

Southeast Florida Behavioral Health Network, Inc.

Financial Statements
and Additional Information
For the Year Ended June 30, 2021



Southeast Florida Behavioral Health Network, Inc.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Southeast Florida Behavioral Health Network, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Southeast Florida Behavioral Health Network, Inc. (a nonprofit organization) (the "Organization"), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness 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 financial statements.

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

CPA's + Trusted Advisors

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Organization's 2020 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated December 22, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Supplemental Information, as listed in the table of contents, is presented for the purposes of additional analysis and is not a required part of the financial statements. The accompanying schedule of expenditures of federal awards and state financial assistance, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the Florida Single Audit Act, respectively, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplemental Information including the 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2021, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.



KEEFE McCULLOUGH

Fort Lauderdale, Florida
December 20, 2021

FINANCIAL STATEMENTS



Southeast Florida Behavioral Health Network, Inc.
Statement of Financial Position
June 30, 2021
(with comparative totals for June 30, 2020)

	<u>2021</u>	<u>2020</u>
Assets:		
Current assets:		
Cash and cash equivalents	\$ 9,042,296	\$ 1,349,638
Grants and contracts receivable	7,371,909	11,422,494
Prepaid expenses	19,755	30,371
	<u>16,433,960</u>	<u>12,802,503</u>
Total current assets		
Noncurrent assets:		
Property and equipment, net	173,900	178,284
Deposits	10,823	10,823
	<u>184,723</u>	<u>189,107</u>
Total noncurrent assets		
	<u>\$ 16,618,683</u>	<u>\$ 12,991,610</u>
Total assets		
Liabilities:		
Current liabilities:		
Due to providers (sub-recipients)	\$ 8,869,917	\$ 8,270,983
Accounts payable and accrued expenses	1,708,519	2,064,307
Refundable advances	5,515,327	2,353,698
Current portion of long-term liabilities	858	10,300
	<u>16,094,621</u>	<u>12,699,288</u>
Total current liabilities		
Noncurrent liabilities:		
Long-term liabilities	292,254	858
	<u>16,386,875</u>	<u>12,700,146</u>
Total liabilities		
Net Assets:		
Without donor restriction	<u>231,808</u>	<u>291,464</u>
	<u>231,808</u>	<u>291,464</u>
Total net assets		
	<u>\$ 16,618,683</u>	<u>\$ 12,991,610</u>
Total liabilities and net assets		

Southeast Florida Behavioral Health Network, Inc.
Statement of Activities
For the Year Ended June 30, 2021
(with comparative totals for June 30, 2020)

	<u>2021</u>	<u>2020</u>
Change in Net Assets:		
Public support and revenues:		
Grants and contracts:		
Department of Children and Families	\$ 67,632,507	\$ 68,274,713
Other federal and local grants	1,580,492	1,414,074
Contributions and interest income	<u>8,163</u>	<u>1,756</u>
Total public support and revenues	<u>69,221,162</u>	<u>69,690,543</u>
Operating expenses:		
Program services, transfers to sub-recipient providers:		
Adult mental health	28,561,655	27,596,485
Adult substance abuse	21,175,032	21,265,461
Children's mental health	6,485,975	8,419,748
Children's substance abuse	7,508,746	6,945,604
Other	<u>1,944,802</u>	<u>1,852,193</u>
Total program services, transfers to sub-recipient providers	<u>65,676,210</u>	<u>66,079,491</u>
Other program services	<u>233,547</u>	<u>274,790</u>
Total program services, transfers to sub-recipient providers and other program services	<u>65,909,757</u>	<u>66,354,281</u>
Management and general	<u>3,363,800</u>	<u>3,257,892</u>
Total operating expenses	<u>69,273,557</u>	<u>69,612,173</u>
Net operating revenue (expense)	<u>(52,395)</u>	<u>78,370</u>
Nonoperating revenues (expenses):		
Amortization of long-term liabilities	10,300	10,300
Provision for depreciation	<u>(17,561)</u>	<u>(13,507)</u>
Total nonoperating revenues (expenses)	<u>(7,261)</u>	<u>(3,207)</u>
Change in net assets	(59,656)	75,163
Net Assets, July 1	<u>291,464</u>	<u>216,301</u>
Net Assets, June 30	<u>\$ 231,808</u>	<u>\$ 291,464</u>

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

Southeast Florida Behavioral Health Network, Inc.
Statement of Functional Expenses
For the Year Ended June 30, 2021
(with comparative totals for June 30, 2020)

	Program Services					Total Program Services	Management and General	Total 2021	Total 2020
	Adult Mental Health	Adult Substance Abuse	Children's Mental Health	Children's Substance Abuse	Other Program Services				
Transfers to sub-recipient providers	\$ 28,561,655	\$ 21,175,032	\$ 6,485,975	\$ 7,508,746	\$ 1,944,802	\$ 65,676,210	\$ 264,721	\$ 65,940,931	\$ 66,337,851
Salaries and wages	-	-	-	-	189,109	189,109	1,376,093	1,565,202	1,451,892
Professional fees	-	-	-	-	-	-	946,275	946,275	1,025,683
Payroll taxes and fringe benefits	-	-	-	-	44,438	44,438	338,389	382,827	356,970
Dues and subscriptions	-	-	-	-	-	-	144,637	144,637	161,348
Rent	-	-	-	-	-	-	139,558	139,558	131,638
Insurance	-	-	-	-	-	-	30,544	30,544	34,402
Office supplies and other expenses	-	-	-	-	-	-	2,005	2,005	28,167
Telephone	-	-	-	-	-	-	14,735	14,735	18,603
Website	-	-	-	-	-	-	434	434	14,424
Travel	-	-	-	-	-	-	400	400	15,049
Computer software	-	-	-	-	-	-	77,885	77,885	9,393
Meetings and conferences	-	-	-	-	-	-	5,994	5,994	8,745
Building maintenance and security	-	-	-	-	-	-	8,977	8,977	7,445
Computer equipment	-	-	-	-	-	-	1,866	1,866	3,988
Utilities	-	-	-	-	-	-	2,684	2,684	3,326
Staff development and system of care innovation	-	-	-	-	-	-	6,000	6,000	2,957
Vehicles	-	-	-	-	-	-	2,603	2,603	292
	<u>\$ 28,561,655</u>	<u>\$ 21,175,032</u>	<u>\$ 6,485,975</u>	<u>\$ 7,508,746</u>	<u>\$ 2,178,349</u>	<u>\$ 65,909,757</u>	<u>\$ 3,363,800</u>	<u>\$ 69,273,557</u>	<u>\$ 69,612,173</u>

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

Southeast Florida Behavioral Health Network, Inc.
Statement of Cash Flows
For the Year Ended June 30, 2021
(with comparative totals for June 30, 2020)

	<u>2021</u>	<u>2020</u>
Cash Flows from Operating Activities		
Change in net assets	\$ (59,656)	\$ 75,163
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Amortization of long-term liabilities	(10,300)	(10,300)
Provision for depreciation	17,561	13,507
Changes in assets and liabilities:		
(Increase) decrease in assets:		
Grants and contracts receivable	4,050,585	(5,513,359)
Prepaid expenses	10,616	(11,257)
Increase (decrease) in liabilities:		
Due to providers (sub-recipients)	598,934	3,236,212
Accounts payable and accrued expenses	(355,788)	556,806
Refundable advances	3,161,629	735,458
	<u>7,413,581</u>	<u>(917,770)</u>
Net cash provided by (used in) operating activities		
Cash Flows From Investing Activities		
Purchases of property and equipment	<u>(13,177)</u>	<u>(14,839)</u>
Net cash provided by (used in) investing activities	<u>(13,177)</u>	<u>(14,839)</u>
Cash Flows From Financing Activities		
Proceeds from issuance of debt - PPP Loan	<u>292,254</u>	<u>-</u>
Net cash provided by (used in) financing activities	<u>292,254</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	7,692,658	(932,609)
Cash and Cash Equivalents, July 1	<u>1,349,638</u>	<u>2,282,247</u>
Cash and Cash Equivalents, June 30	\$ <u><u>9,042,296</u></u>	\$ <u><u>1,349,638</u></u>

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

Southeast Florida Behavioral Health Network, Inc.
Notes to Financial Statements
June 30, 2021
(with comparative totals for June 30, 2020)

Note 1 - Organization and Operations

Southeast Florida Behavioral Health Network, Inc. (the "Organization") is a not-for-profit corporation organized in the State of Florida in February 2010. The Organization commenced its operations officially on October 1, 2012. The Organization was formed by local area substance abuse and mental health service providers to coordinate the accessibility, availability, and quality of prevention, intervention, and treatment in the service areas of Palm Beach County (Circuit 15) and the Treasure Coast (Indian River, Martin, St. Lucie and Okeechobee Counties) (Circuit 19).

Effective October 1, 2012, the Organization was contracted to function as the Managing Entity ("ME") for the State of Florida Department of Children and Families ("DCF") to oversee the day to day operational delivery of behavioral services through an organized system of care under its qualified providers (sub-recipients). The Organization's contract term with DCF is through June 30, 2024. The ME administrative costs shall not exceed 5% of the total contracted dollar amount for each fiscal year.

Note 2 - Summary of Significant Accounting Policies

Basis of accounting: The Organization uses the accrual basis of accounting for financial reporting purposes, which is in accordance with accounting principles generally accepted in the United States of America ("GAAP"). Revenues are recognized when earned and expenses are recognized when incurred.

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

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

- *Net Assets Without Donor Restrictions* - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.
- *Net Assets With Donor Restrictions* - Net assets subject to donor (or certain grantor) imposed restrictions. Some restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor or grantor. Other restrictions are perpetual in nature, where the donor or grantor stipulates that resources be maintained in perpetuity. Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends, or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Note 2 - Summary of Significant Accounting Policies (continued)

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

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

Receivables and allowance for doubtful accounts: Receivables consist principally of claims not yet reimbursed by various grantor/contract agencies. Management periodically reviews the receivable balances and provides an allowance for amounts which may be uncollectible. At June 30, 2021 and 2020, management considered all of its receivable balances to be collectible and no allowance was recorded.

Property and equipment: Property and equipment are carried at cost if purchased or, if donated, at estimated fair value on the date of donation, less accumulated depreciation. The Organization follows the policy of providing for depreciation using the straight-line method over estimated useful lives ranging from 3 years to 39.5 years.

If donors stipulate the period of time during which the assets must be used, the contributions are recorded as support with donor restrictions, and released as restrictions expire. In the absence of such stipulations, contributions of property and equipment and gifts of cash restricted for the acquisition of property and equipment, are recorded as support without donor restrictions when the assets are placed in service.

Maintenance and repairs to property and equipment are charged to expense when incurred. Additions and major renewals are capitalized. When assets are retired or otherwise disposed of, the cost or donated value and the related accumulated depreciation are removed from the accounts and any resulting gain or loss is reflected in income for the period.

Refundable advances: Grants and contracts revenue that is not recognized because the allowable costs as defined by the individual grant or contract have not been incurred and/or the units of service have not been rendered is considered refundable advances.

Revenue and revenue recognition: Grant and contract revenue is generally billed monthly and is derived from units of service contracts. Amounts received are recognized as revenue when the unit of service has been provided in compliance with the specific contract. Also, any revenue derived from cost-reimbursement contracts, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses, is recognized when such expenditures are incurred in compliance with specific contract provisions.

Donated goods and services: Donated services, if any, are recognized as contributions if the services: (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise have been purchased. Donated goods are recorded at their estimated fair market value when received.

During the years ended June 30, 2021 and 2020, the value of contributed services meeting requirements for recognition in the financial statements was not material and is not recorded. The Organization pays for most services requiring specific expertise. Many individuals volunteer and perform a variety of tasks that assist with programs and various committee assignments. The Organization did not receive a material amount of donated goods during the years ended June 30, 2021 and 2020; therefore, it is not recorded.

Note 2 - Summary of Significant Accounting Policies (continued)

Functional expenses: The costs of providing the various programs and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Program and supporting services are charged with their direct expenses. Adult mental health, adult substance abuse, children’s mental health and children’s substance abuse only report the funds that were passed through to sub-recipients. Other program services report the funds that were passed through to sub-recipients, as well as the direct expenses associated with providing those programs. All other expenses of the Organization are deemed management and general.

Income taxes: The Organization is tax exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and is classified as a nonprofit organization other than a private foundation. However, the Organization may be subject to income taxes on unrelated business income. No income tax provision is required since the Organization had no unrelated business taxable income.

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

Use of estimates: The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Date of management review: Subsequent events were evaluated by the Organization’s management through December 20, 2021, which is the date the financial statements were available for issuance.

Note 3 - Liquidity and Availability

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date ending June 30, 2021 is estimated and, comprise the following:

Financial assets:	
Cash and cash equivalents	\$ 9,042,296
Grants and contract receivable	<u>7,371,909</u>
Financial assets available to meet cash needs for general operating expenditures within one year, and to satisfy certain current liabilities as they become due	<u>\$ 16,414,205</u>

Southeast Florida Behavioral Health Network, Inc.
Notes to Financial Statements
June 30, 2021
(with comparative totals for June 30, 2020)

Note 4 - Property and Equipment

Property and equipment consists of the following at June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Computer software and equipment	\$ 155,463	\$ 142,286
Buildings	99,700	99,700
Office furniture and equipment	17,850	17,850
Automobiles	16,603	16,603
Leasehold improvements	5,594	5,594
	<u>295,210</u>	<u>282,033</u>
Less accumulated depreciation	<u>182,810</u>	<u>165,249</u>
	<u>112,400</u>	<u>116,784</u>
Land	<u>61,500</u>	<u>61,500</u>
Total	<u>\$ 173,900</u>	<u>\$ 178,284</u>

Note 5 - Due to/from Providers and Accounts Payable/Accrued Expenses

The Organization has accrued obligations for operating expenses necessary to carry out its responsibility as ME under the contract with DCF. As of June 30, 2021 and 2020, due to providers of \$ 8,869,917 and \$ 8,270,983, respectively, is comprised of amounts payable for direct behavioral services; and accounts payable and accrued expenses of \$ 1,708,519 and \$ 2,064,307, respectively, represents general and administrative expenses, including accrued wages and related benefits outstanding at year end. At June 30, 2021, and 2020, there are amounts due to DCF amounting to approximately \$ 1,342,000 and \$ 1,698,000, respectively which are included in accounts payable and accrued expenses. These amounts represent unspent funding that was required to be returned.

In addition, it can be determined that certain providers might have funds that are required to be returned to the Organization. These paybacks will be recorded in the period that it is determined to be a liability of the provider. No such liabilities were determined as of June 30, 2021 and 2020.

Note 6 - Long-term Liabilities

The Organization was previously awarded certain property that had an estimated fair value of \$ 161,200 on the date of donation. In addition, this property had an original outstanding lien in the amount of \$ 61,800. The lien is to be amortized equally over a six-year period through July 2021. At June 30, 2021 and 2020, the outstanding balance on this liability amounted to \$ 858 and \$ 11,158, respectively.

On July 27, 2020, the Organization executed a promissory note for \$ 292,254 under the Paycheck Protection Program (“PPP”) authorized by the Coronavirus Aid, Relief, and Economic Security Act (the “CARES Act”). The loan bears interest rate at 1.00% per annum. Under the PPP, loan funds are eligible for forgiveness to the extent that they are used to cover certain payroll, rent, and utility costs and if the Organization maintains certain employment levels during a specified period of time. If the Small Business Administration (“SBA”) confirms full forgiveness of the unpaid balance of the note, the Organization’s obligation under this arrangement will be deemed fully satisfied.

Note 6 - Long-term Liabilities (continued)

The Organization remains obligated to repay to the lender any amount not forgiven, which will mature on the 2nd anniversary of the note. Principal and interest payments are deferred until the lender receives a forgiveness determination from SBA. If the Organization does not apply for forgiveness within 10 months after the last day of their covered period, as applicable, it would be required to make payments on the PPP loan beginning 10 months after the last day of such covered period. At such time, the bank will establish the amount of monthly payments due (principal and interest) based on the remaining time up until its maturity. As of June 30, 2021, the outstanding principal amount of the note payable was \$ 292,254.

Note 7 - Net Assets

At June 30, 2021 and 2020, the Organization reports net assets without donor restrictions of \$ 150,733 and \$ 291,464, respectively. This resulted mainly from the acquisition and capitalization of property and equipment and certain prepaid expenses and deposits (i.e. insurance) that will be depreciated and expensed, respectively, in future accounting periods in accordance with accounting principles generally accepted in the United States of America (GAAP).

Note 8 - Grants and Contracts

The Organization receives financial assistance, as a pass-through agency, from federal, state, and local governmental agencies in the form of grants and contracts. The disbursement of funds received under these programs generally requires compliance with the terms and conditions specified in the grant agreements and may be subject to audit by the grantor agencies. As a result of such audits, the grantor may require that amounts be returned.

Grants and contracts may require that funding received in excess of expenditures be remitted to the grantor agency within a specified time frame. Certain of these agreements require the Organization to identify such excess of expenditures and submit a spending plan where the grantor, at their sole discretion, may approve an additional period of time to extend and earn such excess funding. Such unexpended funds are reported as refundable advances in the accompanying statement of financial position.

Note 9 - Commitments and Contingencies

Lease agreements: The Organization previously executed a lease agreement to relocate into a new office building, wherein two individual office units will be occupied for a period of three (3) and five (5) years through January 31, 2022 and January 31, 2024, respectively. At June 30, 2021, the monthly base lease payment was approximately \$ 11,400. The base rent provides for annual increases of approximately 2.5%. The Organization is responsible for its pro-rata share of operating expenses incurred by the landlord in connection with the ownership, maintenance and operation of the building and common areas. For the years ended June 30 2021 and 2020, total rent expense in connection with this agreement, and other expired agreements, amounted to approximately \$ 135,000 and \$ 132,000, respectively.

Southeast Florida Behavioral Health Network, Inc.
Notes to Financial Statements
June 30, 2021
(with comparative totals for June 30, 2020)

Note 9 - Commitments and Contingencies

Estimated future base lease payments are approximately as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2022	\$ 113,300
2023	\$ 81,200
2024	\$ 48,100
Thereafter	\$ NONE

Property and equipment: Under certain provisions of grants and contracts with governmental entities, property and equipment (Note 4) acquired with grant funding shall be vested back to the grantor upon completion or termination of the subject agreement.

Service agreement: The Organization entered into an agreement with Carisk Partners (“Carisk”), a for-profit corporation, through June 30, 2024. Carisk provides certain management, administrative support, and oversight of the providers of behavioral health services (sub-recipients) in the designated service area in connection with the Organization’s role as the ME (Note 1). Carisk’s compensation is based on a fixed monthly fee of approximately \$ 81,100 per month. The agreement contains provisions under which either party may terminate this arrangement. For the years ended June 30, 2021 and 2020, the Organization paid Carisk approximately \$ 973,000.

Note 10 - Concentration

For the years ended June 30, 2021 and 2020, the Organization received a significant amount of its support and revenues from contracts administered by the State of Florida, Department of Children and Families. At June 30, 2021 and 2020, approximately 82% and 94%, respectively, of the grant and contracts receivable were related to the same contract. Changes in governmental appropriations at the federal and/or state level could have a material adverse effect on the Organization’s ability to continue to provide its services.

Note 11 - Employee Benefit Plan

Effective February 1, 2019, the Organization established an employee savings plan under the Internal Revenue Code §401(k). Generally, this plan covers all qualified employees who are age twenty-one or older and have six months of continuous service. The eligible participants are permitted to contribute to the plan via salary deferrals and are limited only by certain provisions of the Internal Revenue Code. The Organization provides matching contributions equal to 100% of the employees’ elective deferrals not exceeding 3.00% of the individual’s compensation plus 50% of elective deferrals that exceed 3.00% but do not exceed 5.00% of the individual’s compensation. For the years ended June 30, 2021 and 2020, the Organization made contributions of approximately \$ 42,000 and \$ 40,000 to this Plan, respectively.

Note 12 - Related Parties

Certain members of the Organization’s Board of Directors are also employees of the sub-recipient providers receiving annual funding allocations.

Southeast Florida Behavioral Health Network, Inc.
Notes to Financial Statements
June 30, 2021
(with comparative totals for June 30, 2020)

Note 13 - Risks and Uncertainties

The coronavirus (COVID-19) outbreak has caused disruption in international and U.S. economies and markets. The coronavirus and fear of further spread has caused quarantines, cancellation of events, and overall reduction in business and economic activity. On March 11, 2020, the *World Health Organization* designated the coronavirus outbreak a pandemic. Management and the Board of Directors continue to evaluate and monitor the potential adverse effect, if any, that this event may have on the Organization's financial position, operations and cash flows. The full impact of COVID-19 is unknown at this time and cannot be reasonably estimated as these events are still developing.

Note 14 - Supplemental Cash Flow Information

Supplemental Disclosure of Other Cash Flow Information:

	<u>2021</u>	<u>2020</u>
Cash received during the year for -		
Interest income	\$ <u>8,163</u>	\$ <u>1,166</u>

SUPPLEMENTAL INFORMATION



Southeast Florida Behavioral Health Network, Inc.
Schedule of Expenditures of Federal Awards and State Financial Assistance
For the Year Ended June 30, 2021

Federal/State Agency, Pass-through Entity, Federal/State Program/Project	CFDA/ CSFA Number	Contract Number	Federal/ State Expenditures	State Matching Expenditures (1)	Transfers to Sub-recipients	
					Federal/ State Expenditures	State Matching Expenditures
Federal Programs:						
Indirect Programs:						
United States Department of Health and Human Services - Passed through the State of Florida						
Department of Children and Families (DCF):						
Block Grants for Prevention and Treatment of Substance Abuse	93.959	IH611	\$ 10,552,170	\$ 11,374,468	\$ 10,552,170	\$ 10,300,015
Opioid State Targeted Response	93.788	IH611	7,229,042	-	6,966,866	-
Block Grants for Community Mental Health Services	93.958	IH611	4,211,964	25,887,784	4,211,964	24,214,145
Temporary Assistance for Needy Families (TANF)	93.558	IH611	1,305,992	-	1,278,460	-
Medical Assistance Program	93.778	IH611	817,574	817,574	802,528	802,528
COVID-19 Coronavirus Relief Fund	21.019	IH611	486,951	158,462	445,500	148,121
Community Health Services Block Grant of the Homeless	93.150	IH611	482,750	-	482,750	-
Children's Health Insurance Program (CHIP) - Title XXI	93.767	IH611	364,117	-	364,117	-
Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED)	93.104	IH611	231,562	134,076	50,216	134,076
Substance Abuse and Mental Health Services - Projects of Regional and National Significance	93.243	IH611	50,600	-	50,600	-
Emergency COVID-19 SAMH	93.665	IH611	44,500	-	44,500	-
			<u>25,777,222</u>	<u>38,372,364</u>	<u>25,249,671</u>	<u>35,598,885</u>
Total Expenditures of Federal Awards			<u>25,777,222</u>	<u>38,372,364</u>	<u>25,249,671</u>	<u>35,598,885</u>

Southeast Florida Behavioral Health Network, Inc.
Schedule of Expenditures of Federal Awards and State Financial Assistance
(continued)
For the Year Ended June 30, 2021

Federal/State Agency, Pass-through Entity, Federal/State Program/Project	CFDA/ CSFA Number	Contract Number	Federal/ State Expenditures	State Matching Expenditures (1)	Transfers to Sub-recipients	
					Federal/ State Expenditures	State Matching Expenditures
State Projects:						
Direct Projects:						
State of Florida Department of Children and Families -						
Criminal Justice, Mental Health, and Substance						
Abuse Reinvestment Grant Program	60.115	LHZ90 & LHZ70	600,069	-	544,316	-
SAMH ME State Funded Federal Excluded Services	60.190	IH611	2,632,852	-	2,632,852	-
Behavioral Health Graduate Education	60.162	IH611	250,000	-	250,000	-
Total Expenditures of State Financial Assistance			<u>3,482,921</u>	<u>-</u>	<u>3,427,168</u>	<u>-</u>
Total Expenditure of Federal Awards and State Financial Assistance			<u>\$ 29,260,143</u>	<u>\$ 38,372,364</u>	<u>\$ 28,676,839</u>	<u>\$ 35,598,885</u>

(1) State financial assistance not subject to Section 215.97, Florida Statutes.

See notes to the schedule of expenditures of federal awards and state financial assistance.

Note 1 - Basis of Presentation

The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance, (the "Schedule") includes the federal award and state financial assistance activity of Southeast Florida Behavioral Health Network, Inc. (the "Organization") under programs of the federal and state government for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the requirements of the Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards*, (Uniform Guidance) and Chapter 10.650, *Rules of the Auditor General*. Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and Chapter 10.650, *Rules of the Auditor General*, wherein certain types of expenditures are not allowable or are limited as to reimbursement, as applicable.

Note 3 - Indirect Cost Rate

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

Note 4 - Contingency

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

Southeast Florida Behavioral Health Network, Inc.
Schedule of Program/Covered Services Actual Revenues and Expenditures
For the Year Ended June 30, 2021

Substance Abuse and Mental Health Covered Services	Program Services				Totals
	Adult Mental Health	Adult Substance Abuse	Children's Mental Health	Children's Substance Abuse	
Program Services, Transfers to Sub-recipient Providers:					
Crisis Stabilization	\$ 6,925,135	\$ -	\$ 513,927	\$ -	\$ 7,439,062
Residential Level II	338,656	3,539,551	-	1,164,481	5,042,688
Crisis Support/Emergency	2,187,558	1,391,664	1,159,817	235	4,739,274
Outpatient (Individual and Group)	1,690,978	1,548,253	617,359	388,795	4,245,385
Florida Assertive Community Treatment (FACT) Team	3,346,068	-	-	-	3,346,068
Medical Services	1,729,317	1,455,646	105,176	4,293	3,294,432
Prevention	125,000	26,102	176,009	3,199,749	3,526,860
Inpatient Detoxification	-	2,997,750	-	-	2,997,750
Sustainability Payments	390,335	1,288,355	86,720	884,696	2,650,106
Case Management	1,920,568	396,454	324,886	7,056	2,648,964
Outreach	548,968	697,331	172,349	858,679	2,277,327
Incidental Expenses	1,517,615	323,125	33,957	3,253	1,877,950
Residential Level I	1,295,761	-	308,212	-	1,603,973
MH Community Action Treatment (CAT) Teams	-	-	1,600,000	-	1,600,000
Medication - Assisted Treatment	-	1,551,294	-	-	1,551,294
Day Treatment	196,427	1,205,996	-	1,907	1,404,330
Recovery Support - (Individual and Group)	161,191	1,111,600	-	10,141	1,282,932
Family Intensive Treatment Team (FITT)	-	1,200,000	-	-	1,200,000
Intensive Case Management	703,013	-	322,273	-	1,025,286
Room and Board with Supervision Level II	760,586	129,126	48,984	-	938,696
Residential Level IV	483,320	388,202	-	-	871,522
Intervention (Individual)	14,786	558,793	145,928	32,073	751,580
First Episode of Psychosis	750,000	-	-	-	750,000
Care Coordination	360,001	210,427	120,000	-	690,428
Comprehensive Community Service Team - (Individual and Group)	682,032	-	-	-	682,032
Supported Housing/Living	641,815	12,572	29	-	654,416
In-Home and On-Site	15,178	36,279	60,435	489,959	601,851
Drop-in/Self-Help Centers	573,315	-	-	-	573,315
Assessment	278,745	256,219	15,298	-	550,262
Federal Project Grant	-	473,930	-	-	473,930
Treatment Accountability for Safer Communities (TASC)	-	24,875	-	360,163	385,038
Behavioral Health Network (BNET)	-	-	364,117	-	364,117

Southeast Florida Behavioral Health Network, Inc.
Schedule of Program/Covered Services Actual Revenues and Expenditures
(continued)
For the Year Ended June 30, 2021

Substance Abuse and Mental Health Covered Services	Program Services				Totals
	Adult Mental Health	Adult Substance Abuse	Children's Mental Health	Children's Substance Abuse	
Program Services, Transfers to Sub-recipient Providers (continued):					
Information and Referral	21,734	115,267	49,511	103,266	289,778
Provider Proviso Projects	125,000	-	125,000	-	250,000
Transition Voucher	479,796	85,917	-	-	565,713
Supported Employment	218,708	14,600	-	-	233,308
Respite Services	-	-	135,988	-	135,988
Room and Board with Supervision Level III	5,059	101,726	-	-	106,785
MH Clubhouse	51,350	-	-	-	51,350
Aftercare	-	33,978	-	-	33,978
Cost Reimbursement	23,640	-	-	-	23,640
Total Program Services, Transfers to Sub-recipient Providers	28,561,655	21,175,032	6,485,975	7,508,746	63,731,408
Other Program Services:					
Other Substance Abuse Services	-	-	-	-	1,379,223
Reinvestment Grant Services	-	-	-	-	544,316
Miscellaneous	-	-	-	-	21,263
Total Other Program Services	-	-	-	-	1,944,802
Total Program/Covered Services Actual Expenditures	28,561,655	21,175,032	6,485,975	7,508,746	65,676,210
Managing Entity Administrative Fee	1,480,371	1,097,516	336,172	389,183	3,303,242
Other Program Services	-	-	-	-	233,547
	\$ 30,042,026	\$ 22,272,548	\$ 6,822,147	\$ 7,897,929	
Contributions and interest income					8,163
Total Program/Covered Services Actual Revenues					\$ 69,221,162

Southeast Florida Behavioral Health Network, Inc.
Schedule of Bed Day Availability Payments
For the Year Ended June 30, 2021

<u>Program</u>	<u>Cost Center</u>	<u>Contracted Rate</u>	<u>Total Units of Service Provided</u>	<u>Total Units of Services Paid by Third Party Contracts, Local Government or Other State Agencies</u>	<u>Maximum Number of Units Eligible For Payment by Department</u>	<u>Amount Paid For Services by the Department</u>	<u>Maximum Dollar Value of Units Eligible for Payment by the Department</u>	<u>Amount Owed to Department</u>
Adult Mental Health	Crisis Stabilization Unit	\$ 291 - \$ 338	21,048	-	21,048	\$ 6,925,135	\$ 6,925,135	\$ -
Children's Mental Health	Crisis Stabilization Unit	\$ 291 - \$ 337	1,650	-	1,650	\$ 513,927	\$ 513,927	\$ -
Adult Substance Abuse	Inpatient Detoxification	\$ 247 - \$ 400	11,942	-	11,942	\$ 2,997,750	\$ 2,997,750	\$ -
Total Amount Owed to Department								\$ -

Southeast Florida Behavioral Health Network, Inc.
Schedule of Transfers to Sub-Recipients
for Program Services
For the Year Ended June 30, 2021

Provider (Sub-Recipient):	Contract Number	Total Expenditures
Substance Abuse and Mental Health Services:		
211 Palm Beach/Treasure Coast, Inc.	LTF09	\$ 355,778
Access Recovery Solutions, LLC	PDA54	1,281,128
Behavior Basics Incorporated	ZNA29	10,437
Brighter Families	PNA37	2,617,714
Carrfour Supportive Housing, Inc.	PNA38	176,882
Catholic Charities	LNF01	44,500
Comprehensive Wellness Center, LLC	PTA02	51,820
Counseling and Recovery Center, Inc.	ZDA14	2,280,576
Counseling and Recovery Center, Inc.	ZDF04	600,000
Daniel Memorial, Inc.	AGR52	36,809
Drug Abuse Foundation of Palm Beach County, Inc.	PDA48	6,605,592
Drug Abuse Treatment Association, Inc.	LDC07	5,770,445
Ebb Tide Treatment LLC	PDA47	558,900
Father Flanagan's Boys Town Florida, Inc.	PNC25	394,336
Federation of Families of Florida	PNF25	51,009
Hanley Center Foundation, Inc.	PDC19	588,184
Henderson Behavioral Health, Inc.	PNA36	1,476,318
Henderson Behavioral Health, Inc.	PDF04	600,000
Henderson Behavioral Health, Inc.	LTF10	653,384
Housing Partnership, Inc.	PTF05	3,123,011
Housing Partnership, Inc.	PNA39	54,930
HPS Helping-People Succeed, Inc.	ZNC16	383,137
HSP4, LLC	AGR21	7,313
Jeff Industries, Inc.	PNA16	550,308
JFK Medical Center - North Campus	PNF23	1,121,889
Legacy Behavioral Health Center, Inc.	LNC05	210,514
Legacy Behavioral Health Center, Inc.	ZNA28	37,530
Love and Hope In Action	ZNA34	320,180
Mandala Healing Center	PDA61	99,533
Mental Health Association in Indian River County	ZNA30	425,304
Mental Health Association of Palm Beach County	PNA32	340,703
National Alliance on Mental Illness - Palm Beach County	PNA17	25,623
New Horizons of the Treasure Coast, Inc.	ZTF13	12,140,880
New Horizons of the Treasure Coast, Inc.	ZNC24	750,000
Okeechobee Substance Abuse Coalition, Inc.	ZDF02	49,250
Palm Beach County Substance Abuse Coalition	PDC18	122,469
Palm Beach Habilitation Center, Inc.	PNA19	104,025
Psychotherapeutic Services of Florida, Inc.	ZNA33	2,798,935
Public Defenders Office, Nineteenth Judicial Circuit	ZDA08	160,000
Rebel Recovery Florida, Inc.	PDA56	1,179,450
Roundtable of St. Lucie County, Inc.	ZDF03	56,750
Sinfonia Family Services of Florida, Inc.	PNC26	850,000
South County Mental Health Center, Inc.	PNA31	9,335,469
South County Mental Health Center, Inc.	PDA52	20,616

Southeast Florida Behavioral Health Network, Inc.
Schedule of Transfers to Sub-Recipients
for Program Services
(continued)
For the Year Ended June 30, 2021

Provider (Sub-Recipient):	Contract Number	Total Expenditures
Substance Abuse and Mental Health Services:		
SP Behavioral LLC d/b/a Sandypines Hospital	AGR09	252,153
Substance Abuse Council of Indian River County	ZDF05	713,721
Sunset House, Inc.	PDA44	157,803
The Devereux Foundation	AGR41	48,984
The Lord's Place, Inc.	PNA22	409,536
The Recovery Research Network Foundation, Inc.	PDA57	736,182
The Recovery Research Network Foundation, Inc.	PDA59	585,639
The School District of Okeechobee County	AGR18	1,503
Tykes & Teens, Inc.	ZNC25	496,562
University of Florida	AGR34	250,000
Wayside House, Inc.	PDA51	1,076,108
		<u>63,149,822</u>
Total Substance Abuse and Mental Health Services		<u>63,149,822</u>
Carryforward Funded Services:		
Brighter Families	PNA37	101,310
Love and Hope in Action	ZNA34	14,107
New Horizons of the Treasure Coast, Inc.	ZTF13	120,870
Palm Healthcare Foundation	AGR48	250,000
South County Mental Health Center, Inc.	PNA31	77,874
The Lord's Place, Inc.	PNA22	17,425
		<u>581,586</u>
Total Carryforward Funded Services		<u>581,586</u>
Other Program Services:		
Banyan Treatment and Recovery	AGR46	5,000
Center for Family Services	PTF06	67,929
Commonly Well	AGR47	160,992
Hanley Center Foundation, Inc.	PDC19	150,000
Housing Partnership, Inc.	PNA39	135,078
Legacy Behavioral Health Center, Inc.	ZNA28	181,327
Mental Health Association of Indian River County	ZNA24	88,512
Miscellaneous Indian River Reinvestment Grant Providers	N/A	96,190
Miscellaneous Okeechobee Reinvestment Grant Providers	N/A	81,725
New Horizons of the Treasure Coast, Inc.	ZNA35	96,561
Palm Beach County School & Community Violence Prevention Task Force Project	N/A	17,112
Palm Beach County Substance Abuse Coalition	PDA58	349,089

Southeast Florida Behavioral Health Network, Inc.
Schedule of Transfers to Sub-Recipients
for Program Services
(continued)
For the Year Ended June 30, 2021

Provider (Sub-Recipient):	<u>Contract</u>	<u>Total</u>
Other Program Services:	<u>Number</u>	<u>Expenditures</u>
Palm Healthcare Foundation, Inc.	AGR49	139,000
Rebel Recovery Florida, Inc.	PDA56	33,763
South County Mental Health Center, Inc.	PDA52	<u>342,524</u>
Total Other Program Services		<u>1,944,802</u>
Total Transfers to Sub-Recipients for Program Services		<u>65,676,210</u>
Operational Services:		
211 Palm Beach/Treasure Coast, Inc.	LTF09	25,000
Central Florida Cares - State Opioid Response Payment	N/A	25,000
Federation of Families of Florida	PNF25	91,177
Mindhealing Institute	AGR50	9,201
Our Village Okeechobee Inc.	AGR45	25,320
Rite Life Services, Inc.	AGR44	18,806
Ronik-Radlauer Group	AGR31	47,000
System of Care Operational Costs - Miscellaneous Providers	N/A	15,878
The School District of Okeechobee County	AGR18	<u>7,339</u>
Total Operational Services		<u>264,721</u>
Total Transfers to Sub-Recipients		<u>\$ 65,940,931</u>

INTERNAL CONTROLS AND COMPLIANCE

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

To the Board of Directors
Southeast Florida Behavioral Health Network, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Southeast Florida Behavioral Health Network, Inc. (a nonprofit organization) (the "Organization"), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 20, 2021.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's 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 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.



KEEFE McCULLOUGH

Fort Lauderdale, Florida
December 20, 2021

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

To the Board of Directors
Southeast Florida Behavioral Health Network, Inc.

Report on Compliance for Each Major Federal Program and State Project

We have audited Southeast Florida Behavioral Health Network, Inc.'s (a nonprofit organization) (the "Organization") 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 each of the Organization's major federal programs and state projects for the year ended June 30, 2021. The Organization's major federal programs and state projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program and state project. However, our audit does not provide a legal determination of the Organization's compliance.

Opinion on Each Major Federal Program and State Project

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and state projects for the year ended June 30, 2021.

Report on Internal Control over Compliance

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

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

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

Purpose of this Report

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



KEEFE McCULLOUGH

Fort Lauderdale, Florida
December 20, 2021

Southeast Florida Behavioral Health Network, Inc.
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2021

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: Unmodified Opinion

Internal control over financial reporting:

Material weakness(es) identified? yes X no

Significant deficiency(ies) identified? yes X none reported

Noncompliance material to financial statements noted? yes X no

Federal Programs and State Projects

Internal control over major programs/projects:

Material weakness(es) identified? yes X no

Significant deficiency(ies) identified? yes X none reported

Type of auditor's report issued on compliance for major programs/projects: *Unmodified Opinion*

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a) and Chapter 10.650, Rules of the Auditor General? yes X no

Identification of major program(s)/project(s):

<u>CFDA No.</u>	<u>Federal Program(s)</u>
	United States Department of Health and - Human Services -
93.958	Block Grants for Community Mental Health Services
93.778	Medical Assistance Program
21.019	COVID-19 Coronavirus Relief Fund

<u>CSFA No.</u>	<u>State Project(s)</u>
60.190	State of Florida Department of Children and Families - SAMH ME State Funded Federal Excluded Services

Dollar threshold used to distinguish between Type A and Type B programs/projects:

Federal	\$ 773,317
State	\$ 750,000

Auditee qualified as low-risk auditee pursuant to the Uniform Guidance? X yes no

**Schedule of Findings and Questioned Costs
(continued)
For the Year Ended June 30, 2021**

SECTION II - FINANCIAL STATEMENTS FINDINGS

None Reported.

SECTION III - FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE FINDINGS AND QUESTIONED COSTS

None Reported.

SECTION IV - PRIOR YEAR AUDIT FINDINGS

None Reported.

SECTION V - OTHER

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