

**CDS FAMILY & BEHAVIORAL  
HEALTH SERVICES, INC. AND AFFILIATE  
CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2022 AND 2021**

**CDS FAMILY & BEHAVIORAL HEALTH SERVICES, INC. AND AFFILIATE**  
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**JUNE 30, 2022 AND 2021**

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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**

#### ***Opinion***

We have audited the consolidated financial statements of CDS Family & Behavioral Health Services, Inc. and Affiliate, which comprise the consolidated statements of financial position as of June 30, 2022 and 2021, 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.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of CDS Family & Behavioral Health Services, Inc. and Affiliate, as of June 30, 2022, 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.

#### ***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of CDS Family & Behavioral Health Services, Inc. and Affiliate and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about CDS Family & Behavioral Health Services, Inc. and Affiliate's ability to continue as a going concern for the year ended June 30, 2022.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit 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 CDS Family & Behavioral Health Services, Inc. and Affiliate's internal control. Accordingly, no such opinion is expressed. In circumstances in which the auditor also has responsibility to express an opinion on the effectiveness of internal control in conjunction with the audit of the consolidated financial statements, omit the following: "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, no such opinion is expressed."
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about CDS Family & Behavioral Health Services, Inc. and Affiliate's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

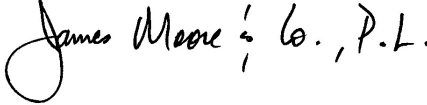
### ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying additional information on pages 24 – 26 is presented for purposes of additional analysis and is not a required part of the consolidated 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 22 – 23 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 supplementary information is fairly stated, in all material respects, in relation to the consolidated 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 6, 2022 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 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 CDS Family & Behavioral Health Services, Inc. and Affiliate'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 CDS Family & Behavioral Health Services, Inc. and Affiliate's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "James Moore & Co., P.L." The signature is written in a cursive style with a large initial "J" and a stylized "M".

Gainesville, Florida  
December 6, 2022

**CDS FAMILY & BEHAVIORAL HEALTH SERVICES, INC. AND AFFILIATE**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2022 AND 2021**

<u>ASSETS</u>	<u>2022</u>	<u>2021</u>
<b>Current assets</b>		
Cash and cash equivalents	\$ 1,779,909	\$ 1,951,257
Grants receivable, net	794,314	437,509
Notes receivable, current	4,482	29,928
Prepaid expenses and other	100,050	102,432
Total current assets	2,678,755	2,521,126
<b>Notes receivable, non-current</b>	-	2,244
<b>Property and equipment, net</b>	1,433,597	1,456,976
<b>Restricted cash</b>		
Capital campaign	64,439	77,500
Deferred prosecution	184,416	174,289
Total restricted cash	248,855	251,789
<b>Total Assets</b>	\$ 4,361,207	\$ 4,232,135
<b><u>LIABILITIES AND NET ASSETS</u></b>		
<b>Current liabilities</b>		
Accounts payable and accrued expenses	\$ 279,969	\$ 92,541
Accrued retirement contribution	-	77,275
Accrued compensated absences	197,149	187,355
Total current liabilities	477,118	357,171
<b>Deferred prosecution</b>	184,416	174,289
<b>Total liabilities</b>	661,534	531,460
<b>Net assets</b>		
Without donor restrictions, undesignated	1,866,076	2,066,199
Without donor restrictions, board designated for capital improvements	335,561	100,000
Without donor restrictions, invested in property and equipment	1,433,597	1,456,976
Total net assets without donor restrictions	3,635,234	3,623,175
With donor restrictions	64,439	77,500
Total net assets	3,699,673	3,700,675
<b>Total Liabilities and Net Assets</b>	\$ 4,361,207	\$ 4,232,135

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, 2022**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>Changes in net assets</b>			
Support and revenue			
Support			
Grants and contracts	\$ 4,549,934	\$ -	\$ 4,549,934
United Way and other contributions	12,061	6,939	19,000
Contributed services of volunteers	49,570	-	49,570
Contributed facilities, materials and supplies	231,517	-	231,517
Total support	<u>4,843,082</u>	<u>6,939</u>	<u>4,850,021</u>
Revenue			
Gain on sale	229,345	-	229,345
Other income	95,648	-	95,648
Total support and revenue	<u>4,938,730</u>	<u>6,939</u>	<u>4,945,669</u>
Expenses			
Administration	1,132,747	-	1,132,747
Interface/Runaway	2,712,671	-	2,712,671
Prevention	1,067,061	-	1,067,061
Independent living	263,536	-	263,536
Total expenses	<u>5,176,015</u>	<u>-</u>	<u>5,176,015</u>
<b>Change in net assets</b>	<u>(237,285)</u>	<u>6,939</u>	<u>(230,346)</u>
<b>Net assets - beginning of year</b>	3,623,174	77,500	3,700,674
<b>Net assets - end of year</b>	<u>\$ 3,385,889</u>	<u>\$ 84,439</u>	<u>\$ 3,470,328</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 ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>Changes in net assets</b>			
Support and revenue			
Support			
Grants and contracts	\$ 4,502,110	\$ -	\$ 4,502,110
United Way and other contributions	7,716	20,000	27,716
Contributed services of volunteers	35,825	-	35,825
Contributed facilities, materials and supplies	190,136	-	190,136
Total support	<u>4,735,787</u>	<u>20,000</u>	<u>4,755,787</u>
Revenue			
Debt forgiveness income	721,954	-	721,954
Gain on sale	5,625	-	5,625
Other income	81,139	-	81,139
Total revenue	<u>808,718</u>	<u>-</u>	<u>808,718</u>
Total support and revenue	<u>5,544,505</u>	<u>20,000</u>	<u>5,564,505</u>
Expenses			
Administration	1,044,214	-	1,044,214
Interface/Runaway	2,732,343	-	2,732,343
Prevention	725,832	-	725,832
Independent Living	251,248	-	251,248
Total expenses	<u>4,753,637</u>	<u>-</u>	<u>4,753,637</u>
<b>Change in net assets</b>	<u>790,868</u>	<u>20,000</u>	<u>810,868</u>
<b>Net assets - beginning of year</b>	2,832,307	57,500	2,889,807
<b>Net assets - end of year</b>	<u>\$ 3,623,175</u>	<u>\$ 77,500</u>	<u>\$ 3,700,675</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, 2022**

	<b>Program Services</b>				<b>Total</b>
	<b>Administration</b>	<b>Interface/ Runaway</b>	<b>Prevention</b>	<b>Independent Living</b>	
<b>Expenses</b>					
Salaries and wages	\$ 583,505	\$ 1,930,526	\$ 402,435	\$ 199,391	\$ 3,115,857
Payroll taxes	38,788	154,067	31,218	15,271	239,344
Retirement plan	25,000	-	-	-	25,000
Insurance	77,251	194,516	46,082	26,700	344,549
Travel and conferences	7,738	16,512	5,445	2,080	31,775
Telephone and utilities	27,902	77,486	5,389	6,212	116,989
Office supplies and postage	7,354	15,363	3,607	1,462	27,786
Auto	6,178	17,260	-	1,471	24,909
Rent	41,073	23,914	2,337	6,583	73,907
Repairs, maintenance and supplies	56,685	78,183	6,274	-	141,142
Professional and contractual services	48,127	23,595	306,556	1,801	380,079
Educational materials and supplies	-	3,334	12,005	-	15,339
Food	5,343	71,085	80	-	76,508
Facilities, materials and supplies-contributed	-	550	230,967	-	231,517
Miscellaneous	59,835	95,621	13,515	1,765	170,736
Advertising	28,268	9,308	949	-	38,525
Dues	37,719	76	202	800	38,797
Depreciation	81,981	1,275	-	-	83,256
Total expenses	<u>\$ 1,132,747</u>	<u>\$ 2,712,671</u>	<u>\$ 1,067,061</u>	<u>\$ 263,536</u>	<u>\$ 5,176,015</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, 2021**

	<b>Program Services</b>				<b>Total</b>
	<b>Administration</b>	<b>Interface/ Runaway</b>	<b>Prevention</b>	<b>Independent Living</b>	
<b>Expenses</b>					
Salaries and wages	\$ 561,287	\$ 1,881,874	\$ 334,113	\$ 191,961	\$ 2,969,235
Payroll taxes	40,633	157,604	27,213	15,152	240,602
Retirement plan	16,945	44,571	9,786	5,973	77,275
Insurance	55,721	243,832	52,941	26,576	379,070
Travel and conferences	4,494	19,469	4,456	2,372	30,791
Telephone and utilities	25,387	78,120	4,570	3,240	111,317
Office supplies and postage	6,523	18,673	2,697	624	28,517
Auto	804	7,314	-	2,283	10,401
Rent	31,874	10,698	430	-	43,002
Repairs, maintenance and supplies	55,662	85,764	2,492	-	143,918
Professional and contractual services	44,602	29,378	82,599	2,180	158,759
Educational materials and supplies	-	1,761	7,044	-	8,805
Food	2,575	72,910	74	-	75,559
Facilities, materials and supplies-contributed	-	240	189,896	-	190,136
Miscellaneous	37,823	77,394	6,485	887	122,589
Advertising	15,481	2,631	634	-	18,746
Dues	57,268	110	402	-	57,780
Depreciation	87,135	-	-	-	87,135
Total expenses	<u>\$ 1,044,214</u>	<u>\$ 2,732,343</u>	<u>\$ 725,832</u>	<u>\$ 251,248</u>	<u>\$ 4,753,637</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, 2022 AND 2021**

	<b>2022</b>	<b>2021</b>
<b>Cash flows from operating activities</b>		
Change in net assets	\$ (1,001)	\$ 810,868
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	81,981	87,135
Gain on sale of assets	(229,345)	-
Change in certain assets and liabilities:		
Grants receivable	(356,805)	290,465
Prepaid expenses and other	2,382	33,605
Deferred revenues	-	(23,045)
Accounts payable and accrued expenses	187,427	(128,059)
Accrued compensated absences	9,794	(50,425)
Accrued retirement contribution	(77,275)	(90,067)
Refundable advance	-	(721,954)
Deferred prosecution	10,127	(16,119)
Total adjustments	(371,714)	(618,464)
Net cash provided by (used in) operating activities	(372,715)	192,404
<b>Cash flows from investing activities</b>		
Proceeds from notes receivable	27,690	26,638
Proceeds from sale of property and equipment	299,716	-
Purchases of property and equipment	(128,973)	(286,286)
Net cash used in investing activities	198,433	(259,648)
<b>Change in cash and cash equivalents</b>	(174,282)	(67,244)
<b>Cash and cash equivalents, beginning of year</b>	2,203,046	2,270,290
<b>Cash and cash equivalents, end of year</b>	\$ 2,028,764	\$ 2,203,046
<b>Presented on the statement of financial position as:</b>		
Cash and cash equivalents	\$ 1,779,909	\$ 1,951,257
Restricted cash - capital campaign	64,439	77,500
Restricted cash - deferred prosecution	184,416	174,289
	\$ 2,028,764	\$ 2,203,046

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, 2022 AND 2021**

(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, 2022 and 2021, approximately 88% and 92% of the support and revenue of the Organization was provided by federal and state governmental agencies, respectively.

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 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.

The Organization has net assets with donor restrictions at June 30, 2022 and 2021, of \$64,439 and \$77,500, respectively. All amounts are restricted for capital improvements.

**CDS FAMILY & BEHAVIORAL HEALTH SERVICES, INC. AND AFFILIATE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**

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

(f) **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.

(g) **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, 2022 and 2021, totaled approximately \$281,600 and \$230,700, respectively. Specialized services have been recognized by the Organization for the years ended June 30, 2022 and 2021, totaled approximately \$49,600 and \$35,800, 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, 2022 and 2021, totaled approximately \$231,500 and \$190,100, respectively.

(h) **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 2022. 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 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.

(i) **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.

(j) **Advertising costs**—The Organization expenses advertising costs as incurred. Advertising expenses totaled \$38,525 and \$18,746 for the years ended June 30, 2022 and 2021, respectively.

(k) **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.

**CDS FAMILY & BEHAVIORAL HEALTH SERVICES, INC. AND AFFILIATE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**

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

(l) **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.

(m) **Subsequent events**—The Organization has evaluated events and transactions for potential recognition or disclosure in the consolidated financial statements through December 6, 2022, the date the consolidated financial statements were available to be issued. The Organization sold land and a building in September 2022, which is not recognized in these financial statements. The contract price was \$350,000 with cash received of approximately \$318,000, and the building was fully depreciated.

(n) **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, 2022. 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 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.

(o) **Reclassifications**—Certain amounts in the prior periods presented have been reclassified to conform to the current period financial statement presentation. These reclassifications have no effect on previously reported net income.

(2) **Property and Equipment:**

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

	<b>2022</b>			<b>2021</b>
	<b>CDS Family &amp; Behavioral Health Services, Inc.</b>	<b>Community Alternative Services Foundation, Inc.</b>	<b>Consolidated</b>	
Land	\$ 31,900	\$ 323,286	\$ 355,186	\$ 424,206
Buildings	558,220	989,619	1,547,839	1,681,383
Building improvements	653,651	126,396	780,047	770,775
Furniture, equipment and vehicles	700,478	56,133	756,611	756,611
Total depreciable property	<u>1,944,249</u>	<u>1,495,434</u>	<u>3,439,683</u>	<u>3,632,975</u>
Plus: Construction in process	109,271	-	109,271	-
Less: Accumulated depreciation	1,420,066	695,291	2,115,357	2,175,999
Property and equipment, net	<u>\$ 633,454</u>	<u>\$ 800,143</u>	<u>\$ 1,433,597</u>	<u>\$ 1,456,976</u>

**CDS FAMILY & BEHAVIORAL HEALTH SERVICES, INC. AND AFFILIATE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**

(2) **Property and Equipment:** (Continued)

Depreciation expense totaled \$81,981 and \$87,135 for the years ended June 30, 2022 and 2021, 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 in November 2023, with rent payments between \$1,220 and \$3,613. Lease expense paid to the Affiliate was \$71,027 and \$85,945 for the years ended June 30, 2022 and 2021, respectively. The effect of these leases has been eliminated in the accompanying consolidated financial statements.

The Organization is the lessee of six copiers under noncancellable operating leases under various terms. The Organization entered into a lease agreement for office space in August 2018 expiring June 30, 2020. The lease automatically renews 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 \$27,836 and \$18,621 for the years ended June 30, 2022 and 2021, respectively.

Minimum future lease payments on non-cancelable copier leases as of June 30, 2022, for each of the next five years and in the aggregate, are as follows:

<b>Year Ending</b>	<b>Amount</b>
<b>June 30,</b>	
2023	\$ 7,794
2024	5,985
2025	5,985
2026	3,635
2027	-
	<b>\$ 23,399</b>

The Organization is the lessor of building space under operating leases under various terms. Revenue recognized on these leases was \$17,875 and \$39,773 for the years ended June 30, 2022 and 2021, 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, 2022:

Buildings	\$ 533,382
Building Improvements	79,465
	612,847
Less: Accumulated depreciation	401,080
	<b>\$ 211,767</b>

**CDS FAMILY & BEHAVIORAL HEALTH SERVICES, INC. AND AFFILIATE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**

(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, 2022 and 2021, the Organization had 80% and 92% 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, 2022 and 2021, the Organization received approximately 84% and 80%, respectively, of its funding from two funders, 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 years ended June 30, 2022 and 2021, the Organization elected to contribute \$25,000 and \$77,275 to the Plan, respectively.

(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.

**CDS FAMILY & BEHAVIORAL HEALTH SERVICES, INC. AND AFFILIATE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**

(7) **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:

	<b>2022</b>	<b>2021</b>
Financial assets available within one year, at year end:		
Cash and cash equivalents - unrestricted	\$ 1,779,909	\$ 1,951,257
Grants receivable	794,314	447,915
Notes receivable, current	4,482	29,928
Less those unavailable for general expenditures within one year, due to:		
Board designated funds	(335,561)	(100,000)
Financial assets available to meet cash needs for general expenditures within one year	<b>\$ 2,243,144</b>	<b>\$ 2,329,100</b>

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.

(8) **Refundable Advance/Debt Forgiveness Income:**

On April 21, 2020, the Company received loan proceeds in the amount of \$721,954, pursuant to the Paycheck Protection Program (PPP) established as part of the 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 Company maintains its payroll levels as described in the CARES Act. The full amount of the loan plus accrued interest at a rate of 1% was forgiven in May 2021, and the extinguishment of debt is shown separately in the statement of activities.

**CDS FAMILY & BEHAVIORAL HEALTH SERVICES, INC. AND AFFILIATE**  
**SUPPLEMENTARY INFORMATION**  
**FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

**CDS FAMILY & BEHAVIORAL HEALTH SERVICES, INC. AND AFFILIATE**  
**CONSOLIDATING STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2022**

<u>ASSETS</u>	<u>CDS Family &amp; Behavioral Health Services, Inc.</u>	<u>Community Alternative Services Foundation, Inc.</u>	<u>Eliminations</u>	<u>Consolidated</u>
<b>Current assets</b>				
Cash and cash equivalents	\$ 1,330,511	\$ 449,398	\$ -	\$ 1,779,909
Grants receivable, net	794,314	-	-	794,314
Notes receivable, current	4,482	-	-	4,482
Prepaid expenses and other	100,050	-	-	100,050
Total current assets	<u>2,229,357</u>	<u>449,398</u>	<u>-</u>	<u>2,678,755</u>
<b>Property and equipment, net</b>	<u>633,454</u>	<u>800,143</u>	<u>-</u>	<u>1,433,597</u>
<b>Restricted cash</b>				
Capital campaign	64,439	-	-	64,439
Deferred prosecution	184,416	-	-	184,416
Total restricted cash	<u>248,855</u>	<u>-</u>	<u>-</u>	<u>248,855</u>
<b>Total Assets</b>	<u>\$ 3,111,666</u>	<u>\$ 1,249,541</u>	<u>\$ -</u>	<u>\$ 4,361,207</u>
<b><u>LIABILITIES AND NET ASSETS</u></b>				
<b>Current liabilities</b>				
Accounts payable and accrued expenses	\$ 276,430	\$ 3,539	\$ -	\$ 279,969
Accrued compensated absences	197,149	-	-	197,149
Total current liabilities	<u>473,579</u>	<u>3,539</u>	<u>-</u>	<u>477,118</u>
<b>Deferred prosecution</b>	<u>184,416</u>	<u>-</u>	<u>-</u>	<u>184,416</u>
<b>Total liabilities</b>	<u>657,995</u>	<u>3,539</u>	<u>-</u>	<u>661,534</u>
<b>Net assets</b>				
Without donor restrictions, undesignated	1,420,217	445,859	-	1,866,076
Without donor restrictions, board designated	335,561	-	-	335,561
Without donor restrictions, invested in property and equipment	<u>633,454</u>	<u>800,143</u>	<u>-</u>	<u>1,433,597</u>
Total net assets without donor restrictions	<u>2,389,232</u>	<u>1,246,002</u>	<u>-</u>	<u>3,635,234</u>
With donor restrictions	64,439	-	-	64,439
Total net assets	<u>2,453,671</u>	<u>1,246,002</u>	<u>-</u>	<u>3,699,673</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 3,111,666</u>	<u>\$ 1,249,541</u>	<u>\$ -</u>	<u>\$ 4,361,207</u>

See Independent Auditors' Report

**CDS FAMILY & BEHAVIORAL HEALTH SERVICES, INC. AND AFFILIATE**  
**CONSOLIDATING STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	<b>CDS Family &amp; Behavioral Health Services, Inc. Total</b>	<b>Community Alternative Services Foundation, Inc. Total</b>	<b>Eliminations</b>	<b>Consolidated</b>
<b>Changes in net assets</b>				
Support and revenue				
Support				
Grants and contracts	\$ 4,549,934	\$ -	\$ -	\$ 4,549,934
United Way and other contributions	19,000	-	-	19,000
Contributed services of volunteers	49,570	-	-	49,570
Contributed facilities, materials and supplies	231,517	-	-	231,517
Total support	<u>4,850,021</u>	<u>-</u>	<u>-</u>	<u>4,850,021</u>
Revenue				
Gain on sale of property	-	229,345	-	229,345
Other income	28,572	138,103	(71,027)	95,648
Total support and revenue	<u>4,878,593</u>	<u>367,448</u>	<u>(71,027)</u>	<u>5,175,014</u>
Expenses				
Administration	1,078,576	83,741	(29,570)	1,132,747
Interface/Runaway	2,745,138	-	(32,467)	2,712,671
Prevention	1,070,188	-	(3,127)	1,067,061
Independent Living	269,399	-	(5,863)	263,536
Total expenses	<u>5,163,301</u>	<u>83,741</u>	<u>(71,027)</u>	<u>5,176,015</u>
<b>Change in net assets</b>	<u>(284,708)</u>	<u>283,707</u>	<u>-</u>	<u>(1,001)</u>
<b>Net assets - beginning of year</b>	2,738,379	962,295	-	3,700,674
<b>Net assets - end of year</b>	<u>\$ 2,453,671</u>	<u>\$ 1,246,002</u>	<u>\$ -</u>	<u>\$ 3,699,673</u>

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**CDS FAMILY & BEHAVIORAL HEALTH SERVICES, INC. AND AFFILIATE**  
**CONSOLIDATING STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	<b>CDS Family &amp; Behavioral Health Services, Inc.</b>	<b>Community Alternative Services Foundation, Inc.</b>	<b>Eliminations</b>	<b>Consolidated</b>
<b>Cash flows from operating activities</b>				
Change in net assets	\$ (284,708)	\$ 283,707	\$ -	\$ (1,001)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities				
Depreciation and amortization	54,360	27,621	-	81,981
Gain on disposal of assets	-	(229,345)	-	(229,345)
Change in certain assets and liabilities:				
Grants receivable	(356,805)	-	-	(356,805)
Prepaid expenses and other	(3,013)	5,395	-	2,382
Accounts payable and accrued expenses	185,925	1,502	-	187,427
Accrued compensated absences	9,794	-	-	9,794
Accrued retirement contribution	(77,275)	-	-	(77,275)
Deferred prosecution	10,127	-	-	10,127
Total adjustments	(176,887)	(194,827)	-	(371,714)
Net cash provided by (used in) operating activities	(461,595)	88,880	-	(372,715)
<b>Cash flows from investing activities</b>				
Proceeds from notes receivable	27,690	-	-	27,690
Proceeds from sale of property and equipment	-	299,716	-	299,716
Purchase of property and equipment	(112,836)	(16,137)	-	(128,973)
Net cash provided by (used in) investing activities	(85,146)	283,579	-	198,433
<b>Change in cash and cash equivalents</b>	(546,741)	372,459	-	(174,282)
<b>Cash and cash equivalents, beginning of year</b>	2,126,107	76,939	-	2,203,046
<b>Cash and cash equivalents, end of year</b>	<u>\$ 1,579,366</u>	<u>\$ 449,398</u>	<u>\$ -</u>	<u>\$ 2,028,764</u>
<b>Presented on the statement of financial position as:</b>				
Cash and cash equivalents	\$ 1,330,511	\$ 449,398	\$ -	\$ 1,779,909
Restricted cash - capital campaign	64,439	-	-	64,439
Restricted cash - deferred prosecution	184,416	-	-	184,416
	<u>\$ 1,579,366</u>	<u>\$ 449,398</u>	<u>\$ -</u>	<u>\$ 2,028,764</u>

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**COMMUNITY ALTERNATIVE SERVICES FOUNDATION, INC.**  
**STATEMENTS OF ACTIVITIES**  
**FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

**Schedule IV**

	<b>2022</b>	<b>2021</b>
<b>Changes in without donor restriction net assets</b>		
Revenue		
Rental and other income	\$ 138,103	\$ 196,895
Gain on sale of property	229,345	-
Expenses		
Operating	56,120	39,213
Depreciation	27,621	22,271
Total expenses	83,741	61,484
<b>Increase in net assets without donor restrictions</b>	145,604	(61,484)
<b>Net assets - without donor restrictions, beginning of year</b>	765,401	826,885
<b>Net assets - without donor restrictions, end of year</b>	\$ 911,005	\$ 765,401

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**CDS FAMILY & BEHAVIORAL HEALTH SERVICES, INC.**  
**STATEMENT OF ACTIVITIES BY FUNCTION**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	<b>Program Services</b>				<b>Total</b>
	<b>Administration</b>	<b>Interface/ Runaway</b>	<b>Prevention</b>	<b>Independent Living</b>	
<b>Support and revenue</b>					
Grants and contracts	\$ 6,515	\$ 3,129,668	\$ 1,118,211	\$ 295,540	\$ 4,549,934
United Way and other contributions	1,583	17,417	-	-	19,000
Contributed services of volunteers	-	49,570	-	-	49,570
Contributed facilities, materials and supplies	-	550	230,967	-	231,517
Other income	28,572	-	-	-	28,572
Total support and revenue	<u>36,670</u>	<u>3,197,205</u>	<u>1,349,178</u>	<u>295,540</u>	<u>4,878,593</u>
<b>Expenses</b>					
Salaries and wages	583,505	1,930,526	402,435	199,391	3,115,857
Payroll taxes	38,788	154,067	31,218	15,271	239,344
Retirement plan	25,000	-	-	-	25,000
Insurance	77,251	194,516	46,082	26,700	344,549
Travel and conferences	7,738	16,512	5,445	2,080	31,775
Telephone and utilities	27,902	77,486	5,389	6,212	116,989
Office supplies and postage	7,354	15,363	3,607	1,462	27,786
Auto	3,250	17,260	-	1,471	21,981
Rent	58,667	56,381	5,464	12,446	132,958
Repairs, maintenance and supplies	46,776	78,183	6,274	-	131,233
Professional and contractual services	33,881	23,595	306,556	1,801	365,833
Educational materials and supplies	-	3,334	12,005	-	15,339
Food	5,343	71,085	80	-	76,508
Facilities, materials and supplies-contributed	-	550	230,967	-	231,517
Miscellaneous	42,774	95,621	13,515	1,765	153,675
Advertising	28,268	9,308	949	-	38,525
Dues	37,719	76	202	800	38,797
Depreciation	54,360	1,275	-	-	55,635
Total expenses	<u>1,078,576</u>	<u>2,745,138</u>	<u>1,070,188</u>	<u>269,399</u>	<u>5,163,301</u>
<b>Change in net assets</b>	<u>\$ (1,041,906)</u>	<u>\$ 452,067</u>	<u>\$ 278,990</u>	<u>\$ 26,141</u>	<u>\$ (284,708)</u>

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**CDS FAMILY & BEHAVIORAL HEALTH SERVICES, INC.**  
**STATEMENT OF ACTIVITIES BY FUNCTION**  
**FOR THE YEAR ENDED JUNE 30, 2021**

	<b>Program Services</b>				<b>Total</b>
	<b>Administration</b>	<b>Interface/ Runaway</b>	<b>Prevention</b>	<b>Independent Living</b>	
<b>Support and revenue</b>					
Grants and contracts	\$ 35,458	\$ 3,470,657	\$ 708,157	\$ 287,838	\$ 4,502,110
United Way and other contributions	-	27,716	-	-	27,716
Contributed services of volunteers	-	35,825	-	-	35,825
Contributed facilities, materials and supplies	-	240	189,896	-	190,136
Debt forgiveness income	721,954	-	-	-	721,954
Other income	10,690	15,124	-	-	25,814
Total support and revenue	<u>768,102</u>	<u>3,549,562</u>	<u>898,053</u>	<u>287,838</u>	<u>5,503,555</u>
<b>Expenses</b>					
Salaries and wages	561,287	1,881,874	334,113	191,961	2,969,235
Payroll taxes	40,633	157,604	27,213	15,152	240,602
Retirement plan	16,945	44,571	9,786	5,973	77,275
Insurance	55,721	243,832	52,941	26,576	379,070
Travel and conferences	4,494	19,469	4,456	2,372	30,791
Telephone and utilities	25,387	78,120	4,570	3,240	111,317
Office supplies and postage	6,523	18,673	2,697	624	28,517
Auto	804	7,314	-	2,283	10,401
Rent	58,338	41,025	3,927	13,233	116,523
Repairs, maintenance and supplies	46,630	85,764	2,492	-	134,886
Professional and contractual services	43,052	29,378	82,599	2,180	157,209
Educational materials and supplies	-	1,761	7,044	-	8,805
Food	2,575	72,910	74	-	75,559
Facilities, materials and supplies-contributed	-	240	189,896	-	190,136
Miscellaneous	71,616	77,394	6,485	887	156,382
Advertising	15,481	2,631	634	-	18,746
Dues	57,268	110	402	-	57,780
Depreciation	64,864	-	-	-	64,864
Total expenses	<u>1,071,618</u>	<u>2,762,670</u>	<u>729,329</u>	<u>264,481</u>	<u>4,828,098</u>
<b>Change in net assets</b>	<u>\$ (303,516)</u>	<u>\$ 786,892</u>	<u>\$ 168,724</u>	<u>\$ 23,357</u>	<u>\$ 675,457</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, 2022**

**CDS FAMILY & BEHAVIORAL HEALTH SERVICES, INC. AND AFFILIATE**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE**  
**FOR THE YEAR ENDED JUNE 30, 2022**

<b>Federal Grantor/Pass-Through Grantor/State Grantor Program Title</b>	<b>Assistance Listing Number</b>	<b>Pass-Through Entity Identifying Number</b>	<b>Expenditures</b>
<b>FEDERAL AWARDS</b>			
<b><u>U.S. Department of Health and Human Services</u></b>			
Passed through State of Florida, Department of Children and Families, Lutheran Services Block Grants for Prevention and Treatment of Substance Abuse (SAMH)	93.959	ME008	\$ 1,118,211
Basic Center Grant	93.623	90CY7251	184,617
Basic Center Grant	93.623	90CY7252	155,894
			<u>340,511</u>
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	PCM753	98,605
Social Services Block Grant	93.667	PCM753	11,760
Foster Care - Title IV-E	93.658	PCM753	209,656
Passed through City of Gainesville American Rescue Plan Act - Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	138,154
<b>Total U.S. Department of Health and Human Services</b>			<u>1,916,897</u>
<b>TOTAL FEDERAL AWARDS</b>			<u>\$ 1,916,897</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, 2022**  
(Continued)

<b>Federal Grantor/Pass-Through Grantor/State Grantor Program Title</b>	<b>CSFA Number</b>	<b>Pass-Through Entity Identifying Number</b>	<b>Expenditures</b>
<b>STATE FINANCIAL ASSISTANCE</b>			
<b><u>State of Florida Department of Juvenile Justice -</u></b>			
Direct Programs			
Children and Families in Need of Services	80.005	10730	\$ 96,210
Passed through Florida Network of Youth and Family Services:			
Children and Families in Need of Services	80.005	10128	2,181,281
Passed through State of Florida Department of Children and Families, Partnership for Strong Families:			
Out-of-Home Supports	60.074	PCM953	315
Extended Foster Care Program	60.141	PCM953	261
<b>TOTAL STATE FINANCIAL ASSISTANCE</b>			<b><u>\$ 2,278,067</u></b>
<b>TOTAL AWARDS</b>			<b><u>\$ 4,194,964</u></b>

**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, 2022 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. ME008**

**FOR THE YEAR ENDED JUNE 30, 2022**

**CDS FAMILY & BEHAVIORAL HEALTH SERVICES, INC.**  
**SCHEDULE OF STATE EARNINGS FOR SUBSTANCE ABUSE AND MENTAL**  
**HEALTH SERVICES REQUIRED BY CONTRACT NO. ME008**  
**FISCAL YEAR ENDED JUNE 30, 2022**

1 Total Expenditures	<u>\$ 5,163,304</u>
2 Less Other State & Federal Funds	<u>\$ (3,408,208)</u>
3 Less Non-Match SAMH Funds	<u>\$ (949,636)</u>
4 Less Unallowable Costs per 65E-14, F.A.C.	<u>603,470</u>
5 Total Allowable Expenditures (Sum of lines 1,2,3, & 4)	<u>\$ 1,408,930</u>
6 Maximum Available Earnings (Line 5 times 75%)	<u>\$ 1,056,698</u>
7 Amount of State Funds Requiring Match	<u>\$ 168,575</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. ME008  
FOR THE YEAR ENDED JUNE 30, 2022**

**Part I: ACTUAL FUNDING SOURCES AND REVENUES**

Funding Sources & Revenues	SAMH Covered Services						
	State SAMH - Funded Covered Services		Total for State SAMH- Funded Covered Services	Total for Non- State- Funded Covered Services	Total for All Covered Services	Non-SAMH Covered Services	Total Funding
	ASA Program Prevention	CSA Program Prevention					
<b>IA. State SAMH funding</b>							
(1)	\$ 512,094	\$ 606,117	\$ 1,118,211	\$ -	\$ 1,118,211	\$ -	\$ 1,118,211
(2)	-	-	-	-	-	-	-
(3)	-	-	-	-	-	-	-
<b>Total State SAMH funding</b>	<b>512,094</b>	<b>606,117</b>	<b>1,118,211</b>	<b>-</b>	<b>1,118,211</b>	<b>-</b>	<b>1,118,211</b>
<b>IB. Other Govt. Funding</b>							
Other state funding	-	-	-	-	-	3,040,724	3,040,724
Local government	-	-	-	-	-	-	-
Federal grants	-	-	-	-	-	367,484	367,484
<b>Total other govt. funding</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,408,208</b>	<b>3,408,208</b>
<b>IC. All other revenues</b>							
1st/3rd party	-	-	-	-	-	-	-
Contributions and donations	-	-	-	-	-	69,699	69,699
Other	-	-	-	-	-	1,388	1,388
In-kind	145,967	-	145,967	-	145,967	135,120	281,087
Change in insurance value	-	-	-	-	-	-	-
<b>Total all other revenue</b>	<b>145,967</b>	<b>-</b>	<b>145,967</b>	<b>-</b>	<b>145,967</b>	<b>206,207</b>	<b>352,174</b>
<b>Total Funding</b>	<b>\$ 658,061</b>	<b>\$ 606,117</b>	<b>\$ 1,264,178</b>	<b>\$ -</b>	<b>\$ 1,264,178</b>	<b>\$ 3,614,415</b>	<b>\$ 4,878,593</b>

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. ME008  
FOR THE YEAR ENDED JUNE 30, 2022  
(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						
<b>IIA. PERSONNEL EXP</b>								
1. Salaries	\$ 71,657	\$ 331,409	\$ 403,066	\$ -	\$ 403,066	\$ 2,079,716	\$ 583,505	\$ 3,066,287
2. Fringe benefits	11,975	58,226	70,201	-	70,201	322,816	127,242	520,259
<b>TOTAL PERSONNEL EXPENSES</b>	<b>83,632</b>	<b>389,635</b>	<b>473,267</b>	<b>-</b>	<b>473,267</b>	<b>2,402,532</b>	<b>710,747</b>	<b>3,586,546</b>
<b>II.B. Other Expenses</b>								
1. Bldg occupancy	-	9,785	9,785	-	9,785	183,032	146,982	339,799
2. Professional services	300,250	6,306	306,556	-	306,556	25,396	33,881	365,833
3. Travel	2,773	7,705	10,478	-	10,478	49,092	16,746	76,316
4. Equipment	-	448	448	-	448	11,744	11,800	23,992
5. Food services	-	80	80	-	80	69,886	5,343	75,309
6. Medical and pharmacy	-	-	-	-	-	-	-	-
7. Subcontracted services	-	-	-	-	-	-	1,642	1,642
8. Insurance	132	6,967	7,099	-	7,099	67,444	13,797	88,340
9. Interest paid	-	-	-	-	-	-	-	-
10. Operating supplies and expenses	3,081	27,034	30,115	-	30,115	91,510	124,952	246,577
11. Other	-	1,492	1,492	-	1,492	53,180	23,191	77,863
12. Donated items	145,967	85,000	230,967	-	230,967	50,120	-	281,087
<b>TOTAL OTHER EXPENSES</b>	<b>452,203</b>	<b>144,817</b>	<b>597,020</b>	<b>-</b>	<b>597,020</b>	<b>601,404</b>	<b>378,334</b>	<b>1,576,758</b>
<b>TOTAL PERSONNEL AND OTHER EXPENSES</b>	<b>\$ 535,835</b>	<b>\$ 534,452</b>	<b>\$ 1,070,287</b>	<b>\$ -</b>	<b>\$ 1,070,287</b>	<b>\$ 3,003,936</b>	<b>\$ 1,089,081</b>	<b>\$ 5,163,304</b>
<b>II.C. DISTRIBUTED INDIRECT COSTS</b>	<b>\$ 222,601</b>	<b>\$ 222,027</b>	<b>\$ 444,628</b>	<b>\$ -</b>	<b>\$ 444,628</b>	<b>\$ 1,247,923</b>	<b>\$ (1,692,551)</b>	<b>\$ -</b>
<b>II.D. UNALLOWABLE COSTS</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 603,470</b>	<b>\$ 603,470</b>
							<b>Grand Total:</b>	<b>\$ 5,766,774</b>

**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 (the Organization), which comprise the statement of financial position as of June 30, 2022 and the related 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 6, 2022.

**Internal Control over Financial Reporting**

In planning and performing our audit of the consolidated financial statements, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing 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.

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 have not been identified. However, as described in the accompanying schedule of findings and questioned costs, we did identify certain deficiencies in internal control over financial reporting that we consider to be 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.

*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. We consider the deficiencies in internal control over financial reporting described in the accompanying schedule of findings and questioned costs as item 2022-001, to be a significant deficiency.

## **Compliance and Other Matters**

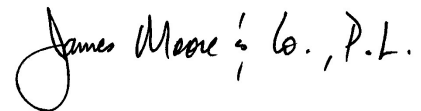
As part of obtaining reasonable assurance about whether the Organization's consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the consolidated financial statements. 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*.

## **Management's Response to Findings**

The Organization's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

## **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.

A handwritten signature in black ink that reads "James Moore & Co., P.L." The signature is written in a cursive style with a large, looped initial 'J'.

Gainesville, Florida  
December 6, 2022

**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**

***Opinion on Each Major Federal Program and Major State Project***

We have audited CDS Family & Behavioral Health Services, Inc. and Affiliate's (the Organization) compliance with the types of compliance requirements identified as subject to audit 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 major state projects for the year ended June 30, 2022. The Organization's major federal programs and major state projects are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization 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 programs and major state projects for the year ended June 30, 2022.

***Basis for Opinion on Each Major Federal Program and Major State Project***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and Chapter 10.650, Rules of the Auditor General. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program and major state project. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirements referred to above.

### ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, regulations, rules and provisions of contracts or grant agreements applicable to the Organization's federal programs and state projects.

### ***Auditors' Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, Chapter 10.650, Rules of the Auditor General, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Organization's compliance with the requirements of each major federal program and major state project as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, Chapter 10.650, Rules of the Auditor General, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on Internal Control over Compliance**

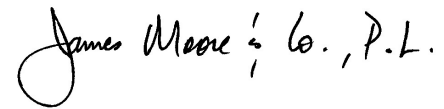
*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program 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 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

A handwritten signature in black ink that reads "James Moore & Co., P.L." The signature is written in a cursive style with a large initial 'J'.

Gainesville, Florida  
December 6, 2022

**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, 2022**

**Section I. Summary of Auditors' Results:**

**Financial Statements**

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted?        Yes   X   No

**Federal Awards**

Internal control over major programs:

- Material weakness(es) identified?        Yes   X   No
- Significant deficiency(ies) identified that are not considered to be material weakness(es)?        Yes   X   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   X   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?   X   Yes        No

**State Financial Assistance**

Internal control over major state financial assistance projects:

- Material weakness(es) identified?        Yes   X   No
- Significant deficiency(ies) identified that are not considered to be material weakness(es)?        Yes   X   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, 2022**  
(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?	<u>      </u> 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:	\$683,420
<b>Section II.</b>	<b>Findings relating to the Financial Statements Which are Required to be Reported in Accordance with <i>Government Auditing Standards</i></b>	
	<b>2022-001: Audit Adjusting Entry Related to Grant Revenue and Accounts Receivable</b>	
	Criteria: The Organization received funding from the State on a cost reimbursement basis to fund the construction of a new building.	
	Condition: Grant revenue and accounts receivable was not recorded on a cost reimbursement basis during the year.	
	Cause: Management did not understand that the State contract was a grant contract with a CSFA number.	
	Effect: Revenue and accounts receivable were understated by \$96,210 for the fiscal year.	
	Recommendation: We recommend that management review all funding contracts that come in to determine if they have Federal or State listing numbers. Management should not rely on the auditor to review their contracts and make this determination for them.	
	Auditors' response to management: Management asserts in their response to this finding that there is not a significant deficiency because the auditor did not tell management to record grant revenue and receivable when asked about how to record the construction of the building. As noted in the recommendation above, proper revenue recognition on grant contracts is the responsibility of management. The Organization has several other cost reimbursement grant contracts and should be familiar with how the revenue recognition process on these grants works.	
<b>Section III.</b>	<b>Findings and Questioned Costs for Federal Awards:</b>	None
<b>Section IV.</b>	<b>Findings and Questioned Costs for State Financial Assistance:</b>	None
<b>Section V.</b>	<b>Prior Audit Findings and Corrective Action Plan for Federal Awards for the Year Ended June 30, 2021:</b>	None
<b>Section VI.</b>	<b>Prior Audit Findings and Corrective Action Plan for State Financial Assistance for the Year Ended June 30, 2021:</b>	None
<b>Section VII.</b>	<b>Management Letter</b>	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"

**YOUTH SHELTER**

*Short-term residential care for youth in crisis*

Interface Youth Program

Truancy Services

Safe Place

**COUNSELING**

*Services for troubled youth and their families*

Family Action

**PREVENTION**

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

Drug Free Community Coalition Partners

Independent Living

Evidenced-Based School Prevention Programs

Reichert House

SNAP  
Stop Now And Plan

Spotlight on Youth



December 12, 2022

James Moore & Company  
5931 NW 1<sup>st</sup> Place  
Gainesville, FL 32607

Re: Response to significant deficiency

Dear Sirs/Madam:

In September 2021 the Comptroller had a specific and detailed conversation regarding the new construction agreement that CDS entered into to build the new shelter. The Comptroller requested JMCo's instruction as to how to record the activity of building an asset, or construction in progress. The response from JMCo was that the Comptroller was to create an account in current assets and place the activity there. Then upon completion of the project, the project total should then be moved to fixed assets. The Comptroller offered a copy of the construction agreement, which was not accepted.

The activities, when they occurred, were treated and recorded as JMCo instructed.

JMCo reviewed the agreement in 2022 and has taken the position that additional recordings should have occurred, as this construction agreement is more of a grant. JMCo should have accepted and reviewed the agreement when the Comptroller requested guidance on or about September 2021 so that there would have been proper instruction.

A significant deficiency does not exist in accounts receivables as there are no other issues there. Furthermore, the recording of this entry could have been appropriate with proper guidance and instruction when requested.

Sincerely,

Phil Kabler  
Chief Executive Officer



**CDS Family & Behavioral Health Services, Inc.**

1218 NW 6<sup>th</sup> Street, Gainesville, FL 32601  
Tel: (352) 244-0628 • Fax (352) 334-3817  
[www.cdsfl.org](http://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