

Southeast Florida Behavioral Health Network, Inc.

Financial Statements
and Additional Information
For the Year Ended June 30, 2022



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

Opinion

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, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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, 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 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 the Organization 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 opinions.

Responsibilities of Management's 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; and for 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.

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 the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

CPA's + Trusted Advisors

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 generally accepted auditing standards 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 financial statements.

In performing an audit in accordance with generally accepted auditing standards 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 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 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 the Organization'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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization'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 financial statements as a whole. The Supplementary 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 Supplementary 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.

Report on Summarized Comparative Information

We have previously audited the Organization’s June 30, 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 20, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2022, 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 22, 2022

FINANCIAL STATEMENTS

Southeast Florida Behavioral Health Network, Inc.
Statement of Financial Position
June 30, 2022
(with comparative totals for June 30, 2021)

	<u>2022</u>	<u>2021</u>
Assets:		
Current assets:		
Cash and cash equivalents	\$ 6,846,079	\$ 9,042,296
Grants and contracts receivable	13,393,022	7,371,909
Prepaid expenses	34,855	19,755
	<u>20,273,956</u>	<u>16,433,960</u>
Total current assets		
Noncurrent assets:		
Property and equipment, net	178,822	173,900
Deposits	10,823	10,823
	<u>189,645</u>	<u>184,723</u>
Total noncurrent assets		
	<u>20,463,601</u>	<u>16,618,683</u>
Total assets		
Liabilities:		
Current liabilities:		
Due to providers (sub-recipients)	\$ 10,793,252	\$ 8,869,917
Accounts payable and accrued expenses	4,349,462	1,708,519
Refundable advances	5,104,749	5,515,327
Current portion of long-term liabilities	-	858
	<u>20,247,463</u>	<u>16,094,621</u>
Total current liabilities		
Noncurrent liabilities:		
Long-term liabilities	-	292,254
	<u>20,247,463</u>	<u>16,386,875</u>
Total liabilities		
Net Assets:		
Without donor restriction	<u>216,138</u>	<u>231,808</u>
	<u>216,138</u>	<u>231,808</u>
Total net assets		
	<u>20,463,601</u>	<u>16,618,683</u>
Total liabilities and net assets		

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

Southeast Florida Behavioral Health Network, Inc.
Statement of Activities
For the Year Ended June 30, 2022
(with comparative totals for June 30, 2021)

	<u>2022</u>	<u>2021</u>
Change in Net Assets:		
Public support and revenues:		
Grants and contracts:		
Department of Children and Families	\$ 79,627,466	\$ 67,632,507
Other federal and local grants	1,862,285	1,580,492
Gain on extinguishment of debt - Paycheck Protection Program	292,254	-
Contributions and interest income	3,968	8,163
	<u>81,785,973</u>	<u>69,221,162</u>
Operating expenses:		
Program services, transfers to sub-recipient providers:		
Adult mental health	33,648,242	28,561,655
Adult substance abuse	26,919,809	21,175,032
Children's mental health	8,037,998	6,485,975
Children's substance abuse	6,955,922	7,508,746
Other	2,261,355	1,944,802
	<u>77,823,326</u>	<u>65,676,210</u>
Total program services, transfers to sub-recipient providers	<u>77,823,326</u>	<u>65,676,210</u>
Other program services	<u>282,402</u>	<u>233,547</u>
Total program services, transfers to sub-recipient providers and other program services	<u>78,105,728</u>	<u>65,909,757</u>
Management and general	<u>3,674,786</u>	<u>3,363,800</u>
Total operating expenses	<u>81,780,514</u>	<u>69,273,557</u>
Net operating revenue (expense)	<u>5,459</u>	<u>(52,395)</u>
Nonoperating revenues (expenses):		
Amortization of long-term liabilities	858	10,300
Provision for depreciation	(21,987)	(17,561)
	<u>(21,129)</u>	<u>(7,261)</u>
Total nonoperating revenues (expenses)	<u>(21,129)</u>	<u>(7,261)</u>
Change in net assets	(15,670)	(59,656)
Net Assets, July 1	<u>231,808</u>	<u>291,464</u>
Net Assets, June 30	<u>\$ 216,138</u>	<u>\$ 231,808</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, 2022
(with comparative totals for June 30, 2021)

	Program Services					Management and General	Total 2022	Total 2021	
	Adult Mental Health	Adult Substance Abuse	Children's Mental Health	Children's Substance Abuse	Other Program Services				Total Program Services
Transfers to sub-recipient providers	\$ 33,648,242	\$ 26,919,809	\$ 8,037,998	\$ 6,955,922	\$ 2,261,355	\$ 77,823,326	\$ 55,306	\$ 77,878,632	\$ 65,940,931
Salaries and wages	-	-	-	-	228,214	228,214	1,715,588	1,943,802	1,565,202
Professional fees	-	-	-	-	-	-	1,022,670	1,022,670	946,275
Payroll taxes and fringe benefits	-	-	-	-	54,188	54,188	431,425	485,613	382,827
Dues and subscriptions	-	-	-	-	-	-	194,429	194,429	144,637
Rent	-	-	-	-	-	-	118,061	118,061	139,558
Insurance	-	-	-	-	-	-	31,074	31,074	30,544
Computer software	-	-	-	-	-	-	27,445	27,445	77,885
Computer equipment	-	-	-	-	-	-	23,836	23,836	1,866
Telephone	-	-	-	-	-	-	17,868	17,868	14,735
Meetings and conferences	-	-	-	-	-	-	9,117	9,117	5,994
Building maintenance and security	-	-	-	-	-	-	8,745	8,745	8,977
Travel	-	-	-	-	-	-	5,905	5,905	400
Staff development and system of care innovation	-	-	-	-	-	-	4,925	4,925	6,000
Utilities	-	-	-	-	-	-	3,532	3,532	2,684
Office supplies and other expenses	-	-	-	-	-	-	4,781	4,781	2,005
Vehicles	-	-	-	-	-	-	79	79	2,603
Website	-	-	-	-	-	-	-	-	434
	<u>\$ 33,648,242</u>	<u>\$ 26,919,809</u>	<u>\$ 8,037,998</u>	<u>\$ 6,955,922</u>	<u>\$ 2,543,757</u>	<u>\$ 78,105,728</u>	<u>\$ 3,674,786</u>	<u>\$ 81,780,514</u>	<u>\$ 69,273,557</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, 2022
(with comparative totals for June 30, 2021)

	<u>2022</u>	<u>2021</u>
Cash Flows from Operating Activities		
Change in net assets	\$ (15,670)	\$ (59,656)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Amortization of long-term liabilities	(858)	(10,300)
Provision for depreciation	21,987	17,561
Gain on extinguishment of debt - Paycheck Protection Program	(292,254)	-
Changes in assets and liabilities:		
(Increase) decrease in assets:		
Grants and contracts receivable	(6,021,113)	4,050,585
Prepaid expenses	(15,100)	10,616
Increase (decrease) in liabilities:		
Due to providers (sub-recipients)	1,923,335	598,934
Accounts payable and accrued expenses	2,640,943	(355,788)
Refundable advances	(410,578)	3,161,629
Net cash provided by (used in) operating activities	<u>(2,169,308)</u>	<u>7,413,581</u>
Cash Flows From Investing Activities		
Purchases of property and equipment	<u>(26,909)</u>	<u>(13,177)</u>
Net cash provided by (used in) investing activities	<u>(26,909)</u>	<u>(13,177)</u>
Cash Flows From Financing Activities		
Proceeds from issuance of debt - PPP Loan	<u>-</u>	<u>292,254</u>
Net cash provided by (used in) financing activities	<u>-</u>	<u>292,254</u>
Net increase (decrease) in cash and cash equivalents	(2,196,217)	7,692,658
Cash and Cash Equivalents, July 1	<u>9,042,296</u>	<u>1,349,638</u>
Cash and Cash Equivalents, June 30	\$ <u><u>6,846,079</u></u>	\$ <u><u>9,042,296</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, 2022
(with comparative totals for June 30, 2021)

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, 2022 and 2021, 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, 2022 and 2021, 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, 2022 and 2021; 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 22, 2022, 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, 2022 is estimated and, comprise the following:

Financial assets:	
Cash and cash equivalents	\$ 6,846,079
Grants and contract receivable	<u>13,393,022</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><u>20,239,101</u></u>

Southeast Florida Behavioral Health Network, Inc.
Notes to Financial Statements
June 30, 2022
(with comparative totals for June 30, 2021)

Note 4 - Property and Equipment

Property and equipment consists of the following at June 30, 2022 and 2021:

	<u>2021</u>	<u>2020</u>
Computer software and equipment	\$ 182,372	\$ 155,463
Buildings	99,700	99,700
Office furniture and equipment	17,850	17,850
Leasehold improvements	5,594	5,594
Automobiles	-	16,603
	<u>305,516</u>	<u>295,210</u>
Less accumulated depreciation	<u>188,194</u>	<u>182,810</u>
	<u>117,322</u>	<u>112,400</u>
Land	<u>61,500</u>	<u>61,500</u>
Total	<u>\$ 178,822</u>	<u>\$ 173,900</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, 2022 and 2021, due to providers of \$ 10,793,252 and \$ 8,869,917, respectively, is comprised of amounts payable for direct behavioral services; and accounts payable and accrued expenses of \$ 4,349,462 and \$ 1,708,519, respectively, represents general and administrative expenses, including accrued wages and related benefits outstanding at year end. At June 30, 2022, and 2021, there are amounts due to DCF amounting to approximately \$ 4,146,000 and \$ 1,342,000, 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. At June 30, 2022, approximately \$ 42,000 was recorded as amounts owed to the Organization by providers included in grants and contracts receivable on the statement of financial position. At June 30, 2021 no such amounts were determined as owed to the Organization by providers.

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 was amortized equally over a six-year period through July 2021. At June 30, 2021, the outstanding balance on this liability amounted to \$ 858. There is no outstanding balance at June 30, 2022.

Previously, the Organization executed a promissory note for \$ 292,254 under the Paycheck Protection Program ("PPP") as authorized by the Coronavirus, Aid, Relief, and Economic Security Act (the "CARES Act"). In accordance with the guidelines of the AICPA, in Q&A Section 3200, the Organization had the option to report the proceeds of this forgivable loan program under FASB *Accounting Standards Codification (ASC) 470, Debt* or to analogize the guidance of FASB *Accounting Standards Codification (ASC) 958-605, Revenue Recognition*, and account for the funds as a conditional government grant. The Organization's management elected to follow the provisions of ASC 470 in which the loan proceeds remained recorded as a liability until the loan was fully forgiven and legally released by the Small Business Administration ("SBA").

Southeast Florida Behavioral Health Network, Inc.
Notes to Financial Statements
June 30, 2022
(with comparative totals for June 30, 2021)

Note 6 - Long-term Liabilities (continued)

Effective February 4, 2022, the SBA granted the Organization full forgiveness/legal release of this loan; therefore, a gain is presented within the Public Support and Revenues section of the accompanying Statement of Activities.

Note 7 - Net Assets

At June 30, 2022 and 2021, the Organization reports net assets without donor restrictions of \$ 216,138 and \$ 231,808, 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, 2022, the monthly base lease payment for the one unit still occupied was approximately \$ 6,700. 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, 2022 and 2021, total rent expense in connection with this agreement, amounted to approximately \$ 118,000 and \$ 139,000, respectively.

Estimated future base lease payments are approximately as follows:

Year Ending June 30,	Amount
2023	\$ 81,200
2024	\$ 48,100
Thereafter	\$ NONE

Note 9 - Commitments and Contingencies (continued)

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, 2022 and 2021, the Organization paid Carisk approximately \$ 973,000.

Note 10 - Concentration

For the years ended June 30, 2022 and 2021, 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, 2022 and 2021, approximately 95% and 82%, 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, 2022 and 2021, the Organization made contributions of approximately \$ 53,000 and \$ 42,000 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.

SUPPLEMENTARY INFORMATION



Southeast Florida Behavioral Health Network, Inc.
Schedule of Expenditures of Federal Awards and State Financial Assistance
For the Year Ended June 30, 2022

Federal/State Agency, Pass-through Entity, Federal/State Program/Project	Assistance Listing/ 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 the Treasury - Passed through the State of Florida						
Department of Children and Families (DCF):						
COVID-19 Coronavirus Relief Fund	21.019	IH611	\$ 1,242,769	\$ 361,402	\$ 1,117,816	\$ 328,147
United States Department of Health and Human Services - Passed through the State of Florida						
Department of Children and Families (DCF):						
Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED)	93.104	IH611	376,960	-	253,928	-
Projects for Assistance in Transition from Homelessness (PATH)	93.150	IH611	487,596	-	487,596	-
Temporary Assistance for Needy Families (TANF) Emergency Grants to Address Mental and Substance Use Disorders During COVID-19	93.558	IH611	1,340,838	-	1,314,529	-
Children's Health Insurance Program (CHIP) - Title XXI Medical Assistance Program	93.665	IH611	123,865	-	123,865	-
Opioid State Targeted Response	93.767	IH611	316,172	-	316,172	-
Block Grants for Community Mental Health Services	93.778	IH611	32,467	32,467	9,904	9,904
Block Grants for Prevention and Treatment of Substance Abuse	93.788	IH611	8,122,590	-	7,829,611	-
	93.958	IH611	10,636,538	26,513,796	10,148,501	25,128,208
	93.959	IH611	14,687,836	11,190,889	14,667,003	10,338,729
Total Expenditures of Federal Awards			<u>37,367,631</u>	<u>38,098,554</u>	<u>36,268,925</u>	<u>35,804,988</u>

Southeast Florida Behavioral Health Network, Inc.
Schedule of Expenditures of Federal Awards and State Financial Assistance
(continued)
For the Year Ended June 30, 2022

Federal/State Agency, Pass-through Entity, Federal/State Program/Project	Assistance Listing/ 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	479,173	-	440,363	-
		LH825	194,050	-	158,605	-
		60.115 Total	673,223	-	598,968	-
Substance Abuse and Mental Health Community Services	60.153	IH611	780,208	-	780,208	-
SAMH ME State Funded Federal Excluded Services	60.190	IH611	2,632,852	-	2,632,852	-
Total Expenditures of State Financial Assistance			4,086,283	-	4,012,028	-
Total Expenditure of Federal Awards and State Financial Assistance			\$ 41,453,914	\$ 38,098,554	\$ 40,280,953	\$ 35,804,988

(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, 2022. 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, 2022

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:					
Other Bundled Projects	\$ 8,134,883	\$ 90,954	\$ 1,023,577	\$ 143,280	\$ 9,392,694
Residential Level II	415,126	6,808,683	-	-	7,223,809
Outpatient (Individual and Group)	1,977,988	1,915,142	1,351,919	282,008	5,527,057
Prevention - Universal Direct and Indirect	203,840	449,864	-	3,729,356	4,383,060
Medical Services	1,741,890	1,796,538	202,876	6,303	3,747,607
Residential Level I	2,749,692	499,260	241,601	-	3,490,553
Case Management	2,165,163	698,355	432,461	-	3,295,979
Crisis Support/Emergency	345,152	2,197,911	230,672	43,948	2,817,683
Crisis Stabilization	1,767,957	-	863,072	-	2,631,029
Outreach	349,093	736,838	323,371	1,202,134	2,611,436
Incidental Expenses	1,905,736	456,648	245,051	1,868	2,609,303
Inpatient Detoxification	-	2,183,028	-	-	2,183,028
Medication - Assisted Treatment	-	2,042,465	-	-	2,042,465
MH Community Action Treatment (CAT) Teams	-	-	1,650,000	-	1,650,000
Florida Assertive Community Treatment (FACT) Team	1,646,573	-	-	-	1,646,573
Day Treatment	269,389	1,368,364	-	-	1,637,753
Short-Term Residential	1,425,000	-	-	-	1,425,000
Residential Level IV	912,718	444,721	-	-	1,357,439
Care Coordination	536,176	570,325	213,749	-	1,320,250
Family Intensive Treatment Team (FITT)	-	1,200,000	-	-	1,200,000
Recovery Support - (Individual and Group)	406,946	690,187	-	28	1,097,161
Intensive Case Management	672,972	-	332,416	-	1,005,388
Network Evaluation and Development	387,530	572,557	-	-	960,087
Assessment	462,709	468,194	16,065	-	946,968
Provider Proviso Projects	900,000	-	-	-	900,000
Comprehensive Community Service Team - (Individual and Group)	867,316	-	-	-	867,316
Intervention (Individual and Group)	47,378	565,295	151,833	38,528	803,034
Cost Reimbursement	593,653	160,638	-	20,923	775,214
In-Home and On-Site	30,990	22,634	50,232	671,247	775,103
First Episode of Psychosis	750,000	-	-	-	750,000
Supported Housing/Living	690,504	5,032	-	-	695,536
Information and Referral	199,669	140,639	193,843	75,639	609,790
Treatment Accountability for Safer Communities (TASC)	-	34,744	-	501,077	535,821
Drop-in/Self-Help Centers	507,035	-	-	-	507,035

Southeast Florida Behavioral Health Network, Inc.
Schedule of Program/Covered Services Actual Revenues and Expenditures
(continued)
For the Year Ended June 30, 2022

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):					
Room and Board with Supervision Level II	189,809	263,119	1,758	-	454,686
Room and Board with Supervision Level III	31,597	376,457	-	-	408,054
Behavioral Health Network (BNET)	-	-	316,172	-	316,172
Prevention Indicated	-	41,289	-	227,271	268,560
Supported Employment	205,921	18,484	-	-	224,405
Respite Services	50,482	-	172,130	-	222,612
MH Clubhouse	98,394	-	-	-	98,394
Federal Project Grant	-	59,988	-	-	59,988
Aftercare	8,961	41,456	-	-	50,417
Wraparound Projects	-	-	25,200	-	25,200
Prevention Selected	-	-	-	12,312	12,312
Total Program Services, Transfers to Sub-recipient Providers	33,648,242	26,919,809	8,037,998	6,955,922	75,561,971
Other Program Services:					
Other Substance Abuse Services	-	-	-	-	1,644,562
Reinvestment Grant Services	-	-	-	-	598,968
Miscellaneous	-	-	-	-	17,825
Total Other Program Services	-	-	-	-	2,261,355
Total Program/Covered Services Actual Expenditures	33,648,242	26,919,809	8,037,998	6,955,922	77,823,326
Managing Entity Administrative Fee	1,506,928	1,205,597	359,980	311,519	3,384,023
Other Program Services	-	-	-	-	282,402
	\$ 35,155,170	\$ 28,125,406	\$ 8,397,978	\$ 7,267,441	
Contributions, interest income, and gain on extinguishment of debt - Paycheck Protection Program					296,222
Total Program/Covered Services Actual Revenues					\$ 81,785,973

Southeast Florida Behavioral Health Network, Inc.
Schedule of Bed Day Availability Payments
For the Year Ended June 30, 2022

<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>
Mental Health	* Crisis Stabilization Unit	\$ 291 - \$ 354	54,980	31,413	23,567	\$ 8,080,613	\$ 9,822,539	\$ -
Mental Health	Short-Term Residential	\$ 352	4,050	-	4,050	\$ 1,425,000	\$ 1,425,000	\$ -
Substance Abuse	Inpatient Detoxification	\$ 250 - \$ 400	13,505	2,083	11,422	\$ 2,183,028	\$ 2,855,500	\$ -
Total Amount Owed to Department								\$ -

* Includes Other Bundled Projects of approximately \$ 5.5 million

Southeast Florida Behavioral Health Network, Inc.
Schedule of Transfers to Sub-Recipients
for Program Services
For the Year Ended June 30, 2022

Provider (Sub-Recipient):	Contract Number	Total Expenditures
Substance Abuse and Mental Health Services:		
211 Palm Beach/Treasure Coast, Inc.	LTF09	\$ 492,851
Access Recovery Solutions, LLC	PDA54	1,325,427
Alternatives in Treatment, LLC Mandal Healing Center	PDA61	1,520,658
Behavior Basics Incorporated	ZNA29	8,341
Brighter Families	PNA37	3,697,294
Carrfour Supportive Housing, Inc.	PNA38	180,884
Catholic Charities	LNFO1	123,865
Chrysalis Center	PNC26	750,000
Collectively - A Radlauer Adventure	AGR54	25,200
Comprehensive Wellness Center, LLC	PTA02	863,592
Counseling and Recovery Center, Inc.	ZDA14	2,378,925
Counseling and Recovery Center, Inc.	ZDF04	600,000
Drug Abuse Foundation of Palm Beach County, Inc.	PDA48	5,790,075
Drug Abuse Treatment Association, Inc.	LDC07	7,191,002
Ebb Tide Treatment LLC	PDA47	559,985
Father Flanagan's Boys Town Florida, Inc.	PNC25	413,356
Federation of Families of Florida	PNF25	180,780
Ferd and Gladys Alpert Jewish Family and Children	AGR55	100,000
Hanley Center Foundation, Inc.	PDC19	1,237,089
Henderson Behavioral Health, Inc.	PNA36	908,664
Henderson Behavioral Health, Inc.	PDF04	600,000
Henderson Behavioral Health, Inc.	LTF10	817,986
Housing Partnership, Inc.	PTF07	3,517,582
Housing Partnership, Inc.	PNA39	51,199
HPS Helping-People Succeed, Inc.	ZNC16	856,495
HSP4, LLC	AGR43	10,613
Indian River County Healthy Start Coalition, Inc.	ZDA25	76,976
Jeff Industries, Inc.	PNA16	542,970
JFK Medical Center - North Campus	PNF23	495,886
Love and Hope In Action	ZNA34	247,638
MD Flow Her, LLC	AGR60	210,000
Mental Health Association in Indian River County	ZNA30	767,038
Mental Health Association of Palm Beach County	PNA32	626,235
National Alliance on Mental Illness - Palm Beach County	PNA17	25,000
National Alliance on Mental Illness - Martin County	ZNA37	21,719
New Horizons of the Treasure Coast, Inc.	ZTF13	13,195,913
New Horizons of the Treasure Coast, Inc.	ZNA38	983,866
New Horizons of the Treasure Coast, Inc.	ZNC24	750,000
Okeechobee Substance Abuse Coalition, Inc.	ZDF02	12,312
Our Village Okeechobee, Inc.	ZTF15	196,938
Palm Beach County Substance Abuse Coalition	PDC18	126,869
Palm Beach Habilitation Center, Inc.	PNA19	82,662
Palm Healthcare Foundation	AGR48	50,000
Pinnacle Wellness Group, LLC	ZDA23	201,273
Psychotherapeutic Services of Florida, Inc.	ZNA33	441,475

Southeast Florida Behavioral Health Network, Inc.
Schedule of Transfers to Sub-Recipients
for Program Services
(continued)
For the Year Ended June 30, 2022

Provider (Sub-Recipient):	Contract Number	Total Expenditures
Substance Abuse and Mental Health Services:		
Public Defenders Office, Nineteenth Judicial Circuit	ZDA08	157,088
Rebel Recovery Florida, Inc.	PDA56	978,426
Rite Life Services, Inc.	ZDA24	509,114
Roundtable of St. Lucie County, Inc.	ZDF03	87,673
South County Mental Health Center, Inc.	PNA31	11,765,586
SP Behavioral LLC d/b/a Sandypines Hospital	AGR09	241,601
Substance Abuse Council of Indian River County	ZDF05	984,408
Sunset House, Inc.	PDA44	161,997
The Devereux Foundation	AGR41	1,758
The Lord's Place, Inc.	PNA22	514,348
The Recovery Research Network Foundation, Inc.	PDA57	986,737
The Recovery Research Network Foundation, Inc.	PDA59	746,825
Transpire Help	PDA63	108,083
Tykes & Teens, Inc.	ZNC25	1,290,000
University of Florida	AGR34	500,000
Wayside House, Inc.	PDA51	1,531,870
		<u>73,822,147</u>
Total Substance Abuse and Mental Health Services		<u>73,822,147</u>
Carryforward Funded Services:		
211 Palm Beach/Treasure Coast, Inc.	LTF09	55,556
Brighter Families	PNA37	116,936
Chrysalis Center	PNC26	150,000
Drug Abuse Foundation of Palm Beach County, Inc.	PDA48	225,000
Drug Abuse Treatment Association, Inc.	LDC07	60,000
Father Flanagan's Boys Town Florida, Inc.	PNC25	60,000
Henderson Behavioral Health, Inc.	PNA36	266,427
Love and Hope In Action	ZNA34	11,670
New Horizons of the Treasure Coast, Inc.	ZTF13	142,211
Psychotherapeutic Services of Florida, Inc.	ZNA33	435,552
Rite Life Services, Inc.	ZDA24	5,790
South County Mental Health Center, Inc.	PNA31	207,097
The Lord's Place, Inc.	PNA22	3,585
		<u>1,739,824</u>
Total Carryforward Funded Services		<u>1,739,824</u>

Southeast Florida Behavioral Health Network, Inc.
Schedule of Transfers to Sub-Recipients
for Program Services
(continued)
For the Year Ended June 30, 2022

Provider (Sub-Recipient):	Contract Number	Total Expenditures
Other Program Services:		
Alternatives in Treatment, LLC Mandal Healing Center	PDA61	133,179
Center for Family Services	PTF06	375,558
Commonly Well	AGR47	205,275
Drug Abuse Foundation of Palm Beach County, Inc.	PDA48	109,818
Drug Abuse Treatment Association, Inc.	ZDC08	40,753
Hanley Center Foundation, Inc.	PDC19	37,500
Housing Partnership, Inc.	PNA39	325,770
Legacy Behavioral Health Center, Inc.	ZNA36	101,717
Mental Health Association of Indian River County	ZNA24	102,229
Miscellaneous Indian River Reinvestment Grant Providers	N/A	108,831
Miscellaneous Okeechobee Reinvestment Grant Providers	N/A	13,230
Miscellaneous Palm Beach County Grants Providers	N/A	68,613
New Horizons of the Treasure Coast, Inc.	ZNA35	229,303
Palm Beach County Substance Abuse Coalition	PDA58	62,500
Palm Healthcare Foundation, Inc.	AGR49	75,000
Rebel Recovery Florida, Inc.	PDA56	17,825
Rebel Recovery Florida, Inc.	PDA62	251,349
Rite Life Services, Inc.	ZDA24	2,905
		<u>2,261,355</u>
Total Other Program Services		<u>2,261,355</u>
Total Transfers to Sub-Recipients for Program Services		<u>77,823,326</u>
Operational Services:		
211 Palm Beach/Treasure Coast, Inc.	LTF09	20,833
Collectively - A Radlauer Adventure	ARG54	12,000
Rite Life Services, Inc.	ZDA24	3,147
Miscellaneous noncontracted provider payments	N/A	19,326
		<u>55,306</u>
Total Operational Services		<u>55,306</u>
Total Transfers to Sub-Recipients		\$ <u>77,878,632</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, 2022, 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 22, 2022.

Report on 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 or significant deficiencies may exist that were not identified.

Report on 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 22, 2022

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

Opinion on Each Major Federal Program and State Project

We have audited Southeast Florida Behavioral Health Network, Inc. (the "Organization") (a nonprofit organization) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement*, and the compliance requirements identified as subject to audit 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, 2022. 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.

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, 2022.

Basis for Opinion on Each Major Federal Program and State Project

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*. Our responsibilities under those standards, the Uniform Guidance; and *Rules of the Auditor General* are further described in the Auditor's 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 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, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Organization's federal programs and state projects.

Auditor's 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 generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance and Chapter 10.650, *Rules of the Auditor General* 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 state project as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance, and 10.650, *Rules of the Auditor General* 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 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 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 Chapter 10.650, *Rules of the Auditor General*. Accordingly, this report is not suitable for any other purpose.



KEEFE McCULLOUGH

Fort Lauderdale, Florida
December 22, 2022

**Southeast Florida Behavioral Health Network, Inc.
 Schedule of Findings and Questioned Costs
 For the Year Ended June 30, 2022**

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>Assistance Listing No.</u>	<u>Federal Program(s)</u>
	United States Department of Health and - Human Services -
93.959	Block Grants for Prevention and Treatment of Substance Abuse
93.558	Temporary Assistance for Needy Families (TANF)

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

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

Federal	\$ 1,121,029
State	\$ 750,000

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

Southeast Florida Behavioral Health Network, Inc.
Schedule of Findings and Questioned Costs
(continued)
For the Year Ended June 30, 2022

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.