

FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT
PHOENIX PROGRAMS OF FLORIDA, INC.
June 30, 2024 and 2023

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INDEPENDENT AUDITORS' REPORT

The Board of Directors
Phoenix Programs of Florida, Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Phoenix Programs of Florida, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2024 and 2023, and the related statements of activities and changes in net assets, cash flows, and functional expenses for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Phoenix Programs of Florida, Inc. as of June 30, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the 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 Phoenix Programs of Florida, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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



Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Phoenix Programs of Florida, Inc.'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 Phoenix Programs of Florida, Inc.'s ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

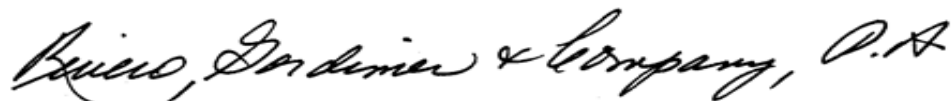
Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards and state financial assistance, as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and Chapter 10.650, *Rules of the Auditor General*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the

auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and state financial assistance is fairly stated, in all material respects, in relation to the financial statements as a whole.

The other supplementary information listed in the table of contents is presented for purposes of additional analysis and is also not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic 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 December 30, 2024, on our consideration of Phoenix Programs of Florida, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of law, 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 Phoenix Programs of Florida, Inc.'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 Phoenix Programs of Florida, Inc.'s internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Bivins, Anderson & Company, P.A." in a cursive script.

Tampa, Florida
December 30, 2024

Phoenix Programs of Florida, Inc.

STATEMENTS OF FINANCIAL POSITION

June 30,

| | <u>2024</u> | <u>2023</u> |
|---|---------------------|---------------------|
| ASSETS | | |
| Current assets | | |
| Cash and cash equivalents | \$ 3,900,573 | \$ 4,111,308 |
| Due from government agencies | 1,388,881 | 1,517,207 |
| Other receivables | 179,970 | 49,574 |
| Donated food inventory | 32,019 | 30,897 |
| Prepaid expenses | <u>153,421</u> | <u>81,860</u> |
| Total current assets | <u>5,654,864</u> | <u>5,790,846</u> |
| Property and equipment, net | 3,493,981 | 2,188,331 |
| Right of use operating lease asset, net | 729,533 | 450,069 |
| Other assets | <u>29,493</u> | <u>29,493</u> |
| Total assets | <u>\$ 9,907,871</u> | <u>\$ 8,458,739</u> |
| LIABILITIES AND NET ASSETS | | |
| Current liabilities | | |
| Accounts payable and accrued expenses | \$ 727,917 | \$ 885,563 |
| Contingent liability | 714,378 | - |
| Current portion of operating lease liability | 168,155 | 127,861 |
| Current portion of note payable | 97,206 | - |
| Deferred revenue | <u>23,945</u> | <u>10,533</u> |
| Total current liabilities | <u>1,731,601</u> | <u>1,023,957</u> |
| Operating lease liability, less current portion | 571,050 | 328,986 |
| Note payable | <u>174,961</u> | <u>-</u> |
| Total liabilities | <u>2,477,612</u> | <u>1,352,943</u> |
| Net assets | | |
| Without donor restrictions | 7,292,295 | 7,019,121 |
| With donor restrictions | <u>137,964</u> | <u>86,675</u> |
| Total net assets | <u>7,430,259</u> | <u>7,105,796</u> |
| Total liabilities and net assets | <u>\$ 9,907,871</u> | <u>\$ 8,458,739</u> |

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

Phoenix Programs of Florida, Inc.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

For the year ended June 30, 2024

(With summarized comparative totals for the year ended June 30, 2023)

| | Without donor restrictions | With donor restrictions | Total 2024 | Total 2023 |
|--|-------------------------------|----------------------------|---------------------|---------------------|
| REVENUE AND CONTRIBUTIONS | | | | |
| Government and contract revenue | \$ 11,449,772 | \$ - | \$ 11,449,772 | \$ 9,604,086 |
| Client and third-party revenue | 851,001 | - | 851,001 | 665,749 |
| Donated goods and services | 226,924 | - | 226,924 | 127,984 |
| Grants and contributions | 80,587 | 73,945 | 154,532 | 165,849 |
| Special events, net | 64,870 | - | 64,870 | 104,623 |
| Other revenue | 9,718 | - | 9,718 | 192,868 |
| Interest income | 163,163 | - | 163,163 | 112,801 |
| Net assets released from restrictions | 22,656 | (22,656) | - | - |
| Total revenue and contributions | 12,868,691 | 51,289 | 12,919,980 | 10,973,960 |
| EXPENSES | | | | |
| Program services | 9,681,022 | - | 9,681,022 | 7,463,576 |
| Supporting services | | | | |
| General and administrative | 2,117,269 | - | 2,117,269 | 1,805,499 |
| Fundraising | 82,848 | - | 82,848 | 148,109 |
| Total expenses | 11,881,139 | - | 11,881,139 | 9,417,184 |
| OTHER CHANGE IN NET ASSETS | | | | |
| Contingency expense | 714,378 | - | 714,378 | - |
| CHANGE IN NET ASSETS | 273,174 | 51,289 | 324,463 | 1,556,776 |
| NET ASSETS AT BEGINNING OF YEAR | 7,019,121 | 86,675 | 7,105,796 | 5,549,020 |
| NET ASSETS AT END OF YEAR | \$ 7,292,295 | \$ 137,964 | \$ 7,430,259 | \$ 7,105,796 |

The accompanying notes are an integral part of this financial statement.

Phoenix Programs of Florida, Inc.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

For the year ended June 30, 2023

| | Without donor restrictions | With donor restrictions | Total |
|---------------------------------------|-------------------------------|----------------------------|---------------------|
| REVENUE AND CONTRIBUTIONS | | | |
| Government and contract revenue | \$ 9,604,086 | \$ - | \$ 9,604,086 |
| Client and third-party revenue | 665,749 | - | 665,749 |
| Donated goods and services | 127,984 | - | 127,984 |
| Grants and contributions | 40,849 | 125,000 | 165,849 |
| Special events, net | 104,623 | - | 104,623 |
| Other revenue | 192,868 | - | 192,868 |
| Interest income | 112,801 | - | 112,801 |
| Net assets released from restrictions | 100,000 | (100,000) | - |
| | <u>10,948,960</u> | <u>25,000</u> | <u>10,973,960</u> |
| EXPENSES | | | |
| Program services | 7,463,576 | - | 7,463,576 |
| Supporting services | | | |
| General and administrative | 1,805,499 | - | 1,805,499 |
| Fundraising | 148,109 | - | 148,109 |
| | <u>9,417,184</u> | <u>-</u> | <u>9,417,184</u> |
| CHANGE IN NET ASSETS | 1,531,776 | 25,000 | 1,556,776 |
| NET ASSETS AT BEGINNING OF YEAR | <u>5,487,345</u> | <u>61,675</u> | <u>5,549,020</u> |
| NET ASSETS AT END OF YEAR | <u>\$ 7,019,121</u> | <u>\$ 86,675</u> | <u>\$ 7,105,796</u> |

The accompanying notes are an integral part of this financial statement.

Phoenix Programs of Florida, Inc.
STATEMENTS OF CASH FLOWS

For the years ended June 30,

| | 2024 | 2023 |
|---|--------------|--------------|
| Cash flows from operating activities | | |
| Change in net assets | \$ 324,463 | \$ 1,556,776 |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: | | |
| Depreciation and amortization | 346,077 | 327,303 |
| Right of use asset amortization | 148,733 | 127,167 |
| Affiliate loan forgiveness | - | (142,003) |
| Decrease (increase) in due from government agencies | 128,326 | (315,407) |
| Decrease in ERC receivable | - | 1,037,161 |
| Increase in other receivables | (130,396) | (31,029) |
| Increase in donated food inventory | (1,122) | (1,207) |
| Increase in prepaid expenses and other assets | (71,561) | (38,107) |
| Increase in accounts payable and accrued expenses | 556,732 | 228,231 |
| Decrease in operating lease liability | (145,839) | (120,389) |
| Increase (decrease) in deferred revenue | 13,412 | (34,782) |
| Total adjustments | 844,362 | 1,036,938 |
| Net cash provided by operating activities | 1,168,825 | 2,593,714 |
| Cash flows from investing activities | | |
| Purchases of property and equipment | (1,651,727) | (505,411) |
| Net cash used by investing activities | (1,651,727) | (505,411) |
| Cash flows from financing activities | | |
| Proceeds from note payable | 304,141 | - |
| Repayments of note payable | (31,974) | - |
| Net cash provided by financing activities | 272,167 | - |
| Net change in cash and cash equivalents | (210,735) | 2,088,303 |
| Cash and cash equivalents at beginning of the year | 4,111,308 | 2,023,005 |
| Cash and cash equivalents at end of year | \$ 3,900,573 | \$ 4,111,308 |
| Supplemental disclosures of cash flow information | | |
| Cash paid during the year | | |
| Interest | \$ 5,158 | \$ - |
| Income taxes | \$ - | \$ - |
| Non-cash investing activities | | |
| Right of use operating lease asset | \$ 428,197 | \$ 577,236 |

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

Phoenix Programs of Florida, Inc.

STATEMENT OF FUNCTIONAL EXPENSES

For the year ended June 30, 2024
(With summarized comparative totals for the year ended June 30, 2023)

| | Program Services | | | Support Services | | Total 2024 Expenses | Total 2023 Expenses | |
|---|--------------------------------|-------------------------------|--------------------------|---------------------|----------------------------|---------------------|----------------------|---------------------|
| | Residential Treatment Services | Ambulatory Treatment Services | Program support services | Total | General and Administration | | | Fundraising |
| Salaries | \$ 3,323,344 | \$ 780,122 | \$ 267,274 | \$ 4,370,740 | \$ 1,060,055 | \$ 37,069 | \$ 5,467,864 | \$ 4,508,253 |
| Employee benefits and payroll taxes | 640,587 | 121,236 | 41,589 | 803,412 | 255,196 | 1,845 | 1,060,453 | 757,692 |
| Consulting and contractual services | 279,266 | 57,488 | 3,500 | 340,254 | 416,532 | 35,000 | 791,786 | 702,398 |
| Resident sustenance | 1,446,953 | 211,184 | 3,056 | 1,661,193 | 7,582 | - | 1,668,775 | 1,143,685 |
| Occupancy costs | 222,390 | 129,210 | 8,559 | 360,159 | 64,951 | 370 | 425,480 | 332,050 |
| Vehicle costs | 127,653 | - | - | 127,653 | - | - | 127,653 | 126,530 |
| Communications | 44,492 | 19,029 | 24,570 | 88,091 | 16,723 | - | 104,814 | 101,578 |
| Office and program supplies | 540,071 | 103,954 | 18,734 | 662,759 | 154,432 | 4,129 | 821,320 | 370,053 |
| Insurance | 278,450 | 22,255 | 696 | 301,401 | 45,142 | - | 346,543 | 262,754 |
| Travel | 38,807 | 9,509 | 13,704 | 62,020 | 24,454 | 357 | 86,831 | 58,885 |
| Miscellaneous | 37,577 | 12,090 | 238,839 | 288,506 | 50,603 | 3,954 | 343,063 | 339,249 |
| Repairs and maintenance | 237,581 | 38,775 | 1,740 | 278,096 | 12,260 | 124 | 290,480 | 386,754 |
| Total expenses before depreciation and amortization | 7,217,171 | 1,504,852 | 622,261 | 9,344,284 | 2,107,930 | 82,848 | 11,535,062 | 9,089,881 |
| Depreciation and amortization | 314,978 | 18,142 | 3,618 | 336,738 | 9,339 | - | 346,077 | 327,303 |
| Total expenses | <u>\$ 7,532,149</u> | <u>\$ 1,522,994</u> | <u>\$ 625,879</u> | <u>\$ 9,681,022</u> | <u>\$ 2,117,269</u> | <u>\$ 82,848</u> | <u>\$ 11,881,139</u> | <u>\$ 9,417,184</u> |

The accompanying notes are an integral part of this financial statement.

Phoenix Programs of Florida, Inc.

STATEMENT OF FUNCTIONAL EXPENSES

For the year ended June 30, 2023

| | Program Services | | | Total | Support Services | | Total Expenses |
|---|--------------------------------|-------------------------------|--------------------------|---------------------|----------------------------|-------------------|---------------------|
| | Residential Treatment Services | Ambulatory Treatment Services | Program support services | | General and Administration | Fundraising | |
| Salaries | \$ 2,797,797 | \$ 639,731 | \$ 187,950 | \$ 3,625,478 | \$ 833,654 | \$ 49,121 | \$ 4,508,253 |
| Employee benefits and payroll taxes | 483,318 | 75,069 | 33,553 | 591,940 | 157,978 | 7,774 | 757,692 |
| Consulting and contractual services | 115,820 | 62,192 | 8,378 | 186,390 | 437,120 | 78,888 | 702,398 |
| Resident sustenance | 1,026,193 | 113,018 | 200 | 1,139,411 | 4,274 | - | 1,143,685 |
| Occupancy costs | 180,615 | 92,706 | 1,189 | 274,510 | 56,519 | 1,021 | 332,050 |
| Vehicle costs | 126,530 | - | - | 126,530 | - | - | 126,530 |
| Communications | 50,398 | 19,241 | 18,419 | 88,058 | 13,520 | - | 101,578 |
| Office and program supplies | 177,388 | 46,903 | 21,019 | 245,310 | 119,774 | 4,969 | 370,053 |
| Insurance | 171,889 | 20,003 | 7,953 | 199,845 | 62,909 | - | 262,754 |
| Travel | 21,734 | 8,608 | 9,975 | 40,317 | 17,490 | 1,078 | 58,885 |
| Miscellaneous | 22,935 | 24,432 | 227,505 | 274,872 | 59,322 | 5,055 | 339,249 |
| Repairs and maintenance | 289,655 | 55,895 | 8,526 | 354,076 | 32,475 | 203 | 386,754 |
| Total expenses before depreciation and amortization | 5,464,272 | 1,157,798 | 524,667 | 7,146,737 | 1,795,035 | 148,109 | 9,089,881 |
| Depreciation and amortization | 291,696 | 22,425 | 2,718 | 316,839 | 10,464 | - | 327,303 |
| Total expenses | <u>\$ 5,755,968</u> | <u>\$ 1,180,223</u> | <u>\$ 527,385</u> | <u>\$ 7,463,576</u> | <u>\$ 1,805,499</u> | <u>\$ 148,109</u> | <u>\$ 9,417,184</u> |

The accompanying notes are an integral part of this financial statement.

Phoenix Programs of Florida, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2024 and 2023

NOTE A - DESCRIPTION OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A description of the organization and a summary of its significant accounting policies consistently applied in the preparation of the accompanying financial statements follow:

1. Description of Organization and Activities

Phoenix Programs of Florida, Inc. ("PP Florida") is a Section 501(c)(3) not-for-profit organization exempt from federal income taxes under Section 501(a) of the Internal Revenue Code (the "Code"). PP Florida is also exempt from state and local income taxes. PP Florida was established in order to operate therapeutic treatment centers for the rehabilitation of drug and substance abusers in Florida.

Effective April 1, 2019, the Board of Directors of Phoenix House, Inc., which was the sole corporate member of PP Florida, voted to dissolve Phoenix House, Inc. The effect of this dissolution caused PP Florida to become a stand-alone entity, with a self-governing operating board.

2. Basis of Presentation

These financial statements, presented on the accrual basis of accounting, have been prepared to focus on PP Florida as a whole and to present net assets, revenues, and expenses based on the existence or absence of donor-imposed restrictions.

Accordingly, net assets and changes therein are classified as follows:

- With Donor Restrictions - Net assets with donor restrictions are net assets subject to donor-imposed stipulations that may be fulfilled by actions of PP Florida to meet the stipulations, that may become undesignated by the passage of time, or that require net assets to be permanently maintained, thereby restricting the use of principal.
- Without Donor Restrictions - Net assets without donor restrictions are net assets not subject to donor-imposed restrictions or the donor-imposed restrictions have expired. These net assets are available for use at the discretion of the Board of Directors and/or management for general operating purposes.

3. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Phoenix Programs of Florida, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2024 and 2023

NOTE A - DESCRIPTION OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

4. Liquidity

Assets and liabilities are presented in the accompanying statement of financial position according to their nearness of conversion to cash and, their maturity and resulting use of cash, respectively. See note B for more information on liquidity and availability of assets.

5. Cash and Cash Equivalents

Cash and cash equivalents include investments in highly liquid money market instruments with a maturity of three months or less, at the date of purchase.

6. Donated Goods and Services

Donated goods are recorded as revenues and assets (at fair value when received) and expenses (when used) in the accompanying financial statements. Services donated by other organizations are valued at the estimated fair value of the services contributed. Fair value of donated goods and services is based upon market rates for like goods and services.

7. Property and Equipment

Property and equipment are stated at cost, if purchased, or if donated, at fair value on the date of gift, less accumulated depreciation and amortization. PP Florida capitalizes assets acquired for greater than \$3,000 and with useful lives greater than three years. Depreciation and amortization are computed on the straight-line basis over the estimated useful lives of the assets as follows:

| | |
|-----------------------------------|---------------|
| Land improvements | 30 years |
| Buildings and improvements | 15 - 30 years |
| Furniture, fixtures and equipment | 3 - 10 years |
| Vehicles | 5 years |
| Computer equipment and software | 3 - 5 years |

8. Leases

PP Florida leases certain buildings, equipment, and vehicles. The determination of whether an arrangement is a lease is made at the lease's inception. Under ASC 842, a contract is (or contains) a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is defined under the standard as having both the right to obtain substantially all of the economic benefits from use of the asset and the right to direct the use of the asset. Management only reassesses its determination if the terms and conditions of the contract are changed.

Phoenix Programs of Florida, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2024 and 2023

NOTE A - DESCRIPTION OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Operating leases are included in operating lease right-of-use ("ROU") assets, other current liabilities, and operating lease liabilities in our statements of financial position. Finance leases are included in property and equipment, other current liabilities, and other long-term liabilities in our statements of financial position.

ROU assets represent our right to use an underlying asset for the lease term, and lease liabilities represent our obligation to make lease payments. Operating lease ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. PP Florida uses the implicit rate when it is readily determinable. Since most of PP Florida's leases do not provide an implicit rate, to determine the present value of lease payments, management uses the risk-free discount rate based on the information available at lease commencement. Operating lease ROU assets also includes any lease payments made and excludes any lease incentives. Lease expense for lease payments is recognized on a straight-line basis over the lease term. PP Florida's lease terms may include options to extend or terminate the lease when it is reasonably certain that we will exercise the option.

PP Florida has lease agreements with lease and non-lease components, which are generally accounted for separately with amounts allocated to the lease and non-lease components based on stand-alone prices.

9. Contributions and Support

Contributions (including unconditional promises to give) are recorded at fair value when received. Revenues and expenses relative to special events are recognized upon occurrence of the respective event. Contributions received with donor stipulations that limit the use of the donated assets are reported as with donor restriction support. Unconditional promises to give, with payments due in future years, are reported as with donor restriction support and are discounted to present value. When a donor restriction expires, that is, when a time restriction ends or purpose restriction is fulfilled, with donor restriction net assets are reclassified to without donor restriction net assets and reported on the statement of activities and changes in net assets as net assets released from restrictions. Contributions restricted by donors for the acquisition of property and equipment are released from their restrictions when the respective assets are acquired or constructed and placed in service.

Phoenix Programs of Florida, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2024 and 2023

NOTE A - DESCRIPTION OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

10. Government Contract Revenue

PP Florida's contracts and other program funding arrangements with government agencies are classified as part of operating activities and revenue is recognized when earned. PP Florida operates under contracts that generally cover a one-year period, subject to annual renewal. Government contract revenue is recognized as earned when services are provided or as expenses are incurred by PP Florida. The terms of these contracts allow the grantor the right to audit the costs incurred thereunder. Any costs disallowed by the grantor would be absorbed by PP Florida; however, it is management's opinion that disallowances, if any, would not be material to the accompanying financial statements.

11. Client and Third-Party Revenue

Client and third-party revenue is recognized as services are performed. Inpatient and outpatient services rendered to Managed Medicaid program beneficiaries are reimbursed based on pre-determined rates. Included in client and third-party revenue on the accompanying statements of activities and changes in net assets are Managed Medicaid billings totaling approximately \$80,000 and \$31,000 for the years ended June 30, 2024 and 2023, respectively. Managed Medicaid approximated 9% and 5% of total client and third-party revenue for the years ended June 30, 2024 and 2023, respectively. Contracts have been entered into with commercial insurance carriers and reimbursement is based on contracted rates.

Laws and regulations governing healthcare programs are complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near-term. Noncompliance with such laws and regulations could result in fines, penalties, and exclusion from such programs. The federal government and many states have aggressively increased enforcement under Managed Medicaid antifraud and abuse legislation.

PP Florida believes that it is in compliance, in all material respects, with all applicable laws and regulations and, is not aware of any pending or threatened investigations involving allegations of potential wrongdoing. While no such regulatory inquiries have been made, compliance with such laws and regulations can be subject to future government review and interpretation.

Noncompliance with such laws and regulations could result in repayments of amounts improperly reimbursed, substantial monetary fines, civil and criminal penalties and exclusion from the Medicaid program.

Phoenix Programs of Florida, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2024 and 2023

NOTE A - DESCRIPTION OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

12. Concentration of Credit Risk

Financial instruments that potentially subject PP Florida to concentrations of credit risk consist principally of cash. PP Florida maintains its cash in various bank deposit accounts that, at times, may exceed federally insured limits. PP Florida's cash was placed with high credit quality financial institutions at June 30, 2024 and 2023, and PP Florida believes the risk of nonperformance by these financial institutions to be remote.

PP Florida provides drug and alcohol rehabilitation services through its inpatient and outpatient care facilities. PP Florida grants credit without collateral to clients, however, it routinely obtains assignment of (or is otherwise entitled to receive) clients' benefits payable under their respective health insurance programs, plans, or policies (e.g., Medicaid and commercial insurance providers). Amounts due from government agencies and other receivables, by financial class, as a percentage of total accounts receivable at June 30, are as follows:

| | <u>2024</u> | <u>2023</u> |
|----------------------|--------------|--------------|
| Commercial insurance | 13.0% | 3.1% |
| Government agencies | <u>87.0%</u> | <u>96.9%</u> |
| | <u>100%</u> | <u>100%</u> |

13. Functional Allocation of Expenses

The costs of providing the various programs have been summarized on a functional basis in the statements of functional expense. Accordingly, certain costs have been allocated among the programs and supporting services benefited. To the extent relevant, expenses related to operating facilities are allocated on a square footage basis. Support services such as information technology are allocated on an FTE basis.

14. Income Taxes

PP Florida follows guidance that clarifies the accounting for uncertainty in tax positions taken or expected to be taken in a tax return, including issues relating to financial statement recognition and measurement. This guidance provides that the tax effects from an uncertain tax position can only be recognized in the financial statements if the position is "more-likely-than-not" to be sustained if the position were to be challenged by a taxing authority. The assessment of the tax position is based solely on the technical merits of the position, without regard to the likelihood that the tax position may be challenged.

Phoenix Programs of Florida, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2024 and 2023

NOTE A - DESCRIPTION OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

PP Florida is exempt from federal income tax under IRC Section 501(c)(3), though it is subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the Code. PP Florida has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; to determine its filing and tax obligations in jurisdictions for which it has nexus; and to identify and evaluate other matters that may be considered tax positions. PP Florida has determined that there are no uncertain tax positions that require recognition or disclosure in the accompanying financial statements. Tax years after 2020 remain subject to examination by federal and state taxing authorities.

15. New Accounting Standard

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 2016-13" or "ASC 326"). ASU 2016-13 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. On July 1, 2023, PP Florida adopted the new accounting standard and all of the related amendments using the modified retrospective method, noting no impact.

NOTE B - LIQUIDITY

PP Florida has the following financial assets available within one year of the date of the Statement of Financial Position for general expenditure at June 30,:

| | <u>2024</u> | <u>2023</u> |
|--|---------------------|---------------------|
| Cash and cash equivalents | \$ 3,900,573 | \$ 4,111,308 |
| Due from government agencies | 1,388,881 | 1,517,207 |
| Other receivables | <u>179,970</u> | <u>49,574</u> |
| Total financial assets available within one year | 5,469,424 | 5,678,089 |
| Less: | | |
| Amounts unavailable for general expenditures within one year, due to: | | |
| Restricted by donors with purpose restrictions | <u>137,964</u> | <u>86,675</u> |
| Total financial assets available to management for expenditure within one year | <u>\$ 5,331,460</u> | <u>\$ 5,591,414</u> |

Phoenix Programs of Florida, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2024 and 2023

NOTE B - LIQUIDITY - Continued

PP Florida maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Additionally, PP Florida maintains a \$500,000 line of credit. See Note H.

NOTE C - PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30,:

| | <u>2024</u> | <u>2023</u> |
|--|---------------------|---------------------|
| Land | \$ 74,672 | \$ 74,672 |
| Construction in progress | 1,683,063 | 435,915 |
| Building and improvements | 4,463,393 | 4,394,124 |
| Furniture and equipment | 1,411,782 | 1,385,479 |
| Vehicles | 304,141 | - |
| Computer equipment and software | 302,754 | 297,887 |
| | <u>8,239,805</u> | <u>6,588,077</u> |
| Less accumulated depreciation and amortization | <u>(4,745,824)</u> | <u>(4,399,746)</u> |
| | <u>\$ 3,493,981</u> | <u>\$ 2,188,331</u> |

Depreciation and amortization expense was \$346,077 and \$327,303 for the years ended June 30, 2024 and 2023, respectively.

Construction in progress includes approximately \$914,000 of capital improvements for expansion PP Florida's residential behavioral health treatment facility that was funded by the State of Florida Department of Children and Family Services. A lien in the form of a mortgage on the real property has been executed. No interest shall accrue as payment of the principal is deferred. If PP Florida complies with the terms and conditions of the agreement, the lien established by the mortgage shall be forgiven over 20-year period. The grant proceeds were recognized as income at the time of receipt since management believes the likelihood of repayment is remote.

Phoenix Programs of Florida, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2024 and 2023

NOTE D - CLIENT AND THIRD-PARTY REVENUE

Client and third-party revenue consists of the following for the years ended June 30,:

| | <u>2024</u> | <u>2023</u> |
|-------------------|-------------------|-------------------|
| Food stamps | \$ 299,431 | \$ 189,337 |
| Client fees | 333,124 | 313,283 |
| Private Insurance | 131,089 | 101,584 |
| Managed Medicaid | <u>87,357</u> | <u>61,545</u> |
| | <u>\$ 851,001</u> | <u>\$ 665,749</u> |

NOTE E - RETIREMENT PLAN

PP Florida maintains a Tax Deferred Annuity Plan under Section 403(b) of the Internal Revenue Code for its eligible employees. PP Florida makes a 3.5% non-elective Safe Harbor contribution to the plan. Contributions to this plan by PP Florida for 2024 and 2023 totaled approximately \$69,000 and \$78,000, respectively, and are recorded to employee benefits and payroll taxes on the accompanying statement of activities and changes in net assets.

NOTE F - COMMITMENTS AND CONTINGENCIES

Operating Leases

PP Florida leases certain office spaces. PP Florida assesses whether an arrangement qualifies as a lease (i.e., conveys the right to control the use of an identified asset for a period of time in exchange for consideration) at inception and only reassesses its determination if the terms and conditions of the arrangement are changed. Leases with an initial term of 12 months or less are not recorded on the statement of financial position. Lease expense is recognized for these leases on a straight-line basis over the lease term.

The weighted average remaining lease term and discount rate are as follows:

| | <u>2024</u> | <u>2023</u> |
|--|-------------|-------------|
| Weighted average remaining lease term - operating leases | 6.5 years | 3.3 years |
| Weighted average discount rate - operating leases | 3.6% | 2.8% |

Phoenix Programs of Florida, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2024 and 2023

NOTE F - COMMITMENTS AND CONTINGENCIES - Continued

Future minimum lease payments under the operating lease agreement is as follows:

| <u>Year ending June 30,</u> | <u>Operating</u> |
|------------------------------------|--------------------------|
| 2025 | \$ 191,394 |
| 2026 | 195,565 |
| 2027 | 100,802 |
| 2028 | 52,355 |
| 2029 | 52,355 |
| Thereafter | <u>244,324</u> |
| Total future minimum payments | 836,795 |
| Less: amount representing interest | <u>(97,590)</u> |
| Operating lease liability | <u><u>\$ 739,205</u></u> |

Contingent liability

PP Florida's governmental grant funds are subject to financial and compliance audits by grantor agencies, which, if instances of material noncompliance are found, may result in disallowed expenditures, and affect PP Florida's continued participation in specific programs. PP Florida accrued a contingent liability of approximately \$714,000 as a pay back to a funder as a result of a such audits as of June 30, 2024.

Construction Commitments

The Organization has entered into a construction contract for a new location in Hillsborough County, Florida for approximately \$1,700,000 to begin subsequent to year end and will be funded partially grant funding.

Phoenix Programs of Florida, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2024 and 2023

NOTE G - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions in the accompanying statement of financial position are available for the following purposes as of June 30,:

| | <u>2024</u> | <u>2023</u> |
|--|-------------------|------------------|
| Operating support for specified programs | <u>\$ 137,964</u> | <u>\$ 86,675</u> |

Net assets released from restriction totaled approximately \$23,000 and \$100,000 in the accompanying statement of activities during the years ended June 30, 2024 and 2023, respectively, for satisfaction of purpose restrictions.

NOTE H - LINE OF CREDIT

PP Florida has a \$500,000 revolving line of credit with a financial institution with variable interest at the prime rate plus 0.75%, due upon demand. The line of credit renews annually in February. The interest rate at June 30, 2024 was 9.25%. The line of credit is security by personal property of PP Florida and the note is renewed at the lender's discretion. There was no amount outstanding at June 30, 2024.

NOTE I - NOTE PAYABLE

During the year ended June 30, 2024, PP Florida entered into a note payable with a financial institution for approximately \$304,000 for the purchase of vehicles. The note bears a fixed interest rate of 6.22% and is payable in monthly installments of approximately \$9,280 over 36 months. The amount financed is collateralized by the vehicles acquired. Future minimum required payments on the note payable is as follows:

| <u>Year ending June 30,</u> | |
|-----------------------------|-------------------|
| 2025 | \$ 97,206 |
| 2026 | 103,428 |
| 2027 | <u>71,533</u> |
| Total | <u>\$ 272,167</u> |

NOTE J - MATCHING REQUIREMENTS

PP Florida has met all federal and state matching requirements which are included in contract QG037 with Central Florida Behavioral Health Network, Inc. and contract ME061 with Lutheran Services Florida, Inc.

Phoenix Programs of Florida, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2024 and 2023

NOTE K - DONATED GOODS AND SERVICES

Donated goods and services received and recognized in the statement of activities and changes in net assets consisted of the following during the years ended June 30,:

| | <u>2024</u> | <u>2023</u> |
|-----------------------|-------------------|-------------------|
| Donated goods | | |
| Food | \$ 90,916 | \$ 40,303 |
| Clothing | 32,795 | 34,195 |
| Recreational Supplies | 739 | 25,609 |
| Other | 8,750 | 20,579 |
| Donated Services | <u>7,654</u> | <u>7,298</u> |
| | <u>\$ 140,854</u> | <u>\$ 127,984</u> |

NOTE L - SUBSEQUENT EVENTS

PP Florida has evaluated events and transactions occurring subsequent to June 30, 2024 as of December 30, 2024 which is the date the financial statements were available to be issued

Phoenix Programs of Florida, Inc.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

For the year ended June 30, 2024

| Federal Programs or State Projects | Assistance Listing Number or CSFA # | Contract Number Pass-through Entity Identification Number | Passed-Through to Subrecipients | Expenditures |
|--|-------------------------------------|---|---------------------------------|--------------|
| <u>Federal Programs</u> | | | | |
| U.S. Department of Health and Human Services | | | | |
| Indirect Programs: | | | | |
| Block Grants for Prevention and Treatment of Substance Abuse | 93.959 | | | |
| Pass-through from: | | | | |
| Lutheran Services of Florida, Inc. | | ME061 | \$ - | \$ 1,157,115 |
| Central Florida Behavioral Health Network, Inc. | | QG037 | - | 371,726 |
| Total Block Grants for Prevention and Treatment of Substance Abuse | | | - | 1,528,841 |
| Total U.S. Department of Health and Human Services | | | - | 1,528,841 |
| Total expenditures of federal awards | | | \$ - | \$ 1,528,841 |
| <u>State Projects</u> | | | | |
| State of Florida Department of Children and Families | | | | |
| Phoenix Program of Florida - Residential Facility Expansion | 60.238 | N/A | \$ - | \$ 617,692 |
| Substance Abuse and Mental Health- Community Services | | | | |
| Passed through Central Florida Behavioral Health Network, Inc. | 60.153 | QD1A9 | - | 349,988 |
| Total State of Florida Department of Children and Families | | | - | 967,680 |
| State of Florida State Courts System | | | | |
| Problem Solving Courts | 22.029 | | | |
| Passed through 13th Judicial Circuit Court | | 1300BY4 & 13-00CD5 | - | 370,085 |
| Total State of Florida State Courts System | | | - | 370,085 |
| Total expenditures of state financial assistance | | | \$ - | \$ 1,337,765 |

The accompanying notes are an integral part of this schedule.

Phoenix Programs of Florida, Inc.

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

June 30, 2024

NOTE A - BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance (the "Schedule") includes the federal grant activity of Phoenix Programs of Florida, Inc. ("PP Florida") and is presented on the accrual basis of accounting. 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 10.650, *Rules of the Auditor General*. Because this schedule presents only a selected portion of the operations of PP Florida, it is not intended to and does not present the financial position, changes in net assets, or cash flows of PP Florida. All federal awards or state projects passed-through other governmental or non-profit agencies are included in the accompanying schedule.

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 or State of Florida requirements, wherein certain types of expenditures are not allowable or are limited as to reimbursements. Pass-through identifying numbers are presented when available.

NOTE B - INDIRECT COST RATE

Phoenix Programs of Florida, Inc. has elected to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE C - CONTINGENCIES

These federal programs and state projects are subject to financial and compliance audits by grantor agencies, which, if instances of material noncompliance are found, may result in disallowed expenditures, and affect PP Florida's continued participation in specific programs.

NOTE D - STATE MATCHING FUNDS FOR FEDERAL PROGRAMS

State funds awarded to PP Florida as matching funds for federal programs consisted of the following:

| <u>Federal Program Matched by State Awards</u> | <u>Pass-through Entity Contract Number</u> | <u>Expenditures</u> |
|---|--|---------------------|
| 93.959 Block Grants for Prevention and Treatment of Substance Abuse | ME061 | \$ 1,319,223 |
| 93.959 Block Grants for Prevention and Treatment of Substance Abuse | QG037 | <u>363,064</u> |
| | | <u>\$ 1,682,287</u> |

These expenditures are not subject to the Florida Single Audit Act.

Phoenix Programs of Florida, Inc.
 SCHEDULE OF STATE EARNINGS (UNAUDITED)
 For the fiscal year ended June 30, 2024

| | | |
|----------|--|----------------------|
| 1 | Total Expenditures | \$ 11,995,285 |
| 2 | Less Other State and Federal Funds | \$ - |
| 3 | Less Non-Match SAMH Funds | \$ - |
| 4 | Less Unallowable Costs per 65E-14, F.A.C. | \$ - |
| 5 | Total Allowable Expenditures (Sum of lines 1, 2, 3, and 4) | \$ 11,995,285 |
| 6 | Maximum Available Earnings (Line 5 times 75%) | \$ 8,996,464 |
| 7 | Amount of State Funds Requiring Match | \$ 210,858 |
| 8 | Amount Due to Department (if negative) * (Subtract line 7 from line 6) | \$ 8,785,606 |

* PP Florida has met the State's matching requirements, therefore, no funds are refundable.

Phoenix Programs of Florida, Inc.

SCHEDULE OF RELATED PARTY TRANSACTION ADJUSTMENTS (UNAUDITED)

For the fiscal year ended June 30, 2024

This audit schedule is not applicable to Phoenix Programs of Florida, Inc. for the fiscal year ended June 30, 2024.

Phoenix Programs of Florida, Inc.

SCHEDULE OF BED-DAY AVAILABILITY PAYMENTS (UNAUDITED)

For the fiscal year ended June 30, 2024

This audit schedule is not applicable to Phoenix Programs of Florida, Inc. for the fiscal year ended June 30, 2024.

Phoenix Programs of Florida, Inc.

AUDIT SCHEDULE
 SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES
 PROGRAM/COST CENTER ACTUAL EXPENSES AND REVENUES SCHEDULE (UNAUDITED)

For the fiscal year ended June 30, 2024

| PART I: ACTUAL FUNDING SOURCES & REVENUES | | Substance Abuse | | | | | | Total for State Funded SAMH Cost Centers | Non-State Other | Total for Non-State Funded SAMH Cost Centers | Total All SAMH Cost Centers | Non-SAMH Cost Center | Total Revenue |
|---|--|-----------------|---------------------------|----------------------------------|-------------------------------|-----------------------------|-----------------------------|--|--------------------|--|-----------------------------------|-------------------------|-------------------|
| | | 1 Assessment | 12 Medical Services | 14 Outpatient - Individual | 19 Residential Level II | 35 Outpatient - Group | B3 Cost Reimbursement | | | | | | |
| IA. STATESAMH FUNDING | | | | | | | | | | | | | |
| (1) Central Florida Behavioral Health Network | | 13,080 | 108,867 | 65,532 | 489,068 | 58,240 | 349,988 | 1,084,775 | | - | 1,084,775 | | 1,084,775 |
| MS000 | | 13,080 | 56,575 | 65,532 | 307,478 | 56,651 | - | 499,316 | | | | | 499,316 |
| MS003 | | | | | 307,478 | | | 307,478 | | | | | 307,478 |
| MS011 | | 13,080 | 56,575 | 65,532 | | 56,651 | | 191,838 | | | | | 191,838 |
| MS021 | | | | | | | | - | | | | | - |
| MS003 CF (FY 18-19) | | | | | | | | - | | | | | - |
| MS011 CF (FY 18-19) | | | | | | | | - | | | | | - |
| MSARP | | | 52,292 | | 74,154 | 1,589 | | 128,035 | | | | | 128,035 |
| MSCBS | | | | | 107,436 | | | 107,436 | | | | | 107,436 |
| MSPHR CF (FY 22-23) | | | | | | | 349,988 | 349,988 | | | | | 349,988 |
| IB. OTHER GOVT. FUNDING | | | | | | | | | | | | | |
| (1) Other State Agency Funding | | | | | 3,452,204 | | | 3,452,204 | 7,274,643 | 7,274,643 | 10,726,847 | - | 10,726,847 |
| (2) Medicaid | | 4,780 | | 23,898 | | 50,983 | | 79,661 | | | 79,661 | - | 79,661 |
| (3) Local Government | | | | | | | | - | | | - | - | - |
| (4) Federal Grants and Contracts | | | | | | | | - | | | - | - | - |
| (5) In-kind from local government only | | | | | | | | - | | | - | - | - |
| TOTAL GOVERNMENT FUNDING = | | 4,780 | - | 23,898 | 3,452,204 | 50,983 | - | 3,531,865 | 7,274,643 | 7,274,643 | 10,806,508 | - | 10,806,508 |
| IC. ALL OTHER REVENUES | | | | | | | | | | | | | |
| (1) 1st & 2nd Party Payments | | | | | | | | - | 632,555 | 632,555 | 632,555 | - | 632,555 |
| (2) 3rd Party Payments (except Medicare) | | 1,388 | 6,939 | 41,635 | | 88,822 | | 138,784 | | | 138,784 | - | 138,784 |
| (3) Medicare | | | | | | | | - | | | - | - | - |
| (4) Contributions and Donations | | 2,094 | 10,470 | 62,820 | 96,070 | 134,017 | | 305,471 | | | 305,471 | - | 305,471 |
| (5) Other | | | | | | | | - | 172,881 | 172,881 | 172,881 | - | 172,881 |
| (6) In-kind | | | | | | | | - | 140,854 | 140,854 | 140,854 | - | 140,854 |
| TOTAL ALL OTHER REVENUES = | | 3,482 | 17,409 | 104,455 | 96,070 | 222,839 | - | 444,255 | 946,290 | 946,290 | 1,390,545 | - | 1,390,545 |
| TOTAL ACTUAL FUNDING = | | 21,342 | 126,276 | 193,885 | 4,037,342 | 332,062 | 349,988 | 5,060,895 | 8,220,933 | 8,220,933 | 13,281,828 | - | 13,281,828 |

Phoenix Programs of Florida, Inc.

AUDIT SCHEDULE
 SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES
 PROGRAM/COST CENTER ACTUAL EXPENSES AND REVENUES SCHEDULE (UNAUDITED) - CONTINUED

For the fiscal year ended June 30, 2024

| PART II: ACTUAL EXPENSES | | | | | | | | | | | | | | |
|--|---------------|---------------------|----------------------------|-------------------------|-----------------------|-----------------------|--|--------------------|--|----------------------------|-------------------------|--|--------------------|-------------------|
| EXPENSE CATEGORIES | 01 | 12 | 14 | 19 | 35 | B3 | Total for State Funded SAMH Cost Centers | Non-State Other | Total for Non-State Funded SAMH Cost Centers | Total SAMH Cost Centers | Non-SAMH Cost Center | | Administration | Total Expenses |
| | Assessment | Medical Services | Outpatient - Individual | Residential Level II | Outpatient - Group | Cost Reimbursement | | | | | | | | |
| IIA. PERSONNEL EXPENSES | | | | | | | | | | | | | | |
| (1) Salaries | 13,574 | 441,789 | 182,617 | 1,034,232 | 237,145 | - | 1,909,357 | 2,177,114 | 2,177,114 | 4,086,471 | - | | 1,360,042 | 5,446,513 |
| (2) Fringe Benefits | 2,615 | 85,125 | 35,187 | 199,279 | 45,694 | - | 367,900 | 419,494 | 419,494 | 787,394 | - | | 262,058 | 1,049,452 |
| TOTAL PERSONNEL EXPENSES = | 16,189 | 526,914 | 217,804 | 1,233,511 | 282,839 | - | 2,277,257 | 2,596,608 | 2,596,608 | 4,873,865 | - | | 1,622,100 | 6,495,965 |
| IIIB. OTHER EXPENSES | | | | | | | | | | | | | | |
| (1) Building Occupancy | 1,846 | 110,756 | 36,919 | 133,037 | 118,139 | - | 400,697 | 187,038 | 187,038 | 587,735 | - | | 87,945 | 675,680 |
| (2) Professional Services | 158 | 9,474 | 3,158 | 39,387 | 10,106 | - | 62,283 | 72,862 | 72,862 | 135,145 | - | | 277,089 | 412,234 |
| (3) Travel | 95 | 5,705 | 1,902 | 12,806 | 6,086 | - | 26,594 | 21,722 | 21,722 | 48,316 | - | | 38,514 | 86,830 |
| (4) Equipment | 3,837 | 76,745 | 38,372 | 139,127 | 87,457 | 349,988 | 695,526 | 176,371 | 176,371 | 871,897 | - | | 163,389 | 1,035,286 |
| (5) Food Services | 1 | 48 | 16 | 217,605 | 51 | - | 217,721 | 441,769 | 441,769 | 659,490 | - | | 1,241 | 660,731 |
| (6) Medical and Pharmacy | 2,012 | 94,937 | 40,244 | 31,893 | 128,781 | - | 297,867 | - | - | 297,867 | - | | - | 297,867 |
| (7) Subcontracted Services | 417 | 25,018 | 8,339 | 52,770 | 26,686 | - | 113,230 | 92,471 | 92,471 | 205,701 | - | | 177,943 | 383,644 |
| (8) Insurance | 223 | 13,353 | 4,451 | 91,889 | 14,243 | - | 124,159 | 176,547 | 176,547 | 300,706 | - | | 45,838 | 346,544 |
| (9) Interest Paid | - | - | - | - | - | - | - | - | - | - | - | | - | - |
| (10) Operating Supplies & Expenses | 1,412 | 84,734 | 28,245 | 258,743 | 90,383 | - | 463,517 | 391,105 | 391,105 | 854,622 | - | | 370,429 | 1,225,051 |
| (11) Donated Items | - | - | - | 74,885 | - | - | 74,885 | 152,039 | 152,039 | 226,924 | - | | - | 226,924 |
| (12) Other Expense | - | - | - | 236,222 | - | - | 236,222 | 479,602 | 479,602 | 715,824 | - | | 579 | 716,403 |
| TOTAL OTHER EXPENSES = | 10,001 | 420,770 | 161,646 | 1,288,364 | 481,932 | 349,988 | 2,712,701 | 2,191,526 | 2,191,526 | 4,904,227 | - | | 1,162,967 | 6,067,194 |
| TOTAL PERSONNEL & OTHER EXPENSES = | 26,190 | 947,684 | 379,450 | 2,521,875 | 764,771 | 349,988 | 4,989,958 | 4,788,134 | 4,788,134 | 9,778,092 | - | | 2,785,067 | 12,563,159 |
| IIIC. DISTRIBUTED INDIRECT COSTS | | | | | | | | | | | | | | |
| (b) Administration | 4,273 | 213,654 | 128,192 | 702,523 | 273,478 | - | 1,322,120 | 1,234,046 | 1,234,046 | 2,556,166 | - | | (2,556,166) | - |
| TOTAL DISTRIBUTED INDIRECT COSTS = | 4,273 | 213,654 | 128,192 | 702,523 | 273,478 | - | 1,322,120 | 1,234,046 | 1,234,046 | 2,556,166 | - | | (2,556,166) | - |
| TOTAL ACTUAL OPERATING EXPENSES = | 30,463 | 1,161,338 | 507,642 | 3,224,398 | 1,038,249 | 349,988 | 6,312,078 | 6,022,180 | 6,022,180 | 12,334,258 | - | | 228,901 | 12,563,159 |
| IIID. UNALLOWABLE COSTS | 188 | 9,419 | 5,651 | 105,645 | 12,056 | - | 132,959 | 206,014 | 206,014 | 338,973 | - | | 228,901 | 567,874 |
| IIIE. CAPITAL EXPENDITURES | - | - | - | - | - | - | - | - | - | - | - | | - | - |
| TOTAL ALLOWABLE OPERATING EXPENSES = | 30,275 | 1,151,919 | 501,991 | 3,118,753 | 1,026,193 | 349,988 | 6,179,119 | 5,816,166 | 5,816,166 | 11,995,285 | - | | - | 11,995,285 |
| IIIG. BUDGET NARRATIVE | | | | | | | | | | | | | | |
| Attach separate set of workpapers | | | | | | | | | | | | | | |
| PART III: CERTIFICATION | | | | | | | | | | | | | | |
| I certify the above to be an accurate projection and in agreement with this agency's records and with the terms of this agency's contract. | | | | | | | | | | | | | | |
| Signature | | | | | | | | | | | | | | |

INDEPENDENT AUDITORS' 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

PHOENIX PROGRAMS OF FLORIDA, INC.

June 30, 2024



INDEPENDENT AUDITORS' 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

Board of Directors
Phoenix Programs of Florida, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Phoenix Programs of Florida, Inc. (a nonprofit organization) ("PP Florida"), which comprise the statement of financial position as of June 30, 2024, and the related statements of activities and changes in net assets, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 30, 2024.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the PP Florida'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 PP Florida's internal control. Accordingly, we do not express an opinion on the effectiveness of the PP Florida's internal control.

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

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

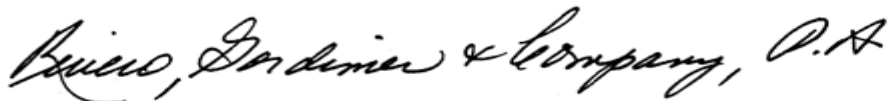


Compliance and Other Matters

As part of obtaining reasonable assurance about whether the PP Florida's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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 PP Florida'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 PP Florida's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Buero, Gordinier & Company, P.A." The signature is written in black ink and is positioned above the typed address and date.

Tampa, Florida
December 30, 2024

INDEPENDENT AUDITORS' 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

PHOENIX PROGRAMS OF FLORIDA, INC.

June 30, 2024



INDEPENDENT AUDITORS' 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

Board of Directors
Phoenix Programs of Florida, Inc.

Report on Compliance for Each Major Federal Program and State Project

Opinion on Each Major Federal Program and State Project

We have audited Phoenix Programs of Florida, Inc.'s ("PP Florida") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* and State of Florida Department of Financial Services Compliance Supplement that could have a direct and material effect on each of the PP Florida's major federal programs and state projects for the year ended June 30, 2024. PP Florida's major federal programs and state projects are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, PP Florida 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 10.650, *Rules of the Auditor General*. Our responsibilities under those standards and the Uniform Guidance and the 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 PP Florida 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. Our audit does not provide a legal determination of PP Florida'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 PP Florida'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 PP Florida's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, and Chapter 10.650, *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 PP Florida's compliance with the requirements of each major federal program or state projects as a whole.

In performing an audit in accordance with generally accepted auditing standards, *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 PP Florida'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 PP Florida'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 PP Florida's internal control over compliance. Accordingly, no such opinion is expressed.

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

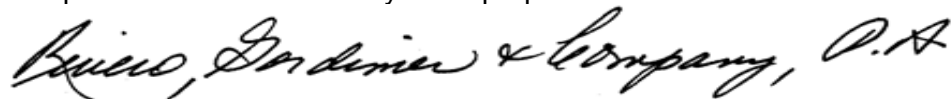
Report on Internal Control Over Compliance

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



Tampa, Florida
December 30, 2024

Phoenix Programs of Florida, Inc.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the year ended June 30, 2024

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' 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 Awards and State Projects

Internal control over major programs

Material weakness(es) identified? yes X no

Significant deficiency(ies) identified? yes X none reported

Type of auditors' 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 section 2 CFR 200.516(a) yes X no

Identification of major programs:

Federal Program

| <u>Assistance Listing Number</u> | <u>Name of Federal Program</u> |
|----------------------------------|--|
| 93.959 | Block Grants for Prevention and Treatment of Substance Abuse |

State Project

| <u>CSFA Number</u> | <u>Name of State Project</u> |
|--------------------|---|
| 60.153 | Substance Abuse and Mental Health-Community Services |
| 60.238 | Phoenix Program of Florida - Residential Facility Expansion |

Dollar threshold used to distinguish between type A and type B - Federal programs: \$ 750,000

Dollar threshold used to distinguish between type A and type B - State projects: \$ 401,330

Auditee qualified as low-risk auditee? yes X no

Phoenix Programs of Florida, Inc.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - Continued

For the year ended June 30, 2024

Section II - Financial Statement Findings

No matters were required to be reported for the year ended June 30, 2024.

Section III - Findings and Questioned Costs for Federal Award and State Financial Assistance

No matters were required to be reported for the year ended June 30, 2024.

Section IV - Other Issues

A Summary Schedule of Prior Audit Findings is not required because there were no prior