received from either party 90 days in advance of June 30. Rent expense recognized on these leases was \$28,304 and \$25,262 for the years ended June 30, 2020 and 2019, respectively.

Minimum future lease payments on non-cancelable copier leases as of June 30, 2020, for each of the next five years and in the aggregate, are as follows:

Year Ending June 30,	Amount
2021	\$ 6,057
2022	2,718
2023	2,301
2024	1,698
	<u>\$ 12,774</u>

CDS FAMILY & BEHAVIORAL HEALTH SERVICES, INC. AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

(3) **Leases:** (Continued)

The Organization is the lessor of building space under operating leases under various terms. Revenue recognized on these leases was \$39,279 and \$40,150 for the years ended June 30, 2020 and 2019, respectively. The following is a summary of property held for lease by the Affiliate to unrelated parties included in property and equipment at June 30, 2020:

Buildings	\$ 533,382
Building Improvements	67,895
	601,277
Less: Accumulated depreciation	364,283
	\$ 236,994

Minimum future rentals to be received on non-cancelable leases as of June 30, 2020, for each of the next five years and in the aggregate are as follows:

Year Ending June 30,	Amount
2021	\$ 21,284
2022	1,781
	\$ 23,065

(4) **Concentrations of Credit Risk:**

Significant concentrations of credit risk for all financial instruments owned by the Organization are as follows:

- (a) **Cash in bank**—The Organization has demand and time deposits with a regional bank. The Organization has a policy requiring that all deposits be with FDIC insured financial institutions. These accounts are insured up to FDIC limits.
- (b) **Grants receivable**—Substantially all of the Organization’s receivables are for amounts due from federal, state and local governmental agencies under cost reimbursement and service grants and contracts related to various health and welfare activities. The Organization has no policy requiring collateral or other security to support its receivables. For the years ended June 30, 2020 and 2019, the Organization had 91% of grant receivable from three contracts, respectively
- (c) **Notes receivable**—The Organization’s note receivable is due from a foundation. The Organization has a policy of requiring collateral to support the note receivable.
- (d) **Significant funding source**—For the years ended June 30, 2020 and 2019, the Organization received approximately 83% and 79%, respectively, of its funding from two contracts, respectively.

(5) **Retirement Plan:**

The Organization has an Internal Revenue Code section 403(b) retirement savings plan covering all eligible employees. Employees are eligible to participate upon attaining the age of 21 and 1,000 hours of service, and must be employed on the last day of the fiscal year. The Organization may contribute discretionary contributions to the Plan at the option of the Organization’s board of directors. Vesting in the Organization’s contribution portion of participant accounts is based on years of service. Employees complete a year of service upon attaining 1,000 hours of service. A participant is 100% vested after three years of service. Forfeited non-vested accounts may be used to reduce future contributions by the Organization. In the year ended June 30, 2020, the Organization elected to contribute \$167,342 to the Plan. In the year ended June 30, 2019, no contribution was made to the Plan.

CDS FAMILY & BEHAVIORAL HEALTH SERVICES, INC. AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

(6) Note Receivable:

The Organization entered into an agreement with a foundation to purchase a portable building and provide startup funding. The note bears interest at 3.5%, secured by interest in the portable, due and payable in monthly payments of \$2,356 including interest, through July 2022.

(7) Related Party Transactions:

The Affiliate entered into a contractor agreement with a board member in May 2016 and signed an updated agreement in May 2018 to conduct fundraising activities through July 2020. Under the agreement the Affiliate shall pay \$2,167 on a monthly basis and the board member will not receive any bonus for the first \$130,000 raised in a contract year. During 2020 and 2019, \$2,166 and \$21,665 were paid under the agreement, respectively.

(8) Liquidity and Availability:

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

	<u>2020</u>	<u>2019</u>
Financial assets available within one year, at year end:		
Cash and cash equivalents - unrestricted	\$ 2,022,382	\$ 1,400,966
Grants receivable	550,046	647,420
Notes receivable, current	26,716	-
Other receivable	177,928	-
Less those unavailable for general expenditures within one year, due to:		
Board designated funds	(100,000)	(100,000)
Refundable advance	(721,954)	-
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,955,118</u>	<u>\$ 1,948,386</u>

As shown in the table above, the Organization has adequate financial assets available to meet liquidity needs. The Organization receives significant grant funds each year, which are entirely available to meet annual cash needs for general and program expenditures. The Organization is reliant on this grant funding to meet liquidity needs, as discussed in Note 4.

(9) Refundable Advance:

On April 21, 2020, the Organization received loan proceeds in the amount of \$721,954, pursuant to the Paycheck Protection Program (PPP) established as part of the federal Coronavirus Aid, Relief and Economic Security Act (CARES Act). Under the terms of the PPP, loan proceeds and accrued interest are forgivable if they are used for qualifying expenses such as payroll, benefits, rent and utilities, and the Organization maintains its payroll levels over a specified period of time as described in the CARES Act. Any unforgiven portion of the loan is payable over two years at an interest rate of 1%, with a deferral of payments for the first ten months after the end of the loan covered period. Management intends to utilize loan proceeds for purposes consistent with the PPP, but has not yet evaluated whether they have met the conditions for loan forgiveness as of December 9, 2020. Accordingly, this is recorded as a refundable advance on the statement of financial position.

CDS FAMILY & BEHAVIORAL HEALTH SERVICES, INC. AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

(10) **Risks and Uncertainties:**

During the year ended June 30, 2020, local, U.S., and world governments have encouraged self-isolation to curtail the spread of the global pandemic, coronavirus disease (COVID-19), by mandating temporary work stoppage in many sectors and imposing limitations on travel and size and duration of group meetings. Most industries are experiencing disruption to business operations and the impact of reduced consumer spending. There is unprecedented uncertainty surrounding the duration of the pandemic, its potential economic ramifications, and any government actions to mitigate them. Accordingly, while management cannot quantify the financial and other impact to the Organization as of December 9, 2020, management believes that a material impact on the Organization's financial position and results of future operations is reasonably possible.

CDS FAMILY & BEHAVIORAL HEALTH SERVICES, INC. AND AFFILIATE
SUPPLEMENTARY INFORMATION
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

CDS FAMILY & BEHAVIORAL HEALTH SERVICES, INC. AND AFFILIATE
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
JUNE 30, 2020

<u>ASSETS</u>	CDS Family & Behavioral Health Services, Inc.	Community Alternative Services Foundation, Inc.	Eliminations	Consolidated
Current assets				
Cash and cash equivalents	\$ 1,829,930	\$ 192,452	\$ -	\$ 2,022,382
Grants receivable	550,046	-	-	550,046
Notes receivable, current	26,716	-	-	26,716
Other receivable	177,928	-	-	177,928
Due from affiliate	1,473	-	(1,473)	-
Prepaid expenses and other	108,660	27,377	(17,936)	118,101
Total current assets	<u>2,694,753</u>	<u>219,829</u>	<u>(19,409)</u>	<u>2,895,173</u>
Notes receivable, non-current	<u>32,094</u>	<u>-</u>	<u>-</u>	<u>32,094</u>
Property and equipment, net	<u>633,893</u>	<u>623,932</u>	<u>-</u>	<u>1,257,825</u>
Restricted cash				
Capital campaign	57,500	-	-	57,500
Deferred prosecution	190,408	-	-	190,408
Total restricted cash	<u>247,908</u>	<u>-</u>	<u>-</u>	<u>247,908</u>
Total Assets	<u>\$ 3,608,648</u>	<u>\$ 843,761</u>	<u>\$ (19,409)</u>	<u>\$ 4,433,000</u>
<u>LIABILITIES AND NET ASSETS</u>				
Current liabilities				
Accounts payable and accrued expenses	\$ 219,009	\$ 1,591	\$ -	\$ 220,600
Due to affiliate	-	1,473	(1,473)	-
Accrued retirement contribution	167,342	-	-	167,342
Refundable advance	721,954	-	-	721,954
Deferred revenue	9,233	13,812	(17,936)	5,109
Accrued compensated absences	237,780	-	-	237,780
Total current liabilities	<u>1,355,318</u>	<u>16,876</u>	<u>(19,409)</u>	<u>1,352,785</u>
Deferred prosecution	<u>190,408</u>	<u>-</u>	<u>-</u>	<u>190,408</u>
Total liabilities	<u>1,545,726</u>	<u>16,876</u>	<u>(19,409)</u>	<u>1,543,193</u>
Net assets				
Without donor restrictions, undesignated	1,271,529	202,953	-	1,474,482
Without donor restrictions, board designated	100,000	-	-	100,000
Without donor restrictions, invested in property and equipment	<u>633,893</u>	<u>623,932</u>	<u>-</u>	<u>1,257,825</u>
Total net assets without donor restrictions	<u>2,005,422</u>	<u>826,885</u>	<u>-</u>	<u>2,832,307</u>
With donor restrictions	57,500	-	-	57,500
Total net assets	<u>2,062,922</u>	<u>826,885</u>	<u>-</u>	<u>2,889,807</u>
Total Liabilities and Net Assets	<u>\$ 3,608,648</u>	<u>\$ 843,761</u>	<u>\$ (19,409)</u>	<u>\$ 4,433,000</u>

See Independent Auditors' Report

CDS FAMILY & BEHAVIORAL HEALTH SERVICES, INC. AND AFFILIATE
CONSOLIDATING STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

	CDS Family & Behavioral Health Services, Inc. Total	Community Alternative Services Foundation, Inc. Total	Eliminations	Consolidated
Changes in net assets				
Support and revenue				
Support				
Grants and contracts	\$ 4,467,212	\$ -	\$ -	\$ 4,467,212
United Way and other contributions	36,898	-	-	36,898
Contributed services of volunteers	37,623	-	-	37,623
Contributed facilities, materials and supplies	187,483	-	-	187,483
Total support	<u>4,729,216</u>	<u>-</u>	<u>-</u>	<u>4,729,216</u>
Revenue				
Interest and other income	8,179	-	-	8,179
Gain on sale	5,625	-	-	5,625
Other income	145,167	147,079	(155,946)	136,300
Total revenue	<u>158,971</u>	<u>147,079</u>	<u>(155,946)</u>	<u>150,104</u>
Total support and revenue	<u>4,888,187</u>	<u>147,079</u>	<u>(155,946)</u>	<u>4,879,320</u>
Expenses				
Administration	1,274,560	143,065	(104,487)	1,313,138
Interface/Runaway	2,967,054	-	(34,209)	2,932,845
Prevention	758,374	-	(3,865)	754,509
Independent Living	262,221	-	(13,385)	248,836
Total expenses	<u>5,262,209</u>	<u>143,065</u>	<u>(155,946)</u>	<u>5,249,328</u>
Change in net assets	<u>(374,022)</u>	<u>4,014</u>	<u>-</u>	<u>(370,008)</u>
Net assets - beginning of year	2,436,944	822,871	-	3,259,815
Net assets - end of year	<u>\$ 2,062,922</u>	<u>\$ 826,885</u>	<u>\$ -</u>	<u>\$ 2,889,807</u>

See Independent Auditors' Report

**CDS FAMILY & BEHAVIORAL HEALTH SERVICES, INC. AND AFFILIATE
CONSOLIDATING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2020**

	CDS Family & Behavioral Health Services, Inc.	Community Alternative Services Foundation, Inc.	Eliminations	Consolidated
Cash flows from operating activities				
Change in net assets	\$ (374,022)	\$ 4,014	\$ -	\$ (370,008)
Adjustments to reconcile change in net assets to net cash provided by operating activities				
Depreciation and amortization	69,822	28,253	-	98,075
Gain on disposal of assets	(5,625)			(5,625)
Change in certain assets and liabilities:				
Due from affiliate	9,080	123,446	(132,526)	-
Grants receivable	97,374	-	-	97,374
Other receivable	(177,928)	-	-	(177,928)
Prepaid expenses and other	(28,125)	(8,941)	17,936	(19,130)
Deferred revenues	9,233	13,812	(17,936)	5,109
Accounts payable and accrued expenses	76,605	1,591	-	78,196
Due to affiliate	(123,446)	(9,080)	132,526	-
Accrued compensated absences	42,369	-	-	42,369
Accrued retirement contribution	167,342	-	-	167,342
Refundable advance	721,954	-	-	721,954
Deferred prosecution	(30,088)	-	-	(30,088)
Total adjustments	858,655	149,081	-	977,648
Net cash provided by operating activities	484,633	153,095	-	607,640
Cash flows from investing activities				
Advances on notes receivable	(16,312)	-	-	(16,312)
Change in cash and cash equivalents	438,233	153,095	-	591,328
Cash and cash equivalents, beginning of year	1,639,605	39,357	-	1,678,962
Cash and cash equivalents, end of year	<u>\$ 2,077,838</u>	<u>\$ 192,452</u>	<u>\$ -</u>	<u>\$ 2,270,290</u>
Presented on the statement of financial position as:				
Cash and cash equivalents	\$ 1,829,930	\$ 192,452	\$ -	\$ 2,022,382
Restricted cash - capital campaign	57,500	-	-	57,500
Restricted cash - deferred prosecution	190,408	-	-	190,408
	<u>\$ 2,077,838</u>	<u>\$ 192,452</u>	<u>\$ -</u>	<u>\$ 2,270,290</u>

See Independent Auditors' Report

COMMUNITY ALTERNATIVE SERVICES FOUNDATION, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
Changes in without donor restriction net assets		
Revenue		
Rental	\$ 147,079	\$ 134,694
Expenses		
Operating	114,812	42,360
Depreciation	28,253	31,792
Interest	-	-
Total expenses	<u>143,065</u>	<u>74,152</u>
Increase in net assets without donor restrictions	<u>4,014</u>	<u>60,542</u>
Net assets - without donor restrictions, beginning of year	822,871	762,329
Net assets - without donor restrictions, end of year	<u><u>\$ 826,885</u></u>	<u><u>\$ 822,871</u></u>

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CDS FAMILY & BEHAVIORAL HEALTH SERVICES, INC.
STATEMENT OF ACTIVITIES BY FUNCTION
FOR THE YEAR ENDED JUNE 30, 2020

	Program Services				Total
	Administration	Interface/ Runaway	Prevention	Independent Living	
Support and revenue					
Grants and contracts	\$ 2,614	\$ 3,490,196	\$ 678,862	\$ 295,540	\$ 4,467,212
United Way and other contributions	-	36,898	-	-	36,898
Contributed services of volunteers	-	37,623	-	-	37,623
Contributed facilities, materials and supplies	-	-	187,483	-	187,483
Interest and other income	8,179	-	-	-	8,179
Gain on sale	5,625	-	-	-	5,625
Other income	99,208	45,959	-	-	145,167
Total support and revenue	<u>115,626</u>	<u>3,610,676</u>	<u>866,345</u>	<u>295,540</u>	<u>4,888,187</u>
Expenses					
Salaries and wages	624,568	2,092,084	383,707	198,750	3,299,109
Payroll taxes	45,264	157,378	28,660	15,257	246,559
Retirement plan	167,342	-	-	-	167,342
Insurance	70,561	231,015	49,233	22,341	373,150
Travel and conferences	6,778	21,875	3,644	4,056	36,353
Telephone and utilities	22,770	81,825	3,897	3,045	111,537
Office supplies and postage	10,365	13,480	3,604	125	27,574
Auto	2,761	14,041	-	2,469	19,271
Rent	38,605	57,762	4,740	13,385	114,492
Repairs, maintenance and supplies	59,017	102,724	11,344	-	173,085
Professional and contractual services	40,173	28,615	61,948	2,183	132,919
Educational materials and supplies	309	14,667	12,957	-	27,933
Food	6,534	82,376	-	-	88,910
Facilities, materials and supplies-contributed	-	-	187,483	-	187,483
Miscellaneous	51,771	65,539	6,113	10	123,433
Advertising	15,608	3,654	926	-	20,188
Dues	42,312	19	118	600	43,049
Depreciation	69,822	-	-	-	69,822
Total expenses	<u>1,274,560</u>	<u>2,967,054</u>	<u>758,374</u>	<u>262,221</u>	<u>5,262,209</u>
Increase (decrease) in net assets	<u>\$ (1,158,934)</u>	<u>\$ 643,622</u>	<u>\$ 107,971</u>	<u>\$ 33,319</u>	<u>\$ (374,022)</u>

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CDS FAMILY & BEHAVIORAL HEALTH SERVICES, INC.
STATEMENT OF ACTIVITIES BY FUNCTION
FOR THE YEAR ENDED JUNE 30, 2019

	Program Services				Total
	Administration	Interface/ Runaway	Prevention	Independent Living	
Support and revenue					
Grants and contracts	\$ -	\$ 3,559,099	\$ 684,409	\$ 289,540	\$ 4,533,048
United Way and other contributions	37,310	19,360	-	-	56,670
Contributed services of volunteers	-	25,225	4,550	-	29,775
Contributed facilities, materials and supplies	2,120	1,038	173,153	-	176,311
Drug screen fees	-	570	-	-	570
Interest	4,491	-	-	-	4,491
Other income	31,608	58,830	110	-	90,548
Total support and revenue	<u>75,529</u>	<u>3,664,122</u>	<u>862,222</u>	<u>289,540</u>	<u>4,891,413</u>
Expenses					
Salaries and wages	411,451	2,054,867	381,564	214,878	3,062,760
Payroll taxes	27,616	160,673	28,578	16,162	233,029
Insurance	44,378	228,828	41,368	25,966	340,540
Travel and conferences	9,800	32,928	4,542	5,074	52,344
Telephone and utilities	23,324	81,242	7,148	2,809	114,523
Office supplies and postage	6,541	15,185	7,004	111	28,841
Auto	3,445	14,804	-	3,029	21,278
Rent	56,957	55,252	6,603	13,526	132,338
Repairs, maintenance and supplies	27,305	56,806	7,645	782	92,538
Professional and contractual services	30,894	29,296	70,230	2,215	132,635
Educational materials and supplies	2,660	21,982	15,760	-	40,402
Food	8,685	99,842	3,509	41	112,077
Facilities, materials and supplies-contributed	2,120	1,038	173,153	-	176,311
Miscellaneous	28,117	89,829	12,323	808	131,077
Advertising	5,839	5,384	290	-	11,513
Dues	52,491	776	200	-	53,467
Depreciation	81,157	-	-	-	81,157
Total expenses	<u>822,780</u>	<u>2,948,732</u>	<u>759,917</u>	<u>285,401</u>	<u>4,816,830</u>
Increase (decrease) in net assets	<u>\$ (747,251)</u>	<u>\$ 715,390</u>	<u>\$ 102,305</u>	<u>\$ 4,139</u>	<u>\$ 74,583</u>

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CDS FAMILY & BEHAVIORAL HEALTH SERVICES, INC. AND AFFILIATE

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE**

FOR THE YEAR ENDED JUNE 30, 2020

CDS FAMILY & BEHAVIORAL HEALTH SERVICES, INC. AND AFFILIATE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2020

Federal Grantor/Pass-Through Grantor/State Grantor Program Title	CFDA/ CSFA Number	Pass-Through Entity Identifying Number	Expenditures
FEDERAL AWARDS			
<u>U.S. Department of Health and Human Services</u>			
Passed through State of Florida, Department of Children and Families, Lutheran Services Block Grants for Prevention and Treatment of Substance Abuse (SAMH)	93.959	LS008	\$ 677,997
Basic Center Grant	93.623	90CY6937	217,378
Passed through State of Florida, Department of Children and Families, Partnership for Strong Families: John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	PCM749	<u>181,002</u>
Social Services Block Grant	93.667	PCM749	<u>4,988</u>
Foster Care - Title IV-E	93.658	PCM749	132,344
Passed through Florida Network of Youth and Family Services: Foster Care - Title IV-E	93.658	10128	<u>16,816</u> <u>149,160</u>
Total U.S. Department of Health and Human Services			<u>1,230,525</u>
TOTAL FEDERAL AWARDS			<u><u>\$ 1,230,525</u></u>

CDS FAMILY & BEHAVIORAL HEALTH SERVICES, INC. AND AFFILIATE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2020
(Continued)

<u>Federal Grantor/Pass-Through Grantor/State Grantor Program Title</u>	<u>CFDA/CSFA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Expenditures</u>
STATE FINANCIAL ASSISTANCE			
<u>State of Florida Department of Children and Families</u>			
Passed through State of Florida, Department of Children and Families, Partnership for Strong Families: The Independent Living and Road to Independence Program	60.112	PCM749	\$ 836
<u>State of Florida Department of Juvenile Justice -</u>			
Passed through Florida Network of Youth and Family Services: Children and Families in Need of Services	80.005	10128	3,239,202
TOTAL STATE FINANCIAL ASSISTANCE			<u>\$ 3,240,038</u>
TOTAL AWARDS			<u>\$ 4,470,563</u>

Note 1: The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance (the Schedule) includes the Federal awards and State financial assistance activity of CDS Family & Behavioral Health Services, Inc. under programs of the Federal and State government for the year ended June 30, 2020 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, Office of the Auditor General. Because the Schedule presents only a selected portion of the operations of CDS Family & Behavioral Health Services, Inc. it is not intended to and does not present the financial position, changes in net assets, or cash flows of CDS Family & Behavioral Health Services, Inc..

Note 2: Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement.

Note 3: De Minimis Indirect Cost Rate Election - CDS Family & Behavioral Health Services, Inc. has elected not to use the 10% de minimis indirect cost rate as allowed under Uniform Guidance.

**CDS FAMILY & BEHAVIORAL HEALTH SERVICES, INC. AND AFFILIATE
SUPPLEMENTAL SCHEDULES AS REQUIRED BY
SUBSTANCE ABUSE AND MENTAL
HEALTH (SAMH) SERVICES CONTRACT NO. LS008**

FOR THE YEAR ENDED JUNE 30, 2020

CDS FAMILY & BEHAVIORAL HEALTH SERVICES, INC.
SCHEDULE OF STATE EARNINGS FOR SUBSTANCE ABUSE AND MENTAL
HEALTH SERVICES REQUIRED BY CONTRACT NO. LS008
FISCAL YEAR ENDED JUNE 30, 2020

1 Total Expenditures	<u>\$ 5,288,299</u>
2 Less Other State & Federal Funds	<u>\$ (3,785,736)</u>
3 Less Non-Match SAMH Funds	<u>\$ (551,637)</u>
4 Less Unallowable Costs per 65E-14, F.A.C.	<u>\$ (77,422)</u>
5 Total Allowable Expenditures (Sum of lines 1,2,3, & 4)	<u>\$ 873,504</u>
6 Maximum Available Earnings (Line 5 times 75%)	<u>\$ 655,128</u>
7 Amount of State Funds Requiring Match	<u>\$ 126,360</u>
8 Amount Due to Department (Subtract line 7 from line 6)	<u>\$ - 0 -</u>

**CDS FAMILY & BEHAVIORAL HEALTH SERVICES, INC. AND AFFILIATE
SCHEDULE OF PROGRAM/COST CENTER ACTUAL EXPENSES AND REVENUES FOR
SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES REQUIRED BY CONTRACT NO. LS008
FOR THE YEAR ENDED JUNE 30, 2020**

Part I: ACTUAL FUNDING SOURCES AND REVENUES

Funding Sources & Revenues	SAMH Covered Services						Non-SAMH Covered Services	Total Funding
	State SAMH - Funded Covered Services		Total for State SAMH-Funded Covered Services	Total for Non- State-Funded Covered Services	Total for All Covered Services			
	ASA Program Prevention	CSA Program Prevention						
IA. State SAMH funding								
(1)	\$ 107,315	\$ 571,547	\$ 678,862	\$ -	\$ 678,862	\$ -	\$ 678,862	
(2)	-	-	-	-	-	-	-	
(3)	-	-	-	-	-	-	-	
Total State SAMH funding	107,315	571,547	678,862	-	678,862	-	678,862	
IB. Other Govt. Funding								
Other state funding	-	-	-	-	-	3,511,773	3,511,773	
Local government	-	-	-	-	-	-	-	
Federal grants	-	-	-	-	-	273,963	273,963	
Total other govt. funding	-	-	-	-	-	3,785,736	3,785,736	
IC. All other revenues								
1st/3rd party	-	-	-	-	-	-	-	
Contributions and donations	-	-	-	-	-	155,651	155,651	
Other	-	-	-	-	-	42,832	42,832	
In-kind	142,806	-	142,806	-	142,806	108,390	251,196	
Change in insurance value	-	-	-	-	-	-	-	
Total all other revenue	142,806	-	142,806	-	142,806	306,873	449,679	
Total Funding	\$ 250,121	\$ 571,547	\$ 821,668	\$ -	\$ 821,668	\$ 4,092,609	\$ 4,914,277	

CDS FAMILY & BEHAVIORAL HEALTH SERVICES, INC. AND AFFILIATE
SCHEDULE OF PROGRAM/COST CENTER ACTUAL EXPENSES AND REVENUES FOR
SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES REQUIRED BY CONTRACT NO. LS008
FOR THE YEAR ENDED JUNE 30, 2020
(Continued)

Part II: ACTUAL EXPENSES

Expense Categories	State-Designated SAMH Cost Centers						Non SAMH Covered Services	Administration	Total Expenses
	State SAMH - Funded Cost Centers		Total for State SAMH-Funded Covered Services	Total for Non- State-Funded Covered Services	Total for All Covered Services				
	ASA Program Prevention	CSA Program Prevention							
IIA. PERSONNEL EXP									
1. Salaries	\$ 51,814	\$ 331,893	\$ 383,707	\$ -	\$ 383,707	\$ 2,253,211	\$ 624,568	\$ 3,261,486	
2. Fringe benefits	12,022	61,104	73,126	-	73,126	374,354	261,060	708,540	
TOTAL PERSONNEL EXPENSES	63,836	392,997	456,833	-	456,833	2,627,565	885,628	3,970,026	
IIB. Other Expenses									
1. Bldg occupancy	-	8,912	8,912	-	8,912	174,343	134,341	317,596	
2. Professional services	54,889	7,059	61,948	-	61,948	30,798	40,173	132,919	
3. Travel	2,731	3,310	6,041	-	6,041	57,117	12,161	75,319	
4. Equipment	-	875	875	-	875	22,879	5,455	29,209	
5. Food services	-	-	-	-	-	76,415	6,534	82,949	
6. Medical and pharmacy	-	-	-	-	-	-	-	-	
7. Subcontracted services	-	-	-	-	-	-	1,547	1,547	
8. Insurance	374	4,767	5,141	-	5,141	51,227	21,733	78,101	
9. Interest paid	-	-	-	-	-	-	14	14	
10. Operating supplies and expenses	3,672	28,030	31,702	-	31,702	127,603	134,122	293,427	
11. Other	-	-	-	-	-	23,868	32,128	55,996	
12. Donated items	142,806	80,800	223,606	-	223,606	26,393	1,197	251,196	
TOTAL OTHER EXPENSES	204,472	133,753	338,225	-	338,225	590,643	389,405	1,318,273	
TOTAL PERSONNEL AND OTHER EXPENSES	\$ 268,308	\$ 526,750	\$ 795,058	\$ -	\$ 795,058	\$ 3,218,208	\$ 1,275,033	\$ 5,288,299	
IIIC. DISTRIBUTED INDIRECT COSTS	\$ 80,067	\$ 157,189	\$ 237,256	\$ -	\$ 237,256	\$ 960,355	\$ (1,197,611)	\$ -	
IIID. UNALLOWABLE COSTS	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (77,422)	\$ (77,422)	
							Grand Total:	\$ 5,210,877	

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Directors,
CDS Family & Behavioral Health Services, Inc. and Affiliate:

We have audited 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, the consolidated financial statements of CDS Family & Behavioral Health Services, Inc. and Affiliate, which comprise the consolidated statement of financial position as of June 30, 2020, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements and have issued our report thereon dated December 9, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered CDS Family & Behavioral Health Services, Inc. and Affiliate's internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of CDS Family & Behavioral Health Services, Inc. and Affiliate's internal control. Accordingly, we do not express an opinion on the effectiveness of CDS Family & Behavioral Health Services, Inc. and Affiliate's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's consolidated 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, and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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.

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121 Executive Circle
Daytona Beach, FL 32114-1180
Telephone: 386-257-4100

133 East Indiana Avenue
DeLand, FL 32724-4329
Telephone: 386-738-3300

5931 NW 1st Place
Gainesville, FL 32607-2063
Telephone: 352-378-1331

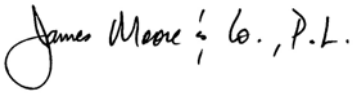
2477 Tim Gamble Place, Suite 200
Tallahassee, FL 32308-4386
Telephone: 850-386-6184

Compliance and Other Matters

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

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

James Moore & Co., P.L.

Gainesville, Florida
December 9, 2020

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND MAJOR STATE PROJECT AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE AND CHAPTER 10.650, RULES OF THE AUDITOR GENERAL, STATE OF FLORIDA

To the Board of Directors,
CDS Family & Behavioral Health Services, Inc. and Affiliate:

Report on Compliance for Each Major Federal Program and State Project

We have audited the compliance of CDS Family & Behavioral Health Services, Inc. and Affiliate with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* and the *Department of Financial Services State Projects Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs and major state projects for the year ended June 30, 2020. CDS Family & Behavioral Health Services, Inc. and Affiliate's major federal awards programs and state projects are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program and state project. However, our audit does not provide a legal determination of CDS Family & Behavioral Health Services, Inc. and Affiliate's compliance.

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121 Executive Circle
Daytona Beach, FL 32114-1180
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Opinion on Each Major Federal Program and State Project

In our opinion, CDS Family & Behavioral Health Services, Inc. and Affiliate complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal awards programs and state projects for the year ended June 30, 2020.

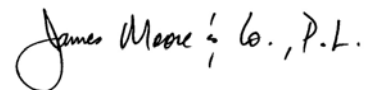
Report on Internal Control over Compliance

Management of CDS Family & Behavioral Health Services, Inc. and Affiliate is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs and state projects. In planning and performing our compliance audit, we considered CDS Family & Behavioral Health Services, Inc. and Affiliate's internal control over compliance with requirements that could have a direct and material effect on a major federal program or state project as a basis for designing our compliance auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance and Chapter 10.650, *Rules of the Auditor General, State of Florida*, 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 CDS Family & Behavioral Health Services, Inc. and Affiliate's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program 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 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 would not necessarily identify all deficiencies in internal control that might be deficiencies, significant deficiencies, or material weaknesses. 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 Section 10.650, Rules of the Auditor General. Accordingly, this report is not suitable for any other purpose.



Gainesville, Florida
December 9, 2020

**CDS FAMILY & BEHAVIORAL HEALTH SERVICES, INC. AND AFFILIATE
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS - FEDERAL AWARDS PROGRAMS
 AND STATE FINANCIAL ASSISTANCE PROJECTS
 FOR THE YEAR ENDED JUNE 30, 2020**

Section I. Summary of Auditors' Results:

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified Yes No
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? Yes None noted

Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? Yes None noted

Type of auditors' report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516a of Uniform Guidance? Yes No

Identification of major programs: CFDA No. 93.959, Block Grants for Prevention and Treatment of Substance Abuse (SAMH)

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

Auditee qualified as a low-risk auditee? Yes No

State Financial Assistance

Internal control over major state financial assistance projects:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? Yes None noted

**CDS FAMILY & BEHAVIORAL HEALTH SERVICES, INC. AND AFFILIATE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - FEDERAL AWARDS PROGRAMS
AND STATE FINANCIAL ASSISTANCE PROJECTS
FOR THE YEAR ENDED JUNE 30, 2020**

(Continued)

	Type of auditors' report issued on compliance for major state financial assistance projects:	Unmodified
	Any audit findings disclosed that are required to be reported in accordance with Rules of the Auditor General Chapter 10.650?	_____ Yes <u> X </u> No
	Identification of major state financial assistance projects:	CSFA No. 80.005, Children and Families in Need of Services
	Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
Section II.	Findings relating to the Financial Statements Which are Required to be Reported in Accordance with <i>Government Auditing Standards</i>	None
Section III.	Findings and Questioned Costs for Federal Awards:	None
Section IV.	Findings and Questioned Costs for State Financial Assistance:	None
Section V.	Prior Audit Findings and Corrective Action Plan for Federal Awards for the Year Ended June 30, 2019:	See Schedule of Prior Audit Findings on page 32
Section VI.	Prior Audit Findings and Corrective Action Plan for State Financial Assistance for the Year Ended June 30, 2019:	See Schedule of Prior Audit Findings on page 32
Section VII.	Management Letter	No management letter pursuant to Sections 215.97(9)(f) and 215.97(10)(d), Florida Statutes is required since there are no items related to state financial assistance required to be reported in the management letter, not already reported in this schedule



MISSION

"Strengthening Communities by Building Strong Families"

Chief Executive Officer
Jim Pearce

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Prosecutor US Attorneys Office

Advisory Committee

James Griffin
Safety & Security
St. Johns River State College
Lanard Perry
Assistant Director
Alachua Co. Dept. of Court Svcs

PROGRAMS

Youth Shelters
Programs for youth in crisis

Counseling
Services for troubled youth and their families

Prevention
Educating the community, focusing on substance abuse, and reducing juvenile crime with a focus on high-risk youth

December 9, 2020

Schedule of Prior Audit Findings:

Finding 2019-001: Journal Entries and Significant Adjustment: Corrective action taken.

Finding 2019-002: Bank Reconciliations: Corrective action taken.

Finding 2019-003: CFDA 93.959 Block Grants for Prevention and Treatment of Substance Abuse-Internal Control – System Records: Corrective action taken. A more complete explanation by the Organization in 2019 would have prevented this finding.

Finding 2019-004: CFSA 80.005 Children and Families in Need of Services-Internal Control – Personnel Records: Corrective action taken.

Sincerely,

Jim Pearce
Chief Executive Officer



CDS Family & Behavioral Health Services, Inc.

3615 SW 13th Street, Suite 4 • Gainesville, FL 32608
Tel: (352) 244-0628 • Fax (352) 244-0668
www.cdsfl.org



Major support from: State of Florida, Department of Juvenile Justice; Florida Network of Youth & Family Services, Inc.; State of Florida, Department of Children & Families; LSF Health Systems; Partnership for Strong Families; U.S. Department of Health & Human Services; United Way of North Central Florida; United Way of Suwannee Valley; Individual Contributions