

Hanley Center Foundation, Inc.
d/b/a Hanley Foundation

Consolidated Financial Statements
and Supplemental Information
For the Year Ended June 30, 2024

Hanley Center Foundation, Inc. d/b/a Hanley Foundation

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Hanley Center Foundation, Inc. d/b/a Hanley Foundation

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Hanley Center Foundation, Inc. d/b/a Hanley Foundation, which comprise the consolidated statement of financial position as of June 30, 2024, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Hanley Center Foundation, Inc. d/b/a Hanley Foundation as of June 30, 2024, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Hanley Center Foundation, Inc. d/b/a Hanley Foundation's ability to continue as a going concern within one year after the date that the consolidated 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 consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

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

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

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

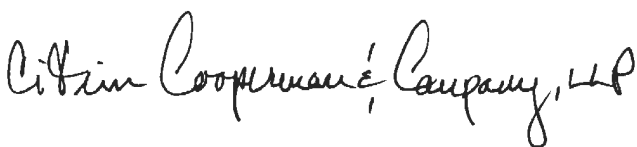
Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying consolidated schedule of expenditures of federal awards and state financial assistance, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and State of Florida Chapter 10.650, *Rules of the Auditor General, Florida Single Audit Act*, is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. The accompanying supplementary information shown on pages 25 – 26 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects in relation to the consolidated financial statements as a whole.

The supplemental information marked “unaudited” in the table of contents, which is the responsibility of management, is presented for the purposes of additional analysis and is not a required part of the consolidated financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the consolidated financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 27, 2025 on our consideration of Hanley Center Foundation, Inc. d/b/a Hanley Foundation’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 Hanley Center Foundation, Inc. d/b/a Hanley Foundation'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 Hanley Center Foundation, Inc. d/b/a Hanley Foundation's internal control over financial reporting and compliance.



Fort Lauderdale, Florida
March 27, 2025

Hanley Center Foundation, Inc. d/b/a Hanley Foundation
Consolidated Statement of Financial Position
June 30, 2024

Assets:

Cash	\$ 1,035,419
Investments	11,742,923
Grants and contracts receivable	2,033,331
Pledges receivable, net	2,250,950
Accounts receivable, net	2,352,932
Prepaid expenses and other assets	1,040,514
Property and equipment, net	<u>24,043,542</u>

Total assets	\$ <u><u>44,499,611</u></u>
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Liabilities:

Accounts payable and accrued expenses	\$ 2,941,938
Line of credit	8,041,354
Deferred revenue and refundable advances	2,677,908
Debt	13,715,549
Interest rate swap	<u>75,832</u>

Total liabilities	<u><u>27,452,581</u></u>
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Net Assets:

Without donor restrictions	4,871,305
With donor restrictions	<u>12,175,725</u>

Total net assets	<u><u>17,047,030</u></u>
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Total liabilities and net assets	\$ <u><u>44,499,611</u></u>
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The accompanying notes to consolidated financial statements are an integral part of these statements.

Hanley Center Foundation, Inc. d/b/a Hanley Foundation
Consolidated Statement of Activities
For the Year Ended June 30, 2024

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Public Support, Revenue and Gains:			
Grants and contracts	\$ 8,171,454	\$ 700,000	\$ 8,871,454
Investment income, net	1,182,364	335,205	1,517,569
Contributions	126,845	1,323,233	1,450,078
Special event revenue, net of direct expenses of \$655,475	220,242	-	220,242
In-kind contributions	1,749,880	-	1,749,880
Net client service revenue	13,025,194	-	13,025,194
Gain on disposal of property and equipment	756,785	-	756,785
Other revenues	9,018	-	9,018
	<u>25,241,782</u>	<u>2,358,438</u>	<u>27,600,220</u>
Total public support, revenues and gains			
Net assets released from restrictions	<u>1,399,192</u>	<u>(1,399,192)</u>	<u>-</u>
Total public support, revenue, gains and net assets released from restrictions	<u>26,640,974</u>	<u>959,246</u>	<u>27,600,220</u>
Expenses:			
Program services:			
Patient treatment	14,814,982	-	14,814,982
Prevention and education	9,117,608	-	9,117,608
Lifesaver patient aid	620,299	-	620,299
	<u>24,552,889</u>	<u>-</u>	<u>24,552,889</u>
Total program services			
Supporting services:			
General and administrative	4,819,670	-	4,819,670
Fundraising	1,531,894	-	1,531,894
	<u>6,351,564</u>	<u>-</u>	<u>6,351,564</u>
Total supporting services			
Total expenses	<u>30,904,453</u>	<u>-</u>	<u>30,904,453</u>
Change in net assets before change in fair value rate of interest swap	(4,263,479)	959,246	(3,304,233)
Change in fair value of interest rate swap	<u>(75,832)</u>	<u>-</u>	<u>(75,832)</u>
Change in net assets prior to acquisition	(4,339,311)	959,246	(3,380,065)
Fair value adjustment - inherent contribution	<u>2,708,433</u>	<u>-</u>	<u>2,708,433</u>
Change in net assets	(1,630,878)	959,246	(671,632)
Net Assets, Beginning of Year	<u>6,502,183</u>	<u>11,216,479</u>	<u>17,718,662</u>
Net Assets, End of Year	<u>\$ 4,871,305</u>	<u>\$ 12,175,725</u>	<u>\$ 17,047,030</u>

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

Hanley Center Foundation, Inc. d/b/a Hanley Foundation
Consolidated Statement of Functional Expenses
For the Year Ended June 30, 2024

	Program Services			Total Program Services	Supporting Services		Total
	Treatment	Prevention and Education	Lifesaver Patient Aid		General and Administration	Fundraising	
Personnel Costs:							
Salaries	\$ 6,846,842	\$ 3,904,176	\$ 268,455	\$ 11,019,473	\$ 2,548,848	\$ 565,404	\$ 14,133,725
Payroll taxes and fringe benefits	1,013,070	793,093	33,973	1,840,136	659,234	101,195	2,600,565
Total personnel costs	7,859,912	4,697,269	302,428	12,859,609	3,208,082	666,599	16,734,290
Other Expenses:							
Professional services	689,164	683,497	171,949	1,544,610	371,430	169,526	2,085,566
Building occupancy	1,438,887	125,888	20,822	1,585,597	462,515	154,172	2,202,284
Donated items	-	1,749,880	-	1,749,880	-	151,860	1,901,740
Food and catering	-	-	-	-	-	156,613	156,613
Venue	-	-	-	-	-	29,625	29,625
Operating supplies and expenses	859,074	368,175	9,932	1,237,181	247,577	26,899	1,511,657
Other	2,491,200	678,456	49,060	3,218,716	337,056	287,220	3,842,992
Professional education and travel	570,482	522,772	32,566	1,125,820	36,828	73,902	1,236,550
Equipment	3,888	198,581	-	202,469	42,533	-	245,002
Community relations/marketing	115,562	82,403	33,542	231,507	86,481	471,453	789,441
Insurance	786,813	10,687	-	797,500	87,424	-	884,924
Total other expenses	6,955,070	4,420,339	317,871	11,693,280	1,671,844	1,521,270	14,886,394
Total expenses by function	14,814,982	9,117,608	620,299	24,552,889	4,879,926	2,187,869	31,620,684
Less expenses included with revenues on the statement of activities:							
Investment manager fees	-	-	-	-	(60,256)	-	(60,256)
Special events	-	-	-	-	-	(655,975)	(655,975)
Total expenses included in the expenses section on the statement of activities	\$ 14,814,982	\$ 9,117,608	\$ 620,299	\$ 24,552,889	\$ 4,819,670	\$ 1,531,894	\$ 30,904,453

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

Hanley Center Foundation, Inc. d/b/a Hanley Foundation
Consolidated Statement of Cash Flows
For the Year Ended June 30, 2024

Cash Flows from Operating Activities:	
Change in net assets	\$ (671,632)
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Net realized and unrealized gain on investments	(1,310,627)
Depreciation and amortization	702,575
Amortization of loan cost	98,678
Credit losses	162,708
Gain on disposal of property and equipment	(756,785)
Inherent contribution on acquisition of affiliate	(2,708,433)
Change in fair value of interest rate swap	75,832
Changes in operating assets and liabilities:	
Decrease (increase) in operating assets:	
Grants and contracts receivable	(1,059,836)
Pledges and accounts receivable	70,291
Prepaid expenses and other assets	(38,454)
Increase (decrease) in operating liabilities:	
Accounts payable and accrued expenses	658,493
Refundable advances	724,302
	<u>(4,052,888)</u>
Net cash used in operating activities	<u>(4,052,888)</u>
Cash Flows from Investing Activities:	
Proceeds from sale of property and equipment	8,437,944
Acquisition of affiliate, net	3,022,200
Proceeds from sale of investments	2,586,447
Purchases of investments	(2,299,378)
Purchases of property and equipment	<u>(1,334,625)</u>
	<u>10,412,588</u>
Net cash provided by investing activities	<u>10,412,588</u>
Cash Flows from Financing Activities:	
Proceeds from line of credit	1,943,177
Acquisition costs of new line of credit	(15,497)
Acquisition costs of new debt	(178,074)
Payments on line of credit	(757,500)
Principal payments on debt	<u>(7,203,306)</u>
	<u>(6,211,200)</u>
Net cash used in financing activities	<u>(6,211,200)</u>
	148,500
Net increase in cash	148,500
Cash, Beginning of Year	<u>886,919</u>
Cash, End of Year	<u>\$ 1,035,419</u>

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

Note 1 - Organization and Operations

Hanley Center Foundation, Inc. d/b/a Hanley Foundation (the "Foundation") is a nonprofit corporation established in April 2005 whose mission is to eliminate addiction through prevention, advocacy, treatment, and recovery support. In addition, the Foundation provides financial aid scholarships for patients who could not otherwise afford quality addiction treatment. During 2017, the Foundation began operating under the trade name "Hanley Foundation." The Foundation's legal name was unchanged and remains "Hanley Center Foundation, Inc."

In December 2023, the Foundation acquired Origins Behavioral HealthCare, LLC ("OBH"). This acquisition encompassed OBH locations across Texas and Florida, including the Hanley Center in West Palm Beach. The Hanley Center in West Palm Beach offers age and gender-specific addiction treatment as well as a residential program specifically for mental health treatment. The acquisition will allow the Hanley Center to provide residential and outpatient treatment and specialized programs for men, women, older adults, executives, and professionals. Through this acquisition, OBH has been transitioned from a for-profit to a non-profit business. In April 2024, the Foundation sold all Texas properties and businesses to a third party.

Note 2 - Summary of Significant Accounting Policies

Basis of accounting: The accompanying consolidated financial statements of the Foundation and OBH have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Principles of consolidation: The consolidated financial statements include the accounts of the Foundation and OBH, wholly owned affiliate, (collectively referred to hereafter as the "Organization"). They are presented on a consolidated basis because they have common control and are financially related. All significant intercompany balances or transactions have been eliminated in consolidation.

Basis of presentation: The consolidated financial statement presentation follows U.S. GAAP, which requires the Organization to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

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

- *Net Assets Without Donor Restrictions* - Net assets available for use in general operations and not subject to donor (nor certain grantor) restrictions.
- *Net Assets With Donor Restrictions* - Net assets subject to donor (or certain grantor) imposed restrictions. Some restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor or grantor. Other restrictions are perpetual in nature, where the donor or grantor stipulates that resources be maintained in perpetuity.

Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends, or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities as net assets released from restrictions.

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

Note 2 - Summary of Significant Accounting Policies (continued)

Cash and cash equivalents: The Organization defines all highly liquid investments, with a maturity of three months or less when purchased to be cash equivalents. Cash equivalents that the Organization intends to use for long-term purposes are classified as investments in the accompanying consolidated statement of financial position.

Investments: Investments primarily include stocks, fixed income and money market funds. Investments are stated at their estimated fair value. Investment income, net is reported in the consolidated statement of activities and consist of interest and dividend income and realized and unrealized gains and losses, less external investment expenses.

Receivables and allowance for credit losses: Grants and contracts receivable consist principally of claims not yet reimbursed by various grantor/contract agencies. Management periodically reviews the receivable balances and provides an allowance for amounts which may be uncollectible. At June 30, 2024 management considered all of its grants and contracts receivable balances to be collectible and no allowance was recorded. Grants and contracts receivable totaled approximately \$2,033,000 and \$974,000 as of June 30, 2024 and 2023, respectively.

Accounts receivable consist mostly of amounts due for client services and are carried at amounts estimated to be realized by the Organization based on past experience. Client services are provided at rates established periodically, primarily by insurance companies, state and local funding authorities. Payments for services may differ from the amounts billed due to subsequent changes in rates, discrepancies as to eligibility dates and approved services, and other similar issues. The Organization assesses collectability by reviewing accounts receivable on a collective basis where similar characteristics exist. In determining the amount of the allowance for credit losses, management considers historical collectability and make judgments about the creditworthiness of the pool of customers based on credit evaluations. Current market conditions and reasonable and supportable forecasts of future economic conditions adjust the historical losses to determine the appropriate allowance for credit losses. Uncollectible accounts are written off when all collection efforts have been exhausted. As of June 30, 2024, there was an allowance of approximately \$2.7 million recorded. Gross accounts receivable totaled approximately \$5,075,000 as of June 30, 2024.

Pledges receivable: The Organization records unconditional promises to give as pledges receivable. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are initially recorded at fair value using present value techniques based on a risk-free rate of return. In subsequent years, amortization of the discounts is included in contribution revenue in the consolidated statement of activities. Conditional promises to give are recognized when the conditions on which they depend are substantially met. The Organization had no conditional promises to give as of June 30, 2024. The Organization uses the allowance method to determine the estimated unconditional promises to give that are doubtful of collection. The allowance is based on historical experience, assessment of economic conditions, and review of subsequent collections. As of June 30, 2024 no allowance was recorded.

Recently Adopted Accounting Standards: In June 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2016-13, *Financial Instruments - Credit Losses (Topic 326)* ("ASC 326"), along with subsequently issued related ASUs, which requires financial assets (or groups of financial assets) measured at amortized cost basis to be presented at the net amount expected to be collected, among other provisions. ASC 326 eliminates the probable initial threshold for recognition of credit losses for financial assets recorded at amortized cost, which could result in earlier recognition of credit losses. It utilizes a lifetime expected credit loss measurement model for the recognition of credit losses at the time the financial asset is originated or acquired. The Organization's financial instruments include accounts receivable. The expected credit losses are adjusted each period for changes in expected lifetime credit losses. The Organization adopted ASC 326 using the modified retrospective method on July 1, 2023, and it did not have a material impact on the consolidated financial statements.

Note 2 - Summary of Significant Accounting Policies (continued)

Property and equipment: The Organization capitalizes all property and equipment with a cost in excess of \$5,000 and an estimated useful life of one year or more. Property and equipment are stated at cost if purchased or, if donated, at estimated fair value on the date of donation, less accumulated depreciation. Depreciation is computed using the straight-line basis over the estimated useful lives of the assets which are as follows:

Building and improvements	8-25 years
Furniture and fixtures	5-7 years
Automobiles	5 years
Computer equipment	3-5 years
Software	3 years

Donated property and equipment are reported, at estimated fair value, as an increase in net assets without donor restrictions unless the donor has restricted the donated assets to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as an increase in net assets with donor restrictions. Without donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of the donor restrictions when the donated assets are placed in service, reclassifying net assets with donor restrictions to net assets without donor restrictions at that time. The Organization received no donated property and equipment for the year ended June 30, 2024.

Maintenance and repairs to property and equipment are charged to expense when incurred. Additions and major renewals are capitalized.

Compensated absences: The Organization recognizes the costs of compensated absences when actually earned by the employees. Accordingly, a liability for such absences has been recorded in the accompanying consolidated financial statements in the accrued liabilities balance.

Refundable advances: Revenues received in advance (nonexchange transaction) that are not recognized because the allowable costs as defined by the individual grant or contract have not been incurred, the unit of service has not been provided, and/or the conditions of release have not been substantially met or explicitly waived are considered refundable advances.

Derivative financial instruments: The Organization makes limited use of derivative instruments for the purpose of managing interest rate risk. The interest rate swap agreement is used to convert the Organization's variable long-term debt agreement to a fixed rate.

Revenue and revenue recognition: The Organization recognizes revenues from nonexchange transactions when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met or explicitly waived.

Note 2 - Summary of Significant Accounting Policies (continued)

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

Client services revenue is reported at the amount that reflects the consideration to which the Organization expects to be entitled to in exchange for providing care. These amounts are generally from third-party payers (including health insurers and government programs) and others and may include variable consideration for retroactive adjustments due to settlement of audits, reviews, and investigations. Generally, the Organization bills patients and third-party payers soon after the services are performed and/or the patient is discharged from the facility. Revenue is recognized as performance obligations are satisfied.

The Organization has established a sliding fee scale based on the Federal poverty guidelines wherein the clients are expected to pay amounts based upon their individual financial ability. Client services rendered to Medicaid program beneficiaries are reimbursed under a maximum fee for service methodology. The Organization is reimbursed at a predictable rate.

Contributed goods and services: In-kind contributions are recorded at their estimated fair value at the date of donation, if such value is measurable. Contributed services are recognized at fair value if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributions to be used in the operation of the Organization are recorded directly as public support.

Functional expenses: The costs of providing the various programs and supporting services activities have been summarized on a functional basis in the consolidated statement of activities. The consolidated statement of functional expenses presents the natural classification detail of expenses by function. Program and supporting services are charged with their direct expenses. Certain categories of expenses are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses allocated include personnel and occupancy costs, among other expenses; which are allocated on the basis of estimates of time and effort, square footage basis, as well as other methods as determined from time-to-time by management.

Concentration of credit risk: Financial instruments that potentially subject the Organization to concentration of credit risk consist primarily of receivables, cash, and investments. The concentration of credit risk with respect to receivables is primarily due to the economic dependency in federal, state, and other agencies and the ability to obtain authorization, process and collect balances timely. Other receivables are dependent on the financial ability of the individual payee. The Organization does not require collateral or other security to support receivables. The Organization has cash in financial institutions that are insured by the Federal Deposit Insurance Corporation ("FDIC"). At various times throughout the year, the Organization may have cash balances at financial institutions that exceed the insured amount. The excess amount at June 30, 2024, was approximately \$443,000. Investments are held in brokerage accounts protected by the Securities Investor Protection Corporation ("SIPC") in the event of broker-dealer failure, subject to applicable limits. The SIPC insurance does not protect against market losses on investments.

Note 2 - Summary of Significant Accounting Policies (continued)

Income taxes: The Organization is registered with the Internal Revenue Service as nonprofit corporation under Internal Revenue Code Section 501(c)(3), and as such, is only subject to federal income taxes on unrelated business income. Management has evaluated the unrelated business income tax implications and believes that the effects, if any, are immaterial to the Organization's consolidated financial statements during the year ended June 30, 2024. Accordingly, no provision has been made for income taxes in the accompanying consolidated financial statements.

Use of estimates: The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. It is reasonably possible that these estimates will change in the near future. Accordingly, actual results could differ from those estimates.

Date of management review: Subsequent events were evaluated by management through March 27, 2025, which is the date the consolidated financial statements were available for issuance.

Note 3 - Liquidity and Availability

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

Financial assets:		
Cash	\$	1,035,419
Investments		11,742,923
Grants and contracts receivable		2,033,331
Pledges receivable, net		2,250,950
Accounts receivable, net		<u>2,352,932</u>
Financial assets, at year-end		19,415,555
Less those unavailable for general expenditures within one year, due to:		
Pledges receivable beyond one year, net		1,403,507
Contractual or donor-imposed restrictions		<u>10,772,218</u>
Financial assets available to meet cash needs for general expenditures within one year	\$	<u><u>7,239,830</u></u>

Note 4 - Investments

Fair value measurements: In accordance with U.S. GAAP, the Organization follows a framework for measuring fair value and expanded disclosures about fair value measurements. Various inputs are used in determining the value of the Organization’s investments. These inputs are summarized in three levels listed below:

- Level 1 - inputs are quoted market prices (unadjusted) in active markets for identical investments that the reporting entity can access at the measurement date.
- Level 2 - inputs are other than quoted prices included within Level 1 that are observable for the investments, either directly or indirectly (e.g. quoted prices in active markets for similar securities, securities valuations based on commonly quoted benchmarks, interest rates and yield curves, and/or securities indices).
- Level 3 - inputs are significant unobservable inputs. (e.g. information about assumptions, including risk, market participants would use in pricing a security).

The inputs or methodology used for valuing securities are not necessarily an indication of the risks associated with investing in those securities. An investment’s classification within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Fair values of investments held by the Organization are classified at June 30, 2024 as follows:

	<u>Level 1</u>		<u>Level 2</u>		<u>Total</u>
Equities	\$ 9,112,610	\$	-	\$	9,112,610
Money market funds	170,327		-		170,327
Fixed income	-		2,459,986		2,459,986
Total	\$ 9,282,937	\$	2,459,986	\$	11,742,923

Investment income is composed of the following for the year ended June 30, 2024:

Net realized and unrealized investment gains	\$ 1,310,627
Interest and dividends	267,198
Advisory fees	<u>(60,256)</u>
	<u>\$ 1,517,569</u>

Hanley Center Foundation, Inc. d/b/a Hanley Foundation
Notes to Consolidated Financial Statements
June 30, 2024

Note 5 - Pledges Receivable (Promises to Give)

Pledges receivable are summarized, as of June 30, 2024, as follows:

Receivable in less than one year	\$ 847,443
Receivable in one to five years	1,554,578
Receivable in five to ten years	<u>20,000</u>
 Total unconditional pledges at face value	 2,422,021
Less: discount	<u>(171,071)</u>
 Net unconditional pledges	 \$ <u><u>2,250,950</u></u>

Note 6 - Property and Equipment

At June 30, 2024, property and equipment consists of the following:

Building	\$ 13,485,693
Furniture and fixtures	511,533
Vehicles	58,900
Software	281,699
Computer equipment	<u>93,848</u>
	14,431,673
Less: accumulated depreciation and amortization	<u>815,365</u>
	13,616,308
Land	8,942,977
Construction in progress	<u>1,484,257</u>
 Property and equipment, net	 \$ <u><u>24,043,542</u></u>

Note 7 - Debt

Debt at June 30, 2024 consists of a term loan with a financial. This loan requires monthly principal installments ranging from approximately \$29,000 to \$52,000, plus interest at the one-month SOFR rate plus 2.60% (7.93% at June 30, 2024), through December 2033, at which time the then remaining principal balance of approximately \$9,375,000 and accrued interest is due. At June 30, 2024, the amount outstanding on the loan was \$13,715,549, net of unamortized debt issuance costs of \$81,145.

Future debt principal payments, not including unamortized debt issuance costs, are approximately as follows:

Year Ending June 30,	
<u>2025</u>	\$ 354,800
2026	374,300
2027	401,100
2028	428,500
2029	459,600
Thereafter	<u>11,778,400</u>
	\$ <u><u>13,796,700</u></u>

Note 7 - Debt (continued)

In December 2023, the Organization entered into an interest rate swap agreement with a lender in conjunction with a term loan (\$13,715,549 outstanding balance, net of unamortized costs, as of June 30, 2024, that expires in December 2033). This agreement effectively converts the variable debt rate to fixed debt rate to the extent of the notional amount. For the outstanding notional amount of \$13,825,738 as of June 30, 2024 the fixed rate being paid to the bank is 6.98%, while the payment received from the bank is based on the one-month SOFR rate plus 2.60%. The interest differential is reflected as an adjustment to interest expense as incurred.

The net fair value benefit (obligation) of the interest rate swap agreement is based on quotes obtained from the lender, which was quoted at \$(75,832) as of June 30, 2024 and is presented as interest rate swap in the accompanying consolidated statement of financial position.

The note payable requires adherence to a number of restrictive covenants. Among other provisions, the agreement requires the Organization to maintain a fixed charge coverage ratio of greater than 1.25 to 1.00. At June 30, 2024, the Organization was in compliance with its financial covenants.

Note 8 - Line of Credit

At June 30, 2024, the Organization had available two lines of credit with banks for acquisition and working capital needs. The first line of credit has availability up to \$7,500,000, bears interest at a rate of 6.14% and has no maturity. At June 30, 2024, the outstanding balance on the line of credit was approximately \$6,555,000. The second line of credit has availability up to \$2,000,000, bears interest at the bank prime rate (7.50% at June 30, 2024) and matures December 2025. At June 30, 2024, the outstanding balance on the line of credit was approximately \$1,486,000, net of amortized loan costs of \$13,748.

Note 9 - Donor Designated Endowments

The Organization follows the State of Florida Uniform Prudent Management of Institutional Funds Act ("FUPMIFA") and its own governing documents. FUPMIFA allows the governing board to determine the amount of a donor-restricted endowment fund to be preserved. In the absence of donor restrictions, the board of directors has adopted a policy to allocate a portion of investment earnings equal to CPI on an annualized basis to the principal amount of each permanently restricted endowment.

The board of directors has determined that a significant portion of the Organization's contributions are subject to the terms of its governing documents. Certain contributions received are subject to other gift instruments or are subject to specific agreements with the Organization. Under the terms of the Organization's governing documents, the board of directors has the ability to distribute as much of the original principal of any trust or separate gift, devise, bequest or fund as the board in its sole discretion shall determine. As a result of the ability to distribute the original principal, all contributions not classified as with donor restrictions are classified as without donor restrictions net assets for financial statement purposes.

Note 9 - Donor Designated Endowments (continued)

The Organization has adopted investment and spending policies, approved by the board of Directors, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowments while seeking to maintain the purchasing power of these endowment assets over the long-term. The Organization's spending and investment policies work together to achieve this objective. The investment policy establishes an achievable return objective through diversification of asset classes. Actual returns in any given year may vary from this amount. To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation that places an emphasis on high quality bonds, short-term securities and equity-based investments to achieve its long-term return objectives within prudent risk parameters.

Changes in endowment net assets, with donor restrictions, for the year ended June 30, 2024 are as follows:

Endowment net assets, beginning of year	\$ 8,051,094
Contributions	2,937,668
Net investment income	335,205
Amounts appropriated for expenditure	<u>(1,399,192)</u>
Endowment net assets, end of year	<u>\$ 9,924,775</u>

Note 10 - Net Assets with Donor Restrictions

As of June 30, 2024, the Foundation's net assets with donor restrictions are classified as follows:

Subject to expenditure for specified purpose:	
Patient aid	\$ 1,765,763
Hanley family	1,180,529
New headquarters (capital campaign)	2,595,074
Education center	556,199
Recovery high school	515,178
Other	<u>172,356</u>
	<u>6,785,099</u>
Maintained in perpetuity:	
Patient aid	1,100,962
Education center	821,479
Other	786,070
Youth treatment	<u>431,165</u>
	<u>3,139,676</u>
Time-restricted for future periods *	<u>2,250,950</u>
Total net assets with donor restrictions	<u>\$ 12,175,725</u>

* Represents pledges receivables, net

Note 11 - Grant and Contract Revenue

Funding agreements for services to be provided are principally entered into from one to multi-year contracts. The release of funds is subject to monies being made available by the federal/state government, and other grantor agencies. Certain agreements may be terminated by either party upon written notice. However, such an event would be unlikely if contract performance continues to be satisfactory and grantors' annual budgets are authorized by each respective governing body.

The grant and contract revenue amounts received are subject to audit and adjustment. If any expenditures are disallowed by the grantor agencies as a result of such an audit, any claim for reimbursement to the grantor agencies becomes a liability of the Foundation.

Certain funding arrangements require the Foundation to provide additional services on a specified matching basis.

Matching requirements fulfilled for the year ended June 30, 2024 are as follows:

<u>Grantor</u>	<u>Contract Number</u>	<u>Matching Requirement</u>
Central Florida Behavioral Health Network , Inc.	QB087-19	\$ 150,000
Southeast Florida Behavioral Health Network, Inc.	PDC19	37,500
Department of Children and Families	LH840, LH841	257,531
LSF Health Systems, LLC	ME040	110,171
United Way of Broward County	65101, 65102, 65103	<u>37,500</u>
	Total	<u>\$ 592,702</u>

Note 12 - Contributed Goods and Services

In connection with the Organization's Substance Abuse Prevention Program, the Organization received the use of classrooms and seminar space with an estimated fair value of approximately \$1,750,000 for the year ended June 30, 2024. The fair value of donated facilities is determined based on the amount of rent charged for comparative facilities in the area. The use of classrooms and seminar space is included in program expenses for the Substance Abuse Prevention. In connection with the Organization's special events, the Organization received contributed auction items with an estimated fair value, based on current rates for similar goods, of approximately \$134,000 for the year ended June 30, 2024.

Note 13 - Contingencies

The Foundation can be subject to claims and litigations arising in the normal course of operations. Should any claims occur, the Organization believes that the outcome would most likely be covered by insurance and would not be material to its financial position.

Note 14 - Employee Benefit Plan

The Organization offers a 401(k) "Safe Harbor" retirement plan covering employees who elect to participate. Contributions are based upon the amount of compensation each participant elects to defer yearly and is subject to certain guidelines, which are defined in the plan document and by Internal Revenue Service ("IRS") regulations. The Organization provides a match of 100% of the employee's contributions not in excess of 5%. The total 401(k) plan expense to the Organization for the year ended June 30, 2024 amounted to approximately \$334,000.

Note 15 - Related-Party Transactions

During the year ended June 30, 2024, the Organization received approximately \$45,000 in new pledges from various board members and employees. At June 30, 2024, outstanding promises to give from related parties total approximately \$2,421,000 or approximately 70% of the Organization's total promises to give balance (face value). Organization board members contributed approximately \$252,000 for the year ended June 30, 2024.

Note 16 - Concentrations in Operations

The Organization receives a substantial amount of its support from the federal/state government and other grants. If a significant reduction in the level of funding were to occur, there would be an adverse effect on the Foundation's programs and activities.

Note 17 - Acquisition of Business

On December 7, 2023, the Foundation completed the acquisition of OBH. The aggregate consideration paid was approximately \$25,000,000. The total acquisition related costs were approximately \$940,000.

The acquisition described above was accounted for using the business combination method of accounting, which requires, among other things, the assets acquired and the liabilities assumed be recognized at their fair values as of the acquisition date. The results of the acquisitions were integrated within the Foundation's existing business on the aforementioned acquisition date.

Note 17 - Acquisition of Business (continued)

The following table summarizes the fair value estimates of the assets acquired and liabilities assumed for the acquisition described above at the acquisition date:

Purchase price, net of cash acquired	\$ 22,475,624
Less:	
Accounts receivable	1,671,496
Property and equipment	25,462,341
Prepays and other assets	536,898
Accounts payable and accrued expenses	(1,389,173)
Deferred revenue	<u>(1,097,505)</u>
Fair value adjustment - inherent contribution	\$ <u><u>(2,708,433)</u></u>

Note 18 - Supplemental Cash Flow Information

Supplemental disclosure of cash flow information:

Cash paid during the year for:	
Interest	\$ <u><u>1,279,595</u></u>
Noncash investing and financing activities -	
Net affiliate acquisition:	
Total amount acquired	\$ <u><u>25,770,402</u></u>
Total amount financed for acquisition	\$ <u><u>(25,497,823)</u></u>

Hanley Center Foundation, Inc. d/b/a Hanley Foundation
Consolidated Schedule of Expenditures of Federal Awards and State Financial Assistance
For the Year Ended June 30, 2024

<u>Federal Grantor/State Agency/Pass-through Grantor/Program or Cluster Title</u>	<u>Federal Assistance Listing/CSFA Number</u>	<u>Pass-through Entity Identifying Number or Grant Number</u>	<u>Total Federal/State Expenditures</u>	<u>Provided to Subrecipients</u>
Federal Agency Name:				
Direct Programs:				
U.S. Department of Health and Human Services - Rural Health Care Services Outreach, Rural Health Network Development and Small Health Care Provider Quality Improvement	93.912	HOGOC-I	\$ <u>204,363</u>	\$ <u>-</u>
Indirect Programs:				
U.S. Department of Health and Human Services - Passed through the State of Florida, Department of Children and Families - Passed through the Central Florida Behavioral Health Network, Inc. - Block Grants for Prevention and Treatment of Substance Abuse	93.959	QB087-19	1,616,140	-
Passed through the LSF Health Systems, LLC - Block Grants for Prevention and Treatment of Substance Abuse	93.959	ME040	1,372,327	-
Passed through the Southeast Florida Behavioral Health Network, Inc. - Block Grants for Prevention and Treatment of Substance Abuse	93.959	PDC19	749,867	-
Passed through United Way of Broward County - Block Grants for Prevention and Treatment of Substance Abuse	93.959	65101 & 65102	<u>512,725</u>	<u>-</u>
		Total 93.959	<u>4,251,059</u>	<u>-</u>

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

Hanley Center Foundation, Inc. d/b/a Hanley Foundation
Consolidated Schedule of Expenditures of Federal Awards and State Financial Assistance
(continued)
For the Year Ended June 30, 2024

<u>Federal Grantor/State Agency/Pass-through Grantor/Program or Cluster Title</u>	<u>Federal Assistance Listing/CSFA Number</u>	<u>Pass-through Entity Identifying Number or Grant Number</u>	<u>Total Federal/State Expenditures</u>	<u>Provided to Subrecipients</u>
Federal Agency Name (continued):				
Indirect Programs (continued):				
Passed through the Central Florida Behavioral Health Network, Inc. - Opioid STR	93.788	QB087-19	\$ 44,936	\$ -
Passed through the LSF Health Systems, LLC - Opioid STR	93.788	ME040	51,213	-
Passed through the Southeast Florida Behavioral Health Network, Inc. - Opioid STR	93.788	PDC19	27,499	-
Passed through United Way of Broward County - Opioid STR	93.788	65103	<u>51,141</u>	<u>-</u>
		Total 93.788	<u>174,789</u>	<u>-</u>
Passed through the Southeast Florida Behavioral Health Network, Inc. - Block Grants for Community Mental Health Services	93.958	PDC19	<u>500,000</u>	<u>-</u>
Passed through the Florida Department of Health - Injury Prevention and Control Research and State and Community Based Programs	93.136	BW758	<u>14,524</u>	<u>-</u>
Total Expenditures of Federal Awards			\$ <u><u>5,144,735</u></u>	\$ <u><u>-</u></u>

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

Hanley Center Foundation, Inc. d/b/a Hanley Foundation
Consolidated Schedule of Expenditures of Federal Awards and State Financial Assistance
(continued)
For the Year Ended June 30, 2024

<u>Federal Agency, Pass-through Entity, Federal Program</u>	<u>Assistance Listing Number</u>	<u>Contract/Grant Number</u>	<u>Expenditures</u>	<u>Transfers to Subrecipients</u>
State Agency Name:				
Indirect Projects:				
State of Florida Department of Children and Families - Passed through the Central Florida Behavioral Health Network, Inc. - St. Augustine Youth Services New Independent Living Village Apartment Units	60.302	MSSP6	\$ 181,530	\$ -
Passed through the LSF Health Systems, LLC - St. Augustine Youth Services New Independent Living Village Apartment Units	60.302	MSSP6	278,645	-
Passed through United Way of Broward County - St. Augustine Youth Services New Independent Living Village Apartment Units	60.302	MSSP6	<u>119,170</u>	<u>-</u>
		Total 60.302	<u>579,345</u>	<u>-</u>
Passed through the LSF Health Systems, LLC - St. Johns Epic Behavioral Healthcare Treatment Facility and Capacity Expansion	60.301	MSSP5	37,118	-
Passed through the Central Florida Behavioral Health Network, Inc. - St. Johns Epic Behavioral Healthcare Treatment Facility and Capacity Expansion	60.301	MSSP5	82,254	-

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

Hanley Center Foundation, Inc. d/b/a Hanley Foundation
Consolidated Schedule of Expenditures of Federal Awards and State Financial Assistance
(continued)
For the Year Ended June 30, 2024

<u>Federal Agency, Pass-through Entity, Federal Program</u>	<u>Assistance Listing Number</u>	<u>Contract/Grant Number</u>	<u>Expenditures</u>	<u>Transfers to Subrecipients</u>
State Agency Name (continued):				
Indirect Projects (continued):				
State of Florida Department of Children and Families - Passed through United Way of Broward County - St. Johns Epic Behavioral Healthcare Treatment Facility and Capacity Expansion	60.301	MSSP5	\$ <u>13,341</u>	\$ <u>-</u>
		Total 60.301	<u>132,713</u>	<u>-</u>
Direct Projects:				
State of Florida Department of Children and Families - Criminal Justice, Mental Health, and Substance Abuse Reinvestment Grant Program	60.115	LH840, LH841	<u>1,032,062</u>	<u>-</u>
Total Expenditures of State Financial Assistance			\$ <u><u>1,744,120</u></u>	\$ <u><u>-</u></u>

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

Hanley Center Foundation, Inc. d/b/a Hanley Foundation
Notes to the Consolidated Schedule of Expenditures of Federal
Awards and State Financial Assistance
June 30, 2024

Note 1 - Basis of Presentation

The accompanying consolidated Schedule of Expenditures of Federal Awards and State Financial Assistance (the "Schedule") includes the grant activity of Hanley Center Foundation, Inc. d/b/a Hanley Foundation and Origins Behavioral HealthCare, LLC (collectively, the "Organization") 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 ("CFR") Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards ("Uniform Guidance")* and Chapter 10.650, *Rules of the Auditor General of Florida*. Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Organization.

Note 2 - Summary of Significant Accounting Policies

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

Note 3 - Indirect Cost Rate

The Organization elected to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

Hanley Center Foundation, Inc. d/b/a Hanley Foundation
Consolidating Schedule of Financial Position
June 30, 2024

	<u>Hanley Foundation</u>	<u>Origins Behavioral HealthCare, LLC</u>	<u>Eliminations</u>	<u>Total</u>
Assets:				
Cash	\$ 220,593	\$ 814,826	\$ -	\$ 1,035,419
Investments	11,742,923	-	-	11,742,923
Grants and contracts receivable	2,033,331	-	-	2,033,331
Pledges receivable, net	2,250,950	-	-	2,250,950
Accounts receivable, net	1,213	2,351,719	-	2,352,932
Due from affiliate	-	2,838,891	(2,838,891)	-
Prepaid expenses and other assets	197,786	842,728	-	1,040,514
Investment in affiliate	26,373,687	-	(26,373,687)	-
Property and equipment, net	533,333	23,510,209	-	24,043,542
	<u>\$ 43,353,816</u>	<u>\$ 30,358,373</u>	<u>\$ (29,212,578)</u>	<u>\$ 44,499,611</u>
Total assets				
Liabilities:				
Accounts payable and accrued expenses	\$ 1,120,544	\$ 1,821,394	\$ -	\$ 2,941,938
Line of credit	8,041,354	-	-	8,041,354
Refundable advances	514,616	2,163,292	-	2,677,908
Due to affiliate	2,838,891	-	(2,838,891)	-
Debt	13,715,549	-	-	13,715,549
Interest rate swap	75,832	-	-	75,832
	<u>26,306,786</u>	<u>3,984,686</u>	<u>(2,838,891)</u>	<u>27,452,581</u>
Total liabilities				
Net Assets:				
Without donor restrictions	4,871,305	26,373,687	(26,373,687)	4,871,305
With donor restrictions	12,175,725	-	-	12,175,725
	<u>17,047,030</u>	<u>26,373,687</u>	<u>(26,373,687)</u>	<u>17,047,030</u>
Total net assets				
Total liabilities and net assets	<u>\$ 43,353,816</u>	<u>\$ 30,358,373</u>	<u>\$ (29,212,578)</u>	<u>\$ 44,499,611</u>

Hanley Center Foundation, Inc. d/b/a Hanley Foundation
Schedule of Consolidated Statement of Activities
For the Year Ended June 30, 2024

	<u>Hanley Foundation</u>	<u>Origins Behavioral HealthCare, LLC</u>	<u>Eliminations</u>	<u>Total</u>
Changes in Net Assets Without Donor Restrictions:				
Public support, revenue, and gains:				
Grants and contracts	\$ 8,171,454	\$ -	\$ -	\$ 8,171,454
Investment income, net	1,171,337	11,027	-	1,182,364
Contributions	126,845	-	-	126,845
Special event revenue, net of direct expenses of \$655,475	220,242	-	-	220,242
In-kind contributions	1,749,880	-	-	1,749,880
Net client service revenue	13,899	13,011,295	-	13,025,194
Gain (loss) on disposal of property and equipment	(230,118)	986,903	-	756,785
Other revenues	5,200	3,818	-	9,018
Satisfaction of program restrictions, net	1,399,192	-	-	1,399,192
Total public support, revenues and gains	<u>12,627,931</u>	<u>14,013,043</u>	<u>-</u>	<u>26,640,974</u>
Expenses:				
Program services:				
Patient treatment	-	14,814,982	-	14,814,982
Prevention and education	9,117,608	-	-	9,117,608
Lifesaver patient aid	620,299	-	-	620,299
Total program services	<u>9,737,907</u>	<u>14,814,982</u>	<u>-</u>	<u>24,552,889</u>
Supporting services:				
General and administrative	3,516,461	1,303,209	-	4,819,670
Fundraising	1,531,894	-	-	1,531,894
Total supporting services	<u>5,048,355</u>	<u>1,303,209</u>	<u>-</u>	<u>6,351,564</u>
Total expenses	<u>14,786,262</u>	<u>16,118,191</u>	<u>-</u>	<u>30,904,453</u>
Changes in Net Assets With Donor Restrictions:				
Grants and contracts	700,000	-	-	700,000
Investment income, net	335,205	-	-	335,205
Contributions	1,323,233	-	-	1,323,233
Net assets released from restriction	(1,399,192)	-	-	(1,399,192)
Change in net assets with donor restrictions	<u>959,246</u>	<u>-</u>	<u>-</u>	<u>959,246</u>
Change in net assets before other items	<u>(1,199,085)</u>	<u>(2,105,148)</u>	<u>-</u>	<u>(3,304,233)</u>
Other Items:				
Change in fair value of interest rate swap	(75,832)	-	-	(75,832)
Net assets in earnings from affiliate	(2,105,148)	-	2,105,148	-
Total other items	<u>(2,180,980)</u>	<u>-</u>	<u>2,105,148</u>	<u>(75,832)</u>
Change in net assets prior to acquisition	(3,380,065)	(2,105,148)	2,105,148	(3,380,065)
Fair value adjustment - inherent contribution	2,708,433	-	-	2,708,433
Change in net assets	(671,632)	(2,105,148)	2,105,148	(671,632)
Net Assets, Beginning of Year	<u>17,718,662</u>	<u>28,478,835</u>	<u>(28,478,835)</u>	<u>17,718,662</u>
Net Assets, End of Year	<u>\$ 17,047,030</u>	<u>\$ 26,373,687</u>	<u>\$ (26,373,687)</u>	<u>\$ 17,047,030</u>

Hanley Center Foundation, Inc. d/b/a Hanley Foundation
Consolidated Schedule of Program/Covered Service Actual Expenses and Revenues (Unaudited)
For the Year Ended June 30, 2024

Provider Name: Hanley Center Foundation, Inc.
 Audit Period: 7/1/2023 - 6/30/2024

AUDIT SCHEDULE
ACTUAL EXPENSES AND REVENUES SCHEDULE



STATE-FUNDED										Total for State SAMH-Funded Covered Services or Projects (B+C) D	Total for Non-State-Funded Covered Services or Projects E	Total for All Covered Services or Projects (D+E) F	Non-SAMH Covered Services or Projects G	Total Funding (F+G) H
FUNDING SOURCES & REVENUES A	Mental Health		Substance Abuse					Substance Abuse Total C						
	Prevention - Universal Direct 50	Mental Health Total B	Prevention - Indicated 48	Prevention - Selective 49	Prevention - Universal Direct 50	Prevention - Universal Indirect 51	Cost Reimbursement B3							
IA. STATE SAMH FUNDING														
Current Year Funding														
Expenditure Report OCA#	Provider Subcontract#	Funding Source: F-Federal S-State F/S-Federal and State												
MS025	ME040	F	\$ -	\$ -	\$ 77,268.88	\$ 185,256.00	\$ -	\$ 262,544.88	\$ 262,544.88	\$ -	\$ 262,544.88	\$ -	\$ 262,544.88	
MSOPP	ME040	F	\$ -	\$ -	\$ 222,496.00	\$ 483,649.36	\$ -	\$ 706,144.36	\$ 706,144.36	\$ -	\$ 706,144.36	\$ -	\$ 706,144.36	
MS252	ME040	F	\$ -	\$ -	\$ 99,120.00	\$ 286,146.16	\$ -	\$ 385,266.16	\$ 385,266.16	\$ -	\$ 385,266.16	\$ -	\$ 385,266.16	
MSPP2	ME040	F	\$ -	\$ -	\$ 2,790.00	\$ 16,618.64	\$ -	\$ 18,408.64	\$ 18,408.64	\$ -	\$ 18,408.64	\$ -	\$ 18,408.64	
MSSP4	ME040	F	\$ -	\$ -	\$ 1,080.00	\$ 50,132.75	\$ -	\$ 51,212.75	\$ 51,212.75	\$ -	\$ 51,212.75	\$ -	\$ 51,212.75	
MSSP5	ME040	F	\$ -	\$ -	\$ 3,420.00	\$ 33,697.73	\$ -	\$ 37,117.73	\$ 37,117.73	\$ -	\$ 37,117.73	\$ -	\$ 37,117.73	
MSSP6	ME040	F	\$ -	\$ -	\$ 38,810.00	\$ 239,700.15	\$ -	\$ 278,510.15	\$ 278,510.15	\$ -	\$ 278,510.15	\$ -	\$ 278,510.15	
Total Current Year Funding			\$ -	\$ -	\$ 445,103.88	\$ 1,294,197.78	\$ -	\$ 1,739,301.48	\$ 1,739,301.48	\$ -	\$ 1,739,301.48	\$ -	\$ 1,739,301.48	
Carry Forward Funding														
Expenditure Report OCA#	Provider Subcontract#	Funding Source: F-Federal S-State F/S-Federal and State												
Total Carry Forward Funding			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
TOTAL STATE SAMH FUNDING =			\$ -	\$ -	\$ 445,103.88	\$ 1,294,197.78	\$ -	\$ 1,739,301.48	\$ 1,739,301.48	\$ -	\$ 1,739,301.48	\$ -	\$ 1,739,301.48	
IB. OTHER GOVERNMENT FUNDING														
(1) Other State Agency Funding	\$ -	\$ 300,000.00	\$ 300,000.00	\$ 71,106.78	\$ 321,254.39	\$ 3,899,391.09	\$ 200,000.00	\$ 138,912.00	\$ 4,930,664.26	\$ 4,930,664.26	\$ -	\$ 4,930,664.26	\$ 4,930,664.26	
(2) Medicaid	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
(3) Local Government	\$ -	\$ -	\$ -	\$ -	\$ 73,875.81	\$ -	\$ -	\$ 73,875.81	\$ 73,875.81	\$ -	\$ 73,875.81	\$ -	\$ 73,875.81	
(4) Federal Grants and Contracts	\$ -	\$ -	\$ -	\$ -	\$ 204,362.62	\$ -	\$ -	\$ 204,362.62	\$ 204,362.62	\$ -	\$ 204,362.62	\$ -	\$ 204,362.62	
(5) In-kind from local gov. only	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
TOTAL OTHER GOVERNMENT FUNDING =			\$ 300,000.00	\$ 300,000.00	\$ 71,106.78	\$ 321,254.39	\$ 4,177,429.52	\$ 200,000.00	\$ 138,912.00	\$ 4,908,702.69	\$ 5,208,702.69	\$ -	\$ 5,208,702.69	
IC. ALL OTHER REVENUES														
(1) 1st & 2nd Party Payments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
(2) 2nd Party Payments (except Medicare)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
(3) Medicare	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
(4) Contributions and Donations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 682,484.86	\$ 682,484.86	
(5) Other	\$ -	\$ -	\$ -	\$ -	\$ 939,829.55	\$ -	\$ -	\$ 939,829.55	\$ 939,829.55	\$ -	\$ 939,829.55	\$ 19,100.00	\$ 958,929.55	
(6) In-kind	\$ -	\$ -	\$ 17,854.62	\$ 75,883.43	\$ 1,141,082.67	\$ -	\$ -	\$ 1,234,821.02	\$ 1,234,821.02	\$ -	\$ 1,234,821.02	\$ 515,058.64	\$ 1,749,879.66	
TOTAL ALL OTHER REVENUES =			\$ -	\$ 17,854.62	\$ 75,883.43	\$ 2,080,912.22	\$ -	\$ -	\$ 2,174,650.57	\$ 2,174,650.57	\$ -	\$ 2,174,650.57	\$ 1,216,643.50	\$ 3,391,294.07
TOTAL FUNDING =			\$ 300,000.00	\$ 300,000.00	\$ 88,961.70	\$ 397,137.82	\$ 6,703,446.42	\$ 1,494,197.78	\$ 138,912.00	\$ 8,822,664.72	\$ 9,122,654.72	\$ -	\$ 9,122,654.72	\$ 10,339,298.22

Hanley Center Foundation, Inc. d/b/a Hanley Foundation
Consolidated Schedule of Program/Covered Service Actual Expenses and Revenues (Unaudited) (continued)
For the Year Ended June 30, 2024

Provider Name: Hanley Center Foundation, Inc.														
Audit Period: 7/1/2023 - 6/30/2024														
SAMH COVERED SERVICES														
EXPENSE CATEGORIES A	Mental Health		Substance Abuse					Total for State SAMH-Funded Covered Services (B+C) D	Total for Non-State-Funded Covered Services E	Total for All Covered Services (D+E) F	Non-SAMH Covered Services G	Other Support Costs (optional) H	Administration I	Total Expenses (F+G+H+I) J
	Prevention - Universal Direct 50	Mental Health Total B	Prevention - Indicated 48	Prevention - Selective 49	Prevention - Universal Direct 50	Prevention - Universal Indirect 51	Cost Reimbursement B3							
IIA. PERSONNEL EXPENSES														
(1) Salaries	\$ 128,229.44	\$ 128,229.44	\$ 44,881.20	\$ 187,770.10	\$ 1,767,237.88	\$ 817,976.01	\$ 19,437.75	\$ 2,835,602.75	\$ 2,964,832.19		\$ 2,964,832.19	\$ 2,336,510.24		\$ 5,901,342.43
(2) Fringe Benefits	\$ 25,035.29	\$ 25,035.29	\$ 10,330.84	\$ 43,906.07	\$ 404,135.45	\$ 153,564.02	\$ 5,899.82	\$ 617,636.20	\$ 642,671.49		\$ 642,671.49	\$ 557,278.02		\$ 1,199,949.51
TOTAL PERSONNEL EXPENSES =	\$ 153,264.73	\$ 153,264.73	\$ 54,512.04	\$ 231,676.17	\$ 2,171,373.14	\$ 971,540.03	\$ 25,137.57	\$ 3,454,238.95	\$ 3,607,503.68	\$ -	\$ 3,607,503.68	\$ 3,493,788.26	\$ -	\$ 7,101,291.94
IIIB. OTHER EXPENSES														
(1) Building Occupancy	\$ 1,100.29	\$ 1,100.29	\$ 1,902.92	\$ 8,087.41	\$ 104,054.88	\$ 55,183.07		\$ 169,228.29	\$ 170,328.58		\$ 170,328.58	\$ 144,158.48		\$ 314,487.06
(2) Professional Services	\$ 20,557.69	\$ 20,557.69	\$ 324.92	\$ 1,380.91	\$ 31,731.23	\$ 16,757.18	\$ 29,748.89	\$ 79,943.13	\$ 100,501.02		\$ 100,501.02	\$ 257,753.73		\$ 358,254.75
(3) Travel	\$ 2,315.82	\$ 2,315.82	\$ 977.48	\$ 4,154.29	\$ 71,310.41	\$ 25,014.82		\$ 101,457.00	\$ 103,772.82		\$ 103,772.82	\$ 45,518.32		\$ 149,291.14
(4) Equipment	\$ -	\$ -	\$ 885.92	\$ 3,765.16	\$ 34,393.84	\$ 78,863.28		\$ 118,508.20	\$ 118,508.20		\$ 118,508.20	\$ -		\$ 118,508.20
(5) Food Services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -		\$ -	\$ 24,224.16		\$ 24,224.16
(6) Medical and Pharmacy	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -		\$ -	\$ -		\$ -
(7) Subcontracted Services	\$ -	\$ -	\$ -	\$ 28,283.71	\$ 28,283.71	\$ 28,283.71		\$ 28,283.71	\$ 28,283.71		\$ 28,283.71	\$ 700,135.89		\$ 728,419.60
(8) Insurance	\$ 3,956.75	\$ 3,956.75	\$ -	\$ -	\$ 8,762.00	\$ 825.22		\$ 9,543.97	\$ 13,543.97		\$ 13,543.97	\$ 70,839.27		\$ 84,383.24
(9) Interest Paid	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -		\$ -	\$ -		\$ -
(10) Operating Supplies & Expenses	\$ 1,387.17	\$ 1,387.17	\$ 6,460.68	\$ 27,442.74	\$ 340,783.81	\$ 70,281.29	\$ 84,025.54	\$ 528,994.26	\$ 530,381.43		\$ 530,381.43	\$ 208,010.02		\$ 738,391.45
(11) Other-Bad Debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -		\$ -	\$ -		\$ -
(12) Donated Items	\$ -	\$ -	\$ 17,854.92	\$ 75,883.43	\$ 1,141,082.67	\$ -		\$ 1,234,821.02	\$ 1,234,821.02		\$ 1,234,821.02	\$ 515,058.64		\$ 1,749,879.66
TOTAL OTHER EXPENSES =	\$ 29,317.92	\$ 29,317.92	\$ 28,407.04	\$ 120,713.94	\$ 1,761,002.56	\$ 246,924.86	\$ 113,774.43	\$ 2,270,822.83	\$ 2,300,140.75	\$ -	\$ 2,300,140.75	\$ 1,985,638.51	\$ -	\$ 4,265,839.26
TOT. PERSONNEL & OTH. EXP. =	\$ 182,582.65	\$ 182,582.65	\$ 82,919.08	\$ 352,390.11	\$ 3,932,375.70	\$ 1,218,464.89	\$ 138,912.00	\$ 5,725,061.78	\$ 5,907,644.43	\$ -	\$ 5,907,644.43	\$ 5,459,486.77	\$ -	\$ 11,367,131.20
IIIC. DISTRIBUTED INDIRECT COSTS														
(a) Other Support Costs (Optional)	\$ 104,467.34	\$ 104,467.34	\$ -	\$ -	\$ 83,529.46	\$ 107,383.01		\$ 190,912.47	\$ 295,379.81		\$ 295,379.81	\$ 142,033.91	\$ -	\$ 437,413.72
(b) Administration	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -		\$ -	\$ -	\$ -	\$ -
TOT. DISTR'D INDIRECT COSTS =	\$ 104,467.34	\$ 104,467.34	\$ -	\$ -	\$ 83,529.46	\$ 107,383.01	\$ -	\$ 190,912.47	\$ 295,379.81	\$ -	\$ 295,379.81	\$ 142,033.91	\$ -	\$ 437,413.72
TOTAL ACTUAL OPER. EXPENSES =	\$ 287,049.99	\$ 287,049.99	\$ 82,919.08	\$ 352,390.11	\$ 4,015,905.16	\$ 1,325,847.90	\$ 138,912.00	\$ 5,915,974.25	\$ 5,915,974.25	\$ -	\$ 6,203,024.24	\$ 5,601,520.68	\$ 0.00	\$ 11,804,544.92
IIID. UNALLOWABLE COSTS														
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -		\$ -	\$ 107,677.87	\$ -	\$ 107,677.87
TOT. ALLOWABLE OPER. EXP. =	\$ 287,049.99	\$ 287,049.99	\$ 82,919.08	\$ 352,390.11	\$ 4,015,905.16	\$ 1,325,847.90	\$ 138,912.00	\$ 5,915,974.25	\$ 6,203,024.24	\$ -	\$ 6,203,024.24	\$ 5,493,842.81	\$ -	\$ 11,696,867.05
IIIE. CAPITAL EXPENDITURES														
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -		\$ -	\$ 522,001.87	\$ -	\$ 522,001.87

Hanley Center Foundation, Inc. d/b/a Hanley Foundation
Consolidated Schedule of State Earnings (Unaudited)
For the Year Ended June 30, 2024

Total Expenditures	\$ 30,904,453
Less other state and federal funds	(5,004,340)
Less nonmatch SAMH funds	(1,146,599)
Less unallowable costs per 65E-14, F.A.C.	<u>(107,678)</u>
Total Allowable Expenditures	\$ <u>24,645,836</u>
Maximum Available Earnings	\$ <u>18,484,377</u>
Amount of State Funds Requiring Match	\$ <u>592,702</u>
Amount Due to Department*	\$ <u>17,891,675</u>

* If this amount is negative, the amount is due to the department up to the amount on the line listed as "amount of state funds requiring match."

Hanley Center Foundation, Inc. d/b/a Hanley Foundation
Consolidated Schedule of Related Party Transaction Adjustments (Unaudited)
For the Year Ended June 30, 2024

Hanley Center Foundation, Inc. d/b/a Hanley Foundation did not have any related party transaction adjustments for the year ended June 30, 2024.

**Hanley Center Foundation, Inc. d/b/a Hanley Foundation
Consolidated Schedule of Bed-Day Availability Payments (Unaudited)
For the Year Ended June 30, 2024**

Hanley Center Foundation, Inc. d/b/a Hanley Foundation did not have any bed-day payments for the year ended June 30, 2024.

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
Hanley Center Foundation, Inc. d/b/a Hanley Foundation

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 consolidated financial statements of Hanley Center Foundation, Inc. d/b/a Hanley Foundation (a nonprofit organization) (the "Organization"), which comprise the consolidated statement of financial position as of June 30, 2024, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated March 27, 2025.

Report on Internal Control over Financial Reporting

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

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

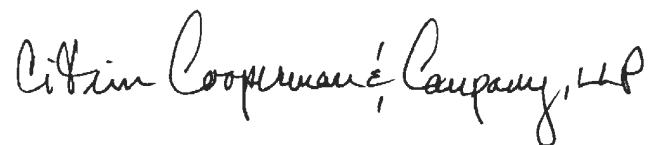
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Report on Compliance and Other Matters

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

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.



Fort Lauderdale, Florida
March 27, 2025

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

To the Board of Directors
Hanley Center Foundation, Inc. d/b/a Hanley Foundation

Report on Compliance for Each Major Federal Program and State Project

Opinion on Each Major Federal Program and State Project

We have audited Hanley Center Foundation, Inc. d/b/a Hanley Foundation's (a nonprofit organization) (the "Organization") (compliance with the types of compliance requirements described in the OMB *Compliance Supplement*, and the compliance 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 program and state project for the year ended June 30, 2024. The Organization's major federal program and state project are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with relevant ethical requirements related 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 with 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 each major federal program and state project.

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 GAAS *Government Auditing Standards*, the Uniform Guidance and Chapter 10.650, *Rules of the Auditor General* will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Organization's compliance with the requirements of each major federal program and state project as a whole.

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

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

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

"Citrin Cooperman" is the brand under which Citrin Cooperman & Company, I.J.P., a licensed independent CPA firm, and Citrin Cooperman Advisors LLC serve clients' business needs. The two firms operate as separate legal entities in an alternative practice structure. The entities of Citrin Cooperman & Company, I.J.P. and Citrin Cooperman Advisors LLC are independent member firms of the Moore North America, Inc. (MNA) Association, which is itself a regional member of Moore Global Network Limited (MGNI). All the firms associated with MNA are independently owned and managed entities. Their membership in, or association with, MNA should not be construed as constituting or implying any partnership between them.

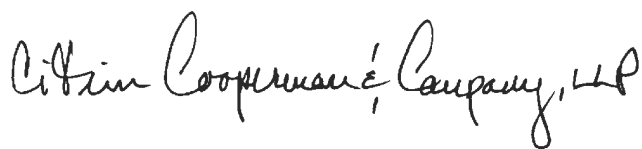
Report on Internal Control over Compliance

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

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

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

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



Fort Lauderdale, Florida
March 27, 2025

**Hanley Center Foundation, Inc. d/b/a Hanley Foundation
 Consolidated Schedule of Findings and Questioned Costs
 For the Year Ended June 30, 2024**

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: *Unmodified*

Internal control over financial reporting:

Material weakness(es) identified? yes X no

Significant deficiency(ies) identified? yes X none reported

Noncompliance material to financial statements noted? yes X no

Federal Programs and State Projects

Internal control over major federal programs and state projects:

Material weakness(es) identified? yes X no

Significant deficiency(ies) identified? yes X none reported

Type of auditor's report issued on compliance for major federal programs and state projects: *Unmodified*

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

Identification of major federal program and state projects:

<u>Assistance Listing No.</u>	<u>Federal Program (s)</u>
93.959	U.S. Department of Health and Human Services: Block Grants for Prevention and Treatment of Substance Abuse

<u>CSFA No.</u>	<u>State Project (s)</u>
60.115	Criminal Justice, Mental Health, and Substance Abuse Reinvestment Grant Program

Dollar threshold used to distinguish between Type A and Type B programs/projects: \$ 750,000 for federal programs and state projects

Auditee qualified as low-risk auditee? X yes no

SECTION II - FINANCIAL STATEMENT FINDINGS

None reported.

SECTION III - FEDERAL PROGRAMS AND STATE PROJECTS FINDINGS AND QUESTIONED COSTS

None reported.