

Southeast Florida Behavioral Health Network, Inc.

Financial Statements
and Additional Information
For the Year Ended June 30, 2023



Southeast Florida Behavioral Health Network, Inc.

Table of Contents

Independent Auditor's Report	1-3
Financial Statements	
Statement of Financial Position	4
Statement of Activities	5
Statement of Functional Expenses	6
Statement of Cash Flows	7
Notes to Financial Statements	8-13
Supplementary Information	
Schedule of Expenditures of Federal Awards and State Financial Assistance	14-15
Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance	16
Schedule of Program/Covered Services Actual Revenues and Expenditures	17-19
Schedule of Bed Day Availability Payments	20
Schedule of Transfers to Sub-Recipients for Program Services	21-23
Internal Controls and Compliance	
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	24-25
Independent Auditor's Report on Compliance for Each Major Federal Program and State Project and on Internal Control Over Compliance Required by the Uniform Guidance and Chapter 10.650, <i>Rules of the Auditor General</i>	26-28
Schedule of Findings and Questioned Costs	29-30

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Southeast Florida Behavioral Health Network, Inc. (a nonprofit organization) (the "Organization"), which comprise the statement of financial position as of June 30, 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 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 Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management's for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

CPAs + Trusted Advisors

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

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

Report on Summarized Comparative Information

We have previously audited the Organization’s June 30, 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 22, 2022. 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 Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2023, on our consideration of the Organization’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization’s internal control over financial reporting and compliance.



KEEFE McCULLOUGH

Fort Lauderdale, Florida
December 22, 2023

FINANCIAL STATEMENTS

Southeast Florida Behavioral Health Network, Inc.
Statement of Financial Position
June 30, 2023
(with comparative totals for June 30, 2022)

	<u>2023</u>	<u>2022</u>
Assets:		
Current assets:		
Cash and cash equivalents	\$ 5,222,472	\$ 6,846,079
Grants and contracts receivable	16,017,406	13,393,022
Prepaid expenses and advances to providers	<u>3,500,666</u>	<u>34,855</u>
Total current assets	<u>24,740,544</u>	<u>20,273,956</u>
Noncurrent assets:		
Property and equipment, net	173,615	178,822
Deposits	<u>10,823</u>	<u>10,823</u>
Total noncurrent assets	<u>184,438</u>	<u>189,645</u>
Total assets	<u>\$ 24,924,982</u>	<u>\$ 20,463,601</u>
Liabilities:		
Current liabilities:		
Due to providers (sub-recipients)	\$ 15,418,360	\$ 10,793,252
Accounts payable and accrued expenses	1,955,858	4,349,462
Refundable advances	<u>7,184,758</u>	<u>5,104,749</u>
Total liabilities	<u>24,558,976</u>	<u>20,247,463</u>
Net Assets:		
Without donor restriction	<u>366,006</u>	<u>216,138</u>
Total net assets	<u>366,006</u>	<u>216,138</u>
Total liabilities and net assets	<u>\$ 24,924,982</u>	<u>\$ 20,463,601</u>

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

Southeast Florida Behavioral Health Network, Inc.
Statement of Activities
For the Year Ended June 30, 2023
(with comparative totals for June 30, 2022)

	<u>2023</u>	<u>2022</u>
Change in Net Assets:		
Public support and revenues:		
Grants and contracts:		
Department of Children and Families	\$ 101,405,106	\$ 79,627,466
Other grants	1,154,818	1,862,285
Contributions and interest income	1,484	3,968
Gain on extinguishment of debt - Paycheck Protection Program	-	292,254
	<u>102,561,408</u>	<u>81,785,973</u>
 Operating expenses:		
Program services, transfers to sub-recipient providers:		
Adult mental health	38,249,031	33,648,242
Adult substance abuse	29,826,393	26,919,809
Children's mental health	18,613,467	8,037,998
Children's substance abuse	9,640,381	6,955,922
Other	1,583,799	2,261,355
	<u>97,913,071</u>	<u>77,823,326</u>
 Other program services	<u>277,299</u>	<u>282,402</u>
	<u>98,190,370</u>	<u>78,105,728</u>
 Management and general	<u>4,198,609</u>	<u>3,674,786</u>
	<u>102,388,979</u>	<u>81,780,514</u>
 Net operating revenue (expense)	<u>172,429</u>	<u>5,459</u>
 Nonoperating revenues (expenses):		
Amortization of long-term liabilities	-	858
Provision for depreciation	(22,561)	(21,987)
	<u>(22,561)</u>	<u>(21,129)</u>
 Total nonoperating revenues (expenses)	<u>(22,561)</u>	<u>(21,129)</u>
 Change in net assets	149,868	(15,670)
 Net Assets, July 1	<u>216,138</u>	<u>231,808</u>
 Net Assets, June 30	\$ <u><u>366,006</u></u>	\$ <u><u>216,138</u></u>

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

Southeast Florida Behavioral Health Network, Inc.
Statement of Functional Expenses
For the Year Ended June 30, 2023
(with comparative totals for June 30, 2022)

	Program Services					Management and General	Total 2023	Total 2022	
	Adult Mental Health	Adult Substance Abuse	Children's Mental Health	Children's Substance Abuse	Other Program Services				Total Program Services
Transfers to sub-recipient providers	\$ 38,249,031	\$ 29,826,393	\$ 18,613,467	\$ 9,640,381	\$ 1,583,799	\$ 97,913,071	\$ 59,600	\$ 97,972,671	\$ 77,878,632
Salaries and wages	-	-	-	-	219,897	219,897	2,172,176	2,392,073	1,943,802
Professional fees	-	-	-	-	-	-	1,021,863	1,021,863	1,022,670
Payroll taxes and fringe benefits	-	-	-	-	57,402	57,402	589,830	647,232	485,613
Dues and subscriptions	-	-	-	-	-	-	51,411	51,411	194,429
Rent	-	-	-	-	-	-	99,974	99,974	118,061
Insurance	-	-	-	-	-	-	63,223	63,223	31,074
Computer software	-	-	-	-	-	-	48,444	48,444	27,445
Computer equipment	-	-	-	-	-	-	15,213	15,213	23,836
Telephone	-	-	-	-	-	-	22,999	22,999	17,868
Meetings and conferences	-	-	-	-	-	-	19,575	19,575	9,117
Building maintenance and security	-	-	-	-	-	-	9,064	9,064	8,745
Travel	-	-	-	-	-	-	11,603	11,603	5,905
Staff development and system of care innovation	-	-	-	-	-	-	7,023	7,023	4,925
Utilities	-	-	-	-	-	-	2,728	2,728	3,532
Office supplies and other expenses	-	-	-	-	-	-	3,883	3,883	4,860
	<u>\$ 38,249,031</u>	<u>\$ 29,826,393</u>	<u>\$ 18,613,467</u>	<u>\$ 9,640,381</u>	<u>\$ 1,861,098</u>	<u>\$ 98,190,370</u>	<u>\$ 4,198,609</u>	<u>\$ 102,388,979</u>	<u>\$ 81,780,514</u>

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

Southeast Florida Behavioral Health Network, Inc.
Statement of Cash Flows
For the Year Ended June 30, 2023
(with comparative totals for June 30, 2022)

	<u>2023</u>	<u>2022</u>
Cash Flows from Operating Activities		
Change in net assets	\$ 149,868	\$ (15,670)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Provision for depreciation	22,561	21,987
Amortization of long-term liabilities	-	(858)
Gain on extinguishment of debt - Paycheck Protection Program	-	(292,254)
Changes in assets and liabilities:		
(Increase) decrease in assets:		
Grants and contracts receivable	(2,624,384)	(6,021,113)
Prepaid expenses and advances to providers	(3,465,811)	(15,100)
Increase (decrease) in liabilities:		
Due to providers (sub-recipients)	4,625,108	1,923,335
Accounts payable and accrued expenses	(2,393,604)	2,640,943
Refundable advances	2,080,009	(410,578)
Net cash provided by (used in) operating activities	<u>(1,606,253)</u>	<u>(2,169,308)</u>
Cash Flows From Investing Activities		
Purchases of property and equipment	<u>(17,354)</u>	<u>(26,909)</u>
Net cash provided by (used in) investing activities	<u>(17,354)</u>	<u>(26,909)</u>
Net increase (decrease) in cash and cash equivalents	(1,623,607)	(2,196,217)
Cash and Cash Equivalents, July 1	<u>6,846,079</u>	<u>9,042,296</u>
Cash and Cash Equivalents, June 30	<u>\$ 5,222,472</u>	<u>\$ 6,846,079</u>

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

Southeast Florida Behavioral Health Network, Inc.
Notes to Financial Statements
June 30, 2023
(with comparative totals for June 30, 2022)

Note 1 - Organization and Operations

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

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

Note 2 - Summary of Significant Accounting Policies

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

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

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

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

Note 2 - Summary of Significant Accounting Policies (continued)

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

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

Receivables and allowance for doubtful accounts: Receivables consist principally of claims not yet reimbursed by various grantor/contract agencies. Management periodically reviews the receivable balances and provides an allowance for amounts which may be uncollectible. At June 30, 2023 and 2022, management considered all of its receivable balances to be collectible and no allowance was recorded.

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

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

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

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

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

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

During the years ended June 30, 2023 and 2022, the value of contributed services meeting requirements for recognition in the financial statements was not material, or subject to recognition, and is not recorded. The Organization pays for most services requiring specific expertise. Many individuals volunteer and perform a variety of tasks that assist with programs and various committee assignments. The Organization did not receive a material amount of donated goods during the years ended June 30, 2023 and 2022; therefore, it is not recorded.

Note 2 - Summary of Significant Accounting Policies (continued)

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

Leases: The Organization determines if an arrangement is or contains a lease at inception. Leases are included in right-of-use (ROU) assets and lease liabilities in the statement of financial position. ROU assets and lease liabilities reflect the present value of the future minimum lease payments over the lease term, and ROU assets also include prepaid or accrued rent. Operating lease expense is recognized on a straight-line basis over the lease term. The Organization does not report ROU assets and lease liabilities for its short-term leases (leases with a term of 12 months or less) and leases deemed to be below certain thresholds. Instead, the lease payments of those leases are generally reported as lease expense.

Income taxes: The Organization is tax exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and is classified as a nonprofit organization other than a private foundation. However, the Organization may be subject to income taxes on unrelated business income. No income tax provision is required since the Organization was deemed by management not to have unrelated business taxable income.

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

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

Date of management review: Subsequent events were evaluated by the Organization's management through December 22, 2023, which is the date the financial statements were available for issuance.

Southeast Florida Behavioral Health Network, Inc.
Notes to Financial Statements
June 30, 2023
(with comparative totals for June 30, 2022)

Note 3 - Liquidity and Availability

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date ending June 30, 2023 is estimated and, comprise the following:

Financial assets:	
Cash and cash equivalents	\$ 5,222,472
Grants and contract receivable	<u>16,017,406</u>
Financial assets available to meet cash needs for general operating expenditures within one year, and to satisfy certain current liabilities as they become due	\$ <u><u>21,239,878</u></u>

Note 4 - Property and Equipment

Property and equipment consists of the following at June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Computer software and equipment	\$ 189,796	\$ 182,372
Buildings	99,700	99,700
Office furniture and equipment	27,780	17,850
Leasehold improvements	<u>5,594</u>	<u>5,594</u>
	322,870	305,516
Less accumulated depreciation	<u>210,755</u>	<u>188,194</u>
	112,115	117,322
Land	<u>61,500</u>	<u>61,500</u>
Total	\$ <u><u>173,615</u></u>	\$ <u><u>178,822</u></u>

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

The Organization has accrued obligations for operating expenses necessary to carry out its responsibility as ME under the contract with DCF or other grantor agencies. As of June 30, 2023 and 2022, due to providers of \$ 15,418,360 and \$ 10,793,252, respectively, is comprised of amounts payable for direct behavioral services; and accounts payable and accrued expenses of \$ 1,955,858 and \$ 4,349,462, respectively, represents general and administrative expenses, including accrued wages and related benefits outstanding at year end. At June 30, 2023, and 2022, there are amounts due to DCF amounting to approximately \$ 1,753,000 and \$ 4,146,000, respectively which are included in accounts payable and accrued expenses. These amounts represent unspent funding that was required to be returned.

In addition, it can be determined that certain providers might have funds that are required to be returned to the Organization. These paybacks will be recorded in the period that it is determined to be a liability of the provider. At June 30, 2023 and 2022, approximately \$246,000 and \$ 43,000, respectively, was recorded as amounts owed to the Organization by providers included in grants and contracts receivable on the statement of financial position

Southeast Florida Behavioral Health Network, Inc.
Notes to Financial Statements
June 30, 2023
(with comparative totals for June 30, 2022)

Note 6 - Grants and Contracts

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

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

Note 7 - Commitments and Contingencies

Lease agreements: The Organization previously executed a lease agreement to rent office space through January 31, 2024 for base rent of approximately \$ 7,000 as well as a pro-rata share of the landlord's operating expenses incurred in relation to the ownership, maintenance and operation of the building and common areas. For the years ended June 30, 2023 and 2022, total rent expense in connection with this agreement, amounted to approximately \$ 100,000 and \$ 118,000, respectively.

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

Service agreement: The Organization entered into an agreement with Carisk Partners ("Carisk"), a for-profit corporation, through June 30, 2024. Carisk provides certain management, administrative support, and oversight of the providers of behavioral health services (sub-recipients) in the designated service area in connection with the Organization's role as the ME (Note 1). Carisk's compensation is based on a fixed monthly fee of approximately \$ 76,000 per month. The agreement contains provisions under which either party may terminate this arrangement. For the years ended June 30, 2023 and 2022, the Organization paid Carisk approximately \$ 933,000 \$ 973,000, respectively.

Note 8 - Concentration

For the years ended June 30, 2023 and 2022, the Organization received a significant amount of its support and revenues from contracts administered by the State of Florida, Department of Children and Families. At June 30, 2023 and 2022, approximately 95% and 97%, respectively, of the grant and contracts receivable were related to the same contracts. Changes in governmental appropriations at the federal and/or state level could have a material adverse effect on the Organization's ability to continue to provide its services.

Note 9 - Employee Benefit Plan

Effective February 1, 2019, the Organization established an employee savings plan under the Internal Revenue Code §401(k). Generally, this plan covers all qualified employees who are age twenty-one or older and have six months of continuous service. The eligible participants are permitted to contribute to the plan via salary deferrals and are limited only by certain provisions of the Internal Revenue Code. The Organization provides matching contributions equal to 100% of the employees' elective deferrals not exceeding 3.00% of the individual's compensation plus 50% of elective deferrals that exceed 3.00% but do not exceed 5.00% of the individual's compensation. For the years ended June 30, 2023 and 2022, the Organization made contributions of approximately \$ 62,000 and \$ 53,000 to this Plan, respectively.

Southeast Florida Behavioral Health Network, Inc.
Notes to Financial Statements
June 30, 2023
(with comparative totals for June 30, 2022)

Note 10 - Related Parties

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

SUPPLEMENTARY INFORMATION



Southeast Florida Behavioral Health Network, Inc.
Schedule of Expenditures of Federal Awards and State Financial Assistance
For the Year Ended June 30, 2023

Federal/State Agency, Pass-through Entity, Federal/State Program/Project	Assistance Listing/ CSFA Number	Contract Number	Federal/ State Expenditures	State Matching Expenditures (1)	Transfers to Sub-recipients	
					Federal/ State Expenditures	State Matching Expenditures
Federal Programs:						
Indirect Programs:						
United States Department of Health and Human Services - Passed through the State of Florida						
Department of Children and Families (DCF):						
Medicaid Cluster						
Medical Assistance Program	93.778	IH611	\$ 9,260	\$ 9,260	\$ 1,204	\$ 1,204
477 Cluster						
Temporary Assistance for Needy Families (TANF)	93.558	IH611	1,084,958	3,466,137	1,066,987	3,466,137
Other Programs						
Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED)	93.104	IH611	1,246,752	23,986	1,050,036	23,986
Projects for Assistance in Transition from Homelessness (PATH)	93.150	IH611	545,318	-	545,318	-
Substance Abuse and Mental Health Services						
Projects of Regional and National Significance	93.243	IH611	300,148	-	300,148	-
Children's Health Insurance Program	93.767	IH611	222,302	-	222,302	-
Opioid STR	93.788	IH611	8,361,787	-	8,041,067	-
Block Grants for Community Mental Health Services	93.958	IH611	14,135,584	33,836,980	13,510,037	31,886,385
Block Grants for Prevention and Treatment of Substance Abuse	93.959	IH611	17,197,212	12,062,872	17,039,305	10,980,616
United States Department of Homeland Security - Passed through the State of Florida DCF:						
Crisis Counseling	97.032	IH611	21,560	-	21,560	-
Total Expenditures of Federal Awards			43,124,881	49,399,235	41,797,964	46,358,328

Southeast Florida Behavioral Health Network, Inc.
Schedule of Expenditures of Federal Awards and State Financial Assistance
(continued)
For the Year Ended June 30, 2023

Federal/State Agency, Pass-through Entity, Federal/State Program/Project	Assistance Listing/ CSFA Number	Contract Number	Federal/ State Expenditures	State Matching Expenditures (1)	Transfers to Sub-recipients	
					Federal/ State Expenditures	State Matching Expenditures
State Projects:						
Direct Projects:						
State of Florida Department of Children and Families - Criminal Justice, Mental Health, and Substance Abuse Reinvestment Grant Program	60.115	LHZ90	385,887	-	340,771	-
		LH825	<u>300,563</u>	<u>-</u>	<u>255,687</u>	<u>-</u>
		60.115 Total	<u>686,450</u>	<u>-</u>	<u>596,458</u>	<u>-</u>
Forensic Services and Competency Restoration Training	60.114	IH611	1,303,980	-	1,303,980	-
Substance Abuse and Mental Health Community Services	60.153	IH611	1,957,708	-	1,957,708	-
Behavioral Health Graduate Education	60.162	IH611	500,000	-	500,000	-
SAMH ME State Funded Federal Excluded Services	60.190	IH611	<u>4,432,852</u>	<u>-</u>	<u>4,432,852</u>	<u>-</u>
Total Expenditures of State Financial Assistance			<u>8,880,990</u>	<u>-</u>	<u>8,790,998</u>	<u>-</u>
Total Expenditures of Federal Awards and State Financial Assistance			<u>\$ 52,005,871</u>	<u>\$ 49,399,235</u>	<u>\$ 50,588,962</u>	<u>\$ 46,358,328</u>

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

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

Note 1 - Basis of Presentation

The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance, (the "Schedule") includes the federal award and state financial assistance activity of Southeast Florida Behavioral Health Network, Inc. (the "Organization") under programs of the federal and state government for the year ended June 30, 2023. The information in this Schedule is presented in accordance with the requirements of the Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards*, (Uniform Guidance) and Chapter 10.650, *Rules of the Auditor General*. Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

Note 2 - Summary of Significant Accounting Policies

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

Note 3 - Indirect Cost Rate

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

Note 4 - Contingency

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

Southeast Florida Behavioral Health Network, Inc.
Schedule of Program/Covered Services Actual Revenues and Expenditures
For the Year Ended June 30, 2023

Substance Abuse and Mental Health Covered Services	Program Services				Totals
	Adult Mental Health	Adult Substance Abuse	Children's Mental Health	Children's Substance Abuse	
Program Services, Transfers to Sub-recipient Providers:					
Assessment	\$ 228,968	\$ 440,426	\$ 307,040	\$ 200	\$ 976,634
Case Management	1,135,446	729,492	1,171,847	272	3,037,057
Crisis Stabilization	4,306,989	-	4,341,457	-	8,648,446
Crisis Support/Emergency	687,434	815,046	676,067	-	2,178,547
Day Treatment	89,375	966,499	-	-	1,055,874
Drop-In/Self-Help Centers	488,736	-	-	-	488,736
In-Home and On-Site	46,219	475,261	76,526	475,261	1,073,267
Intensive Case Management	304,969	-	495,451	-	800,420
Intervention - Individual	88,207	265,194	73,989	87,917	515,307
Medical Services	218,813	1,882,024	367,581	8,404	2,476,822
Medication Assisted Treatment	-	1,684,631	-	-	1,684,631
Outpatient - Individual	644,808	1,665,241	1,581,908	195,472	4,087,429
Outreach	229,337	1,487,386	229,871	671,670	2,618,264
Residential Level I	1,927,682	350,400	447,542	-	2,725,624
Residential Level II	360,000	4,466,028	-	2,162,331	6,988,359
Residential Level III	2,175,600	1,912,400	-	-	4,088,000
Residential Level IV	2,066,089	181,980	-	-	2,248,069
Respite Services	125,645	-	594,348	-	719,993
Substance Abuse Inpatient Detoxification	-	2,374,569	-	-	2,374,569
Supportive Employment	352,945	22,622	-	-	375,567
Supported Housing/Living	491,190	417	239,930	-	731,537
Treatment Alternative for Safer Community	-	-	-	529,264	529,264
Incidental Expenses	443,408	737,567	243,811	2,214	1,427,000
Aftercare - Individual	-	37,995	-	-	37,995
Information and Referral	635,086	-	579,376	-	1,214,462
Outpatient - Group	229,409	795,843	227,739	1,879	1,254,870
Room and Board with Supervision Level II	122,258	354,905	44,555	-	521,718
Room and Board with Supervision Level III	-	622,480	-	-	622,480
Short-term Residential Treatment	2,068,400	-	-	-	2,068,400
Mental Health Clubhouse Services	210,633	-	-	-	210,633

Southeast Florida Behavioral Health Network, Inc.
Schedule of Program/Covered Services Actual Revenues and Expenditures
(continued)
For the Year Ended June 30, 2023

Substance Abuse and Mental Health Covered Services	Program Services				Totals
	Adult Mental Health	Adult Substance Abuse	Children's Mental Health	Children's Substance Abuse	
Program Services, Transfers to Sub-recipient Providers					
(continued):					
Intervention - Group	-	82,738	-	-	82,738
Comprehensive Community Service Team - Individual	232,431	173,333	150,556	-	556,320
Comprehensive Community Service Team - Group	456,575	173,333	-	-	629,908
Recovery Support - Individual	367,582	769,212	41,313	-	1,178,107
Recovery Support - Group	47,492	192,108	457	-	240,057
Indicated Prevention	-	-	-	421,791	421,791
Universal Direct Prevention	112,500	100,000	186,500	3,848,196	4,247,196
Universal Indirect Prevention	37,500	-	37,500	846,067	921,067
Forensic Multidisciplinary Team	1,222,567	-	-	-	1,222,567
BNET	-	-	222,302	-	222,302
FIT Team	-	2,472,451	-	-	2,472,451
Care Coordination	376,197	657,015	210,221	60,000	1,303,433
First Episode Team	1,555,737	-	55,737	-	1,611,474
Federal Project Grant	-	334,107	-	23,000	357,107
Network Evaluation & Development	301,750	207,549	423,077	101,750	1,034,126
Start-Up Cost Reimbursement	469,829	800,722	499,499	130,983	1,901,033
CAT Team	-	-	2,684,029	-	2,684,029
FACT Team	3,168,924	-	-	-	3,168,924
Provider Provision Projects	1,334,200	-	1,034,200	-	2,368,400
Other Bundled Projects	8,888,101	1,595,419	1,369,038	73,710	11,926,268
Subtotal	38,249,031	29,826,393	18,613,467	9,640,381	96,329,272

Southeast Florida Behavioral Health Network, Inc.
Schedule of Program/Covered Services Actual Revenues and Expenditures
(continued)
For the Year Ended June 30, 2023

Substance Abuse and Mental Health Covered Services	Program Services				Totals
	Adult Mental Health	Adult Substance Abuse	Children's Mental Health	Children's Substance Abuse	
Other Program Services, Transfers to Sub-recipient Providers:					
Other Substance Abuse Services	-	-	-	-	923,195
Reinvestment Grant Services	-	-	-	-	596,458
Hurricane Ian Crisis Counselling ISP	-	-	-	-	21,560
Miscellaneous	-	-	-	-	42,586
Total Program and Other Program Services, Transfers to Sub-recipient Providers	-	-	-	-	1,583,799
Total Program/Covered Services Actual Expenditures	38,249,031	29,826,393	18,613,467	9,640,381	97,913,071
Managing Entity Administrative Fee, Net	1,734,999	1,352,943	844,318	437,294	4,369,554
Other Program Services	-	-	-	-	277,299
	<u>\$ 39,984,030</u>	<u>\$ 31,179,336</u>	<u>\$ 19,457,785</u>	<u>\$ 10,077,675</u>	
Contributions and interest income					<u>1,484</u>
Total Program/Covered Services Actual Revenues					<u>\$ 102,561,408</u>

Southeast Florida Behavioral Health Network, Inc.
Schedule of Bed Day Availability Payments
For the Year Ended June 30, 2023

<u>Program</u>	<u>Cost Center</u>	<u>Contracted Rate</u>	<u>Total Units of Service Provided</u>	<u>Total Units of Services Paid by Third Party Contracts, Local Government or Other State Agencies</u>	<u>Maximum Number of Units Eligible For Payment by Department</u>	<u>Amount Paid For Services by the Department</u>	<u>Maximum Dollar Value of Units Eligible for Payment by the Department</u>	<u>Amount Owed to Department</u>
Mental Health	Crisis Stabilization Unit	\$ 329 - \$ 367	37,262	5,443	31,819	\$ 8,648,446	\$ 10,432,506	\$ -
Mental Health	Short-Term Residential	\$ 372	5,565	-	5,565	\$ 2,068,400	\$ 2,068,400	\$ -
Substance Abuse	Inpatient Detoxification	\$ 255 - \$ 309	13,505	5,475	8,030	\$ 2,244,750	\$ 2,838,605	\$ -
Total Amount Owed to Department								\$ -

Southeast Florida Behavioral Health Network, Inc.
Schedule of Transfers to Sub-Recipients
for Program Services
For the Year Ended June 30, 2023

Provider (Sub-Recipient):	Contract Number	Total Expenditures
Substance Abuse and Mental Health Services:		
211 Palm Beach/Treasure Coast, Inc.	LTF09	\$ 1,158,752
901 45th Street West Palm Beach	PNA41	1,835
Access Recovery Solutions, LLC	PDA54	1,231,177
Alternatives in Treatment, LLC Mandal Healing Center	PDA61	5,182,715
AT&T Mobility	AGR62	9,943
Behavior Basics Incorporated	ZNA29	6,137
Brighter Families	PNA37	3,348,714
Carrfour Supportive Housing, Inc.	PNA38	245,963
Catholic Charities	LNF01	162,001
Center for Family Services	PTF06	274,034
Central Florida Substance Abuse Treatment	LDA07	164,798
Chrysalis Center	PNC26	1,583,849
Collectively - A Radlauer Venture	AGR54	68,512
Counseling and Recovery Center, Inc.	ZDA14	2,608,920
Counseling and Recovery Center, Inc.	ZDF04	1,290,000
Daniel Memorial, Inc.	AGR52	155,020
Drug Abuse Foundation of Palm Beach County, Inc.	PDA48	6,343,633
Drug Abuse Treatment Association, Inc.	LDC07	8,594,471
Ebb Tide Treatment, LLC	PDA47	649,890
Elizabeth H. Faulk Foundation, Inc.	AGR58	100,000
Father Flanagan's Boys Town Florida, Inc.	PNC25	314,729
Federation of Families of Florida	PNF25	221,106
Ferd and Gladys Alpert Jewish Family and Children	AGR55	490,000
Hanley Center Foundation, Inc.	PDC19	1,329,500
Henderson Behavioral Health, Inc.	LTF10	2,382,658
Henderson Behavioral Health, Inc.	PNA36	1,605,990
Henderson Behavioral Health, Inc.	PDF04	1,182,451
Horizon Sober Living, Inc.	ZTA01	154,550
Housing Partnership, Inc.	PTF07	2,983,213
Housing Partnership, Inc.	PNA39	37,223
HPS Helping-People Succeed, Inc.	ZNC16	1,381,233
HSP4, LLC	AGR43	6,750
Indian River County Healthy Start Coalition, Inc.	ZDA25	94,547
Jeff Industries, Inc.	PNA16	720,134
JFK Medical Center - North Campus	PNF23	483,193
Mary Armstrong	AGR59	80,250
MD Flow Her, LLC	AGR60	66,000
Mental Health Association of Indian River County	ZNA30	899,691
Mental Health Association of Palm Beach County	PNA32	757,515
National Alliance on Mental Illness - Palm Beach County	PNA17	30,712
National Alliance on Mental Illness - Martin County	ZNA37	24,998
New Horizons of the Treasure Coast, Inc.	ZTF13	14,821,683
New Horizons of the Treasure Coast, Inc.	ZNA38	1,562,934
New Horizons of the Treasure Coast, Inc.	ZNC24	1,100,180
Our Village Okeechobee, Inc.	ZTF15	209,250

Southeast Florida Behavioral Health Network, Inc.
Schedule of Transfers to Sub-Recipients
for Program Services
(continued)
For the Year Ended June 30, 2023

Provider (Sub-Recipient):	Contract Number	Total Expenditures
Substance Abuse and Mental Health Services:		
Palm Beach County Substance Abuse Coalition	PDC18	123,536
Palm Beach Habilitation Center, Inc.	PNA19	32,088
Pinnacle Wellness Group, LLC	ZDA23	412,366
Public Defenders Office, Nineteenth Judicial Circuit	ZDA08	160,000
Rebel Recovery Florida, Inc.	PDA56	1,237,592
Rite Life Services, Inc.	ZDA24	1,038,764
Roundtable of St. Lucie County, Inc.	ZDF03	115,461
Ruth & Norman Rales Jewish Family Services, Inc.	AGR56	998,400
South County Mental Health Center, Inc.	PNA31	14,538,244
SP Behavioral LLC d/b/a Sandypines Hospital	AGR09	139,247
Staples Technology Solutions	AGR63	13,366
Substance Abuse Council of Indian River County	ZDF05	1,171,241
Sunset House, Inc.	PDA44	195,956
The ARC of Palm Beach County, Inc.	PNA19	50,006
The Devereux Foundation	AGR41	197,830
The Inner Truth Project, Inc.	ZNA39	35,000
The Lord's Place, Inc.	PTA03	1,167,401
The Lord's Place, Inc.	PNA22	559,924
The Parent Academy of St. Lucie County, Inc.	ZDF06	303,257
The Recovery Research Network Foundation, Inc.	PDA59	1,478,742
The Recovery Research Network Foundation, Inc.	PDA57	1,240,171
Transpire Help	PDA63	442,255
Tykes & Teens, Inc.	ZNC25	987,446
University of Florida	AGR34	500,000
Wayside House, Inc.	PDA51	2,324,772
		<u>95,583,919</u>
Total Substance Abuse and Mental Health Services		
Carryforward Funded Services:		
901 45th Street West Palm Beach	PNA41	58,353
Carrfour Supportive Housing, Inc.	PNA38	80,000
Palm Healthcare Foundation	AGR48	607,000
		<u>745,353</u>
Total Carryforward Funded Services		

Southeast Florida Behavioral Health Network, Inc.
Schedule of Transfers to Sub-Recipients
for Program Services
(continued)
For the Year Ended June 30, 2023

Provider (Sub-Recipient):	Contract Number	Total Expenditures
Other Program Services:		
Center for Family Services	PTF06	104,652
Drug Abuse Treatment Association, Inc.	ZDC08	60,986
Housing Partnership, Inc.	PNA39	198,321
Legacy Behavioral Health Center	ZNA36	137,150
Mental Health Association of Indian River County	ZNA24	88,142
Mental Health Association of Indian River County	ZNA30	17,628
Miscellaneous Hurricane Ian Crisis Counselling ISP Providers	N/A	21,560
Miscellaneous Indian River Reinvestment Grant Providers	N/A	60,984
Miscellaneous Okeechobee Reinvestment Grant Providers	N/A	26,221
Miscellaneous Palm Beach County Grants Providers	N/A	184,470
New Horizons of the Treasure Coast, Inc.	ZNA35	191,645
New Horizons of the Treasure Coast, Inc.	ZTF13	9,365
Rebel Recovery Florida, Inc.	PDA56	15,593
Rebel Recovery Florida, Inc.	PDA62	435,751
Ritelife Services, Inc.	ZDA24	31,331
		<u>1,583,799</u>
Total Other Program Services		<u>1,583,799</u>
Total Transfers to Sub-Recipients for Program Services		<u>97,913,071</u>
Operational Services:		
Collectively - A Radlauer Venture	AGR54	11,000
Managed Care Consultants of Florida, Inc.	AGR53	13,500
Palm Healthcare Foundation	AGR48	25,000
Miscellaneous noncontracted provider payments	N/A	10,100
		<u>59,600</u>
Total Operational Services		<u>59,600</u>
Total Transfers to Sub-Recipients		\$ <u><u>97,972,671</u></u>

INTERNAL CONTROLS AND COMPLIANCE

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Southeast Florida Behavioral Health Network, Inc. (a nonprofit organization) (the "Organization"), which comprise the statement of financial position as of June 30, 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 December 22, 2023.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



KEEFE McCULLOUGH

Fort Lauderdale, Florida
December 22, 2023

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

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

Report on Compliance for Each Major Federal Program and State Project

Opinion on Each Major Federal Program and State Project

We have audited Southeast Florida Behavioral Health Network, Inc. (the "Organization") (a nonprofit organization) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement*, and the compliance requirements identified as subject to audit in the *Department of Financial Services' State Projects Compliance Supplement*, that could have a direct and material effect on each of the Organization's major federal programs and state projects for the year ended June 30, 2023. The Organization's major federal programs and state projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and state projects for the year ended June 30, 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; the audit requirements of Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and Chapter 10.650, *Rules of the Auditor General*. Our responsibilities under those standards, the Uniform Guidance; and *Rules of the Auditor General* are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance, and 10.650, *Rules of the Auditor General* we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and Chapter 10.650, *Rules of the Auditor General*, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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

Southeast Florida Behavioral Health Network, Inc.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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



KEEFE McCULLOUGH

Fort Lauderdale, Florida
December 22, 2023

**Southeast Florida Behavioral Health Network, Inc.
 Schedule of Findings and Questioned Costs
 For the Year Ended June 30, 2023**

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: Unmodified Opinion

Internal control over financial reporting:

Material weakness(es) identified? _____ yes X no

Significant deficiency(ies) identified? _____ yes X none reported

Noncompliance material to financial statements noted? _____ yes X no

Federal Programs and State Projects

Internal control over major programs/projects:

Material weakness(es) identified? _____ yes X no

Significant deficiency(ies) identified? _____ yes X none reported

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

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

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

<u>Assistance Listing No.</u>	<u>Federal Program(s)</u>
93.104	United States Department of Health and Human Services - Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED)
93.788	Opioid STR

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

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

Federal	\$ 1,293,746
State	\$ 750,000

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

Southeast Florida Behavioral Health Network, Inc.
Schedule of Findings and Questioned Costs
(continued)
For the Year Ended June 30, 2023

SECTION II - FINANCIAL STATEMENTS FINDINGS

None Reported.

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

None Reported.

SECTION IV - PRIOR YEAR AUDIT FINDINGS

None Reported.

SECTION V - OTHER

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