

**Banyan Community Health Center, Inc.
and Subsidiaries and Affiliates
Combined and Consolidated Financial Statements
and Supplementary Information
June 30, 2024**

Banyan Community Health Center, Inc. and Subsidiaries and Affiliates
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Independent Auditor's Report

To the Board of Directors of
Banyan Community Health Center, Inc.
and Subsidiaries and Affiliates

Report on the Audit of the Combined and Consolidated Financial Statements

Opinion

We have audited the accompanying combined and consolidated financial statements of Banyan Community Health Center, Inc. and Subsidiaries and Affiliates (Not-For-Profit Organizations), hereafter referred to collectively as the Organization, which comprise the combined and consolidated statement of financial position as of June 30, 2024, and the related combined and consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the combined and consolidated financial statements (hereafter referred to collectively as the “financial statements”).

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Organization as of June 30, 2024, 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. Additionally, our audit was conducted in accordance with 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 10.550, Rules of the Auditor General. 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.

Emphasis of Matter

As discussed in Note 20 of the financial statements, BCHC has sustained substantial losses from operations and negative working capital. Our opinion is not modified with respect to the matter.



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 Organization'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*, the Uniform Guidance, and Chapter 10.550, Rules of the Auditor General, 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*, the Uniform Guidance, and Chapter 10.550, Rules of the Auditor General, 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 consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 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.

Other Matters

Report of Summarized Comparative Information

We have previously audited Banyan Community Health Center, Inc. and Subsidiaries and Affiliates’ financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 14, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule III (page 27), 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*, is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying Schedules I, II and IV are also presented for the purpose of additional analysis. These schedules are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 information is fairly stated, in all material respects, in relation to the financial statements as a whole.

The Florida Department of State, Rule 65E-14.003, Audits of Contractors Participating in the Substance Abuse and Mental Health Programs require that Schedules V-VIII (pages 30 to 33) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, are required by the Florida Department of State, Rule 65E-14.003, Audits of Contractors Participating in the Substance Abuse and Mental Health Programs, who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic consolidated financial statements, and other knowledge we



obtained during our audit of the consolidated basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 26, 2024 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. In addition, we have also issued our report dated December 26, 2024, applicable to each major federal program and state project. Such report should also be read in conjunction with the report in considering the results of our audit.

ZOMMA Group, LLP
Coral Gables, Florida
December 26, 2024

Banyan Community Health Center, Inc. and Subsidiaries and Affiliates
Statements of Financial Position
June 30,

	<u>2024</u>	<u>2023</u>
Assets		
Current assets		
Cash	\$ 1,327,399	\$ 364,403
Grants receivable	3,159,828	4,562,506
Third party receivable, net	3,343,582	3,590,668
Investments, at fair value	207,713	189,356
Prepaid expenses and other current assets	627,137	657,188
Inventory	359,151	299,088
Restricted deposits and funded reserve	243,400	236,416
Total current assets	<u>9,268,210</u>	<u>9,899,625</u>
Property and equipment, net	18,141,537	19,827,040
Other assets		
Investment - privately held company	150,101	150,101
Deposits and other assets	160,402	192,218
Cash surrender value life insurance	-	88,602
Operating lease right of use asset	2,861,856	2,182,266
Total other assets	<u>3,172,359</u>	<u>2,613,187</u>
Total assets	<u>\$ 30,582,106</u>	<u>\$ 32,339,852</u>
Liabilities and net assets		
Liabilities		
Current liabilities		
Lines of credit	\$ 4,993,997	\$ 597,715
Accounts payable	5,806,796	4,990,630
Accrued payroll	732,628	617,025
Accrued expenses and other current liabilities	2,024,158	911,196
Current portion of operating lease obligation	683,889	512,915
Current portion of long-term debt	3,218,466	246,992
Total current liabilities	<u>17,459,934</u>	<u>7,876,473</u>
Non-current liabilities		
Tenant security deposits	6,453	6,453
Long-term portion of operating lease obligation, less current portion	2,314,958	1,757,685
Long-term debt, less current portion	3,168,491	4,211,806
Total non-current liabilities	<u>5,489,902</u>	<u>5,975,944</u>
Total liabilities	22,949,836	13,852,417
Net assets		
Net assets without donor restrictions	7,335,864	18,185,684
Net assets with donor restrictions	296,406	301,751
	<u>7,632,270</u>	<u>18,487,435</u>
Total liabilities and net assets	<u>\$ 30,582,106</u>	<u>\$ 32,339,852</u>

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

Banyan Community Health Center, Inc. and Subsidiaries and Affiliates
Statements of Activities and Changes in Net Assets
For the Year Ended June 30, 2024
(With Comparative Totals for 2023)

	Without donor restrictions	With donor restrictions	2024	2023
Public support and revenue				
Public support				
Federal and state grants	\$ 26,882,649	\$ -	\$ 26,882,649	\$ 29,901,586
Local grants	1,034,849	-	1,034,849	544,438
Total public support	<u>27,917,498</u>	<u>-</u>	<u>27,917,498</u>	<u>30,446,024</u>
Revenue				
Medicare	1,009,071	-	1,009,071	1,025,716
Medicaid	5,656,803	-	5,656,803	6,886,605
In-kind revenue	853,080	-	853,080	759,408
Patient services, net	8,234,174	-	8,234,174	8,076,247
Rent revenue	172,772	-	172,772	138,892
Total revenue	<u>15,925,900</u>	<u>-</u>	<u>15,925,900</u>	<u>16,886,868</u>
Net asset released from restriction	5,345	(5,345)	-	-
Total public support and revenue	43,848,743	(5,345)	43,843,398	47,332,892
Functional expenses				
Program services	38,663,098	-	38,663,098	34,429,104
Fundraising and development	1,347,597	-	1,347,597	638,713
General and support services	9,010,206	-	9,010,206	10,499,639
Total functional expenses	<u>49,020,901</u>	<u>-</u>	<u>49,020,901</u>	<u>45,567,456</u>
Excess (deficit) of public support and revenue over expenses before depreciation, amortization and interest	(5,172,158)	(5,345)	(5,177,503)	1,765,436
Other income (expense)				
Depreciation and amortization expense	(1,335,371)	-	(1,335,371)	(1,741,823)
Interest expense	(532,074)	-	(532,074)	(276,506)
Bad debt expense	(360,782)	-	(360,782)	(670,820)
Write off of predevelopment costs (Note 19)	(2,863,051)	-	(2,863,051)	-
Gain on sale of asset	587,854	-	587,854	-
Other income	29,039	-	29,039	162,110
Other expense	(261,953)	-	(261,953)	(4,912)
Reimbursement to grantor (Note 21)	(658,407)	-	(658,407)	-
Total other income (expense)	<u>(5,394,745)</u>	<u>-</u>	<u>(5,394,745)</u>	<u>(2,531,951)</u>
Net change in net assets	(10,566,903)	(5,345)	(10,572,248)	(766,515)
Net assets – beginning of year (as previously stated)	9,802,037	301,751	10,103,788	10,153,280
Prior period adjustment (Note 21)	(282,917)	-	(282,917)	-
Step-up basis acquisition of affiliate (Note 1)	8,383,647	-	8,383,647	9,100,670
Net assets – end of year	<u>\$ 7,335,864</u>	<u>\$ 296,406</u>	<u>\$ 7,632,270</u>	<u>\$ 18,487,435</u>

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

Banyan Community Health Center, Inc. and Subsidiaries and Affiliates
Statements of Functional Expenses
For the Year Ended June 30, 2024
(With Summarized Comparative Totals for 2023)

	Program Services**								General and Support Services			Total 2024	2023
	Residential Services	Prevention Services	Outpatient Integrated Clinic Services	Intervention Services	Emergency Services	Supportive Housing	Research and Evaluation	Real Estate Holding Operations	Total Program Services	Fundraising/ Development	Management and General		
Personnel expenses													
Salaries	\$ 5,961,053	\$ 584,473	\$ 9,478,996	\$ 61,115	\$ 3,711,995	\$ 59,331	\$ 120,228	\$ -	\$ 19,977,191	\$ 290,822	\$ 5,934,960	\$ 26,202,973	\$ 25,447,931
Contracted services	152,347	91,368	15,970	2,006	-	-	-	-	261,691	115,255	19,874	396,820	383,387
Payroll taxes and fringe benefits	875,469	-	1,553,695	-	532,347	7,327	17,694	-	2,986,532	99,404	688,580	3,774,516	3,781,469
Total personnel expenses	6,988,869	675,841	11,048,661	63,121	4,244,342	66,658	137,922	-	23,225,414	505,481	6,643,414	30,374,309	29,612,787
Other Expenses													
Building occupancy and equipment	946,992	35,800	1,295,114	917	484,698	28,127	-	-	2,791,648	-	238,675	3,030,323	3,137,027
Professional services	887,553	-	1,238,813	51,440	206,183	-	190,773	10,346	2,585,108	801,093	856,883	4,243,084	3,425,952
Travel and transportation expense	39,945	43,213	76,110	81	8,470	-	3,318	-	171,137	22,906	174,604	368,647	436,347
Patient services and supplies	1,253,013	1,289	4,241,001	92	316,225	-	-	-	5,811,620	-	5,269	5,816,889	5,048,866
Computer communication costs	120,350	-	413,965	-	192,954	-	-	-	727,269	-	378,022	1,105,291	1,174,041
Insurance	131,881	36,585	165,294	6,652	58,915	83,644	-	323,532	806,503	-	85,664	892,167	723,078
Other operating expenses	529,375	84,026	833,498	9,303	216,226	17,219	140	1,532	1,691,319	18,117	627,675	2,337,111	1,249,950
Donated items	29,462	-	822,694	-	924	-	-	-	853,080	-	-	853,080	759,408
Total other expenses	3,938,571	200,913	9,086,489	68,485	1,484,595	128,990	194,231	335,410	15,437,684	842,116	2,366,792	18,646,592	15,954,669
Total functional expenses	10,927,440	876,754	20,135,150	131,606	5,728,937	195,648	332,153	335,410	38,663,098	1,347,597	9,010,206	49,020,901	45,567,456
Less: unallowable costs	-	-	(450)	-	(450)	-	-	-	(900)	-	(186,751)	(187,651)	(119,567)
Total allowable operating expenses	\$ 10,927,440	\$ 876,754	\$ 20,134,700	\$ 131,606	\$ 5,728,487	\$ 195,648	\$ 332,153	\$ 335,410	\$ 38,662,198	\$ 1,347,597	\$ 8,823,455	\$ 48,833,250	\$ 45,447,889

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

Banyan Community Health Center, Inc. and Subsidiary and Affiliates
Statements of Cash Flows
For the Years Ended June 30,

	<u>2024</u>	<u>2023*</u>
Cash flows from operating activities		
Net change in net assets	\$ (10,572,248)	\$ (766,515)
Add back items which do not affect cash		
Depreciation and amortization expense	1,335,371	1,741,823
Bad debt expense	360,782	670,820
Reimbursement to grantor	658,407	-
Write-off of predevelopment costs	2,863,051	-
Gain on sale of building	(587,854)	-
Add or (deduct) changes in certain assets and liabilities		
Accounts receivable	1,288,982	(1,431,516)
Due to/from related parties	-	(7,351)
Prepaid expenses and other current assets	30,051	(283,043)
Operating lease assets and liabilities	48,657	88,334
Inventory	(60,063)	22,616
Other assets	70,245	(153,995)
Tenant security deposit	31,816	14,029
Accrued expenses and other current liabilities	1,103,407	1,139,596
Net cash provided by (used in) operating activities	<u>(3,429,396)</u>	<u>1,034,798</u>
Cash flows from investing activities		
Net deposits to reserve for replacement account	-	(4,583)
Purchase of property and equipment	(630,301)	(3,787,826)
Disposal of property and equipment	342,648	-
Net cash used in investing activities	<u>(287,653)</u>	<u>(3,792,409)</u>
Cash flows from financing activities		
Net borrowings on line of credit	4,396,282	197,715
Borrowings on long-term debt	1,150,285	-
Payments/borrowings on long-term debt	(859,539)	953,346
Net cash provided by financing activities	<u>4,687,028</u>	<u>1,151,061</u>
Net increase (decrease) in cash and cash equivalents	969,979	(1,606,550)
Cash and restricted cash – beginning of year	<u>600,819</u>	<u>2,207,369</u>
Cash and restricted cash – end of year	<u>\$ 1,570,798</u>	<u>\$ 600,819</u>
Supplemental Disclosures:		
Interest paid on line of credit	<u>\$ 304,259</u>	<u>\$ 129,076</u>
Non-cash transactions:		
Property and equipment purchased with debt	<u>\$ 2,137,569</u>	<u>\$ 210,000</u>

* Amounts have been reclassified for comparative purposes

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

Note 1 Organization and Purpose

Banyan Community Health Center, Inc. D/B/A Banyan Health Systems and its Subsidiaries and Affiliates listed below (collectively referred to as the Organization) is a network of organizations that provide integrated care that combines prevention, disease control, consumer education, research, and evidence-based clinical services in the areas of primary care and behavioral health including mental health and substance abuse treatment to residents of Miami-Dade and Broward counties.

Controlling Entity

Banyan Community Health Center, Inc. (BCHC) D/B/A Banyan Health Systems was incorporated in the State of Florida on August 30, 2010, as a not-for-profit corporation. On June 14, 2012, BCHC received funding under Section 330 of the Public Health Service Act as a Federally Qualified Health Center (FQHC). The designation and related funding has allowed BCHC to provide primary health care services to the underserved population in specific catchment areas in Miami-Dade County, Florida. BCHC also provides behavioral health services.

Subsidiaries and Affiliates

Miami Behavioral Health Center, Inc. (MBHC) was originally incorporated in 1978 as a not-for-profit corporation for the purpose of providing treatment, counseling and prevention services in the areas of mental health, drug and alcohol related care concerns to residents in Miami-Dade and Broward Counties. On October 1, 2016, all service contracts were transferred to BCHC. MBHC continues as the sponsor of a U.S. Department of Housing Urban Development (HUD) funded program for a related party, Phoenix Manor, Inc. (a not-for-profit organization) who owns and operates a multifamily residential apartment project for families and/or individuals.

Phoenix Manor, Inc. (HUD Project No. 066-EH249-CA) (the Project), deemed an affiliate through common ownership, was incorporated as a not-for-profit corporation for the purpose of owning and operating a twenty (20) unit multifamily residential apartment project for families and/or individuals that meet the U.S. Department of Housing Urban Development (HUD) criteria in Miami, Florida. The Project operates under the provision of Section 811 (Supportive Housing for Persons with Disabilities) of the National Housing Act and is regulated by the United States Department of Housing and Urban Development (HUD) with respect to rental charges and operating methods. The families and/or individuals occupying the residential units are mostly referred to Phoenix Manor, Inc. by Miami Behavioral Health Center, Inc. (the Sponsor Company).

Supporting Organizations and Other Subsidiaries

Banyan Community Health Foundation, Inc. (BCHF), deemed an affiliate through common ownership, and its subsidiaries, listed below are a network of support entities organized to serve, support and promote the ongoing mission and interests of Banyan Community Health Center, Inc. (BCHC), its subsidiaries and affiliated organizations.

Note 1 Organization and Purpose (continued)

Supporting Organizations and Other Subsidiaries (continued)

Banyan Community Health Foundation, Inc. (BCHF), deemed an affiliate through common ownership, a 509(c)(3) Public Charity was incorporated in 2007. BCHF is the controlling entity for M.M.H.C. Holding Corporation, Spectrum Programs Real Estate Holdings, Inc., and Banyan Research and Innovation Center, Inc.

M.M.H.C. Holding Corporation (MMHC), deemed an affiliate through common ownership, incorporated in the state of Florida as a not-for-profit corporation for the purpose of acquiring real estate and in turn, leasing its properties to BCHC.

Banyan Assets Holdings, Inc. (BAH), deemed an affiliate through common ownership, was incorporated in the state of Florida in 1973 as a not-for-profit corporation for the purpose of owning and leasing its properties to the Banyan Group.

Banyan Research and Innovation Center, Inc. (BRIC), F/K/A Spectrum Programs, Inc., deemed an affiliate through common ownership, was originally incorporated in the state of Florida in 1970 as a not-for-profit corporation. BRIC is a full-time behavioral health research institute supporting the ongoing mission of the Organization.

Affiliate Agreement

On March 31, 2021, Banyan Health Systems initiated an affiliate agreement with Concept Health Systems (CHS). CHS is a 501(c)(3) tax exempt corporation which provides prevention, treatment and comprehensive behavioral health services to individuals with substance abuse, mental health illnesses and related disorders at its facilities located in Miami, Florida. This affiliate agreement called the “Change in Control” agreement was the initial step in a series of steps that would unite CHS and Banyan into one operating company. Although the agreement was executed, remaining steps to unite funding contracts from Thriving Minds are still in process. As of June 30, 2023, management determined that this transaction meets the criteria of a business combination. In accordance with *FASB ASC 850*, in a business combination, an acquirer recognizes 100% of the fair value of the business acquired as of acquisition date. Therefore, as of June 30, 2023, Concept Health Systems, Inc. was included in the accompanying financial statements. In addition, a step-up entry of \$9,100,670 was recorded as a consolidating entry in order to recognize acquired assets at fair value.

Financial Statement Presentation

The accompanying combined and consolidated financial statement has been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (“GAAP”). They include the accounts of Banyan Health Systems and its Subsidiaries and Affiliates which are under the Organization’s control. All intercompany accounts and transactions have been eliminated in the accompanying combined and consolidated financial statements (hereafter referred to collectively as the “financial statements”).

Note 2 Summary of Significant Accounting Policies

Reporting Classification of Net Assets

Assets accumulated and resources received and expended by the Organization are classified based on the presence or absence of donor-imposed restrictions as follows:

Net Assets Without Donor Restrictions – includes funds which are available and used for operations and programs. Revenue is considered available for unrestricted use unless specifically restricted by the donor.

Net Assets With Donor Restrictions – includes funds with donor-imposed restrictions, which permit the Organization to expend the assets as specified and are satisfied either by the passage of time or by actions of the Organization. (See Note 12).

Use of Estimates

The preparation of these financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, changes therein, and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of increases and decreases in net assets during the reporting period. Actual results could differ from those estimates.

Fair Value Measurements

Fair value measurements establish a hierarchy to prioritize the computation of fair value. Such hierarchy consist of a) - valuations based on unadjusted quoted prices in active markets for identical assets or liabilities (Level 1), b) - valuations based on observable unadjusted quoted prices for similar assets and liabilities in active markets (Level 2), and c) - valuations based on inputs that are unobservable and are supported by little or no market activity, therefore, requiring management's best estimate of what market participants would use as fair value (Level 3).

Other Significant Accounting Policies

Cash and Cash Equivalents

The Organization considers all highly liquid investments purchased with maturities of three months or less to be cash equivalents. There were no such investments as of June 30, 2024 and 2023.

Concentrations of Credit Risk

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash. At times, these bank accounts may exceed federally insured limits. However, the Organization maintains its cash with a high-quality financial institution which the Organization believes limits these risks of having uninsured deposits.

Note 2 Summary of Significant Accounting Policies (continued)

Other Significant Accounting Policies (continued)

Grants and Third-Party Receivables, net and Allowance for Credit Losses

Grants and third-party receivables, net, consist primarily of contract and fee amounts due from federal, state and county governments, patients and third-party payers. They are shown at the anticipated net realizable value, net of an allowance for credit losses. The Organization estimates an allowance for credit losses based on historical data of collectability of revenue types. When amounts are determined to be uncollectible, they are written off against the allowance. Management changed its procedures to allow more time for review of accounts prior to writing accounts off in the accounts receivable system, while still fully reserving at 180 days. This resulted in an increase in the allowance for credit losses but had no impact on the presentation of the financial statements. The allowance for credit losses at June 30, 2024 and 2023 amounted to \$3,761,171 and \$1,063,987, respectively.

Due to/from Affiliate

Due to/from affiliate is comprised of unsecured, short-term advances to/from an affiliate company. These arise from the collaborative activities between an affiliate company to further the mission of the Organization. All amounts were eliminated as of year-end.

Property and Equipment, Net

Property and equipment, net, are recorded at cost at the date of purchase or, for donated assets, at fair value at the date of donation, less accumulated depreciation. Depreciation is calculated using the straight-line method over the lesser of the estimated useful lives of the assets or the lease term. The useful lives range from three to ten years. The Organization capitalizes all expenditures in excess of \$5,000 for property and equipment at cost. Expenditures for major renewals and betterments that extend the useful lives of property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred.

Impairment

The Organization records impairment losses on long-lived assets used in operations when events and circumstances indicate that the assets might be impaired and the undiscounted cash flows estimated to be generated by those assets are less than the carrying amount of those assets. There have been no adjustments to property and equipment for impairment losses for the year ended June 30, 2024 and 2023.

Investments

Investments are reported at cost, if purchased, or at fair value, if donated. Thereafter, investments are reported at their fair values in the statement of financial position, and changes in fair value are reported as investment activity, net, in the statement of activities and changes in net assets.

Purchases and sales of securities are reflected on a trade-date basis. Gains and losses on sales of securities are based on average cost and are recorded in the consolidated statements of activities in the period in which the securities are sold. Interest is recorded when earned. Dividends are accrued as of the ex-dividend date.

Note 2 Summary of Significant Accounting Policies (continued)

Other Significant Accounting Policies (continued)

Investments – Privately Held Companies

The Organization has investments in the common stock of certain privately-held companies that are accounted for using the cost method. Under the cost method, the Organization recognizes the stock as an asset at its initial cost. Dividends received from net accumulated earnings are recorded as income. Dividends received in excess of earnings are considered return of investment and recorded as a reduction of cost of the investment.

The Organization evaluates whether declines in fair value below the amortized cost (impairment) of cost method investments are other than temporary. Impairment losses deemed other than temporary are recognized in earnings in the period in which the determination is made.

Inventories

Inventories consist of purchased goods held for resale. Inventories are stated at the lower of cost or net realizable value. Cost is measured using the first-in, first-out (FIFO) method for purchased goods held for resale. The inventories' net realizable value is calculated as the selling price in the ordinary course of business, less reasonably predictable costs of completion, disposal and transportation. Obsolete or slow-moving inventories are written down according to their possibility of use or realization.

Public Support and Revenue

Public support revenue consists of grants and contracts received from federal, state, and local agencies and private organizations and are to be used for specific programs. Such contracts and grants are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. In this connection, such agreements are considered exchange transactions. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. The Organization generates its net revenue from Medicare, Medicaid, and patient services, as its performance obligations are completed, principally from client and patient services. The Organization determines the transaction price based on established billing rates with the insurance companies or private patients, net of any estimated adjustments, once the service is provided. Any differences between the estimates and actual collections are reflected in operations in the period in which payment is received. Differences may result in the amount and time of revenue for any period if actual performance varies from estimates.

Intercompany rental revenues are recognized when earned and collection is reasonably assured. Intercompany agreements are on a month-to-month basis, specifically for programs operated by the Banyan Health System. For the years ending June 30, 2024 and 2023, a total of \$788,447 and \$597,442, respectively, were eliminated in the accompanying combining and consolidating schedule of activities.

Note 2 Summary of Significant Accounting Policies (continued)

Other Significant Accounting Policies (continued)

Public Support and Revenue (continued)

Revenue is also generated as part of the Project's Rental Assistance Contract with HUD, strictly from Phoenix Manor, Inc. Revenues are recognized when rent is due. Revenue is generated by renting apartment space to residents. Changes in regulations or governmental funding could result in the reduction of rental income. Any such adjustments to contract rates are recognized as a reduction of income when their effect becomes reasonably determinable. Under the regulatory agreement with HUD, the Project may not increase rents charged to tenants without HUD approval. Such rental revenues amounted to \$172,772 and \$152,001 for the years ended June 30, 2024 and 2023, respectively, in the accompanying statement of activities.

Functional Allocation of Expenses

The costs of providing program and other activities have been summarized on a functional basis in the accompanying consolidated statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Direct costs associated with specific programs are recorded as program expenses. Management and general expenses include those expenses that are not directly identifiable with any other specific function, but that provide for the overall support and direction of the Organization and are allocated based on management's assessment of employee work.

Income Taxes

The Organization is organized as a not-for-profit entity and is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Unrelated business income, of which the Organization had none for the years ending June 30, 2024 and 2023, would be subject to federal income taxes. The Organization's information returns filed with the Internal Revenue Service have not been examined in the past. The Organization is not aware of any uncertainties that could jeopardize its not-for-profit status. Therefore, no provision or liability for income taxes is deemed necessary.

The Organization follows the provisions of uncertain tax provisions addressed by FAS ASC 740-10 *Accounting For Uncertainty in Income Taxes*. The Organization has no uncertain tax positions at June 30, 2024, for which the ultimate deductibility is highly certain but for which there are uncertainty about the timing of such deductibility. The Organization recognizes interest accrued related to unrecognized tax benefits in interest expense and penalties in operating expense. The Organization has determined that no amount required to be accrued for taxes or related penalties and interest for any tax position taken through June 30, 2024.

Note 2 Summary of Significant Accounting Policies (continued)

Other Significant Accounting Policies (continued)

Donated Materials and Services

Donated materials and services are reflected in the accompanying financial statements at their fair value. Certain amounts have not been reflected in these financial statements for donated services, since they did not “create or enhance non-financial assets” or “require specialized skills” and would not typically be purchased if not provided by donation as required for recognition under generally accepted accounting principles.

However, a substantial number of volunteers have donated significant amounts of time to the Organization totaling approximately \$30,000 and \$46,000 for the years ended June 30, 2024 and 2023, respectively.

The Organization has a program whereby it receives free medications from pharmaceutical companies. These medications are intended for distribution to eligible patients. The donated free medications approximated \$563,000 and \$453,000 for the years ended June 30, 2024 and 2023.

The remaining amount of donated materials and services, approximately amounting to \$260,000, for the years ended June 30, 2024 and 2023, comes from the Department of Health and Human Services contract.

Leases

The Organization determines if an arrangement contains a lease at inception. Operating leases are included in the Organization’s operating right of use (ROU) assets, the current portion of operating lease liabilities, and the long-term portion of operating lease liabilities in the Organization’s statement of financial position. The ROU assets represent the Organization’s right to control the use of an underlying asset for the lease term, and lease liabilities represent the Company’s obligation to make lease payments arising from the lease. Operating lease ROU assets and lease liabilities are recognized at commencement date based on the present value of lease payments over the lease term.

The operating lease ROU assets also include any prepaid lease payments made and exclude lease incentives. Lease expense is recognized on a straight-line basis over the lease term. The Organization’s lease includes both lease (e.g., fixed payments including rent, taxes, and insurance costs) and nonleases components (e.g., common-area or other maintenance costs), which are accounted for as a single lease component as the Organization has elected the practical expedient to group lease and nonleases components for all leases.

Note 2 Summary of Significant Accounting Policies (continued)

Leases(continued)

The lease includes one or more options to renew. The exercise of lease renewal options is typically at the Organization's sole discretion; therefore, the majority of renewals to extend the lease terms are not included in the Organization's ROU assets and lease liabilities as they are not reasonably certain of exercise. The Organization regularly evaluates the renewal options and when they are reasonably certain of exercise, the Company includes the renewal period in the lease term. As most of the leases do not provide an implicit rate, the Organization uses incremental borrowing rate based on the information available at the lease commencement date in determining the present value of the lease payments.

Recently Issued Accounting Standards

Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments

In June 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* ("ASU 326"). ASU 326, as amended revises the accounting requirements related to the measurement of credit losses and requires organizations to measure all expected credit losses for financial assets based on historical experience, current conditions, and reasonable and supportable forecasts about collectability. Assets must be presented in the financial statements at the net amount expected to be collected. The adoption of this standard changed how the allowance for credit losses is determined. (See Note 2)

Note 3 Liquidity and Availability of Financial Assets

As of June 30, 2024 and 2023, the Organization has \$7,830,809 and \$8,517,577 of financial assets available within one year of the balance sheet date to meet cash needs for general expenditures consisting of cash of \$1,327,399 and \$364,403 and grants and other receivables of \$6,503,410 and \$8,153,174, respectively. Approximately \$302,000 of the financial assets are subject to donor or other contractual restrictions that can make them unavailable for general expenditure within one year of the balance sheet date. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its program services as well as the conduct of services undertaken to support those activities to be general expenditures. The Organization regularly monitors the liquidity required to meet its operating needs and other contractual commitments. Financial assets are structured to be available as general expenditures, liabilities, and other obligations come due.

Because the Organization is largely dependent on government support for its operations (Note 14), the timeliness in which revenue from these governmental agencies is collected is essential to meet the normal cash flow needs of the Organization.

Furthermore, as more fully described in Note 9, the Organization also has a line of credit available in the amount of \$4,500,000, which it could draw upon in the event of an unanticipated liquidity need.

Note 4 Restricted Deposits and Funded Reserve

Reserve for Replacement

Under the regulatory agreement with HUD, the Project is required to set aside amounts for the replacement of property and other project expenses approved by HUD. The Project is required to make monthly deposits of \$1,215 to this reserve. During the year, these deposits aggregated \$14,580 as of June 30, 2024 and 2023. These deposits are held in a separate account and generally are not available for operating purposes.

Residual Receipts Reserve

Under the regulatory agreement with HUD, the Project is required to deposit its residual receipts from its surplus cash computations into a residual receipts account. Residual receipts are calculated by determining the amount of surplus cash or cash in excess of operating expenses and reserve requirements less any allowable distributions as defined in the agreement. As of June 30, 2024 and 2023, \$73,438 and \$73,225 of residual receipts were required. Use of the residual receipts account is contingent upon HUD's prior written approval.

Note 5 Contract Assets

Contract assets consist of the following as of:

	June 30,	
	2024	2023
Contract assets		
Grants receivable	\$ 3,159,828	\$ 4,562,506
Third party receivable, net	3,343,582	3,590,668
	\$ 6,503,410	\$ 8,153,174

Receivables represent amounts billed to grantors and third parties where payment has not been received. Opening balances for grant and third party receivables as of June 30, 2022 totaled \$3,641,569 and \$3,083,336, respectively.

Note 6 Investments

Investments at June 30, 2024 and 2023, as set forth by levels within the fair value hierarchy, consists of the following:

	2024			2023		
	Level 1	Level 2	Total	Level 1	Level 2	Total
U.S. equity securities	\$ 85,067	\$ -	\$ 85,067	\$ 80,618	\$ -	\$ 80,618
International equity securities	-	14,480	14,480	-	12,173	12,173
Fixed income securities	-	48,739	48,739	-	43,557	43,557
Mutual funds	-	3,416	3,416	-	2,990	2,990
Real asset securities	-	6,266	6,266	-	5,834	5,834
Dynamic asset allocation	-	49,745	49,745	-	44,184	44,184
	\$ 85,067	\$ 122,646	\$ 207,713	\$ 80,618	\$ 108,738	\$ 189,356

Banyan Community Health Center, Inc. and Subsidiary and Affiliates
Notes to Financial Statements

Note 7 Property and Equipment

Property and equipment, net, comprises the following:

	2024	2023	Useful Lives (Years)
Land	\$ 3,629,931	\$ 3,649,131	
Building and improvements	23,104,897	22,817,636	3 to 25
Transportation equipment	517,882	518,958	3 to 5
Computer and software equipment	2,156,823	2,002,504	3
Construction in progress	2,950,418	4,178,720	n/a
Furniture and equipment	4,471,679	4,282,641	3 to 5
	36,831,630	37,449,590	
Less accumulated depreciation	18,690,093	17,622,550	
	\$ 18,141,537	\$ 19,827,040	

Depreciation expense amounted to \$1,211,969 and \$1,707,736 for the year ended June 30, 2024 and 2023.

Note 8 Operating Leases

The Organization leases office space under several operating lease agreements, which expire at various dates through November 2032. Lease expense for the years ended June 30, 2024 and 2023 amounted to \$706,400 and \$659,586, respectively.

Maturities of lease liabilities for operating leases are as follows as of June 30, 2024:

For the Year Ending June 30,	
2025	\$ 683,889
2026	602,670
2027	547,876
2028	241,224
Thereafter	923,188
Total	\$ 2,998,847

The weighted average remaining lease terms and incremental borrowing rates for the Organization's operating leases were as follows as:

Description	Years/ Discount Rate
Weighted-average remaining lease term for operating leases	5.67
Weighted-average discount rate for operating leases	3.60%

Banyan Community Health Center, Inc. and Subsidiary and Affiliates
Notes to Financial Statements

Note 8 Operating Leases (continued)

Supplemental cash flow information related to the Company's operating leases were as follows for the year ended June 30, 2023:

Lease Classification	Financial Statement Classification	Amount
Operating cash flows from operating leases	Operating	\$ 583,205

Note 9 Lines of Credit

The Organization has a revolving line of credit totaling \$4,500,000 with a maturity date of October 2025. This agreement is secured by real property and has a variable annual interest rate equal to .25% over the Wall Street Journal Prime Rate and a minimum calculated rate of 3.25% per year (9.50% and 8.75% at June 30, 2024 and 2023, respectively). The outstanding balance on this line of credit as of June 30, 2024 and 2023 amounted to \$4,497,282 and \$99,000. As of June 30, 2024, the Organization is not in compliance with its restrictive covenants.

The Organization has an additional revolving line of credit totaling \$500,000 with a maturity date of March 2025. This agreement is secured by real property and has an interest rate of 8.75% per year. The outstanding balance on this line of credit as of June 30, 2024 and 2023 amounted to \$496,715 and \$498,715, respectively. As of June 30, 2024, the Organization is not in compliance with its restrictive covenants.

At June 30, 2024, the Organization was in technical default of its restrictive loan covenants for both the lines of credit and their bridge loan. The financial institution of both lines of credit is engaged in renegotiating terms with management. The holder of the bridge loan issued a reservation of rights letter and came to an agreement to restructure the loan. Management expects to restructure most of its debt in March 2025.

Note 10 Long-Term Debt

Long-term debt consists of the following as of December 31, 2024:

Note payable ⁽¹⁾	\$	175,000
Mortgage payable ⁽²⁾		3,171,548
Mortgage payable ⁽³⁾		205,800
Mortgage payable ⁽⁴⁾		304,750
Bridge loan ⁽⁵⁾		2,700,000
		6,557,098
Less current portion		3,218,466
		\$ 3,338,632

- 1) Note payable dated October 3, 2022 for operation purposes with a maturity date of October 2027. The agreement provides for the first twelve months of interest-only payments, at 3.81%, and the remaining period installments of \$4,375. This loan is an unsecured, non-recourse obligation.
- 2) Mortgage payable dated February 28, 2022 for the purchase of real property. The agreement provides for monthly payments of \$16,529 including interest at 3.25% maturing October 2031. The mortgage is collateralized by the Organization's real property.
- 3) Mortgage payable dated June 29, 2023 provides for monthly payments of \$5,999 including interest at 6.97% maturing June 2028. This loan is collateralized by the Organization's real property.
- 4) Mortgage payable consist of a mortgage loan for purchase of real property with a maturity date of March 2025. The agreement provides for interest only payments of \$2,032, with a balloon payment of \$304,750, plus any accrued interest. This loan is guaranteed by the Organization's real property.
- 5) Bridge loan consist of a loan to bridge certain grants awarded to the Organization with a maturity date of August 2025. The agreement provides for interest only payments at 5.25%. This loan is guaranteed by the Organization's real property.

Banyan Community Health Center, Inc. and Subsidiary and Affiliates
Notes to Financial Statements

Note 10 Long-Term Debt (continued)

Maturities on long-term debt are as follows:

<u>For the Year Ending June 30,</u>		
2025	\$	3,218,466
2026		215,613
2027		223,458
2028		134,485
2029		106,595
Thereafter		2,658,481
		<u>6,557,098</u>
Less current portion		3,218,466
		<u>3,338,632</u>
Less unamortized debt issuance		170,141
Long term portion	\$	<u><u>3,168,491</u></u>

Debt issuance costs are reported on the balance sheet as a direct deduction from the face amount of the long-term debt. Amortization of debt issuance costs amounted to \$123,402 and \$34,087 for the years ended June 30, 2024 and 2023, respectively, and is reported in the statement of activities included under depreciation and amortization.

Note 11 Commitments and Contingencies

Contingencies

The Organization is subject to federal, state, and local government audits. These audits could result in the questioning of expenditures relating to certain grants under various technical compliance provisions of the individual grants. As described in Note 21, a material liability was recorded in CHS as a result of several incidents which resulted in a desk review by a grantor.

Litigation

The Organization has routine legal matters in the ordinary course of business being handled by its legal counsel. Management determined that an adjustment was necessary since a settlement was agreed upon by both parties amounting to \$250,000. This amount was accrued at June 30, 2024 and is included in the consolidated statement of financial position.

Credit Risk

The Organization's cash balances during the year were in excess of the federal insured limits of \$250,000. At June 30, 2024 and 2023, the Organization's uninsured cash balances approximated \$1,195,000 and \$63,000, respectively.

Note 12 Net Assets with Donor Restrictions

The Project has a \$1,115,700 non-interest bearing Capital Advance Agreement (the Agreement) with HUD. The Project is not required to make payments against the capital advances provided it maintains the housing project for the purpose specified in the Agreement and in accordance with all the terms of the Agreement. HUD will maintain a security interest and certain control over the property until the Project has fulfilled its obligation under the 40-year term of the Agreement at which time the Project will have unrestricted use of the property. The Project has met all requirements of the Agreement as of June 30, 2024. Assets released from restriction represent depreciation of the property. As of years ended June 30, 2024 and 2023, the unamortized portion of the Capital Advance amounted to \$296,406 and \$301,751, respectively.

Note 13 Employees' Pension Plans

The Organization has two pension plans which include the Banyan Retirement Plan (403(b) and the Banyan Health Systems, Inc. Profit Sharing Plan (401(a)). Eligible employees may contribute to the 403(b) plan at their discretion. Contributions to the 401(a) plan by the Organization are at the discretion of the Board of Directors. Total employer contributions for the years ended June 30, 2024 and 2023 amounted to \$92,065 and \$53,667, respectively.

Note 14 Business and Credit Concentration

The Organization's programs are primarily located in Miami-Dade and Broward Counties. Federal, state and local grants and contracts substantially pay for such services. For the years ended June 30, 2024 and 2023, the Organization's revenue derived from federal grants and government programs such as Medicare and Medicaid aggregated approximately 77% and 81% of total public support and revenue, respectively. Funding from these agencies may be significantly impacted in the event of budget amendments driven by these respective funding sources.

Note 15 Related Party Transactions

Related party transactions consist of (a) payments made to vendors on behalf of the related entities and (b) leasehold improvements paid on behalf of a related entity which owns legal title of the building, (c) building rental and (d) certain shared expenses (such as administrative and support staff). All intercompany transactions for Banyan Health Systems and subsidiaries have been eliminated in consolidation.

Note 16 Matching Funds Requirement

Certain of the Organization's grants and contracts require that a portion of the total program costs be contributed by other sources as defined by the contract and/or regulations (matching funds). Such matching requirements have been met as of June 30, 2024 and 2023.

Note 17 State Excluded Costs

State excluded costs (Florida Department of State, Department of Children and Families, Mental Health Program Division, Community Substance Abuse and Mental Health Services – Financial Rules (65E-14)), or unallowable costs amounting to \$187,651 and \$119,567 are included in the accompanying statement of functional expenses as of June 30, 2024 and 2023, respectively.

Note 18 Statement of Cash Flows

The following table provides a reconciliation of cash and restricted cash reported within the statement of financial position that sums to the total of the amounts shown in the statement of cash flows.

	2024	2023
Operating cash	\$ 1,327,399	\$ 364,403
Restricted cash	243,400	236,416
Cash and restricted cash	\$ 1,570,799	\$ 600,819

Note 19 Write Off of Predevelopment Costs

During the current year, due to liquidity issues, management elected to discontinue demolition of a project which involved new construction of one of their facilities. Instead, the demolition was halted, and a renovation was implemented. Due to this modification, an entry was recorded for previously capitalized predevelopment costs amounting to approximately \$2.8 million which is included in the accompanying statement of activities and changes in net assets.

Note 20 Going Concern – Banyan Community Health Center, Inc.

The Organization’s consolidated financial statements are prepared using the generally accepted accounting principles applicable to a going concern, which contemplates the realization of assets and liquidation of liabilities in the normal course of business. However, as shown in the consolidating financial statements, BCHC has sustained substantial losses from operations during the current year and negative working capital. Management implemented a plan which included significant reductions in force and cancellation of material contracts to reduce expenses. Additionally, management has taken actions to increase pharmacy revenues, contracts for substance abuse services and new grants to eliminate the operating deficit.

Note 21 Prior Period Adjustment – Concept Health Systems, Inc., (an affiliate of the Organization)

During the current year, new management became aware of several incidents which occurred in prior years and part in the current year for one of the major programs of the Organization's affiliate, Concept Health Systems, Inc. These incidents were immediately reported to the funding agency who in turn performed a desk review. The desk review process discovered additional incidents and requested reimbursement from Concept Health Systems, Inc. amounting to \$941,324, which is included under accrued expenses in the statement of financial position of the Organization. In this connection, the Organization recognized \$282,917 as a prior period adjustment for those incidents incurred prior to the current year ended June 30, 2024, and the remaining amount of \$658,407 in the current period and are reflected in statement of activities. In addition, the incidents have been included in the Schedule of Findings and Questioned Costs on page 41-46. Management has implemented a new internal control process and intends to defend several of the additional items found during the grantors' desk review.

Note 22 Subsequent Events

Subsequent events have been evaluated through December 26, 2024, which is the date the financial statements were available to be issued.

Supplementary Information

Banyan Community Health Center, Inc. and Subsidiaries and Affiliates
Schedule I
Combining and Consolidating Statements of Financial Position
June 30, 2024

							Banyan Community Health Center, Inc. and Subsidiaries				Banyan Community Health Foundation, Inc. and Subsidiaries			
	Consolidated Total	Consolidating Adjustments	Eliminating Adjustments	Combined Total	Banyan Community Health Foundation, Inc. and Subsidiaries Subtotal	Banyan Community Health Center, Inc. and Subsidiaries Subtotal	Banyan Community Health Center, Inc.	Miami Behavioral Health Center, Inc.	Phoenix Manor, Inc.	Concept Health System, Inc.	Banyan Community Health Foundation, Inc.	Banyan Research and Innovation Center, Inc.	MMHC Holding Corporation	Banyan Asset Holdings, Inc.
Assets														
Current assets														
Cash	\$ 1,327,399	\$ -	\$ -	\$ 1,327,399	\$ 7,791	\$ 1,319,608	\$ 1,216,186	\$ 1,169	\$ 11,302	\$ 90,951	\$ 514	\$ 6,392	\$ 885	\$ -
Grants receivable	3,159,828	-	-	3,159,828	-	3,159,828	2,634,055	-	9,978	515,795	-	-	-	-
Third party receivable, net	3,343,582	-	-	3,343,582	-	3,343,582	3,343,582	-	-	-	-	-	-	-
Investments, at fair value	207,713	-	-	207,713	207,713	-	-	-	-	168,290	39,423	-	-	-
Prepaid expenses and other current assets	627,137	-	-	627,137	8,469	618,668	590,393	-	424	27,851	5,015	-	-	3,454
Inventory	359,151	-	-	359,151	-	359,151	359,151	-	-	-	-	-	-	-
Restricted deposits and funded reserve	243,400	-	-	243,400	-	243,400	-	-	243,400	-	-	-	-	-
Total current assets	9,268,210	-	-	9,268,210	223,973	9,044,237	8,143,367	1,169	265,104	634,597	173,819	45,815	885	3,454
Property and equipment, net	18,141,537	8,196,952	-	9,944,585	5,057,771	4,886,814	3,509,466	-	448,144	929,204	-	-	2,428,588	2,629,183
Due from related parties	-	-	(4,970,623)	4,970,623	1,281,160	3,689,463	3,689,463	-	-	-	-	-	1,281,160	-
Other assets														
Investment - privately held company	150,101	-	-	150,101	-	150,101	135,101	15,000	-	-	-	-	-	-
Deposits and other assets	160,402	-	-	160,402	229	160,173	127,599	27,134	-	5,440	-	229	-	-
Operating lease right of use asset	2,861,856	-	-	2,861,856	-	2,861,856	2,770,280	-	-	91,576	-	-	-	-
	<u>\$ 30,582,106</u>	<u>\$ 8,196,952</u>	<u>\$ (4,970,623)</u>	<u>\$ 27,355,777</u>	<u>\$ 6,563,133</u>	<u>\$ 20,792,644</u>	<u>\$ 18,375,276</u>	<u>\$ 43,303</u>	<u>\$ 713,248</u>	<u>\$ 1,660,817</u>	<u>\$ 173,819</u>	<u>\$ 46,044</u>	<u>\$ 3,710,633</u>	<u>\$ 2,632,637</u>
Liabilities and Net Assets														
Current liabilities														
Lines of credit	\$ 4,993,997	\$ -	\$ -	\$ 4,993,997	\$ -	\$ 4,993,997	\$ 4,993,997	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable	5,806,796	-	(240,545)	6,047,341	-	6,047,341	5,701,385	-	217,963	127,993	-	-	-	-
Accrued payroll	732,628	-	-	732,628	5,969	726,659	587,775	-	385	138,499	5,220	749	-	-
Accrued expenses and other current liabilities	2,024,158	-	(51,559)	2,075,717	84,501	1,991,216	912,829	-	25,981	1,052,406	84,501	-	-	-
Current portion of operating lease obligation	683,889	-	-	683,889	-	683,889	641,652	-	-	42,237	-	-	-	-
Current portion of long-term debt	3,218,466	-	-	3,218,466	161,216	3,057,250	2,752,500	-	-	304,750	64,511	-	96,705	-
Total current liabilities	17,459,934	-	(292,104)	17,752,038	251,686	17,500,352	15,590,138	-	244,329	1,665,885	154,232	749	96,705	-
Due to related parties	-	-	(4,678,519)	4,678,519	3,079,698	1,598,821	1,289,472	-	-	309,349	2,421,728	507,947	-	150,023
Non current liabilities														
Tenant security deposit	6,453	-	-	6,453	-	6,453	-	-	6,453	-	-	-	-	-
Long-term portion of operating lease obligation	2,314,958	-	-	2,314,958	-	2,314,958	2,268,591	-	-	46,367	-	-	-	-
Long-term debt, less current portion	3,168,491	-	-	3,168,491	3,104,907	63,584	63,584	-	-	-	141,290	-	2,963,617	-
Total liabilities	22,949,836	-	(4,970,623)	27,920,459	6,436,291	21,484,168	19,211,785	-	250,782	2,021,601	2,717,250	508,696	3,060,322	150,023
Net assets														
Net assets without donor restrictions	7,335,864	8,196,952	-	(861,088)	126,842	(987,930)	(836,509)	43,303	166,060	(360,784)	(2,543,431)	(462,652)	650,311	2,482,614
Net assets with donor restrictions	296,406	-	-	296,406	-	296,406	-	-	296,406	-	-	-	-	-
	<u>7,632,270</u>	<u>8,196,952</u>	<u>-</u>	<u>(564,682)</u>	<u>126,842</u>	<u>(691,524)</u>	<u>(836,509)</u>	<u>43,303</u>	<u>462,466</u>	<u>(360,784)</u>	<u>(2,543,431)</u>	<u>(462,652)</u>	<u>650,311</u>	<u>2,482,614</u>
	<u>\$ 30,582,106</u>	<u>\$ 8,196,952</u>	<u>\$ (4,970,623)</u>	<u>\$ 27,355,777</u>	<u>\$ 6,563,133</u>	<u>\$ 20,792,644</u>	<u>\$ 18,375,276</u>	<u>\$ 43,303</u>	<u>\$ 713,248</u>	<u>\$ 1,660,817</u>	<u>\$ 173,819</u>	<u>\$ 46,044</u>	<u>\$ 3,710,633</u>	<u>\$ 2,632,637</u>

Banyan Community Health Center, Inc. and Subsidiaries and Affiliates
(A Not-For-Profit Organization)
Schedule II
Combining and Consolidating Statements of Activities and Changes in Net Assets
For the Year Ended June 30, 2024

	Consolidated	Consolidating Adjustments	Eliminating Adjustments	Combined Total	Banyan Community Health Foundation, Inc. and Subsidiaries Subtotal	Banyan Community Health Center, Inc. and Subsidiaries Subtotal	Banyan Community Health Center, Inc. and Subsidiaries				Banyan Community Health Foundation, Inc. and Subsidiaries			
							Banyan Community Health Center, Inc.	Miami Behavioral Health Center, Inc.	Phoenix Manor, Inc.	Concept Health System, Inc.	Banyan Community Health Foundation, Inc.	Banyan Research and Innovation Center, Inc.	MMHC Holding Corporation	Banyan Asset Holdings, Inc.
Public support and revenue														
Public support														
Federal and state grants	\$ 26,882,649	\$ -	\$ -	\$ 26,882,649	\$ -	\$ 26,882,649	\$ 22,239,560	\$ -	\$ -	\$ 4,643,089	\$ -	\$ -	\$ -	\$ -
Local grants	1,034,849	-	-	1,034,849	-	1,034,849	1,034,849	-	-	-	-	-	-	-
Total public support	27,917,498	-	-	27,917,498	-	27,917,498	23,274,409	-	-	4,643,089	-	-	-	-
Revenue														
Medicare	1,009,071	-	-	1,009,071	-	1,009,071	1,009,071	-	-	-	-	-	-	-
Medicaid	5,656,803	-	-	5,656,803	-	5,656,803	5,656,803	-	-	-	-	-	-	-
In kind revenue	853,080	-	-	853,080	-	853,080	853,080	-	-	-	-	-	-	-
Patient services, net	8,234,174	-	(546,510)	8,780,684	1,189	8,779,495	8,660,535	-	-	118,960	-	1,189	-	-
Rent revenue	172,772	-	(788,447)	961,219	788,447	172,772	-	-	172,772	-	-	-	179,114	609,333
Total revenue	15,925,900	-	(1,334,957)	17,260,857	789,636	16,471,221	16,179,489	-	172,772	118,960	-	1,189	179,114	609,333
Total public support and revenue	43,843,398	-	(1,334,957)	45,178,355	789,636	44,388,719	39,453,898	-	172,772	4,762,049	-	1,189	179,114	609,333
Functional expenses														
Program services	38,663,098	-	(788,447)	39,451,545	482,357	38,969,188	34,579,707	-	195,648	4,193,833	-	146,945	119,948	215,464
Fundraising and development	1,347,597	-	-	1,347,597	679,994	667,603	667,603	-	-	-	679,994	-	-	-
General and support services	9,010,206	-	(546,510)	9,556,716	26,334	9,530,382	8,913,759	256	42,122	574,245	19,455	545	6,334	-
Total functional expenses	49,020,901	-	(1,334,957)	50,355,858	1,188,685	49,167,173	44,161,069	256	237,770	4,768,078	699,449	147,490	126,282	215,464
Excess (deficit) of public support and revenue over expenses before depreciation, amortization and interest	(5,177,503)	-	-	(5,177,503)	(399,049)	(4,778,454)	(4,707,171)	(256)	(64,998)	(6,029)	(699,449)	(146,301)	52,832	393,869
Other income (expenses)														
Depreciation and amortization expense	(1,335,371)	(186,695)	-	(1,148,676)	(376,332)	(772,344)	(661,768)	-	(24,368)	(86,208)	(25,476)	-	(153,996)	(196,860)
Interest expense	(532,074)	-	-	(532,074)	(159,974)	(372,100)	(347,720)	-	-	(24,380)	(53,495)	-	(106,479)	-
Bad debt expense	(360,782)	-	-	(360,782)	-	(360,782)	(360,782)	-	-	-	-	-	-	-
Write off of predevelopment costs	(2,863,051)	-	-	(2,863,051)	-	(2,863,051)	(2,863,051)	-	-	-	-	-	-	-
Gain on sale of asset	587,854	-	-	587,854	587,854	-	-	-	-	-	-	-	587,854	-
Forgiveness of intercompany balances	-	-	-	-	-	-	34,980	(34,980)	-	-	-	-	-	-
Other income	29,039	-	-	29,039	22,741	6,298	5,954	-	344	-	21,536	1,205	-	-
Other expense	(261,953)	-	-	(261,953)	(11,953)	(250,000)	(250,000)	-	-	-	-	(11,953)	-	-
Reimbursement to grantor (Note 21)	(658,407)	-	-	(658,407)	-	(658,407)	-	-	-	(658,407)	-	-	-	-
	(5,394,745)	(186,695)	-	(5,208,050)	62,336	(5,270,386)	(4,442,387)	(34,980)	(24,024)	(768,995)	(57,435)	(10,748)	327,379	(196,860)
Net change in net assets	(10,572,248)	(186,695)	-	(10,385,553)	(336,713)	(10,048,840)	(9,149,558)	(35,236)	(89,022)	(775,024)	(756,884)	(157,049)	380,211	197,009
Net assets – beginning of year (as previously stated)	10,103,788	-	-	10,103,788	463,555	9,640,233	8,313,049	78,539	551,488	697,157	(1,786,547)	(305,603)	270,100	2,285,605
Prior period adjustment (Note 21)	(282,917)	-	-	(282,917)	-	(282,917)	-	-	-	(282,917)	-	-	-	-
Net assets without donor restrictions	7,335,864	8,196,952	-	(861,088)	126,842	(987,930)	(836,509)	43,303	166,060	(360,784)	(2,543,431)	(462,652)	650,311	2,482,614
Net assets with donor restrictions	296,406	-	-	296,406	-	296,406	-	-	296,406	-	-	-	-	-
Net assets – end of year	\$ 7,632,270	\$ 8,196,952	\$ -	\$ (564,682)	\$ 126,842	\$ (691,524)	\$ (836,509)	\$ 43,303	\$ 462,466	\$ (360,784)	\$ (2,543,431)	\$ (462,652)	\$ 650,311	\$ 2,482,614

Banyan Community Health Center, Inc.
Schedule III
Schedule of Expenditures of Federal Awards and State Projects
For the Year Ended June 30, 2024

Federal/State Agency, Pass-through Entity Federal Program/State Project	Assistance Listing Number	Contract Grant Number	Expenditures
FEDERAL AGENCY			
<u>US Department of Health and Human Services (HHS)</u>			
<i>Passed through Health Resources and Services Administration</i>			
Health Center Program	93.224	H80CS28344-10-01	\$ 4,652
Health Center Program	93.224	H80CS28344-08-04	1,051,204
FY 2021 Ending the HIV Epidemic - Primary Care HIV Prevention	93.527	H8HCS44968-01-00	598,018
FY 2023 Expanding COVID-19 Vaccination	93.527	H8GCS48065-01-01	63,113
			* 1,716,987
<i>Passed through Substance Abuse and Mental Health Services Program</i>			
Substance Abuse Prevention SAMHSA	93.243	6H79SP021703-04M001	79,908
Substance Abuse Prevention Banyan Works	93.243	6H79TI083362-01M002	509,334
			589,242
<i>Passed through Health Resources and Services Administration</i>			
Health Center Infrastructure Support	93.526	C8CS44459-01-00	276,185
<i>Passed through Health Resources and Services Administration</i>			
Teaching Health Center Graduate Medical Education Program	93.530	T9BHP49020-01-00	* 202,937
<i>Passed through South Florida Behavioral Health Center</i>			
Temporary Assistance for Needy Families (TANF) Program	93.558	ME225-12-77	418,027
<i>Passed through Broward Behavioral Health Coalition</i>			
Temporary Assistance for Needy Families (TANF) Block Grant	93.558	34377-20	12,570
			430,597
<i>Passed through Substance Abuse and Mental Health Services Program</i>			
Certified Community Behavioral Health Clinic -IA	93.696	6H79SM083268-01M003	* 842,898
<u>Florida International University</u>			
Mental and Behavioral Health Educational and Training BHWET	93.732	800008843-01UG	5,500
<i>Passed through Broward Behavioral Health Coalition</i>			
State Targeted Response to the Opioid Crisis Grants	93.788	n/a	110,266
<u>Florida Department of Children and Families</u>			
State Targeted Response to the Opioid Crisis Grants (FADAA)	93.788	34377-20	163
			110,429
<i>Passed through South Florida Behavioral Health Center</i>			
Block Grant for Community Mental Health Services	93.958	ME225-11-77	4,745,448
<i>Passed through Broward Behavioral Health Coalition</i>			
Block Grant for Community Mental Health Services	93.958	34377-20	100,682
<i>Passed through Substance Abuse and Mental Health Services Program</i>			
Substance Abuse Prevention CMHC	93.958	1H79SM085600-01	626,534
			* 5,472,664
<i>Passed through South Florida Behavioral Health Center</i>			
IDP Line Of Credit	93.959	ME225-12-77	259,636
<i>Passed through South Florida Behavioral Health Center</i>			
Block Grant for Prevention and Treatment of Substance Abuse	93.959	ME225-12-77	4,903,894
<i>Passed through Broward Behavioral Health Coalition</i>			
Block Grant for Prevention and Treatment of Substance Abuse	93.959	34377-20	2,274,511
<u>Florida Department of Children and Families</u>			
Department of Children and Families-SOR (FADAA)	93.959	n/a	27,566
			7,465,607
		TOTAL FEDERAL AWARDS	\$ 17,113,046

* denoted major program

Continued on next page

Banyan Community Health Center, Inc.
Schedule III
Schedule of Expenditures of Federal Awards and State Projects
For the Year Ended June 30, 2024

Federal/State Agency, Pass-through Entity Federal Program/State Project	CSFA Number	Contract Grant Number	Expenditures
STATE AGENCY			
<i>Passed through Broward Behavioral Health Coalition</i>			
Opioid State Targeted Response	60.301	34377-20	\$ 25,000
Opioid State Targeted Response	60.302	34377-20	* 180,903
<i>Passed through South Florida Behavioral Health Center</i>			
Central Receiving System	60.163	ME225-12-77	* 1,437,198
Florida Department of Children and Families (FADAA)	22.022		59,071
Florida Department of Children and Families (LBR)	60.232		* 973,259
TOTAL STATE AWARDS			\$ 2,675,431
TOTAL EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE			\$ 19,788,477

* denoted major program

Banyan Community Health Center, Inc.
Notes to Schedule of Expenditures of Federal Awards and State Projects

Note 1 Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards and State Projects includes the federal awards and state projects activity of Banyan Community Health Center, Inc. under programs for the federal government and state for the year ended June 30, 2024. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and Chapter 10.550, Rules of the Auditor General. Banyan Community Health Center Inc. and Subsidiaries' and Affiliates combined and consolidated financial statements include the operations of Phoenix Manor, Inc. and Concept Health Systems, Inc., which expended \$1,228,104 and \$4,660,530, respectively, in federal awards. These funds are not included in the accompanying Schedule of Expenditures of Federal Awards during the year ended June 30, 2024. The audits of Phoenix Manor, Inc. and Concept Health Systems, Inc. were issued on a stand-alone basis in accordance with the Uniform Guidance.

Note 2 Summary of Significant Accounting Policies

- 1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- 2) Banyan Community Health Center, Inc. has elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Banyan Community Health Center, Inc.
Schedule IV
Consolidated Schedule of Other Financial Assistance
For the Year Ended June 30, 2024

<u>Grantor / Program Title of Other Financial Assistance</u>	<u>Totals</u>
<u>Metropolitan Dade County -</u> South Florida Behavioral Health Network On behalf of Jackson Health Systems	\$ 544,320
<u>Metropolitan Dade County -</u> South Florida Behavioral Health Network On behalf of Central Receiving Facility	475,000
<u>Broward County -</u> <u>Local Match</u> Community Based Mental Health and Substance Use Treatment Services	265,000
<u>Baptist Health of South Florida</u> Baptists ER Diversion	300,000
<u>Citrus Health Network, Inc</u> Citrus Health Network Psychiatry Residency Program	6,000
<u>Mt Sinai Medical Center</u> ACGME Residency Program	4,000
<u>Health Choice Network</u> FOCUS	11,405
<u>Advance Research Institute of Miami</u> Crisis Stabilization Unit	120,400
<u>Health Foundation of South Florida</u> Population Health Project	5,265
	<u>\$ 1,731,390</u>

Banyan Community Health Center, Inc.
Schedule V (Unaudited)
State Earnings for Alcohol, Drug Abuse and Mental Health Services
For the Year Ended June 30, 2024

Total Expenditures	\$ 46,314,955
Less Other State and Federal Funds	26,002,476
Less Non-Match SAMH Funds	(8,668,329)
Less Unallowable Costs per 65E-14, F.A.C.	(772,445)
Total Net Allowable Expenditures	\$ 62,876,657
Maximum Available Earnings	\$ 47,157,493
Amount of State Funds Requiring Match	6,208,899
Match in Excess of State Requirements	\$ 40,948,594

* 75% of net allowable expenditures

Banyan Community Health Center, Inc.
Schedule VI (Unaudited)
Schedule of Bed-Day Availability Payments
For the Year Ended June 30, 2024

Program	Cost Center	State Contracted Rate	Total Units of Service Provided	Total Units of Service Paid by 3rd Party Contracts, Local Govt. or Other State Agencies	Maximum # of Units Eligible for Payment by Department (D-E)	Amount Paid for Services by the Department	Maximum \$ Value of Units in Column F (FxC)	Amount Owed to Department (G-H or \$0, whichever is greater)
A	B	C	D	E	F	G	H	I
Adult MH	Crisis Stabilization Unit	\$500.00	7,381	2,969	4,412	\$2,093,538	\$2,206,000	\$0.00
Adult SA	Substance Abuse Detox	\$400.50	2,176	521	1,655	\$659,406	\$662,828	\$0.00
Total Amount Owed to Department =								<u><u>\$0.00</u></u>

Allocation of Related Party Transactions Adjustment
State-Designated Cost Centers

Revenues From Grantee	<u>Case Management</u>	<u>Crisis Stabilization</u>	<u>Crisis Support</u>	<u>Detox</u>	<u>Medical Services</u>	<u>In Home On Site</u>	<u>Outpatient</u>	<u>Residential Level II</u>	<u>Total</u>
Total Revenue From Grantee									
Expenses Associated with Grantee Transactions					N/A				
Total Associated Expenses									
Related Party Transactions Adjustment									

Reporting Section



**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 of
Banyan Community Health Center, Inc. and Subsidiaries and Affiliates
Miami, 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 Banyan Community Health Center, Inc. and Subsidiaries and Affiliates (hereafter referred to as the Organization) (a Not-For-Profit Organization), which comprise the statement of financial position as of June 30, 2024, 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 26, 2024.

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 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 Organization’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization’s internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. Although their grants are not included in this report, we consider the deficiency described in the accompanying schedule of findings and questioned costs as items 2024-002, for Concept Health Systems, Inc., an affiliate of BCHC, to be a material weakness.



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. Although their grants are not included in this report, we consider the deficiency described in the accompanying schedule of findings and questioned costs as items 2024-001 and 2024-001, for Concept Health Systems, Inc., an affiliate of BCHC, to be significant deficiencies.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization’s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the consolidated financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2024-001 and for Concept Health Systems, Inc., an affiliate of BCHC, 2024-001 and 2024-002.

Banyan Community Health Center, Inc.’s Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the Organization’s response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The Organization’s response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.

ZOMMA Group, LLP
Coral Gables, Florida
December 26, 2024



ZOMMA GROUP
CPAs AND CONSULTANTS

**Independent Auditor's Report on Compliance for Each
Major Federal Program and State Project
on Internal Control Over Compliance
Required by the Uniform Guidance and
Chapter 10.550, Rules of the Auditor General**

To the Board of Directors of
Banyan Community Health Center, Inc. and Subsidiaries and Affiliates
Miami, Florida

Report on Compliance for Each Major Federal Program and State Project

Opinion on Each Major Federal Program and State Project

We have audited Banyan Community Health Center Inc. and Subsidiaries' and Affiliates (hereafter referred to as the Organization) compliance with the types of compliance requirements described in the *OMB Compliance Supplement*, and the requirements described in the Department of Financial Services' *State Projects Compliance Supplement*, that could have a direct and material effect on each of the Organization's major federal programs and state projects for the year ended June 30, 2024. 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.

Banyan Community Health Center Inc. and Subsidiaries' and Affiliates combined and consolidated financial statements include the operations of Phoenix Manor, Inc. and Concept Health Systems, Inc., which expended \$1,228,104 and \$4,660,530, respectively, in federal awards. These funds are not included in the accompanying Schedule of Expenditures of Federal Awards during the year ended June 30, 2023. The audits of Phoenix Manor, Inc. and Concept Health Systems, Inc. were issued on a stand-alone basis in accordance with the Uniform Guidance.

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, 2024.

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 10.550, Rules of the Auditor General. Our responsibilities under those standards and the Uniform Guidance 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 10.550, 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 as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance, and Chapter 10.550, 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, 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.



Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2024-001. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on the Organization's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The Organization's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

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 may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

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 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 the 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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2024-001 to be a significant deficiency, although the initial finding occurred in 2023.

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.

Government Auditing Standards requires the auditor to perform limited procedures on the Organization's response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The Organization's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.



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 results of that testing based on the requirements of the Uniform Guidance and Chapter 10.550, Rules of the Auditor General. Accordingly, this report is not suitable for any other purpose.

ZOMMA Group, LLP
Coral Gables, Florida
December 26, 2024

Banyan Community Health Center, Inc. and Subsidiary and Affiliates
Schedule of Findings and Questioned Costs
Summary of Auditor's Results

Part I – Summary of Auditor's Results

Financial Statements Section

The auditor's report expresses an unmodified opinion on whether the financial statements were prepared in accordance with GAAP.

Type of auditor's report issued (unmodified, qualified, adverse, or disclaimer).

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?	_____	Yes	_____ X _____	No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	_____	Yes	_____ X _____	None reported
Noncompliance material to the schedule noted?	_____	Yes	_____ X _____	No

Federal Awards and State Financial Assistance Section

Type of auditor's report issued on compliance for major programs unmodified, qualified, adverse, or disclaimer).

Unmodified

Internal control over major programs:

Material weakness(es) identified?	_____	Yes	_____ X _____	No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	_____ X _____	Yes	_____	2024-001
Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a) of the Uniform Guidance or under Chapter 10.550, Rules of the Auditor General?	_____	Yes	_____ X _____	No

Banyan Community Health Center, Inc. and Subsidiary and Affiliates
Schedule of Findings and Questioned Costs
Summary of Auditor's Results

Part I – Summary of Auditor's Results (continued)

Federal Awards and State Financial Assistance Section (continued)

Identification of major Federal programs and State projects:

Assistance Listing Number(s)	Name of Federal Program or Cluster
93.224/93.527	Health Center Program Cluster
93.696	Certified Community Behavioral Health Clinic
93.958	Block Grants for Community Mental Health Services
93.530	Teaching Health Center Graduate Medical Education Program

CSFA Number(s)	Name of State Project
60.302	Opioid State Targeted Response
60.163	Central Receiving System
60.232	Florida Department of Children and Families (LBR)

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

Federal Programs \$ 750,000

State Financial Assistance \$ 300,000

Auditee qualified as a low-risk auditee for Federal purposes? X Yes No

Part II – Financial Statement Findings Section

This section identifies the significant deficiencies, material weaknesses, fraud, illegal acts, violation of provisions of contracts and grant agreements, and abuse related to the Schedule for Government Auditing Standards that require reporting in a Uniform Guidance, Chapter 10.550, Rules of the Auditor General, and *Government Auditing Standards* audit.

- **No matters were reported.**

Part III – Federal Award and State Project Findings and Questioned Cost Section

This section identifies the audit findings required to be reported by the Chapter 10.550, Rules of the Auditor General (for example, material weaknesses, significant deficiencies, and material instances of noncompliance, including questioned costs), as well as any abuse findings involving state awards that are material to a major State project.

- **Finding 2024-001**
Florida Department of Children and Families (LBR)

2024-001 – The Organization should strengthen controls in grant compliance procedures. Noncompliance (Significant Deficiency)

Program: Assistance Listing 60.232- Florida Department of Children and Families

Conditions: Required documents were not properly submitted to the state agency in 2023 for the initial disbursement although, this was not reported in the prior year report. As such, new management unknowingly requested a subsequent disbursement under the impression that conditions were met.

Criteria: In accordance with the Florida State Single Audit Act, equipment/real property management requires the Organization to submit a mortgage lien and security form to the clerk of courts office prior to funds being released to grantee.

Cause: The transactions were processed by new management, based on the assumption that conditions were met prior to the 2023 request.

Recommendation: In order to prevent future occurrences of noncompliance, policies should be developed, and procedures implemented.

Responsible Officials: The new CEO noted that initial expenditures were made in 2023, leading new management to believe that disbursement requirements had been met. New management has implemented new procedures for approval of draws/disbursement requests requiring review of requirements by Grants Manager.

Questioned Costs

N/A

Part IV – Federal Awards Findings and Questioned Cost Section - Concept Health Systems, Inc., an affiliate of the Organization (Findings)

This section identifies the audit findings required to be reported by the Uniform Guidance (for example, material weaknesses, significant deficiencies, and material instances of noncompliance, including questioned costs), as well as any abuse findings involving federal awards that are material to a major Federal program.

- **Finding 2024-001**
Department of Health and Human Services

2024-001 – The Organization's affiliate, Concept Health Systems, Inc. should strengthen controls in payroll and other expenses Noncompliance (Significant Deficiency)

Program: Assistance Listing 93.958 and 93.959 - Block Grant for Community Mental Health and Prevention and Treatment of Substance Abuse

Conditions: New management discovered allegations of falsification of hours worked on a timecard resulting in overpayment and unauthorized use of a company credit card.

Criteria: In accordance with the Uniform Guidance, allowable costs must be necessary and reasonable for the performance of the federal award and be allocable thereto under the principles in 2 CFR Part 200, Subpart E.

Cause: Due to an internal control weakness under prior management, the transactions were processed.

Recommendation: In order to prevent future occurrences of the noncompliance, policies should be developed, and procedures implemented.

Responsible Officials: The acting Executive Director reported incident immediately and enforced quality improvement program in order to ensure that fraud, waste, and abuse do not occur.

Known Cost Per Grantor

\$22,480

Part IV – Federal Awards Findings and Questioned Cost Section - Concept Health Systems, Inc., an affiliate of the Organization (Findings) (continued)

- **Finding 2024-002**
Department of Health and Human Services

2024-002 – The Organization's affiliate, Concept Health Systems, Inc. should strengthen controls in billings, clinical records, allowable costs, and employee educational qualification compliance
Noncompliance (Material Weakness)

Program: Assistance Listing 93.958 and 93.959 - Block Grant for Community Mental Health and Prevention and Treatment of Substance Abuse

Conditions: New management discovered allegations of inappropriate billing, educational qualification issues, inappropriate mileage reimbursement billing, missing clinical records to support services billed, and questioning of pay rates and/or increases.

Criteria: In accordance with the Uniform Guidance and Grant Agency, provider is to abide by administrative and contractual requirements under the principles in 2 CFR Part 200, Subpart E.

Cause: Due to an internal control weakness under prior management and management turnover, the transactions were processed.

Recommendation: In order to prevent future occurrences of the noncompliance, policies should be developed, and procedures implemented.

Responsible Officials: The acting Executive Director reported incident immediately and enforced quality improvement program in order to ensure that fraud, waste, and abuse do not occur. However, several allegations are being investigated and the Organization's affiliate, Concept Health Systems, Inc. are responding.

Known Cost Per Grantor

\$941,324

Banyan Community Health Center, Inc. and Subsidiary and Affiliates
Schedule of Findings and Questioned Costs
Summary of Auditor's Results

Summary Schedule of Prior Audit Findings – Federal programs and State projects

This section reports the status of any audit findings included in the prior audit's Schedule of findings and questioned costs related to Federal and State awards. The summary Schedule also includes audit findings reported in the prior audit's summary Schedule of prior audit findings except audit findings listed as corrected or no longer valid or not warranting further action.

- No Summary of Prior Audit Findings per Uniform Guidance nor Chapter 10.550, Rules of the Auditor General is required because there were no prior audit findings related to Federal programs nor State projects. However, the initial failure to meet conditions prior to funding occurred in 2023.