

**FIRST STEP OF SARASOTA,  
INC.**

**Financial Statements and  
Supplemental  
Information**

**Year Ended June 30, 2023**

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## INDEPENDENT AUDITOR'S REPORT

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Accountants

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To the Board of Directors of  
First Step of Sarasota, Inc.  
Sarasota, Florida

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the accompanying financial statements of First Step of Sarasota, Inc. (the "Corporation") (a nonprofit organization), which comprise the statement of financial position as of June 30, 2023, and the related statement 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 present fairly, in all material respects, the financial position of the Corporation as of June 30, 2023, 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 Corporation 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 for the Financial Statements***

Management is responsible for the preparation and fair presentation of the 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 Corporation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### ***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 Corporation'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 Corporation'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.

### **Report on Summarized Comparative Information**

We have previously audited the Corporation's 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 27, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

## **Other Matters**

### *Schedule of Expenditures of Federal Awards and State Financial Assistance*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards and state financial assistance, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and State of Florida Chapter 10.650, *Rules of the Auditor General*, 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 schedule of expenditures of federal awards and state financial assistance is fairly stated, in all material respects, in relation to the financial statements as a whole.

### *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 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 is fairly stated, in all material respects, in relation to the financial statements as a whole.

## **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated October 27, 2023, on our consideration of the Corporation'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 Corporation'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 Corporation's internal control over financial reporting and compliance.

*Moss, Krusick & Associates, LLC*

Winter Park, Florida  
October 27, 2023

**FIRST STEP OF SARASOTA INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2023**  
**WITH SUMMARIZED COMPARATIVE TOTALS FOR JUNE 30, 2022**

<b>ASSETS</b>	<b>2023</b>	<b>2022</b>
<b>Current assets:</b>		
Cash and cash equivalents	\$ 5,683,132	\$ 7,920,679
Investments	4,750,603	178,525
Accounts receivable - grants and contracts	3,291,847	3,199,788
Accounts receivable (net) - client and third-party payees	855,186	701,391
Inventory	38,310	38,310
Prepaid expenses	673,008	158,839
<b>Total current assets:</b>	<b>15,292,086</b>	<b>12,197,532</b>
<b>Non-current assets:</b>		
Property and equipment:		
Land	466,236	466,236
Construction in process	256,023	24,147
Buildings	8,338,600	8,338,600
Furniture and equipment	1,098,875	1,045,902
Vehicles	209,175	127,619
	10,368,909	10,002,504
(Accumulated depreciation)	(5,014,319)	(4,699,487)
Total property and equipment, net	5,354,590	5,303,017
Operating lease right-of-use asset	482,591	-
<b>Total assets</b>	<b>\$ 21,129,267</b>	<b>\$ 17,500,549</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current liabilities:</b>		
Accounts payable	\$ 482,453	\$ 342,865
Accrued liabilities	303,039	212,580
Client deposits	288,752	135,314
Refundable advance - contracts and grants	1,887,227	1,016,086
Current portion of capital leases	-	22,975
Current portion of operating lease liability	81,671	-
Current portion of notes payable	1,096	2,144
<b>Total current liabilities</b>	<b>3,044,238</b>	<b>1,731,964</b>
<b>Long-term liabilities</b>		
Capital leases (less current portion)	-	11,488
Operating lease liability (less current portion)	402,840	-
Notes payable (less current portion)	4,672	5,764
<b>Total long-term liabilities</b>	<b>407,512</b>	<b>17,252</b>
<b>Total liabilities</b>	<b>3,451,750</b>	<b>1,749,216</b>
<b>Net assets</b>		
Without donor restrictions:		
Net investment in property and equipment	4,803,291	4,706,265
Undesignated	12,312,365	10,460,729
Total net assets without donor restrictions	17,115,656	15,166,994
With donor restrictions:		
Buildings	551,299	573,777
Contributions	10,562	10,562
Total net assets with donor restrictions	561,861	584,339
<b>Total net assets</b>	<b>17,677,517</b>	<b>15,751,333</b>
<b>Total liabilities and net assets</b>	<b>\$ 21,129,267</b>	<b>\$ 17,500,549</b>

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

**FIRST STEP OF SARASOTA INC.**

**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**

**FOR THE YEAR ENDED JUNE 30, 2023  
WITH SUMMARIZED COMPARATIVE TOTALS FOR JUNE 30, 2022**

	<b>2023</b>	<b>2022</b>
<b>Operating revenues and support</b>		
Contracts and grants (federal and state)	\$ 16,812,049	\$ 16,321,875
County and local contracts	5,412,577	3,979,713
Client fees, insurance, medicare, and medicaid	2,875,259	2,583,943
Rental income	93,774	84,249
Subtotal	25,193,659	22,969,780
Net assets released from restrictions	22,478	52,441
Total revenues and support	25,216,137	23,022,221
<b>Functional expenses</b>		
Program Expenses		
Pathways Level 1	832,408	743,867
Seasons Level 2	634,926	1,836,030
Choices and crossroads	1,400,656	866,934
VIPER	125,671	78,459
Mothers and infants level 2	818,521	551,856
Choices	-	486,730
ARF/Detoxification	3,556,483	2,741,433
Crisis Tirage Unit Crisis Support	-	176,610
CORT	2,158,199	157,565
Crisis Stabilization Unit	4,882,289	4,231,739
BHRT	174,657	281,857
Access Center	172,444	-
Outpatient Services	6,540,299	6,854,512
Compeer	94,417	134,374
Royal Palm	118,588	144,312
Supporting Services:		
Fundraising	111,452	91,547
Administration	1,966,405	1,858,714
<b>Total functional expenses</b>	<b>23,587,415</b>	<b>21,236,539</b>
<b>Increase in net assets before other revenues (expenses)</b>	<b>1,628,722</b>	<b>1,785,682</b>

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

FIRST STEP OF SARASOTA INC.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

FOR THE YEAR ENDED JUNE 30, 2023  
WITH SUMMARIZED COMPARATIVE TOTALS FOR JUNE 30, 2022

	<u>2023</u>	<u>2022</u>
<b>Other revenues (expenses)</b>		
Gross special events revenue	\$ 53,400	\$ 42,200
Less cost of direct benefits to donors	<u>(26,819)</u>	<u>(30,170)</u>
Net special events revenue	26,581	12,030
Contributions	130,821	258,911
Contributions of non-financial assets	75,337	73,837
Net investment gain (loss)	72,266	(4,507)
Miscellaneous income	14,235	46,775
Gain/(loss) on disposal of equipment	700	(650,863)
<b>Total other revenues (expenses)</b>	<u>319,940</u>	<u>(263,817)</u>
<b>Increase in net assets without donor restrictions</b>	1,948,662	1,521,865
<b>Net assets without donor restrictions, beginning of year</b>	<u>15,166,994</u>	<u>13,645,129</u>
<b>Net assets without donor restrictions, end of year</b>	<u>\$ 17,115,656</u>	<u>\$ 15,166,994</u>
<b>Changes in net assets with donor restrictions</b>		
Buildings released from restriction	\$ (22,478)	\$ (51,441)
Contributions released from restriction	<u>-</u>	<u>(1,000)</u>
<b>Decrease in net assets with donor restrictions</b>	<u>(22,478)</u>	<u>(52,441)</u>
<b>Net assets with donor restrictions, beginning of year</b>	<u>584,339</u>	<u>636,780</u>
<b>Net assets with donor restrictions, end of year</b>	<u>\$ 561,861</u>	<u>\$ 584,339</u>

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

**FIRST STEP OF SARASOTA INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2023**  
**WITH SUMMARIZED COMPARATIVE TOTALS FOR JUNE 30, 2022**

2023							
Program Services							
	Pathways Level 1	Seasons Level 2	Choices & Crossroads	VIPER	Mothers & Infants Lvl 2	ARF/ Detoxification	CORT
Salaries	\$ 490,111	\$ 327,054	\$ 650,641	\$ 92,427	\$ 545,271	\$ 2,576,082	\$ 1,202,972
Fringe benefits/taxes	87,328	61,233	125,900	18,765	68,565	380,053	176,887
Professional fees, serv, recruit	27,189	29,735	81,309	3,840	25,644	110,151	66,662
Medical supplies/equip/lab	33,154	36,658	40,255	306	5,718	90,936	52,128
Food supplies	61,927	66,965	190,491	12	51,889	99,063	261,711
Operating supplies	25,738	20,111	45,521	3,925	17,233	41,748	54,879
Occupancy expenses	63,736	67,755	197,950	2,797	60,504	151,204	236,252
Depreciation expenses	6,395	6,865	19,988	42	15,521	29,361	56,794
Travel, confer, edu	206	228	1,269	1,305	6,664	357	2,377
Comm, public relat, mktg	200	-	-	-	-	-	-
Subscriptions/dues/software fees	13,840	14,466	42,544	2,252	13,941	57,657	37,147
Special events	22	23	68	3	22	94	57
Other expenses	22,584	3,856	4,788	-	7,571	19,871	10,390
Subtotals	<u>832,430</u>	<u>634,949</u>	<u>1,400,724</u>	<u>125,674</u>	<u>818,543</u>	<u>3,556,577</u>	<u>2,158,256</u>
Less expenses included with Special Event revenue in the Statement of Activities	<u>(22)</u>	<u>(23)</u>	<u>(68)</u>	<u>(3)</u>	<u>(22)</u>	<u>(94)</u>	<u>(57)</u>
Subtotals	832,408	634,926	1,400,656	125,671	818,521	3,556,483	2,158,199
Indirect administration allocation	<u>64,801</u>	<u>43,574</u>	<u>87,144</u>	<u>12,478</u>	<u>68,885</u>	<u>331,739</u>	<u>154,849</u>
<b>Total program expenses</b>	<u>\$ 897,209</u>	<u>\$ 678,500</u>	<u>\$ 1,487,800</u>	<u>\$ 138,149</u>	<u>\$ 887,406</u>	<u>\$ 3,888,222</u>	<u>\$ 2,313,048</u>

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

**FIRST STEP OF SARASOTA INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2023**  
**WITH SUMMARIZED COMPARATIVE TOTALS FOR JUNE 30, 2022**

	<b>2023</b>					
	<b>Program Services</b>					
	<b>Crisis Stabilization Unit</b>	<b>BHRT</b>	<b>Access Center</b>	<b>Outpatient Services</b>	<b>Compeer</b>	<b>Royal Palm</b>
Salaries	\$ 2,894,937	\$ 135,315	\$ 132,445	\$ 4,199,366	\$ 49,497	\$ 16,544
Fringe benefits/taxes	446,083	12,495	14,805	764,047	7,289	651
Professional fees, serv, recruit	418,383	8,952	8,839	224,238	3,627	-
Medical supplies/equip/lab	88,641	85	84	499,336	-	-
Food supplies	175,730	26	25	4,148	217	-
Operating supplies	91,653	1,844	1,821	75,361	5,640	1,649
Occupancy expenses	528,652	12,557	11,085	363,546	1,100	75,554
Depreciation expenses	90,776	90	89	2,290	-	23,530
Travel, confer, edu	1,142	11	11	11,901	1,044	-
Comm, public relat, mktg	-	-	-	-	20,926	-
Subscriptions/dues/software fees	100,831	3,282	3,240	153,778	4,389	-
Special events	153	5	5	184	4,247	-
Other expenses	45,461	-	-	242,288	688	660
Subtotals	4,882,442	174,662	172,449	6,540,483	98,664	118,588
Less expenses included with Special Event revenue in the Statement of Activities	(153)	(5)	(5)	(184)	(4,247)	-
Subtotals	4,882,289	174,657	172,444	6,540,299	94,417	118,588
Indirect administration allocation	374,932	16,587	16,525	556,998	235,963	1,930
<b>Total program expenses</b>	<b>\$ 5,257,221</b>	<b>\$ 191,244</b>	<b>\$ 188,969</b>	<b>\$ 7,097,297</b>	<b>\$ 330,380</b>	<b>\$ 120,518</b>

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

**FIRST STEP OF SARASOTA INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2023**  
**WITH SUMMARIZED COMPARATIVE TOTALS FOR JUNE 30, 2022**

	2023			Totals 2023	Totals 2022
	Program Services	Supporting Services			
	Total	Fundraising	General & Administration		
Salaries	\$ 13,312,662	\$ -	\$ 811,670	\$ 14,124,332	\$ 12,607,156
Fringe benefits/taxes	2,164,101	-	126,775	2,290,876	2,129,867
Professional fees, serv, recruit	1,008,569	71,778	243,465	1,323,812	1,475,254
Medical supplies/equip/lab	847,301	-	-	847,301	469,682
Food supplies	912,204	3,885	9,117	925,206	670,173
Operating supplies	387,123	2,430	29,155	418,708	415,996
Occupancy expenses	1,772,692	-	213,994	1,986,686	1,761,722
Depreciation expenses	251,741	-	88,342	340,083	374,192
Travel, confer, edu	26,515	401	11,235	38,151	43,031
Comm, public relat, mktg	21,126	11,716	756	33,598	15,929
Subscriptions/dues/software fees	447,367	6,698	29,999	484,064	430,451
Special events	4,883	21,933	-	26,816	30,169
Other expenses	358,157	14,544	401,897	774,598	843,086
Subtotals	21,514,441	133,385	1,966,405	23,614,231	21,266,708
Less expenses included with Special Event revenue in the Statement of Activities	(4,883)	(21,933)	-	(26,816)	(30,169)
Subtotals	21,509,558	111,452	1,966,405	23,587,415	21,236,539
Indirect administration allocation	1,966,405	-	(1,966,405)	-	-
<b>Total program expenses</b>	<b>\$ 23,475,963</b>	<b>\$ 111,452</b>	<b>\$ -</b>	<b>\$ 23,587,415</b>	<b>\$ 21,236,539</b>

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

**FIRST STEP OF SARASOTA INC.**  
**STATEMENT OF CASH FLOW**  
**FOR THE YEAR ENDED JUNE 30, 2023**  
**WITH SUMMARIZED COMPARATIVE TOTALS FOR JUNE 30, 2022**

	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 1,926,184	\$ 1,469,424
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
(Gain)/loss on disposal of fixed assets	-	650,863
Depreciation	340,083	374,191
Bad debt expense	477,563	579,930
Unrealized (gain)/loss on investments	(72,078)	4,911
Non-cash rent	1,920	-
Decrease (increase) in operating assets:		
Accounts receivable - all	(723,417)	(1,293,824)
Prepaid expenses	(514,169)	86,637
Deposits	-	(1,315)
Increase (decrease) in operating liabilities:		
Accounts payable	139,588	170,550
Accrued liabilities	243,897	(414,030)
Refundable advance - contracts and grants	871,141	444,410
<b>Net cash provided by operating activities</b>	<b>2,690,712</b>	<b>2,071,747</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of securities	(4,500,000)	-
Proceeds from the sale of building	-	196,209
Purchases of property and equipment	(391,656)	(681,232)
<b>Net cash used in investing activities</b>	<b>(4,891,656)</b>	<b>(485,023)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payments on notes payable and capital leases	(36,603)	(234,978)
<b>Net cash used in financing activities</b>	<b>(36,603)</b>	<b>(234,978)</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(2,237,547)</b>	<b>1,351,746</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>7,920,679</b>	<b>6,568,933</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 5,683,132</b>	<b>\$ 7,920,679</b>
<b>SUPPLEMENTAL DISCLOSURES</b>		
Interest paid	<b>\$ 225</b>	<b>\$ 2,507</b>
<b>SIGNIFICANT NON-CASH TRANSACTIONS</b>		
<b>OPERATING LEASE</b>		
Operating lease right-of-use asset	\$ (566,182)	\$ -
Operating lease liability	\$ 566,182	\$ -

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

**First Step of Sarasota, Inc.**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2023**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization**

First Step of Sarasota, Inc. (the Corporation) is a not-for-profit corporation whose mission is to prevent and treat alcohol and drug addictions and associated disorders for individuals in Sarasota and neighboring counties. Effective October 23, 2019, pursuant to action by the Board of Directors, Coastal Behavioral Healthcare, Inc. (Coastal), a not-for-profit corporation with substantially the same mission, became a subsidiary of the Corporation. The acquisition of the subsidiary expanded the mission and services to include comprehensive mental health care. As of July 1, 2020, the majority of Coastal's contracts and programs were transferred to First Step, and Coastal remained operational through October 2020. As of June 30, 2021, all assets, liabilities, and net assets of Coastal were completely transferred to First Step. The Corporation's major sources of revenue are federal, state, and local grants, contributions, and client fees, including patient care and third-party payees (private insurance, Medicaid, and Medicare).

**Basis of Accounting**

The financial statements of the Corporation have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

**Financial Statement Presentation**

The Corporation is required by accounting principles generally accepted in the United States to report information regarding its financial position and activities according to two classes of net assets: Without Donor Restrictions and With Donor Restrictions. Net assets without donor restrictions are not subject to donor-imposed stipulations. Net assets with donor restrictions are subject to donor-imposed stipulations that may or will be met either by actions of the Corporation and/or the passage of time or purpose. When a restriction expires, net assets with donor restriction are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restriction.

**Comparative amounts for 2022**

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a complete presentation in conformity with accounting principles generally accepted in the United States. Accordingly, such information should be read in conjunction with the Corporation's financial statements for the year ended June 30, 2022, from which the information was derived.

**Functional Allocation of Expenses**

The Corporation's directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function in residential and special services programs are allocated based on the number of bed days provided for each of the functions. Expenses related to more than one function in outpatient services and supporting services, separately, are allocated based on the program's proportionate share of expenses prior to the allocation. Management expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Corporation and are allocated to the programs based on personnel expense. The allocation of indirect administrative costs was included in the statement of functional expenses for the purpose of the granting agencies, and not included in the statement of activities as an allocated indirect cost.

**First Step of Sarasota, Inc.**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2023**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Cash and Cash Equivalents**

For the purpose of the statement of cash flows, the Corporation considers all highly liquid investments available for current use with an original maturity of three months or less to be cash equivalents.

**Investments**

Investments in equities with readily determinable market values are recorded at fair value. Unrealized and realized gains and losses on these investments are reported in the statement of revenues and expenses without donor restrictions and statement of changes in net assets.

**Accounts Receivable**

Accounts receivable primarily consists of grants and contracts, as well as client and third-party payees. These receivables are expected to be collected within 30 days and are considered delinquent if they are not. Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision based on its assessment of the current status of individual accounts and contracts. Balances that are still outstanding after management has used reasonable collection efforts are written off. Accounts receivable is reported net of the allowance for doubtful accounts of \$1,557,854.

**Inventory**

Inventory is stated at the lower of cost or market and consists of pharmaceuticals and supplies for in-patient care. Cost is determined on a first-in, first-out basis.

**Property and Equipment**

Expenditures for property and equipment in excess of \$1,500 with an estimated useful life of greater than one year, are capitalized. Purchased property and equipment are recorded at cost. Donated property and equipment are carried at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful life of the respective assets. Depreciation expense was \$340,083 in 2023.

As further described in Note 9, the Corporation has certain facilities and properties used in the course of providing services to the community. Should the Corporation cease to occupy or utilize these facilities and/or properties, these facilities and properties would be subject to certain obligations pursuant to grant or contractual agreements. The remaining balances of buildings with donor restrictions are more fully described in Note 5.

The Corporation has a lease agreement with the City of Sarasota for property located on 10th Street in Sarasota. The lease term is \$1 per year for 50 years, expiring in 2041. Per the lease agreement, every building, structure, or other improvement on the property becomes property of the City of Sarasota upon expiration of the lease term.

First Step of Sarasota, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**Contributions and Recognition of Donor Restrictions**

Contributions received are recorded as with donor restrictions or without donor restrictions depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in with donor restrictions depending on the nature of the restriction.

**Promises to Give**

Contributions are recognized as support when the donor makes a promise to give that is, in substance, unconditional. Promises to give are recorded at net realizable value if expected to be collected in one year and at a discounted realizable value if expected to be collected in more than one year. Conditional promises to give are recognized as support when the conditions on which they depend are substantially met. There were no promises to give at June 30, 2023.

**Income Taxes**

The Corporation is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Under *Accounting Standards Codification (ASC) Section 740-10, Income Tax Uncertainties*, it is the policy of management to evaluate its tax positions on an ongoing basis and to disclose any such positions it believes would have a material impact on the financial statements and related notes. Management also believes that no such required disclosures currently exist.

The Corporation is no longer subject to U.S. federal or state income tax examinations by tax authorities for years before 2020.

**Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from these estimates.

**Contributed Non-Financial Assets**

Donated services and facilities that are measurable are recorded as a contribution at their fair market values at the date of receipt by the Corporation. The contributions of services are recognized if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation.

For the year ended June 30, 2023 contributed non-financial assets recognized within the statement of activities included:

	<u>2023</u>
Occupancy	\$ 75,337
	<u>\$ 75,337</u>

**First Step of Sarasota, Inc.**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2023**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Revenue Recognition**

*Client/Patient Care Services*

Effective July 1, 2020, the Corporation adopted Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers*, and its related amendments (collectively known as ASC 606), using the modified retrospective transition approach applied to all contracts.

ASC 606 outlines a single comprehensive model to use in accounting for revenue arising from contracts with customers. The core principle, involving a five-step process of the revenue model, is that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Additional information about the Corporation's revenue recognition policies and the related impact of the adoption is included in Note 12 to the financial statements.

Implementation of this standard does not apply to government funded or local contracts and grants, which are recorded under the Financial Accounting Standards Board (FASB) ASC 958-605, Not-for-Profits, and discussed below.

*Contracts and Grants*

In accordance with FASB ASC 958-605, *Not-for-Profits*, the majority of the Corporation's revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Corporation has incurred expenditures in compliance with specific contracts or grant provisions. Such grant programs are subject to independent audit under the Office of Management and Budget's (OMB) Uniform Guidance (2 CFR 200), as well as review by other state and local grantor agencies. Such review could result in disallowance of expenditures under the terms of the grant or reductions in future grant funds. Based on prior experience, the Corporation's management believes costs ultimately disallowed, if any, would not materially affect the financial statements.

*Refundable Advance – Contracts and Grants*

Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position. The Corporation received \$1,887,227 of grant funds that have not been recognized at June 30, 2023, because qualifying expenditures have not been incurred. This amount has been recognized in the statement of financial position as a refundable advance.

*Other Revenues*

Other revenues include rental income from clients staying at the Royal Palm apartments, contributions related to special events, and miscellaneous income related to various reimbursements.

First Step of Sarasota, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Accounting Pronouncements Implemented**

In September 2020, the FASB issued ASU No. 2020-07, *Not-for-Profit Entities* (Topic 958): *Presentation and Disclosures by Not-for-Profit Entities for Contributed Non-financial Assets*, which requires the monitoring and tracking of gifts in kind by asset category, while also noting any donor-imposed restrictions. The Corporation adopted ASU No. 2020-07 effective July 1, 2021. The adoption has no significant impact on the Corporation's financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases*, that requires lessees to put most leases on its balance sheets and recognize expenses on its income statements in a manner similar to today's capital lease accounting. For lessors, the guidance modifies the classification criteria for accounting for sales-type and direct financing leases. The Corporation adopted the lease standard effective July 1, 2022 using the optional transition method, which applies the provisions of the standard at the effective date without adjusting the prior period.

**Subsequent Events**

The Corporation has evaluated subsequent events and transactions for potential recognition or disclosure in the financial statements through October 27, 2023, the date of the independent auditor's report.

The Corporation changed its legal name to Lightshare Behavioral Wellness & Recovery effect July 14, 2023.

**NOTE 2 – CASH**

The Corporation maintains cash in bank deposit accounts, which at times, exceeds federally insured limits. The Corporation has not experienced any losses in such accounts and believes it is not exposed to any significant risks on its cash in bank deposit accounts.

**NOTE 3 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

The following reflects the Corporation's financial assets as of the statement of financial position date, reduced by amounts not available for general use within one year of the statement of financial position date because of contractual or donor-imposed restrictions. Amounts available include current assets available for expenditure in the following year. Amounts not available include items such as restricted net assets and revenue received in advance and not available for general expenses.

	<b>2023</b>
Financial assets, at year-end*	<u>\$ 14,580,768</u>
Less: those unavailable for general expenditures within one year, due to contractual or donor-imposed restrictions:	
Restricted by donor with time or purpose restrictions	(10,562)
<b>Total</b>	<u><u>\$ 14,570,206</u></u>

\*Total assets, less non-financial assets (i.e., property and equipment, inventory, prepaid expenses, and operating lease right-of-use asset)

**First Step of Sarasota, Inc.**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2023**

**NOTE 4 – LONG-TERM DEBT**

*Sarasota County*

The Corporation financed with Sarasota County a water connection at the US 301 location, which was secured by a lien on the property. It was payable in monthly installments of \$196 including interest at 3%. Future minimum payments for years ending June 30, are as follows: 2024 -\$1,096, 2025 - \$2,276, 2026 - \$2,396.

*SunTrust Bank*

In 2012, the Corporation entered into a loan agreement for up to \$650,000 toward the construction of the new administration building. During 2012 and 2013, the Corporation drew down the full balance of the loan for that purpose. The promissory note required monthly payments of interest only (at a fixed rate of 4.36%) through February 2013, then equal monthly payments of \$4,948 through February 2027. The note is secured by a mortgage on the property. The note may be prepaid in whole or in part without penalty. The remaining balance of the SunTrust Bank loan was paid in full during fiscal year 2022.

*Line of Credit*

The Corporation has a \$500,000 open end revolving line of credit with a financial institution. Interest is due monthly at the prime rate, which was 8.50% as of June 30, 2023. There was no outstanding balance at June 30, 2023.

*Contingent Liabilities*

The Corporation is contingently obligated under a “2007 County Note”, “2009 City Note”, “2010 Contract”, and “2015 County Note” as more fully described in Note 9. These obligations are not recorded as long-term debt because they are expected to be extinguished without requiring payment.

*Capital Leases*

The Corporation acquired computer equipment under a non-cancellable lease agreement, which required monthly payments of \$3,061. The capital lease was paid in full during 2023. The cost of the equipment is \$154,683 and accumulated amortization is \$137,201.

First Step of Sarasota, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

**NOTE 5 – Net Assets**

**With Donor Restrictions**

Contributions with donor restrictions are for the following programs:

<u>Account</u>	<u>2023</u>
Sandy Seidman Fund	\$ 10,562
<b>Total contributions with donor restrictions</b>	<b>\$ 10,562</b>

The Sandy Seidman Fund provides financial vouchers to graduates of the Mothers and Infants Program for such items as deposits on housing, utilities, and phone service.

In accordance with FASB ASU 958, buildings obtained or constructed with donor restricted net assets are being amortized over the length of time restricted by the donor. The donor imposed restrictions are described further in Note 9 of the financial statements. The remaining balances of buildings with donor restrictions at June 30, 2023, are identified below:

<u>Account</u>	<u>2023</u>
2007 Royal Palm	\$ 283,704
2009 Royal Palm	208,461
North Washington Blvd	40,864
Royal Palm 2015 agreement	18,270
<b>Total buildings with donor restrictions</b>	<b>\$ 551,299</b>

**NOTE 6 – RETIREMENT PLAN**

The Corporation provides a contributory tax-deferred annuity plan for all eligible employees. Employer contributions were suspended by the Corporation from January 1, 2009 to December 31, 2018. Beginning January 1, 2019, the Corporation reinstated contributions to the plan by providing matching contributions equal to 25% of each employee's contribution, up to 3% of the employee's base salary. Retirement expense was \$36,366 for 2023.

**NOTE 7 – REVENUE FROM THE STATE OF FLORIDA REQUIRING MATCH**

The Corporation received revenue from the State of Florida under contract with Central Florida Behavioral Health Network, the managing entity for the Department of Children and Families. The contract requires a local match for certain services. The Corporation incurred and funded allowable program costs in excess of the required match.

**First Step of Sarasota, Inc.**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2023**

**NOTE 8 – LEASE ASSET AND LEASE LIABILITY**

As disclosed in Note 1, the Corporation adopted FASB ASU 2016-02. The Corporation leases its office space under operating leases. These leases are the only leases required to be included on the balance sheet under FASB ASU 2016-02. As a result, adopting FASB ASU 2016-02 had no impact to prior year balance sheet information, and because the leases are operating leases, the adoption of this standard has no impact on the results of operations.

The Corporation has elected to apply the short term lease exception to all leases with a term of one year or less. As of June 30, 2023, the Corporation had three short-term office leases.

As of June 30, 2023, the right-of-use (ROU) asset had a balance of \$482,591, as shown in the statement of financial position; the lease liability is included in current liabilities (\$81,671) and long-term liabilities (\$402,840). The lease asset and liability were calculated utilizing the risk-free discount rate (4.46%), according to the Corporation’s elected policy.

There are two three-year options to renew the office leases, which was considered when assessing the value of the ROU asset because the Corporation is reasonably certain that it will exercise its options to renew the lease.

Additional information about the Corporation’s lease is as follows:

Lease Costs (included in occupancy expense):

Operating lease cost	\$ 107,202
Total lease cost	\$ 107,202

Other information:

Cash paid for amounts included in measuring operating lease liability:

Operating cash flows from operating lease	\$ 105,283
Total cash paid for amounts included in measuring operating lease liability	105,283

Maturities of operating lease liabilities as of June 30, 2023

Year ending June 30:

	2024	\$ 107,842
	2025	97,042
	2026	86,242
	2027	86,242
	2028	86,242
	Thereafter	86,242
Total lease payments		549,852
Less: interest		(65,341)
Present value of lease liability		\$ 484,511

**First Step of Sarasota, Inc.**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2023**

**NOTE 9 – COMMITMENTS AND CONTINGENCIES**

**Public Support**

The Corporation receives a significant amount of its income from public support through grants and contracts, which provide for reimbursement of actual costs incurred. These grants and contracts are subject to year-end adjustment and audit and retroactive adjustment by third-party payers. All known adjustments affecting such grants and contracts have been provided for in the financial statements. The ability to continue operating at the current level of service if the grants or contracts were lost or cancelled is dependent upon the Corporation's ability to generate other unrestricted revenue sources.

**Legal Contingencies**

The Corporation, from time to time, is also involved in litigation arising in the course of business. After consultation with legal counsel, management estimates that any such matters will be either resolved without material adverse effect on the Corporation's future financial position or are too early in the process to evaluate the likelihood of an outcome. However, depending on the above and timing of such resolution, an unfavorable outcome of some or all of these matters could materially affect the Corporation's future results of operations or cash flows in a particular period.

**Contingent Liabilities**

*Royal Palm Property—2007 Contract and 2007 County Note*

In November 2007, The Corporation entered into a contract (the 2007 Contract) with Sarasota County (the County) whereby The Corporation received a twenty-year term loan of \$1,150,000 to purchase and renovate the Royal Palms apartment building for sober transitional and/or low-income housing. A total of \$1,095,537 was drawn on the loan through June 30, 2009, and, due to time limits specified in the contract, no additional funds were available after that date. The loan is evidenced by a promissory note (the 2007 County Note) and secured by a mortgage on the building.

The 2007 County Note bears interest at the rate of 0% per annum and is due and payable on January 30, 2027. Prepayment in full may be made at any time without penalty. Under terms of the 2007 Contract, provided The Corporation complies with the terms thereof, including completion of the project and all reporting requirements, the remaining balance of the 2007 County Note will be released by the County without payment at maturity (January 30, 2027). A key provision of the 2007 Contract is that the units in the building are required to be maintained as sober transitional and/or low-income housing residences for twenty years. Furthermore, in the event the 2007 Contract is terminated prior to maturity, The Corporation's repayment obligation shall be pro rata based on an annual principal reduction to the principal amount of the note of \$57,500.

*Royal Palm Property—2009 Agreement and 2009 City Note*

In June 2009, The Corporation entered into an agreement (the 2009 Agreement) with the City of Sarasota whereby the City provided The Corporation with a loan from the State Housing Initiatives Partnership Program in the amount of \$562,000 to develop affordable housing for persons with substance dependency. Under the 2009 Agreement, the City used the loan proceeds to pay down a corresponding amount of the 2007 County Note discussed above.

**First Step of Sarasota, Inc.**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2023**

**NOTE 9 – COMMITMENTS AND CONTINGENCIES (continued)**

*Royal Palm Property—2009 Agreement and 2009 City Note (continued)*

The loan is evidenced by a promissory note (the 2009 City Note) and secured by a mortgage on the same Royal Palms apartment building. The 2009 City Note bears interest at the rate of 0% per annum and is due and payable on the sale of the property, when the property is no longer used to house persons in accordance with the 2009 Agreement, or on June 30, 2029, whichever occurs first. The 2009 City Note may be prepaid in full at any time without penalty and may be forgiven at the end of twenty years (June 30, 2029) if The Corporation enters into an agreement to continue using the property(s) to house individuals with substance abuse disability or use the proceeds of any sale of the property to benefit individuals with substance abuse disabilities.

*North Washington Boulevard Property and 2010 Contract*

In September 2010, The Corporation entered into a contract (the 2010 Contract) with the County whereby The Corporation would receive up to \$561,939 from the County to renovate seventy-five housing units, which are to be used for substance-free housing. The housing units are owned by The Corporation. The Corporation drew down and expended the full amount of the 2010 Contract in 2011 and 2012.

There is no promissory note or mortgage related to the 2010 Contract. The 2010 Contract requires that the units be maintained as substance-free housing units for a period of ten years unless replaced sooner with a like number of newly constructed units. In the event that The Corporation ceases to operate the facility for the purposes of substance-free housing and treatment facility prior to the end of the ten years, the 2010 Contract shall be deemed terminated. In such event, The Corporation shall repay to the County the funds provided there-under “prorated on an annual reduction of 10%”. The County placed a deed restriction on the property to ensure the continued use of the units for its intended purpose as noted above.

*Royal Palm Property—2015 Agreement and 2015 County Note*

In April 2015, The Corporation entered into a grant agreement (the 2015 Agreement) with the County whereby The Corporation would receive a maximum loan of \$140,000 to replace certain windows at the Royal Palm apartment building, in an effort to mitigate future wind damage. The loan is evidenced by a promissory note (the 2015 County Note) and secured by a mortgage on the same Royal Palm apartment building as secures the 2007 County Note and 2009 City Note. The Corporation drew down and expended \$99,980 in 2015 related to this project but has not made any additional draws. The Corporation does not anticipate drawing down any additional monies related to this loan.

The 2015 County Note bears interest at the rate of 0% per annum. Prepayment in full may be made at any time without penalty. The Note is due and payable upon the sale of any portion of the property prior to April 30, 2025. The loan will be forgiven on April 30, 2025. A key provision of the 2015 Agreement is that the property will be leased to low-income residents for a period of ten years.

The Corporation intends to comply fully with the terms of the 2007 and 2010 Contracts, and the 2009 and 2015 Agreements, and expects all related obligations ultimately to be extinguished without requiring payment. Accordingly, no liabilities for these transactions have been recorded on the accompanying financial statements.

**First Step of Sarasota, Inc.**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2023**

**NOTE 10 – RELATED PARTY DISCLOSURE**

The Corporation paid rent of \$11,255 for the year ended June 30, 2023, for an office in Venice, Florida, owned by a Board Member's family limited partnership.

**NOTE 11 – FAIR VALUE MEASUREMENT**

The Fair Value topic of the FASB ASC establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of observable inputs other than quoted prices for identical assets, and Level 3 inputs have the lowest priority. The Corporation uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments.

When available, the Corporation measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs are only used when Level 1 or Level 2 inputs are not available. There were no changes in methods or assumptions from prior year.

The following table presents the fair value measurements of assets and liabilities recognized in the accompanying statement of financial position measured at fair value on a recurring basis, and the level within the fair value hierarchy in which the fair value measurements fall:

<b>Fair Value Measurements as of June 30, 2023</b>				
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Assets</b>				
Investments				
Stocks	\$ 4,750,603	\$ -	\$ -	\$ 4,750,603
<b>Total</b>	\$ 4,750,603	\$ -	\$ -	\$ 4,750,603

Methods and assumptions used by the Corporation in estimating fair values are as follows:

- Stocks: The fair value of these instruments is based upon quoted market prices or dealer quotes in an active market.

The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the beginning of the period. For the years ended June 30, 2023 and June 30, 2022, there were no transfers in or out of Levels 1, 2, or 3.

**First Step of Sarasota, Inc.**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2023**

**NOTE 12 – CLIENT/PATIENT CARE SERVICE REVENUE RECOGNITION**

For client/patient care services, the Corporation generates revenue primarily from services provided for mental health and substance abuse treatment. Revenues are stated net of contractual adjustments. Revenue generating activities under each customer contract represent a single performance obligation and are recognized at the point in time when service has been rendered for the customer and the Corporation's obligation has been fulfilled. The Corporation provides care to residents on a daily basis, including room and board, administration of medications, psychiatric evaluations, and program activities. The underlying task performed will vary by patient. The single performance obligation is based on the time period in which the client stays, billed monthly. Revenue is measured based on the amount of consideration expected to be received in exchange for the service. The contract term between the Corporation and the clients can be terminated or modified at any time.

Amounts due from patients, third-party payors (including health insurers, Medicare, and Medicaid), and others, include variable consideration for retroactive revenue adjustments due to settlement of audits, reviews, and investigations. Generally, the Corporation bills the patients and third-party payors monthly. Revenue is recognized as performance obligations are satisfied.

Performance obligations are determined based on the nature of the services provided by the Corporation. Revenue for performance obligations satisfied at a point in time is recognized based on actual charges incurred in relation to total expected (or actual) charges. The Corporation believes that this method provides a faithful depiction of the transfer of services of the performance obligation based on the inputs needed to satisfy the obligation. Generally, performance obligations satisfied at a point in time relate to patients in the residential treatment program receiving inpatient substance abuse and mental health care services, or patients receiving services in the outpatient centers. The Corporation measures the performance obligation after each service has been performed, from admission into the residential treatment program, or the commencement of an outpatient service, to the point when it is no longer required to provide services to that patient, which is generally at the time of discharge or completion of the outpatient services. Revenue for performance obligations satisfied at a point in time is generally recognized when goods are provided to the patients and customers (for example, pharmaceuticals) and the Corporation does not believe it is required to provide additional goods or services related to that patient.

The Corporation determines the transaction price based on standard charges for goods and services provided, reduced by contractual adjustments provided to third-party payors, discounts provided to uninsured patients in accordance with the Corporation's policy, and implicit price concessions provided to uninsured patients. The Corporation determines its estimates of contractual adjustments and discounts based on contractual agreements, its discount policies, and historical experience.

The Corporation determines its estimate of implicit price concessions based on its historical collection experience with this class of patients.

**First Step of Sarasota, Inc.**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2023**

**NOTE 12 – CLIENT/PATIENT CARE SERVICE REVENUE RECOGNITION (continued)**

Agreements with third-party payors typically provide for payments at amounts less than established charges. A summary of the payment arrangements with major third-party payors follows:

- Medicare—Certain inpatient substance abuse and mental health care services are paid at prospectively determined rates per discharge based on clinical, diagnostic, and other factors. Certain services are paid based on cost-reimbursement methodologies subject to certain limits. Physician services are paid based upon established fee schedules. Outpatient services are paid using prospectively determined rates.
- Medicaid—Reimbursements for Medicaid services are generally paid at prospectively determined rates per discharge, per occasion of service, or per covered member.
- Other—Payment agreements with certain commercial insurance carriers and preferred provider organizations provide for payment using prospectively determined rates per discharge, discounts from established charges, and prospectively determined daily rates. Sliding fee scales, based on income level, are used to determine the rates for self-pay clients.

Generally, patients who are covered by third-party payors are responsible for related deductibles and coinsurance, which vary in amount. The Corporation also provides services to uninsured patients, and offers those uninsured patients a discount, either by policy or law, from standard charges. The Corporation estimates the transaction price for patients with deductibles and coinsurance and from those who are uninsured based on historical experience and current market conditions. The initial estimate of the transaction price is determined by reducing the standard charge by any contractual adjustments, discounts, and implicit price concessions. Subsequent changes to the estimate of the transaction price are generally recorded as adjustments to patient service revenue in the period of the change.

The Corporation requires certain programs to have upfront deposits based on the terms of their policies and is shown on the face of the financial statements as client deposits, which are considered to be a contract liability.

Accounts receivable, net, from clients and third-party payees is \$855,186 at June 30, 2023, and \$701,391 at July 1, 2022 (beginning of the year).

**NOTE 13 – HAWTHORNE FAMILY CLASS TRUST BENEFICIARY**

Regions Bank, trustee of the Hawthorne Family Class Trust (FCT), notified Coastal in February 2021 that a sub-account of the trust has been set up in their name. As of June 30, 2023, the account balance has a market value of \$85,412. Through this agreement, and the acquisition of Coastal, the Corporation will receive a minimum of \$3,000 per year from this account, or \$250 monthly. This account is not included in the financial statements because the Corporation has no control of the FCT. The FCT will not terminate until the last original beneficiary dies.

## **OTHER REPORTS**



**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**

***Partners***

W. Ed Moss, Jr.  
Joe M. Krusick  
Cori G. Cameron  
Bob P. Marchewka  
Ric Perez  
Renee C. Varga  
Richard F. Hayes  
Frank J. Guida  
John J. Rody, Jr.  
Shawn M. Marshall

To the Board of Directors of  
First Step of Sarasota, Inc.  
Sarasota, Florida

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 First Step of Sarasota, Inc. (the Corporation), a non-profit organization, which comprise the statement of financial position as of June 30, 2023, 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 October 27, 2023.

**Report on Internal Control Over Financial Reporting**

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

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## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Corporation'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 Corporation'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 Corporation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Moss, Krusick & Associates, LLC*

Winter Park, Florida  
October 27, 2023

## **COMPLIANCE SECTION**



**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 THE STATE OF FLORIDA CHAPTER 10.650, RULES OF THE AUDITOR GENERAL**

***Partners***

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To the Board of Directors of  
First Step of Sarasota, Inc.  
Sarasota, Florida

**Report on Compliance for Each Major Federal Program and State Project**

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

We have audited First Step of Sarasota, Inc.'s (the Corporation) 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 Corporation's major federal programs and state projects for the year ended June 30, 2023. The Corporation'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 Corporation 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, 2023.

***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; 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 (Chapter 10.650)*. Our responsibilities under those standards and the Uniform Guidance and Chapter 10.650 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 Corporation 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 Corporation'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 Corporation'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 Corporation'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*, and the Uniform Guidance and Chapter 10.650 will always detect material noncompliance when it exists.

### ***Auditor's Responsibilities for the Audit of Compliance (continued)***

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*, and the Uniform Guidance and Chapter 10.650 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 Corporation'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*, and the Uniform Guidance, and Chapter 10.650 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 Corporation'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 Corporation'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, but not for the purpose of expressing an opinion on the effectiveness of the Corporation'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 or state project on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program or state project will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program or state project that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the 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. Accordingly, this report is not suitable for any other purpose.

*Moss, Krusick & Associates, LLC*

Winter Park, Florida  
October 27, 2023

FIRST STEP OF SARASOTA INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

FOR THE YEAR ENDED JUNE 30, 2023

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>ALN CSFA Number</u>	<u>Grantor or Pass-Through Number</u>	<u>Expenditures</u>
<b>Federal awards:</b>			
<b>U.S. Department of Health and Human Services</b>			
<i>Passed through Florida Alcohol and Drug Abuse Association:</i>			
State targeted response to the opioid crisis grant	93.788		\$ 36,040
Block grants for prevention and treatment of substance abuse*	93.959		<u>81,390</u>
Total Passed Through Florida Alcohol and Drug Abuse Association			<u>117,430</u>
<i>Passed through Central Florida Behavioral Health Network:</i>			
Block grants for prevention and treatment of substance abuse*	93.959		3,876,772
Block grants for community mental health services	93.958		1,181,276
Temporary Assistance for Needy Families (TANF)*	93.558		226,951
Mental health disaster assistance and emergency medical health	93.982		164,587
Crisis counseling	97.032		20,386
State targeted response to the opioid crisis grant	93.778		<u>703,333</u>
Total Passed Through Central Florida Behavioral Health Network			<u>6,173,305</u>
<b>Total Federal Awards</b>			<u>\$ 6,290,735</u>
<b>State Financial Assistance:</b>			
<b>State Department of Children and Families</b>			
<i>Passed through Florida Alcohol and Drug Abuse Association:</i>			
Naltrexone	22.022		\$ 162,578
Total Passed Through Florida Alcohol and Drug Abuse Association			<u>162,578</u>
<i>Passed through Central Florida Behavioral Health Network:</i>			
Centralized Receiving Systems*	60.163		<u>1,259,381</u>
Total Passed Through Central Florida Behavioral Health Network			<u>1,259,381</u>
<b>Total State Financial Assistance</b>			<u>\$ 1,421,959</u>
<b>Total Federal Awards and State Financial Assistance</b>			<u>\$ 7,712,694</u>

\* Denotes major program

Notes:

The programs do not utilize subrecipients  
There were no federal awards expended in non-cash assistance

See independent auditor's report.

**First Step of Sarasota, Inc.**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE**

**June 30, 2023**

**NOTE 1 – GENERAL**

The accounting policies and presentation of the accompanying schedule of expenditures of federal awards and state financial assistance of First Step of Sarasota, Inc. (the Corporation) have been designed to conform with accounting principles generally accepted in the United States applicable to non-profit organizations, including the reporting and compliance requirements of the *Single Audit Act of 1984*, the *Single Audit Act Amendments of 1996*, and Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (federal awards) and State of Florida Chapter 10.650, *Rules of the Auditor General*, and the Department of Financial Services' *State Projects Compliance Supplement*.

All federal awards and state financial assistance received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other governmental agencies, are included in the schedule.

**NOTE 2 – BASIS OF ACCOUNTING**

The accompanying schedule of expenditures of federal awards and state financial assistance is presented using the accrual basis of accounting.

**NOTE 3 – CONTINGENCIES**

Grant monies received and disbursed by the Corporation are for specific purposes and are subject to review by grantor agencies. Such audits may result in requests for reimbursement due to disallowance of expenditures. Based on prior experience, the Corporation does not believe that such disallowances, if any, would have a material effect on the financial position of the Corporation.

**NOTE 4 – INDIRECT COST RATE ELECTION**

The Corporation has elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

First Step of Sarasota, Inc.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

June 30, 2023

Section I – Summary of Auditor’s Results

Financial Statements

- |   |               |
|---|---------------|
| 1. Type of auditor’s report issued:   | Unmodified    |
| 2. Internal control over financial reporting:   |               |
| a. Material weakness(es) identified?  | No            |
| b. Significant deficiencies identified that are not considered to be material weaknesses? | None Reported |
| 3. Noncompliance material to financial statements noted?                                  | No            |

Federal Awards

- |   |               |
|---|---------------|
| 1. Type of auditor’s report issued on compliance for major programs:                              | Unmodified    |
| 2. Internal control over major programs:  |               |
| a. Material weakness(es) identified?  | No            |
| b. Significant deficiencies identified that are not considered to be material weaknesses?         | None Reported |
| 3. Audit findings disclosed that are required to be reported in accordance with Uniform Guidance? | No            |
| 4. Dollar threshold used to distinguish between Type A and Type B programs                        | \$750,000     |
| 5. Auditee qualified as low-risk auditee?   | Yes           |

Identification of major programs:

<u>Name of Federal Programs</u>	<u>ALN</u>
Substance Abuse Prevention and Treatment Block Grant	93.959
Temporary Assistance for Needy Families	93.558

First Step of Sarasota, Inc.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

June 30, 2023

Section I – Summary of Auditor’s Results (continued)

State Financial Assistance

- |  |               |
|--|---------------|
| 1. Type of auditor’s report issued on compliance for major projects:   | Unmodified    |
| 2. Internal control over major projects:   |               |
| a. Material weakness(es) identified?   | No            |
| b. Significant deficiencies identified that are not considered to be material weaknesses?  | None Reported |
| 3. Audit findings disclosed that are required to be reported in accordance with the Florida Single Audit Act and Chapter 10.650, <i>Rules of the Auditor General</i> ? | No            |
| 4. Dollar threshold used to distinguish between Type A and Type B projects   | \$426,587     |

Identification of major projects:

<u>Name of State Project</u>	<u>CSFA Number</u>
Centralized Receiving Systems	60.163

Section II – Financial Statement Findings

No current year findings (no corrective action plan or management letter required)

Section III – Federal Award and State Financial Assistance Findings and Questioned Costs

None reported (no corrective action plan or management letter required)

Section IV – Status of Prior Year Audit Findings

There were no prior year audit findings.

**SUPPLEMENTARY INFORMATION**

**FIRST STEP OF SARASOTA INC.**  
**SCHEDULE OF STATE EARNINGS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

<b>1. Total expenditures</b>	<b>\$ 23,614,240</b>
<b>2. (Less other state and federal funds)</b>	<b>(2,081,673)</b>
<b>3. (Less non-match SAMH funds)</b>	<b>(874,849)</b>
<b>4. (Less unallowable costs per 65E-14, F.A.C.)</b>	<b><u>(817,646)</u></b>
<b>5. Net allowable expenditures</b> (Sum of lines 1, 2, 3, and 4)	<b><u><u>\$ 19,840,072</u></u></b>
<b>6. Maximum available earnings</b> (Line 5 times 75%)	<b>\$ 14,880,054</b>
<b>7. Amount of state funds requiring match</b>	<b>\$ 7,659,342</b>
<b>8. Excess match (if negative, money due to department)</b> (Subtract line 7 from line 6)	<b>\$ 7,220,712</b>

**FIRST STEP OF SARASOTA INC.**

**SCHEDULE OF RELATED PARTY TRANSACTION ADJUSTMENTS**

**FOR THE YEAR ENDED JUNE 30, 2023**

**SCHEDULE N/A - NO RELATED PARTY TRANSACTION ADJUSTMENTS**

**FIRST STEP OF SARASOTA INC.**  
**SCHEDULE OF BED-DAY AVAILABILITY PAYMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

<b>Program A</b>	<b>Cost Center B</b>	<b>State Contracted Rate C</b>	<b>Total Units of Service Provided D</b>	<b>Total Units of Service Paid for by Third- Party Contracts, Local Government, or Other State Agencies E</b>	<b>Maximum No. of Units Eligible for Payment by Department (D- E) F</b>	<b>Amount Paid for Services by the Department G</b>	<b>Maximum \$ Value of Units in Column F ( F x C ) H</b>	<b>Amount Owed to Department (G-H or \$0, Whichever is Greater) I</b>
Adult MH	Crisis Stabilization Unit	\$ 366.78	12,775	3,348	9,427	\$ 2,985,406	\$ 3,457,635	\$ -
Adult SA	Substance Abuse Detox	298.50	10,950	5,822	5,128	1,240,416	1,530,708	-
<b>Total amount owed to department</b>								<b>\$ -</b>

FIRST STEP OF SARASOTA INC.

SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES

PROGRAM / COST CENTER ACTUAL EXPENSES AND REVENUES SCHEDULE

FOR THE YEAR ENDED JUNE 30, 2023

Provider Name: First Step of Sarasota, Inc.

Date Prepared: October 27, 2023  
 Audit Period: From 7/1/22 to 6/30/23

Part I: Actual Funding Sources and Revenues

Funding Sources and Revenues	State Designated SAMH Cost Centers							
	Residential Level 1	Seasons Residential Level 2	Crossroads Residential Level 3	Mothers and Infants	Crisis Support	Detox	CSU	Case Management
<b>IA. State SAMH Funding</b>								
(1) Central Florida Behavioral Health Network	\$ 1,079,900	\$ 1,340,067	\$ 300,203	\$ 1,343,256	\$ 1,191,081	\$ 1,240,416	\$ 2,985,406	\$ 276,151
<b>Total State SAMH Funding</b>	<u>1,079,900</u>	<u>1,340,067</u>	<u>300,203</u>	<u>1,343,256</u>	<u>1,191,081</u>	<u>1,240,416</u>	<u>2,985,406</u>	<u>276,151</u>
<b>IB. Other Government Funding</b>								
(1) Other State Agency Funding	-	-	465,708	-	-	-	-	-
(2) Medicaid	-	-	-	-	-	-	-	-
(3) Local Government	-	-	-	15,907	-	219,926	365,088	-
(4) Federal Grants and Contracts	-	-	-	-	80,001	1,250,205	970,712	-
(5) Contributed Non-Financial Assets from Local Government Only	-	-	-	-	-	-	-	-
<b>Total Other Government Funding</b>	<u>-</u>	<u>-</u>	<u>465,708</u>	<u>15,907</u>	<u>80,001</u>	<u>1,470,131</u>	<u>1,335,800</u>	<u>-</u>
<b>IC. All Other Revenues</b>								
(1) 1st and 2nd Party Payments	-	-	35,779	-	-	118,660	95,969	45
(2) 3rd Party Payments (Except Medicare)	-	-	-	-	-	369,106	273,278	-
(3) Contributions, Donations, and Grants	-	-	-	240	-	-	-	-
(4) Other/UW/YMCA	-	-	-	-	-	-	-	-
(5) Contributed Non-Financial Assets	-	-	-	-	-	-	-	3,488
(6) Contracts	-	-	-	-	-	-	-	-
<b>Total All Other Revenues</b>	<u>-</u>	<u>-</u>	<u>35,779</u>	<u>240</u>	<u>-</u>	<u>487,766</u>	<u>369,247</u>	<u>3,533</u>
<b>Total Funding</b>	<u>\$ 1,079,900</u>	<u>\$ 1,340,067</u>	<u>\$ 801,690</u>	<u>\$ 1,359,403</u>	<u>\$ 1,271,082</u>	<u>\$ 3,198,313</u>	<u>\$ 4,690,453</u>	<u>\$ 279,684</u>

FIRST STEP OF SARASOTA INC.  
SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES  
PROGRAM / COST CENTER ACTUAL EXPENSES AND REVENUES SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2023

Provider Name: First Step of Sarasota, Inc.

Part I: Actual Funding Sources and Revenues

Funding Sources and Revenues	State Designated SAMH Cost Centers							
	State Funded SAMH Cost Centers							
	Intervention	Prevention	Assessment	Outpatient Individual/ Group	Prevention Coalition	Outreach	Outpatient Medical	Incidental
<b>IA. State SAMH Funding</b>								
(1) Central Florida Behavioral Health Network	\$ 775,346	\$ 927,666	\$ 66,749	\$ 311,222	\$ -	\$ 505,494	\$ 713,273	\$ 1,076,114
<b>Total State SAMH Funding</b>	<u>775,346</u>	<u>927,666</u>	<u>66,749</u>	<u>311,222</u>	<u>-</u>	<u>505,494</u>	<u>713,273</u>	<u>1,076,114</u>
<b>IB. Other Government Funding</b>								
(1) Other State Agency Funding	-	-	31,955	69,592	-	-	169,083	-
(2) Medicaid	-	-	2,110	8,892	-	-	19,530	-
(3) Local Government	-	-	14,993	63,183	-	-	138,776	-
(4) Federal Grants and Contracts	22,962	528,848	515	25,637	-	-	-	-
(5) Contributed Non-Financial Assets from Local Government Only	-	-	-	11,684	-	-	36,040	-
<b>Total Other Government Funding</b>	<u>22,962</u>	<u>528,848</u>	<u>49,573</u>	<u>178,988</u>	<u>-</u>	<u>-</u>	<u>363,429</u>	<u>-</u>
<b>IC. All Other Revenues</b>								
(1) 1st and 2nd Party Payments	-	-	6,300	26,548	-	-	58,312	-
(2) 3rd Party Payments (Except Medicare)	-	-	5,449	22,964	-	-	50,438	-
(3) Contributions, Donations, and Grants	-	-	-	-	-	-	-	-
(4) Other/UW/YMCA	-	-	-	-	-	-	-	-
(5) Contributed Non-Financial Assets	10,081	18,393	1,617	6,816	-	6,383	28,559	-
(6) Contracts	-	-	-	-	-	-	-	-
<b>Total All Other Revenues</b>	<u>10,081</u>	<u>18,393</u>	<u>13,366</u>	<u>56,328</u>	<u>-</u>	<u>6,383</u>	<u>137,309</u>	<u>-</u>
<b>Total Funding</b>	<u>\$ 808,389</u>	<u>\$ 1,474,907</u>	<u>\$ 129,688</u>	<u>\$ 546,538</u>	<u>\$ -</u>	<u>\$ 511,877</u>	<u>\$ 1,214,011</u>	<u>\$ 1,076,114</u>

FIRST STEP OF SARASOTA INC.  
SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES  
PROGRAM / COST CENTER ACTUAL EXPENSES AND REVENUES SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2023

Provider Name: First Step of Sarasota, Inc.

Part I: Actual Funding Sources and Revenues

Funding Sources and Revenues	State Designated SAMH Cost Centers						
	State Funded SAMH Cost Centers			State Funded SAMH Cost Centers			
	Total for State funded SAMH Cost Centers	Total for Non- State Funded SAMH Cost Centers	Total for all State Designated SAMH Cost Centers	Non SAMH Cost Centers	Other Support Services	Administration	Total Funding
<b>IA. State SAMH funding</b>							
(1) Central Florida Behavioral Health Network	\$ 14,132,344	\$ -	\$ 14,132,344	\$ -	\$ -	\$ -	\$ 14,132,344
<b>Total State SAMH Funding</b>	<u>14,132,344</u>	<u>-</u>	<u>14,132,344</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,132,344</u>
<b>IB. Other Government Funding</b>							
(1) Other State Agency Funding	736,338	-	736,338	369,024	-	-	1,105,362
(2) Medicaid	30,532	-	30,532	-	-	-	30,532
(3) Local Government	817,873	-	817,873	77,412	-	-	895,285
(4) Federal Grants and Contracts	2,878,880	-	2,878,880	3,874,817	-	-	6,753,697
(5) Contributed Non-Financial Assets from Local Government Only	47,724	-	47,724	2,771	-	-	50,495
<b>Total Other Government Funding</b>	<u>4,511,347</u>	<u>-</u>	<u>4,511,347</u>	<u>4,324,024</u>	<u>-</u>	<u>-</u>	<u>8,835,371</u>
<b>IC. All Other Revenues</b>							
(1) 1st and 2nd Party Payments	341,613	-	341,613	209,201	-	-	550,814
(2) 3rd Party Payments (Except Medicare)	721,235	-	721,235	677,406	-	-	1,398,641
(3) Contributions, Donations, and Grants	240	-	240	170,736	-	195,968	366,944
(4) Other/UW/YMCA	-	-	-	93,792	-	86,484	180,276
(5) Contributed Non-Financial Assets	75,337	-	75,337	-	-	-	75,337
(6) Contracts	-	-	-	-	-	-	-
<b>Total All Other Revenues</b>	<u>1,138,425</u>	<u>-</u>	<u>1,138,425</u>	<u>1,151,135</u>	<u>-</u>	<u>282,452</u>	<u>2,572,012</u>
<b>Total Funding</b>	<u>\$ 19,782,116</u>	<u>\$ -</u>	<u>\$ 19,782,116</u>	<u>\$ 5,475,159</u>	<u>\$ -</u>	<u>\$ 282,452</u>	<u>\$ 25,539,727</u>

FIRST STEP OF SARASOTA INC.  
SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES  
PROGRAM / COST CENTER ACTUAL EXPENSES AND REVENUES SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2023

Provider Name: First Step of Sarasota, Inc.

Date Prepared: October 27, 2023  
Audit Period: From 7/1/21 to 6/30/22

Part II: Actual Expenses

Expense Categories	State Designated SAMH Cost Centers								CORT
	Residential Level 1	Seasons Residential Level 2	Crossroads Residential Level 3	Mothers and Infants	Detox	Crisis Stabilization Unit	BHRT	Access Center	
<b>IIA. Personnel Expenses</b>									
(1) Salaries	\$ 294,067	\$ 327,054	\$ 650,641	\$ 545,271	\$ 2,576,082	\$ 2,894,937	\$ 135,315	\$ 132,445	\$ 1,202,972
(2) Fringe Benefits/Taxes	52,397	61,233	125,900	68,565	380,053	446,083	12,495	14,805	176,887
<b>Total Personnel Expenses</b>	<u>346,464</u>	<u>388,287</u>	<u>776,541</u>	<u>613,836</u>	<u>2,956,135</u>	<u>3,341,020</u>	<u>147,810</u>	<u>147,250</u>	<u>1,379,859</u>
<b>IIB. Other Expenses</b>									
(1) Professional Fees/Services/Recruiting	16,313	29,735	81,309	25,644	110,151	418,383	8,952	8,839	66,662
(2) Medical Supplies/Equipment/Lab	19,893	36,658	40,255	5,718	90,936	88,641	85	84	52,128
(3) Food Supplies	37,156	66,965	190,491	51,889	99,063	175,730	26	25	261,711
(4) Operating Supplies	15,443	20,111	45,521	17,233	41,748	91,653	1,844	1,821	54,879
(5) Occupancy Expenses	42,078	74,620	217,938	76,026	180,565	619,428	12,648	11,175	293,046
(6) Travel, Conference, Education	123	228	1,269	6,664	357	1,142	11	11	2,377
(7) Subscriptions/Dues/Software Fees	8,304	14,466	42,544	13,941	57,657	100,831	3,282	3,240	37,147
(8) Other Expenses	13,683	3,879	4,857	7,593	19,966	45,614	5	5	10,444
<b>Total Other Expenses</b>	<u>152,993</u>	<u>246,662</u>	<u>624,184</u>	<u>204,708</u>	<u>600,443</u>	<u>1,541,422</u>	<u>26,853</u>	<u>25,200</u>	<u>778,394</u>
<b>Total Personnel and Other Expenses</b>	<u>499,457</u>	<u>634,949</u>	<u>1,400,725</u>	<u>818,544</u>	<u>3,556,578</u>	<u>4,882,442</u>	<u>174,663</u>	<u>172,450</u>	<u>2,158,253</u>
<b>IIC. Distributed Indirect Costs</b>									
(a) Administration	38,880	43,574	87,144	68,885	331,739	374,932	16,587	16,525	154,849
<b>Total Distributed Indirect Costs</b>	<u>38,880</u>	<u>43,574</u>	<u>87,144</u>	<u>68,885</u>	<u>331,739</u>	<u>374,932</u>	<u>16,587</u>	<u>16,525</u>	<u>154,849</u>
<b>Total Actual Operating Expenses</b>	<u>538,337</u>	<u>678,523</u>	<u>1,487,869</u>	<u>887,429</u>	<u>3,888,317</u>	<u>5,257,374</u>	<u>191,250</u>	<u>188,975</u>	<u>2,313,102</u>
<b>IID. Unallowable Costs</b>	(15,155)	(6,865)	(19,988)	(15,521)	(33,881)	(111,717)	(90)	(89)	(56,794)
<b>Total Allowable Operating Expenses</b>	<u>\$ 523,182</u>	<u>\$ 671,658</u>	<u>\$ 1,467,881</u>	<u>\$ 871,908</u>	<u>\$ 3,854,436</u>	<u>\$ 5,145,657</u>	<u>\$ 191,160</u>	<u>\$ 188,886</u>	<u>\$ 2,256,308</u>

FIRST STEP OF SARASOTA INC.  
SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES  
PROGRAM / COST CENTER ACTUAL EXPENSES AND REVENUES SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2023

Provider Name: First Step of Sarasota, Inc.

Part II: Actual Expenses

Expense Categories	State Designated SAMH Cost Centers									Total for State Funded SAMH Cost Centers
	Case Management	Intervention	Prevention	Assessment	Outpatient Individual / Group	Prevention Coalition	Outreach	Outpatient Medical	Incidentals	
<b>IIA. Personnel Expenses</b>										
(1) Salaries	\$ 266,411	\$ 770,025	\$ 180,031	\$ 123,533	\$ 520,598	\$ 84,897	\$ 487,585	\$ 635,665	\$ -	\$ 11,827,529
(2) Fringe Benefits/Taxes	51,851	149,869	42,401	24,043	101,323	8,003	94,898	85,951	-	1,896,757
<b>Total Personnel Expenses</b>	<u>318,262</u>	<u>919,894</u>	<u>222,432</u>	<u>147,576</u>	<u>621,921</u>	<u>92,900</u>	<u>582,483</u>	<u>721,616</u>	<u>-</u>	<u>13,724,286</u>
<b>IIB. Other Expenses</b>										
(1) Professional Fees/Services/Recruiting	20,124	58,167	-	9,332	39,325	85	36,832	-	-	929,853
(2) Medical Supplies/Equipment/Lab	6,776	19,586	1,880	3,142	13,241	-	12,402	153,794	267,505	812,724
(3) Food Supplies	240	692	-	111	468	134	438	947	-	886,086
(4) Operating Supplies	5,048	14,590	5,299	2,341	9,864	7,085	9,238	1,607	-	345,325
(5) Occupancy Expenses	31,735	91,727	1,452	14,716	62,015	654	58,082	6,959	-	1,794,864
(6) Travel, Conference, Education	161	466	2,136	75	315	4,899	295	349	-	20,878
(7) Subscriptions/Dues/Software Fees	13,233	38,248	2,300	6,136	25,859	2,375	24,219	6	-	393,788
(8) Other Expenses	17,342	50,124	10,079	8,041	33,888	8,548	31,739	17,429	-	283,236
<b>Total Other Expenses</b>	<u>94,659</u>	<u>273,600</u>	<u>23,146</u>	<u>43,894</u>	<u>184,975</u>	<u>23,780</u>	<u>173,245</u>	<u>181,091</u>	<u>267,505</u>	<u>5,466,754</u>
<b>Total Personnel and Other Expenses</b>	<u>412,921</u>	<u>1,193,494</u>	<u>245,578</u>	<u>191,470</u>	<u>806,896</u>	<u>116,680</u>	<u>755,728</u>	<u>902,707</u>	<u>267,505</u>	<u>19,191,040</u>
<b>IIC. Distributed Indirect Costs</b>										
(a) Administration	35,716	103,231	24,961	16,561	69,792	10,425	65,367	80,980	-	1,540,148
<b>Total Distributed Indirect Costs</b>	<u>35,716</u>	<u>103,231</u>	<u>24,961</u>	<u>16,561</u>	<u>69,792</u>	<u>10,425</u>	<u>65,367</u>	<u>80,980</u>	<u>-</u>	<u>1,540,148</u>
<b>Total Actual Operating Expenses</b>	<u>448,637</u>	<u>1,296,725</u>	<u>270,539</u>	<u>208,031</u>	<u>876,688</u>	<u>127,105</u>	<u>821,095</u>	<u>983,687</u>	<u>267,505</u>	<u>20,731,188</u>
<b>IIID. Unallowable Costs</b>										
	(2,278)	(6,585)	(1,592)	(1,056)	(4,452)	(665)	(4,169)	(5,165)	-	(286,062)
<b>Total Allowable Operating Expenses</b>	<u>\$ 446,359</u>	<u>\$ 1,290,140</u>	<u>\$ 268,947</u>	<u>\$ 206,975</u>	<u>\$ 872,236</u>	<u>\$ 126,440</u>	<u>\$ 816,926</u>	<u>\$ 978,522</u>	<u>\$ 267,505</u>	<u>\$ 20,445,126</u>

FIRST STEP OF SARASOTA INC.  
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Provider Name: First Step of Sarasota, Inc.

Part II: Actual Expenses

Expense Categories	State Designated SAMH Cost Centers		State Funded SAMH Cost Centers		Total Expenses
	Total for Non-State SAMH Cost Centers	Total for all State Designated SAMH Cost Centers	Non-SAMH Cost Centers	Administration	
<b>IIA. Personnel Expenses</b>					
(1) Salaries	\$ -	\$ 11,827,529	\$ 1,485,132	\$ 811,670	\$ 14,124,331
(2) Fringe Benefits/Taxes	-	1,896,757	267,345	126,775	2,290,877
<b>Total Personnel Expenses</b>	-	13,724,286	1,752,477	938,445	16,415,208
<b>IIB. Other Expenses</b>					
(1) Professional Fees/Services/Recruiting	-	929,853	150,493	243,466	1,323,812
(2) Medical Supplies/Equipment/Lab	-	812,724	34,578	-	847,302
(3) Food Supplies	-	886,086	30,001	9,117	925,204
(4) Operating Supplies	-	345,325	44,230	29,155	418,710
(5) Occupancy Expenses	-	1,794,864	229,570	302,336	2,326,770
(6) Travel, Conference, Education	-	20,878	6,037	11,235	38,150
(7) Subscriptions/Dues/Software Fees	-	393,788	60,277	29,999	484,064
(8) Other Expenses	-	283,236	149,123	402,652	835,011
<b>Total Other Expenses</b>	-	5,466,754	704,309	1,027,960	7,199,023
<b>Total Personnel and Other Expenses</b>	-	19,191,040	2,456,786	1,966,405	23,614,231
<b>IIC. Distributed Indirect Costs</b>					
(a) Administration	-	1,540,148	426,257	(1,966,405)	-
<b>Total Distributed Indirect Costs</b>	-	1,540,148	426,257	(1,966,405)	-
<b>Total Actual Operating Expenses</b>	-	20,731,188	2,883,043	-	23,614,231
<b>IID. Unallowable Costs</b>	-	(286,064)	(43,240)	(488,342)	(817,646)
<b>Total Allowable Operating Expenses</b>	\$ -	\$ 20,445,124	\$ 2,839,803	\$ (488,342)	\$ 22,796,585