

**SMA HEALTHCARE, INC.**  
**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**  
**JUNE 30, 2024 AND 2023**

**SMA HEALTHCARE, INC.**  
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**JUNE 30, 2024 AND 2023**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of,  
SMA Healthcare, Inc.:

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

#### ***Opinion***

We have audited the financial statements of SMA Healthcare, Inc. (the Organization), which comprise the statements of financial position as of June 30, 2024 and 2023, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of SMA Healthcare, 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* (GAS), issued by the Controller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of SMA Healthcare, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Emphasis of Matter – Change in Accounting Principle***

As discussed in Note (1)(v) to the financial statements, effective July 1, 2023, the Organization adopted new accounting guidance for credit losses. There was no effect on beginning net assets. Our opinion is not modified with respect to this matter.

#### ***Responsibilities of Management for the Financial Statements***

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

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

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

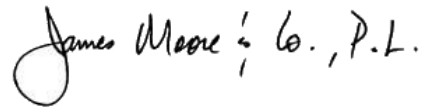
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

## ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards, State Financial Assistance and State Matching of Federal Awards is presented for purposes of additional analysis as required by 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 Section 215.97, Florida Statutes, 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, State Financial Assistance and State Matching of Federal Awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2024, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering SMA Healthcare, Inc.'s internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "James Moore & Co., P.L.". The signature is written in a cursive style with a large initial "J" and a stylized "M".

Daytona Beach, Florida  
December 3, 2024

**SMA HEALTHCARE, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2024 AND 2023**

<u>ASSETS</u>	<u>2024</u>	<u>2023</u>
<b>Current assets</b>		
Cash and cash equivalents	\$ 7,734,898	\$ 12,351,576
Federal and state grants receivable	13,192,547	6,328,200
Local grants and contracts receivable	4,899,997	3,938,183
Client accounts receivable, net	3,441,097	3,243,779
Inventory	817,568	480,819
Prepaid expenses	411,605	423,212
Total current assets	30,497,712	26,765,769
<b>Property and equipment, net</b>	32,144,442	31,345,973
<b>Financing lease right of use assets, net</b>	554,821	309,985
<b>Operating lease right of use assets, net</b>	2,481,928	2,888,238
<b>Other assets</b>		
Investments	7,022,553	6,607,765
Beneficial interest in assets held by Foundation	8,094,158	7,280,023
Deferred compensation plan	70,201	66,386
Equity investment	101,291	57,376
Total other assets	15,288,203	14,011,550
<b>Total Assets</b>	\$ 80,967,106	\$ 75,321,515
<b><u>LIABILITIES AND NET ASSETS</u></b>		
<b>Current liabilities</b>		
Accounts payable and accrued expenses	\$ 8,897,377	\$ 8,487,600
Refundable advances	1,790,836	1,799,293
Current portion of long-term debt	291,258	419,505
Current portion of financing lease liability	224,229	208,205
Current portion of operating lease liability	440,298	415,660
Total current liabilities	11,643,998	11,330,263
<b>Long-term liabilities</b>		
Deferred compensation plan	70,201	66,386
Long-term debt, less current portion	2,051,734	2,340,235
Long-term portion of financing lease liability	330,593	131,112
Long-term portion of operating lease liability	2,041,629	2,493,791
Total long-term liabilities	4,494,157	5,031,524
Total liabilities	16,138,155	16,361,787
<b>Net Assets</b>		
Without donor restrictions:		
Undesignated	26,933,343	23,144,017
Invested in property, equipment, and leases, net of related debt	29,801,450	28,535,688
Total net assets without donor restrictions	56,734,793	51,679,705
With donor restrictions:		
Time-restricted for future periods		
Purpose restricted	7,705,277	6,934,220
In perpetuity	388,881	345,803
Total net assets with donor restrictions	8,094,158	7,280,023
Total net assets	64,828,951	58,959,728
<b>Total Liabilities and Net Assets</b>	\$ 80,967,106	\$ 75,321,515

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

**SMA HEALTHCARE, INC.**  
**STATEMENTS OF ACTIVITIES**  
**FOR THE YEARS ENDED JUNE 30, 2024 AND 2023**

	<b>2024</b>	<b>2023</b>
<b>Changes in net assets without donor restrictions</b>		
<b>Revenue, gains and other support</b>		
Federal and state grants	\$ 46,834,182	\$ 44,838,758
Local grants and contracts	20,061,505	15,693,123
Medicaid and Medicare	9,527,986	9,427,674
Pharmacy	6,274,910	3,065,858
Client fees and insurance reimbursements	6,656,374	5,573,346
Contributions and donations	381,778	282,519
In-kind revenue	817,383	457,694
Other income	1,704,308	761,440
Investment income (loss)	1,893,463	1,680,294
Total revenue, gains and other support	94,151,889	81,780,706
<b>Expenses</b>		
Program and support services	76,327,638	65,503,478
Administrative services	8,726,669	8,628,591
Other supporting services	4,373,734	4,152,042
Total expenses	89,428,041	78,284,111
Change in net assets from operations	4,723,848	3,496,595
<b>Other income (expenses)</b>		
Contributions and donations - in-kind pharmaceuticals	890,897	651,978
In-kind pharmaceuticals expense	(559,657)	(750,289)
Total other income (expenses)	331,240	(98,311)
<b>Increase (decrease) in net assets without donor restrictions</b>	5,055,088	3,398,284
<b>Changes in net assets with donor restrictions</b>		
Change in beneficial interest in assets held by Foundation - purpose restricted	771,057	1,103,343
Change in beneficial interest in assets held by Foundation - in perpetuity	43,078	24,030
<b>Increase (decrease) in net assets with donor restrictions</b>	814,135	1,127,373
<b>Change in Net Assets</b>	5,869,223	4,525,657
<b>Net Assets, beginning of year</b>	58,959,728	54,434,071
<b>Net Assets, end of year</b>	\$ 64,828,951	\$ 58,959,728

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

**SMA HEALTHCARE, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2024**

**Program Services**

	<b>Assessment</b>	<b>Crisis Support</b>	<b>Crisis Stabilization</b>	<b>Intervention</b>	<b>Outpatient</b>	<b>FACT Team</b>	<b>Case Management/ CCS Teams</b>	<b>Residential</b>	<b>Residential Detox</b>	<b>Prevention</b>
<b>Personnel Services</b>										
Salaries	\$ 651,832	\$ 3,488,678	\$ 7,842,893	\$ 461,653	\$ 4,311,183	\$ 2,161,036	\$ 2,688,221	\$ 8,960,434	\$ 3,185,079	\$ 861,462
Fringe benefits	144,423	646,514	1,208,031	109,631	875,928	390,713	580,791	1,753,333	489,456	168,887
Total Personnel Services	<u>796,255</u>	<u>4,135,192</u>	<u>9,050,924</u>	<u>571,284</u>	<u>5,187,111</u>	<u>2,551,749</u>	<u>3,269,012</u>	<u>10,713,767</u>	<u>3,674,535</u>	<u>1,030,349</u>
<b>Operating Expenses</b>										
Building occupancy	115,732	269,219	556,711	42,252	337,825	191,027	214,387	1,746,336	230,836	60,951
Depreciation	3,674	42,515	483,731	4,727	83,422	110,709	42,825	568,406	50,169	1,687
Professional fees	-	21,825	269,060	-	110,500	10,192	-	5,675	31,785	11,940
Travel	816	9,254	14,156	9,912	47,317	31,828	77,956	19,512	6,803	22,881
Equipment costs	19,727	90,379	473,118	10,379	126,719	98,582	78,907	476,798	77,390	54,883
Food services	82	19,294	421,580	46	576	865	341	1,171,547	194,822	69
Medical and pharmacy	8	27,569	169,540	4,652	106,098	68,899	4,148	99,879	63,726	96,725
Subcontracted services	-	-	33,446	10,000	-	-	96,001	203,237	9,336	-
Insurance	25,622	132,807	203,373	22,859	161,016	110,683	134,189	448,541	82,167	35,218
Interest	13	457	2,573	14	773	141	120	421	174	26
Operating supplies	20,969	104,071	246,520	17,446	197,472	83,922	105,003	353,939	84,683	41,882
Client programs & services	1,733	21,330	33,746	4,625	141,505	309,540	158,998	158,162	23,275	77,139
In-kind operating expenses	-	-	-	-	82,482	-	-	289,302	-	-
Total Operating Expenses	<u>188,376</u>	<u>738,720</u>	<u>2,907,554</u>	<u>126,912</u>	<u>1,395,705</u>	<u>1,016,388</u>	<u>912,875</u>	<u>5,541,755</u>	<u>855,166</u>	<u>403,401</u>
Total expenses before program administration allocation	<u>984,631</u>	<u>4,873,912</u>	<u>11,958,478</u>	<u>698,196</u>	<u>6,582,816</u>	<u>3,568,137</u>	<u>4,181,887</u>	<u>16,255,522</u>	<u>4,529,701</u>	<u>1,433,750</u>
<b>Indirect Expenses</b>										
Program administration allocation	123,522	842,774	1,284,506	61,589	735,940	435,019	417,264	2,273,527	708,335	160,314
Other supporting services allocation	68,180	447,697	695,305	32,975	364,862	217,627	234,593	1,189,351	382,817	85,343
<b>Other Expenses</b>										
In-kind pharmaceuticals expense	-	-	-	-	-	-	-	-	-	-
	<u>\$ 1,176,333</u>	<u>\$ 6,164,383</u>	<u>\$ 13,938,289</u>	<u>\$ 792,760</u>	<u>\$ 7,683,618</u>	<u>\$ 4,220,783</u>	<u>\$ 4,833,744</u>	<u>\$ 19,718,400</u>	<u>\$ 5,620,853</u>	<u>\$ 1,679,407</u>

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



**SMA HEALTHCARE, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES (Continued)**  
**FOR THE YEAR ENDED JUNE 30, 2024**

	Program Services (Continued)					Supporting Services			
	Medical Outpatient	Supported Employment	Sheltered Workshop	Pharmacy	Drop In Center	Total Program	Program Administration	Other Supporting Services	Total
<b>Personnel Services</b>									
Salaries	\$ 6,303,951	\$ -	\$ 3,498,712	\$ 475,086	\$ 117,888	\$ 45,008,108	\$ 5,050,491	\$ 2,239,775	\$ 52,298,374
Fringe benefits	1,159,602	-	540,036	80,988	35,875	8,184,208	1,017,217	487,789	9,689,214
Total Personnel Services	<u>7,463,553</u>	<u>-</u>	<u>4,038,748</u>	<u>556,074</u>	<u>153,763</u>	<u>53,192,316</u>	<u>6,067,708</u>	<u>2,727,564</u>	<u>61,987,588</u>
<b>Operating Expenses</b>									
Building occupancy	322,060	-	581,775	20,628	7,681	4,697,420	317,458	329,942	5,344,820
Depreciation	236,300	-	54,806	16,013	17,337	1,716,321	244,904	448,562	2,409,787
Professional fees	-	-	-	26,977	-	487,954	626,104	24,996	1,139,054
Travel	22,290	-	8,741	2,637	1,576	275,679	110,740	13,575	399,994
Equipment costs	98,898	-	148,220	26,329	2,023	1,782,352	163,976	249,276	2,195,604
Food services	2,241	-	455	26	1,708	1,813,652	10,004	36,464	1,860,120
Medical and pharmacy	512,679	-	468	5,824,938	10	6,979,339	1,872	5	6,981,216
Subcontracted services	-	-	-	-	-	352,020	-	-	352,020
Insurance	160,331	-	174,505	9,459	4,124	1,704,894	170,920	147,159	2,022,973
Interest	130	-	736	-	-	5,578	78,093	23,028	106,699
Operating supplies	181,519	-	164,911	21,808	15,721	1,639,866	934,566	235,215	2,809,647
Client programs & services	174,719	-	522,611	-	737	1,628,120	324	668	1,629,112
In-kind operating expenses	240,000	-	-	-	-	611,784	-	137,280	749,064
Total Operating Expenses	<u>1,951,167</u>	<u>-</u>	<u>1,657,228</u>	<u>5,948,815</u>	<u>50,917</u>	<u>23,694,979</u>	<u>2,658,961</u>	<u>1,646,170</u>	<u>28,000,110</u>
Total expenses before program administration allocation	<u>9,414,720</u>	<u>-</u>	<u>5,695,976</u>	<u>6,504,889</u>	<u>204,680</u>	<u>76,887,295</u>	<u>8,726,669</u>	<u>4,373,734</u>	<u>89,987,698</u>
<b>Indirect Expenses</b>									
Program administration allocation	995,124	16	532,972	132,823	22,944	8,726,669	(8,726,669)	-	-
Other supporting services allocation	539,925	9	32,428	70,343	12,279	4,373,734	-	(4,373,734)	-
<b>Other Expenses</b>									
In-kind pharmaceuticals expense	-	-	-	(559,657)	-	(559,657)	-	-	(559,657)
	<u>\$ 10,949,769</u>	<u>\$ 25</u>	<u>\$ 6,261,376</u>	<u>\$ 6,148,398</u>	<u>\$ 239,903</u>	<u>\$ 89,428,041</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 89,428,041</u>

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

**SMA HEALTHCARE, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2023**

**Program Services**

	<b>Assessment</b>	<b>Crisis Support</b>	<b>Crisis Stabilization</b>	<b>Intervention</b>	<b>Outpatient</b>	<b>FACT Team</b>	<b>Case Management/ CCS Teams</b>	<b>Residential</b>	<b>Residential Detox</b>	<b>Prevention</b>
<b>Personnel Services</b>										
Salaries	\$ 428,052	\$ 3,225,133	\$ 7,163,406	\$ 448,988	\$ 3,183,399	\$ 2,153,120	\$ 2,670,988	\$ 7,334,345	\$ 2,104,144	\$ 659,634
Fringe benefits	103,350	628,532	1,022,040	118,772	708,157	383,666	588,948	1,514,598	400,465	153,395
Total Personnel Services	<u>531,402</u>	<u>3,853,665</u>	<u>8,185,446</u>	<u>567,760</u>	<u>3,891,556</u>	<u>2,536,786</u>	<u>3,259,936</u>	<u>8,848,943</u>	<u>2,504,609</u>	<u>813,029</u>
<b>Operating Expenses</b>										
Building occupancy	114,932	272,624	470,486	43,654	233,491	166,102	192,575	1,669,517	144,923	61,059
Depreciation	3,674	45,306	474,251	886	90,734	42,012	49,069	561,127	43,436	-
Professional fees	3,264	79,379	563,940	247	111,777	11,675	4,032	49,965	72,160	3,487
Travel	115	17,179	3,839	16,652	48,373	23,219	74,597	24,738	5,602	11,351
Equipment costs	22,735	73,975	82,579	15,417	75,732	81,405	108,502	518,712	42,140	43,200
Food services	506	17,093	369,070	265	2,545	966	2,858	1,083,659	134,462	257
Medical and pharmacy	8	27,929	188,162	4,798	132,074	13,242	6,020	105,494	36,824	33,922
Subcontracted services	-	-	49,126	20,000	10,000	-	141,581	269,831	24,729	-
Insurance	17,586	140,600	181,934	24,304	118,418	83,479	141,098	404,697	60,409	32,800
Interest	55	2,174	3,525	34	859	1,305	214	485	94	108
Operating supplies	16,511	81,738	190,316	11,979	130,598	45,227	95,284	234,502	36,246	56,594
Client programs & services	1,848	13,859	32,679	7,087	74,637	389,542	215,018	61,509	15,246	111,146
In-kind operating expenses	-	-	-	-	95,839	-	-	95,839	-	-
Total Operating Expenses	<u>181,234</u>	<u>771,856</u>	<u>2,609,907</u>	<u>145,323</u>	<u>1,125,077</u>	<u>858,174</u>	<u>1,030,848</u>	<u>5,080,075</u>	<u>616,271</u>	<u>353,924</u>
Total expenses before program administration allocation	<u>712,636</u>	<u>4,625,521</u>	<u>10,795,353</u>	<u>713,083</u>	<u>5,016,633</u>	<u>3,394,960</u>	<u>4,290,784</u>	<u>13,929,018</u>	<u>3,120,880</u>	<u>1,166,953</u>
<b>Indirect Expenses</b>										
Program administration allocation	116,709	762,786	1,242,984	118,985	711,024	545,954	545,533	2,220,359	537,518	155,757
Other supporting services allocation	63,094	405,945	665,625	63,892	348,028	263,686	271,086	1,043,488	282,360	75,491
<b>Other Expenses</b>										
In-kind pharmaceuticals expense	-	-	-	-	-	-	-	-	-	-
	<u>\$ 892,439</u>	<u>\$ 5,794,252</u>	<u>\$ 12,703,962</u>	<u>\$ 895,960</u>	<u>\$ 6,075,685</u>	<u>\$ 4,204,600</u>	<u>\$ 5,107,403</u>	<u>\$ 17,192,865</u>	<u>\$ 3,940,758</u>	<u>\$ 1,398,201</u>

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

**SMA HEALTHCARE, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES (Continued)**  
**FOR THE YEAR ENDED JUNE 30, 2023**

	Program Services (Continued)					Supporting Services			
	Medical Outpatient	Supported Employment	Sheltered Workshop	Pharmacy	Drop In Center	Total Program	Program Administration	Other Supporting Services	Total
<b>Personnel Services</b>									
Salaries	\$ 5,586,062	\$ -	\$ 3,284,673	\$ 389,428	\$ 97,662	\$ 38,729,034	\$ 4,898,961	\$ 1,997,683	\$ 45,625,678
Fringe benefits	1,144,363	-	546,037	71,888	24,071	7,408,282	1,083,292	460,770	8,952,344
Total Personnel Services	<u>6,730,425</u>	<u>-</u>	<u>3,830,710</u>	<u>461,316</u>	<u>121,733</u>	<u>46,137,316</u>	<u>5,982,253</u>	<u>2,458,453</u>	<u>54,578,022</u>
<b>Operating Expenses</b>									
Building occupancy	313,496	-	544,593	19,316	7,234	4,254,002	328,190	359,457	4,941,649
Depreciation	233,843	-	61,068	11,200	17,337	1,633,943	231,629	514,159	2,379,731
Professional fees	40,628	-	141	34,636	-	975,331	578,851	30,975	1,585,157
Travel	25,685	-	2,164	4,258	2,051	259,823	111,687	8,035	379,545
Equipment costs	106,636	-	225,576	27,962	6,321	1,430,892	194,152	247,186	1,872,230
Food services	5,189	-	1,385	406	738	1,619,399	7,856	1,877	1,629,132
Medical and pharmacy	435,359	-	3,982	3,570,882	190	4,558,886	283	35	4,559,204
Subcontracted services	-	-	-	-	-	515,267	-	-	515,267
Insurance	151,175	-	180,013	7,893	4,631	1,549,037	181,350	154,092	1,884,479
Interest	268	-	1,781	-	-	10,902	91,967	17,812	120,681
Operating supplies	145,802	-	150,529	19,647	15,308	1,230,281	890,810	359,961	2,481,052
Client programs & services	199,024	-	522,615	-	2,800	1,647,010	1,071	-	1,648,081
In-kind operating expenses	240,000	-	-	-	-	431,678	28,492	-	460,170
Total Operating Expenses	<u>1,897,105</u>	<u>-</u>	<u>1,693,847</u>	<u>3,696,200</u>	<u>56,610</u>	<u>20,116,451</u>	<u>2,646,338</u>	<u>1,693,589</u>	<u>24,456,378</u>
Total expenses before program administration allocation	<u>8,627,530</u>	<u>-</u>	<u>5,524,557</u>	<u>4,157,516</u>	<u>178,343</u>	<u>66,253,767</u>	<u>8,628,591</u>	<u>4,152,042</u>	<u>79,034,400</u>
<b>Indirect Expenses</b>									
Program administration allocation	1,078,917	339	515,130	51,089	25,507	8,628,591	(8,628,591)	-	-
Other supporting services allocation	580,549	245	48,103	26,566	13,884	4,152,042	-	(4,152,042)	-
<b>Other Expenses</b>									
In-kind pharmaceuticals expense	-	-	-	(750,289)	-	(750,289)	-	-	(750,289)
	<u>\$ 10,286,996</u>	<u>\$ 584</u>	<u>\$ 6,087,790</u>	<u>\$ 3,484,882</u>	<u>\$ 217,734</u>	<u>\$ 78,284,111</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 78,284,111</u>

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

**SMA HEALTHCARE, INC.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED JUNE 30, 2024 AND 2023**

	<b>2024</b>	<b>2023</b>
<b>Cash flows from operating activities</b>		
Change in net assets	\$ 5,869,223	\$ 4,525,657
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	2,409,787	2,379,731
Amortization of ROU asset	661,312	651,905
Unrealized (gain) loss on investments	(576,151)	(290,791)
Realized (gain) loss on investments	133,024	102,074
(Gain) loss on disposal of property and equipment	(871,565)	(1,193,558)
Change in beneficial interest in assets held by Foundation	(814,135)	(1,127,373)
(Increase) decrease in operating assets		
Grants and contracts receivables	(7,826,161)	965,720
Client fees receivable	(197,318)	(1,024,617)
Inventory	(336,749)	123,601
Prepays and other assets	(36,123)	(10,138)
Increase (decrease) in operating liabilities		
Accounts payable and accrued expenses	409,777	511,294
Operating lease liabilities	(427,524)	(397,530)
Refundable advance	(8,457)	208,563
Deferred compensation	3,815	1,081
Total adjustments	(7,476,468)	899,962
Net cash provided by (used in) operating activities	(1,607,245)	5,425,619
<b>Cash flows from investing activities</b>		
Purchases of property and equipment	(3,625,966)	(1,982,938)
Proceeds from sale of property and equipment	1,289,275	1,291,836
Purchases of investments	(1,564,795)	(1,719,210)
Proceeds from sale of investments	1,593,134	878,765
Net cash provided by (used in) investing activities	(2,308,352)	(1,531,547)
<b>Cash flows from financing activities</b>		
Principal payments on finance lease liabilities	(284,333)	(333,869)
Principal payments on debt	(416,748)	(416,293)
Net cash provided by (used in) financing activities	(701,081)	(750,162)
<b>Net change in cash and cash equivalents</b>	(4,616,678)	3,143,910
<b>Cash and cash equivalents and restricted cash, beginning of year</b>	12,351,576	9,207,666
<b>Cash and cash equivalents and restricted cash, end of year</b>	\$ 7,734,898	\$ 12,351,576
<b>Supplemental disclosure of cash flow information:</b>		
Cash paid during the year for interest	\$ 82,130	\$ 97,321
<b>Noncash investing and financing activities:</b>		
Right-of-use assets obtained in exchange for finance lease obligations	\$ 499,838	\$ 17,406

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

**SMA HEALTHCARE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024 AND 2023**

(1) **Summary of Significant Accounting Policies:**

The following is a summary of the more significant accounting policies and practices of SMA Healthcare, Inc. (the Organization), which affect significant elements of the accompanying financial statements.

(a) **Nature of activities**—The Organization provides services including, but not limited to, mental health services, substance abuse prevention, chemical dependency treatment, delinquency rehabilitation programs, and primary care. The Organization operates programs located in Volusia, Flagler, Putnam, Marion, St. Johns, and Citrus Counties.

(b) **Basis of accounting**—The Organization follows standards of accounting and financial reporting prescribed for voluntary health and welfare agencies. It uses the accrual basis of accounting, which recognizes revenue when earned and expenses as incurred. Federal, State, and local government and public grants are recorded as support when performance occurs under the terms of the grant agreement.

The costs of providing the various programs and other activities have been detailed in the statements of functional expenses and summarized on a functional basis in the statements of activities. Salaries and other expenses which are associated with a specific program are charged directly to that program. Salaries and other expenses which benefit more than one program are allocated to the various programs based on the relative benefit provided. Program administration and other supporting services expenses are allocated to the various programs based on each program's direct revenues.

(c) **Basis of presentation**—Net assets, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

*Net Assets without Donor Restrictions*—Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

*Net Assets with Donor Restrictions*—Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. We report contributions restricted by donors 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 statements of activities as net assets released from restrictions.

(d) **Measure of operations**—The Organization's change in net assets from operations include all operating revenues and expenses which are an integral part of its programs and supporting activities, and net assets released from donor restrictions to support operating expenditures to support current operating activities. The measure of operations excludes contributions, donations, and expenses for in-kind pharmaceuticals as well as contributions for capital projects.

**SMA HEALTHCARE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024 AND 2023**

(1) **Summary of Significant Accounting Policies:** (Continued)

(e) **Cash and cash equivalents**—For purposes of the statements of cash flows, the Organization considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

(f) **Federal and state grants receivable**—Grants receivable consist of amounts due to the Organization from governmental units under the terms of various grant contracts. Due to the nature of these agencies, no allowance for uncollectible amounts has been established.

(g) **Local grants and contracts receivable**—Contracts receivable consist primarily of amounts due to the Organization from governmental units and taxing authorities under the terms of various contracts and are stated at the amount management expects to collect from outstanding balances. Due to the nature of these agencies, no allowance for uncollectible amounts has been established.

(h) **Client accounts receivable**—Client accounts receivable consist primarily of receivables from third parties and clients and are stated at net realizable value. Accounts receivable are stated at the amount management expects to collect from outstanding balances. The Organization does not charge late fees or interest on past due receivables. Balances still outstanding after management has used reasonable collection efforts are written off through a charge to the allowance and a credit to client accounts receivable.

Management believes that the historical loss information it has compiled is a reasonable base on which to determine expected credit losses for client accounts because the composition of the receivables is consistent with that used in developing the historical credit-loss percentages (i.e., the similar risk characteristics of its customers and its lending practices have not changed significantly over time). Accordingly, the allowance for expected credit losses totaled \$1,423,005 and \$1,017,515 and at June 30, 2024 and 2023, respectively, and there was no allowance as of June 30, 2022. Receivables from contracts with customers are reported as client accounts receivable, net in the accompanying statements of financial position. At June 30, 2024, 2023, and 2022, net client accounts receivable totaled \$3,441,097, \$3,243,779, and \$2,219,162, respectively.

(i) **Inventory**—Inventory is largely comprised of medicines purchased for resale on behalf of clients and donated inventory for clients approved for the Patient Assistance Program administered by pharmaceutical companies. Inventory is valued at current purchase prices, which approximates cost on the specific identification method.

(j) **Investments**—Investments are stated at fair value, with the exception of certificates of deposit which are recorded at cost plus accrued interest, which approximates fair value. Investment return/(loss) is reported in the statements of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses. Investment income is accounted for as unrestricted revenue unless it is restricted for a specified purpose by the donor.

**SMA HEALTHCARE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024 AND 2023**

(1) **Summary of Significant Accounting Policies:** (Continued)

(k) **Property and equipment**—The Organization capitalizes all expenditures and donations in excess of \$2,500 for property and equipment. However, funding sources may maintain an equitable interest in the property purchased with grant monies as well as the right to determine the use of any proceeds from the sale of these assets. The State of Florida has a reversionary interest in those assets purchased with its funds which have a cost of \$1,000 or more and an estimated useful life of at least one year. The Federal Government has a reversionary interest in any assets purchased with its funds which have a cost of \$5,000 or more and an estimated useful life of at least one year. The County of Volusia contributed land and building with a reversionary interest if the property is not used as a residential treatment facility. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation.

Depreciation is computed using the straight-line method over the following estimated useful lives:

Buildings and improvements	5 – 40 years
Furniture and equipment	3 – 25 years
Vehicles	3 – 5 years

(l) **Deferred revenue**—Deferred revenue, if any, primarily consists of advances received for contracted programs and fundraising events that apply to future periods. Contract liabilities are reported as deferred revenue in the accompanying statements of financial position. At June 30, 2024, 2023, and 2022, no deferred revenue was recorded.

(m) **Revenue and revenue recognition**—We recognize contributions when cash, securities or other assets, an unconditional promise to give, or a 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.

The Organization bills federal, state, and local governmental entities and clients for services provided. Revenue is recognized when fees are declared and billed. All charges for services revenue (Medicaid, Medicare, pharmacy, client fees and insurance reimbursements) is recognized as performance obligations are satisfied, which is at a point in time when the services are provided.

A portion of the Organization's revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as without donor restricted grant revenue when the Organization has met performance requirements and incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures or meeting other conditional performance requirement barriers are reported as refundable advances in the statement of financial position. The Organization received amounts in advance under state and local contracts and grants of \$1,790,836 that have not been recognized at June 30, 2024, because qualifying expenditures have not yet been incurred. There were \$1,799,293 of such advances as of June 30, 2023.

**SMA HEALTHCARE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024 AND 2023**

(1) **Summary of Significant Accounting Policies:** (Continued)

(n) **Donated materials and services**—The Organization recognizes donated materials and services that create or enhance non-financial assets or that require skills, which are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donations. Donated materials and services that meet the above criteria are recognized as revenues and are reported in the accompanying financial statements at their estimated fair value at the time of receipt.

(o) **Client fee revenue**—The Organization bills for services at various amounts based on payment arrangements. A summary of payment arrangements is as follows:

*Charity Care*—the Organization provides care to its clients who meet certain criteria under its discount policy based on a sliding scale as required by its contracts with the Florida Department of Children & Families. Accordingly, the portion of the fee for service, which qualifies as a discount, is not reported as client fee revenue.

*Non-Medicaid*—includes amounts due from patients and insurance companies for services rendered. Revenue is recorded at the amount due from the client, and is net of any discount given.

*Medicaid*—the portion of charge reimbursed by Medicaid. The difference between the Organization's standard charge and the amount allowed by Medicaid is not recorded as revenue. The Organization bills Medicaid at Medicaid established rates for eligible services performed. Services rendered are reimbursed by Medicaid subject to specific documentation requirements. Compliance audits are conducted periodically by the Medicaid fiscal intermediaries, as well as the Organization's corporate compliance program, which can result in the recoupment of fees paid to the Organization.

(p) **Advertising costs**—All costs associated with advertising and promoting the Organization are expensed in the year incurred. For the years ended June 30, 2024 and 2023, advertising costs were approximately \$135,000 and \$94,000, respectively.

(q) **Income taxes**—The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code, except for taxes on unrelated business income. Since the Organization had no taxable unrelated business income during the years ended June 30, 2024 and 2023, no provision for income taxes is provided in the financial statements.

Management of the Organization considers the likelihood of changes by taxing authorities in its filed income tax returns and recognizes a liability for or discloses potential significant changes that management believes are more likely than not to occur, including changes to the Organization's status as a not-for-profit entity. Management believes the Organization met the requirements to maintain its tax-exempt status and has no income subject to unrelated business income tax, therefore no provision for income taxes has been provided in these financial statements. The Organization's income tax returns for the past three years are subject to examination by tax authorities, and may change upon examination.



**SMA HEALTHCARE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024 AND 2023**

(1) **Summary of Significant Accounting Policies:** (Continued)

(r) **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 and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(s) **Subsequent events**—The Organization has evaluated events and transactions for potential recognition or disclosure in the financial statements through December 3, 2024, the date the financial statements were available to be issued. No subsequent events have been recognized or disclosed, except for the following: on August 19, 2024, the Organization presented CMD & G Investments LLC with a commercial contract for \$3,000,000 with \$100,000 in escrow, to purchase a building and land currently named, Marion Oaks, located at 3590 SW 137<sup>th</sup> Loop, Ocala, Florida 33473. Currently, the contract is still in the due diligence period with a closing date set for December 20<sup>th</sup>, 2024.

(t) **Reclassification**—Certain prior year amounts have been reclassified to conform to the current year presentation.

(u) **Leases**—The Organization leases equipment, property, administrative space, counseling, and treatment centers. The Organization determines if an arrangement is a lease at inception. Operating leases are reflected as an operating lease right-of-use (ROU) asset and operating lease liabilities on the Organization's statements of financial position. Finance leases are included in finance lease right-of-use (ROU) assets, other current liabilities, and other long-term liabilities on the Organization's statements of financial position.

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

The Organization's lease agreements do not contain any material residual value guarantees or material restrictive covenants. In evaluating contracts to determine if they qualify as a lease, the Organization considers factors such as if it has obtained substantially all of the rights to the underlying asset through exclusivity, if it can direct the use of the asset by making decisions about how and for what purpose the asset will be used, and if the lessor has substantive substitution rights. This evaluation may require significant judgment. In allocating consideration in the contract to the separate lease components and the non-lease components, the Organization uses the standalone prices of the lease and non-lease components. Observable standalone prices are used, if available. If the standalone price for a component has a high level of variability or uncertainty, this allocation may require significant judgment.

**SMA HEALTHCARE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024 AND 2023**

(1) **Summary of Significant Accounting Policies:** (Continued)

(v) **Recently issued accounting pronouncements**—FASB and other entities issue new or modifications to, or interpretations of existing accounting guidance during the year ended June 30, 2024, and earlier years. The Organization has considered the new pronouncements that altered accounting principles generally accepted in the United States of America, and other than as disclosed in the notes to the financial statements below, does not believe that any other new or modified principles will have a material impact on the Organization’s reported financial position or operations in the near term.

In June 2016, the FASB issued guidance (FASB ASC 326) which significantly changed how entities will measure credit losses for most financial assets and certain other instruments that are not measured at fair value through net income. The most significant change in this standard is a shift from the incurred loss model to the expected loss model. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity’s exposure to credit risk and the measurement of credit losses. Financial assets held by the Organization that are subject to the guidance in FASB ASC 326 were accounts receivables.

The Organization adopted the standard effective July 1, 2023. The impact of the adoption was not considered material to the financial statements and primarily resulted in new/enhanced disclosures.

(2) **Liquidity and Availability:**

The Organization strives to maintain liquid financial assets sufficient to cover general expenditures. Financial assets in excess of daily cash requirements are invested. Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

	<b>2024</b>	<b>2023</b>
Cash and cash equivalents	\$ 7,734,898	\$ 12,351,576
Federal and state grants receivable	13,192,547	6,328,200
Local grants and contracts receivable	4,899,997	3,938,183
Client accounts receivable	3,441,097	3,243,779
	\$ 29,268,539	\$ 25,861,738

To help manage unanticipated liquidity needs, we have established a line of credit in the amount of \$1,000,000, as discussed at Note (7). Our investments totaled \$7,022,553 and \$6,607,765 at June 30, 2024 and 2023, respectively. Although we do not intend to spend from these investments, these amounts could be made available if necessary.

**SMA HEALTHCARE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024 AND 2023**

(3) **Investments:**

Generally accepted accounting principles require disclosure of an estimate of fair value of certain financial instruments. The Organization's financial instruments consist principally of cash and cash equivalents, certificates of deposit, grants and other receivables, and other short-term assets and liabilities. For these financial instruments, carrying values approximate fair value. The fair value of a financial instrument is the amount that would be received in an asset sale or paid to transfer a liability in an orderly transaction between unaffiliated market participants.

Assets and liabilities measured at fair value are categorized based on whether the inputs are observable in the market and the degree that the inputs are observable. The categorization of financial instruments within the valuation hierarchy is based on the lowest level of input that is significant to the fair value measurement. The hierarchy is prioritized into three levels (with Level 3 being the lowest) defined as follows:

*Level 1:* Quoted prices in active markets for identical assets or liabilities that the entity has the ability to access.

*Level 2:* Observable inputs other than prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated with observable market data.

*Level 3:* Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities. This includes certain pricing models, discounted cash flow methodologies, and similar techniques that use significant unobservable inputs.

Investments held by the Organization at June 30, 2024 and 2023, consisted of mutual funds and certificates of deposit with maturities within five years of the statement of financial position date and are unrestricted. The fair value of the majority of the Organization's cash equivalents was determined based on Level 1 inputs. Investments in marketable securities with readily determinable fair values are reported at fair value in the accompanying statements of financial position. Mutual funds are valued using Level 1 inputs, which are based on unadjusted quoted market prices within active markets. Certificates of deposit are recorded at cost plus accrued interest, which approximates fair value. There have been no changes in Level 1, Level 2, and Level 3, and no changes in valuation techniques for these assets or liabilities for the years ended June 30, 2024 and 2023.

**SMA HEALTHCARE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024 AND 2023**

(3) **Investments:** (Continued)

At June 30, investments consisted of the following:

Description	Quoted Prices (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Fair Value
<b>June 30, 2024:</b>				
Registered investment companies:				
Money Market	\$ 413,226	\$ -	\$ -	\$ 413,226
Mutual Funds – Fixed Income	3,256,464	-	-	3,256,464
Mutual Funds – Equity	3,766,089	-	-	3,766,089
Total assets in fair value hierarchy	<u>\$ 7,435,779</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,435,779</u>
<b>June 30, 2023:</b>				
Registered investment companies:				
Money Market	\$ 232,363	-	-	\$ 232,363
Mutual Funds – Fixed Income	3,400,110	-	-	3,400,110
Mutual Funds – Equity	3,207,655	-	-	3,207,655
Total assets in fair value hierarchy	<u>\$ 6,840,128</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,840,128</u>

The following schedule summarizes the investment income for the years ended June 30:

	2024	2023
Interest income	\$ 380,447	\$ 86,593
Dividends on long-term investments	198,324	211,426
Unrealized gain (loss)	576,151	290,791
Realized gains (loss)	738,541	1,091,484
Total investment income	<u>\$ 1,893,463</u>	<u>\$ 1,680,294</u>

(4) **Property and Equipment:**

Property and equipment consists of the following at June 30:

	2024	2023
Land	\$ 3,497,354	\$ 3,634,253
Buildings and improvements	41,311,444	40,843,384
Furniture and equipment	5,193,827	4,938,414
Vehicles	2,653,605	2,415,467
Construction in progress	1,669,401	219,360
	<u>54,325,631</u>	<u>52,050,878</u>
Less: Accumulated depreciation	22,181,189	20,704,905
	<u>\$ 32,144,442</u>	<u>\$ 31,345,973</u>

For the years ended June 30, 2024 and 2023, depreciation expense was \$2,409,787 and \$2,379,731.

**SMA HEALTHCARE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024 AND 2023**

(5) **Long-term Debt:**

Long-term debt consisted of the following at June 30:

	<b>2024</b>	<b>2023</b>
Note payable to a financial institution, payable in monthly installments of \$12,671 including interest at 3.50%, final payment due May 2024, collateralized by land and buildings.	\$ -	\$ 136,864
Note payable to a financial institution, payable in monthly installments of \$29,852 including interest of 2.90%, final payment due November 2031, collateralized by land and buildings.	2,409,594	2,691,787
	2,409,594	2,828,651
Less: Current portion	291,258	419,505
Less: Unamortized debt issuance costs	66,602	68,911
	\$ 2,051,734	\$ 2,340,235

Aggregate principal payments on long-term debt in the succeeding years are due as follows:

<b>Year Ending June 30,</b>	<b>Amount</b>
2025	\$ 291,258
2026	299,949
2027	308,888
2028	317,988
2029	327,570
Thereafter	863,941
	\$ 2,409,594

(6) **Obligations Under Leases:**

The Organization has operating and finance leases for equipment, property, administrative space, counseling, and treatment centers, which have remaining lease terms expiring in fiscal years 2024 through 2032. As of June 30, 2024 and 2023, assets recorded under financing leases were \$1,953,662 and \$1,171,158, respectively, and accumulated depreciation associated with financing leases was \$1,420,941 and \$861,173, respectively. As of June 30, 2024 and 2023, assets recorded under operating leases were \$3,961,910 and \$3,961,910, respectively, and accumulated depreciation associated with operating leases was \$1,489,698 and \$1,073,672, respectively.

The components of lease expense for the years ended June 30 were as follows:

	<b>2024</b>	<b>2023</b>
Operating lease cost	\$ 549,196	\$ 549,196
Amortization of right-of-use assets	274,890	289,145
Interest on lease liabilities	24,569	21,417
Short-term lease expense	22,638	21,574
	\$ 871,293	\$ 881,332

**SMA HEALTHCARE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024 AND 2023**

(6) **Obligations Under Leases:** (Continued)

Other information related to leases for the years ended June 30 was as follows:

	<b>2024</b>	<b>2023</b>
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from finance leases	\$ 23,467	\$ 38,173
Operating cash flows from operating leases	549,409	546,771
Financing cash flows from finance leases	274,348	349,441
ROU assets obtained in exchange for new finance lease liabilities	499,838	17,406
Weighted-average remaining lease term—finance leases	2.81 years	1.85 years
Weighted-average remaining lease term—operating leases	12.73 years	12.53 years
Weighted-average discount rate—finance leases	4.50%	4.24%
Weighted-average discount rate—operating leases	5.00%	5.00%

Future minimum lease payments under non-cancellable leases as of June 30, 2024, were as follows:

<b>Year Ending June 30,</b>	<b>Finance</b>	<b>Operating</b>
2025	\$ 243,340	\$ 552,100
2026	166,841	540,861
2027	138,294	389,610
2028	39,842	389,610
2029	1,465	259,610
Thereafter	-	1,329,726
Total future minimum lease payments	589,782	3,461,517
Less: Imputed interest	34,960	979,590
	\$ 554,822	\$ 2,481,927

(7) **Line of Credit:**

The Organization has obtained a \$1,000,000 line of credit beginning in August 2012. The line of credit was renewed during the year and expires on February 15, 2025. The line had no outstanding balance as of June 30, 2024 and 2023. Advances under the line of credit accrue interest at the Prime Rate (8.50% at June 30, 2024) plus 0.25%. Any advances under the line of credit were collateralized by substantially all cash and investment assets of the Organization.

(8) **Net Assets With Donor Restrictions:**

As discussed in Note (12), the Organization had net assets with donor restrictions from a beneficial interest in assets held by the SMA Healthcare Foundation, Inc. The Organization had the following net assets with donor restrictions at June 30:

	<b>2024</b>	<b>2023</b>
Purpose restricted – Foundation	\$ 7,705,277	\$ 6,934,220
In perpetuity – Foundation	388,881	345,803
Total	\$ 8,094,158	\$ 7,280,023

**SMA HEALTHCARE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024 AND 2023**

**(9) Non-Recognized Contributions:**

During the years ended June 30, 2024 and 2023, respectively, a substantial number of volunteers provided approximately 10,000 and 13,000 hours of service performing maintenance, administrative, and program assistance services. These services are valued at approximately \$348,000 and \$411,000, respectively; however, they were not recognized as a contribution in the accompanying statements of activities as they do not meet recognition criteria prescribed by generally accepted accounting principles.

**(10) Employee Retirement Plans:**

The Organization has a contributory defined contribution retirement plan qualifying under the provisions of Internal Revenue Service Code Section 403(b) covering substantially all employees. Contribution expense is determined in accordance with the plan formula. For the years ended June 30, 2024 and 2023, the employer matched employee contributions at 100% up to 3% of salary, then 50% up to 6% of salary. Eligibility requirements for the plan include provisions which require employees to have one year of service and work 1,000 hours per year. For the years ended June 30, 2024 and 2023, pension expense was \$1,133,673 and \$957,193, respectively.

The Organization also has a deferred compensation plan qualifying under the provisions of Internal Revenue Code Section 457(b), covering a select group of management or highly compensated employees, which is not matched with employer contributions. As of June 30, 2024 and 2023, plan assets totaled \$70,201 and \$66,386, respectively.

**(11) Grants and Match Requirements:**

The Organization has entered into agreements to provide services on a reimbursement of allowable cost basis with certain agencies. In addition, one agreement has a requirement that a specified amount of federal program activities be funded by matching funds from specified sources. The Organization is subject to audit by the granting agencies and, if these audits are unfavorable, the agencies can require a refund of a portion of the contracts. It is management's opinion that the terms of the agreements have been substantially met and costs submitted for reimbursements are allowable under the agreements.

The Organization receives a substantial portion of its support directly and passed-through from the United States Government and the State of Florida. Under certain terms of these contracts, expenditures for funded program services could exceed the amount of the grant.

Management believes that the matching requirements were met, as expenditures for programs funded by the grant exceeded the amount required to receive the maximum amount of reimbursement.

**(12) Related Party Transactions:**

On September 29, 1997, the Stewart-Marchman Foundation, Inc. was formed and name was changed effective September 11, 2018, to SMA Healthcare Foundation, Inc. (the Foundation). The purpose of this Foundation is to seek and receive planned and/or outright gifts whose earnings can be used to promote and support only SMA Healthcare, Inc.'s activities. The beneficial interest in the assets held by the Foundation is adjusted annually to reflect changes in the net assets of the Foundation and as of June 30, 2024 and 2023, totaled \$8,094,158 and \$7,280,023, respectively. There was no amount receivable from the Foundation as of June 30, 2024 and 2023.

**SMA HEALTHCARE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024 AND 2023**

(12) **Related Party Transactions:** (Continued)

The Organization also leases a building owned by the Foundation for the Vince Carter Sanctuary treatment center. For the years ended June 30, 2024 and 2023, the total amount of rent expense related to the Foundation was \$260,000. There were no amounts payable to the Foundation as of June 30, 2024 and 2023. The lease expires December 2028 and provides for annual base rent of \$260,000, payable monthly at \$21,666. The base rent is based upon the debt payment the Foundation is required to make per the Vince Carter Sanctuary’s bond documents. If the Foundation’s debt service payments are paid in whole or in part by third party grants or donations for that purpose, the base rent shall be adjusted accordingly to reflect such grants or donations. If the Foundation's debt service payments under the bond documents are increased, the base rent shall immediately be increased by the amount of the increase in debt service payments. Regardless of any provision in this lease, the base rent for this lease shall never be below \$60,000 annually, payable monthly at \$5,000.

The Foundation awarded one-time uses of Foundation monies to benefit the Organization during the years ended June 30, 2024 and 2023, these monies totaled \$360,585 and \$385,320, respectively. As of June 30, 2024 and 2023, there were no amounts included in net assets with donor restrictions for amounts awarded from the Foundation.

During the year ended June 30, 2024, three vehicles were purchased from a company related to two board members totaling \$122,197. During the year ended June 30, 2023, seven vehicles were purchased from a company related to two board members totaling \$282,837.

(13) **Concentrations:**

Significant concentrations of the Organization are as follows:

(a) **Concentration of revenue**—During the years ended June 30, 2024 and 2023, revenues were derived from the following agencies as a percentage of total revenues, respectively:

	2024	2023
Federal and state agencies	60%	66%
Local grants and contracts	21%	20%
Client fees and insurance reimbursements	14%	11%

(b) **Concentration of business risk**—The Organization is highly dependent on contracts, which reimburse the Organization for its services. These contracts are executed with various state, local, and other entities. Each of these contracts is subject to change. Significant changes to any of these contracts could have a material impact on the Organization's financial statements and its ability to comply with laws, rules, regulations, and contract provisions.



**SMA HEALTHCARE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024 AND 2023**

(13) **Concentrations:** (Continued)

(c) **Concentrations of credit risk**—The Organization manages deposit concentration risk by placing cash, money market accounts, and certificates of deposit with financial institutions believed to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. Credit risk associated with accounts receivable is considered to be limited due to high historical collection rates of net accounts receivable and because substantial portions of the outstanding amounts are due from governmental agencies. Investments are made by investment managers whose performance is monitored by the Board of Directors. Although the fair values of investments are subject to fluctuation on a year-to-year basis, the Organization believes the investment policies and guidelines are prudent for the long-term welfare of the Organization.

(14) **Equity Investments:**

The Organization, along with similar not-for-profits across the State, invested \$50,000 on January 28, 2020, for 25 shares of stock in Behavioral Health Partners of Florida, LLC. The company was formed as a Florida limited liability company to invest in and be a 50% member in Integrated Care Network of Florida, LLC, a Delaware limited liability company. Integrated Care Network of Florida, LLC will operate a behavioral health independent practice association that will contract with managed care insurance plans to provide behavioral health services through contracted providers. As of June 30, 2024, there has been no other additional activity in Behavioral Health Partners of Florida, LLC. The investment of \$42,376, which approximates fair value, is shown as an equity investment on the accompanying statements of financial position.

The Organization acquired 15 shares of stock in Florida Premier Health Plan, Inc. (FPHP) during its acquisition of The Centers on July 1, 2021. The Centers, along with similar not-for-profits across the State, invested \$10,000 during the year ended June 30, 2008, for 10 shares of stock in FPHP. FPHP was formed as a for-profit corporation by the Florida Council for Community Mental Health, Inc. (a not-for-profit organization) to organize a provider service network. During the year ended June 30, 2010, an additional 5 shares were purchased at a cost of \$5,000. As of June 30, 2023, there was no other additional activity in FPHP and the investment was valued at \$15,000, which approximated fair value. During the year ended June 30, 2024, the FPHP investment was revalued resulting in a \$43,915 increase to the investment balance. As of June 30, 2024, the investment was valued at \$58,915, which is shown as an equity investment on the accompanying statements of financial position.

Investments in equity securities of nonpublic entities without readily determinable fair values are carried at cost minus impairment, if any, plus or minus changes resulting from observable price changes in orderly transactions for the identical or a similar investment of the same issuer and totaled \$101,291 and \$57,376 as of June 30, 2024 and 2023, respectively. The Organization reviews its equity securities without readily determinable fair values on a regular basis to determine if the investment is impaired. For purposes of this assessment, the Organization considers the investee's cash position, earnings and revenue outlook, liquidity and management ownership, among other factors, in its review. If management's assessment indicates that an impairment exists, the Organization estimates the fair value of the equity investment and recognizes in current earnings an impairment loss that is equal to the difference between the fair value of the equity investment and its carrying amount. There was no deemed impairment for the years ended June 30, 2024 and 2023.

**SMA HEALTHCARE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024 AND 2023**

**(15) Commitments, Contingencies, and Uncertainties:**

The Organization leases property from the State of Florida Department of Education, located at Willis Avenue, Daytona Beach, Florida. Prior to October 2020, the Organization leased this property for an annual rent of \$1 per parcel in previous years. In October 2020, a new sublease agreement was signed for this property under which the Organization will pay \$25,000 per year in monthly installments of \$2,083. The related right-of-use operating lease asset and operating lease liability are included in the statements of financial position. This lease will expire in October 2070, at which point the buildings and improvements made on the property will revert back to the lessor.

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the Federal government and the State of Florida. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the Organization expects such amounts, if any to be immaterial.

The Organization is involved in various claims against the Organization arising in the normal course of business. Management believes that their insurance coverage will be sufficient to pay any liabilities that may be incurred.

**SMA HEALTHCARE, INC.**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, STATE FINANCIAL**  
**ASSISTANCE AND STATE MATCHING OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2024**

FEDERAL/ STATE AGENCY PASS THROUGH ENTITY FEDERAL PROGRAM/ STATE PROJECT	AL/ CSFA NUMBER	FUNDING PERIOD	PASS THROUGH IDENTIFYING NUMBER/ GRANT CONTRACT IDENTIFICATION NUMBER	EXPENDITURES
<b>FEDERAL AGENCY</b>				
<b>Department of Health and Human Services</b>				
Direct:				
Substance Abuse and Mental Health Services	93.243	11/30/18-11/29/23	1H79SM080675	\$ 200,403
Substance Abuse and Mental Health Services	93.243	9/30/18-9/29/23	1H79SM080334-01	104,250
Substance Abuse and Mental Health Services	93.243	6/1/23-12/31/23	N/A	48,857
Substance Abuse and Mental Health Services	93.243	7/1/23-9/30/23	SMA22-TI084098	228,702
Substance Abuse and Mental Health Services	93.243	6/30/23-6/29/28	1H79TI083554-01	279,536
Total Substance Abuse and Mental Health Services				861,748
Rural Health Care Services Outreach	93.912	9/1/23-8/31/24	1 G26RH49912-01-00	297,117
Rural Health Care Services Outreach	93.912	9/1/22-8/31/25	2 GA1RH33540-02-00	262,290
Total Rural Health Care Services Outreach				559,407
Public Health Crisis Response	93.354	9/1/22-8/31/23	C1E1F5	66,273
Public Health Crisis Response	93.354	12/1/22-9/30/23	C20BE3	118,250
Total Public Health Crisis Response				184,523
Injury Prevention and Control Research and State and Community Based Programs	93.136	7/1/23-6/30/24	VL828	27,000
Strengthening Public Health System and Services through National Partnerships	93.421	6/1/22-12/31/22	VL896	15,433
Strengthening Public Health System and Services through National Partnerships	93.421	11/1/22-07/31/23	#2023-011312	20,000
Total Strengthening Public Health System and Services through National Partnerships				35,433
Passed through Lutheran Services Florida:				
Temporary Assistance to Needy Families	93.558	7/1/23-6/30/24	ME004 / MH0TB	162,753
Temporary Assistance to Needy Families	93.558	7/1/23-6/30/24	ME004 / MS0TB	147,246
Temporary Assistance to Needy Families	93.558	7/1/23-6/30/24	ME036 / MH0TB	285,297
Temporary Assistance to Needy Families	93.558	7/1/23-6/30/24	ME036 / MS0TB	216,066
Total Temporary Assistance to Needy Families				811,362
Passed through Lutheran Services Florida:				
Children's Health Insurance Program	93.767	7/1/23-6/30/24	ME004 / MH0BN	286,128
Passed through Lutheran Services Florida:				
Opioid STR	93.788	7/1/23-6/30/24	ME004 / MSSM4	70,748
Opioid STR	93.788	7/1/23-6/30/24	ME004 / MSSM5	283,031
Opioid STR	93.788	7/1/23-6/30/24	ME004 / MSSM6	684,605
Opioid STR	93.788	7/1/23-6/30/24	ME036 / MSSM4	131,305
Opioid STR	93.788	7/1/23-6/30/24	ME036 / MSSM5	208,915
Opioid STR	93.788	7/1/23-6/30/24	ME036 / MSSM6	1,446,655
Total Opioid STR				2,825,259
Passed through Lutheran Services Florida:				
Block Grants for Community Mental Health Services	93.958	7/1/23-6/30/24	ME004 / MH000	621,737
Block Grants for Community Mental Health Services	93.958	7/1/23-6/30/24	ME004 / MH0CN	8,237
Block Grants for Community Mental Health Services	93.958	7/1/23-6/30/24	ME004 / MHCAT	47,785
Block Grants for Community Mental Health Services	93.958	7/1/23-6/30/24	ME004 / MHMCT	55,116
Block Grants for Community Mental Health Services	93.958	7/1/23-6/30/24	ME004 / MHTRV	11,504
Block Grants for Community Mental Health Services	93.958	7/1/23-6/30/24	ME004 / MHARP	80,611
Block Grants for Community Mental Health Services	93.958	7/1/23-6/30/24	ME004 / MHCC2	3,918
Block Grants for Community Mental Health Services	93.958	7/1/23-6/30/24	ME036 / MH000	1,373,517
Block Grants for Community Mental Health Services	93.958	7/1/23-6/30/24	ME036 / MH011	1,320,850
Block Grants for Community Mental Health Services	93.958	7/1/23-6/30/24	ME036 / MH0CN	44,840
Block Grants for Community Mental Health Services	93.958	7/1/23-6/30/24	ME036 / MH0FT	119,165
Block Grants for Community Mental Health Services	93.958	7/1/23-6/30/24	ME036 / MHMCT	61,049
Block Grants for Community Mental Health Services	93.958	7/1/23-6/30/24	ME036 / MHTRV	20,476
Block Grants for Community Mental Health Services	93.958	7/1/23-6/30/24	ME036 / MH262	742,424
Block Grants for Community Mental Health Services	93.958	7/1/23-6/30/24	ME036 / MHARP	187,462
Block Grants for Community Mental Health Services	93.958	7/1/23-6/30/24	ME036 / MHCC2	4,368
Block Grants for Community Mental Health Services	93.958	7/1/23-6/30/24	ME036 / MHCJ4	225,040
Total Block Grants for Community Mental Health Services				4,928,099

The accompanying notes to the schedule of expenditures of federal awards, state financial assistance, and state matching of federal awards are an integral part of this schedule.

**SMA HEALTHCARE, INC.**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, STATE FINANCIAL**  
**ASSISTANCE AND STATE MATCHING OF FEDERAL AWARDS (Continued)**  
**FOR THE YEAR ENDED JUNE 30, 2024**

FEDERAL/ STATE AGENCY PASS THROUGH ENTITY FEDERAL PROGRAM/ STATE PROJECT	AL/ CSFA NUMBER	FUNDING PERIOD	PASS THROUGH IDENTIFYING NUMBER/ GRANT CONTRACT IDENTIFICATION NUMBER	EXPENDITURES
Passed through Florida Alcohol and Drug Abuse Association: Medical Assistance Program - Medicaid Cluster	93.778	7/1/23-6/30/24	DCF	\$ 26,363
Passed through Florida Alcohol and Drug Abuse Association: Block Grants for Prevention and Treatment of Substance Abuse	93.959	7/1/23-6/30/24	DCF	7,116
Passed through Lutheran Services Florida: Block Grants for Prevention and Treatment of Substance Abuse	93.959	7/1/23-6/30/24	ME004 / MS000	2,174,518
Block Grants for Prevention and Treatment of Substance Abuse	93.959	7/1/23-6/30/24	ME004 / MS025	108,039
Block Grants for Prevention and Treatment of Substance Abuse	93.959	7/1/23-6/30/24	ME004 / MS252	3,000
Block Grants for Prevention and Treatment of Substance Abuse	93.959	7/1/23-6/30/24	ME004 / MSARP	1,173,800
Block Grants for Prevention and Treatment of Substance Abuse	93.959	7/1/23-6/30/24	ME004 / MSTV2	7,580
Block Grants for Prevention and Treatment of Substance Abuse	93.959	7/1/23-6/30/24	ME036 / MHTRV	4,377,948
Block Grants for Prevention and Treatment of Substance Abuse	93.959	7/1/23-6/30/24	ME036 / MS025	228,360
Block Grants for Prevention and Treatment of Substance Abuse	93.959	7/1/23-6/30/24	ME036 / MS252	10,259
Block Grants for Prevention and Treatment of Substance Abuse	93.959	7/1/23-6/30/24	ME036 / MSARP	91,684
Block Grants for Prevention and Treatment of Substance Abuse	93.959	7/1/23-6/30/24	ME036 / MSTV2	10,547
Total Block Grants for Prevention and Treatment of Substance Abuse				<u>8,192,851</u>
Total Department of Health and Human Services				<u>18,738,173</u>
<b>Department of Housing and Urban Development</b>				
Direct:				
Supportive Housing Program	14.235	4/1/23-3/31/25	FL0064L4H04	46,667
Emergency Solutions Grant Program	14.231	4/1/22-9/30/23	E20-UW-12-0019	54,915
Total Department of Housing and Urban Development				<u>101,582</u>
<b>Department of Justice</b>				
Passed through the County of Volusia, Florida: Edward Byrne Memorial Justice Assistance Grant Program	16.738	10/1/22-9/30/23	2023-CS-2004	81,092
Total Department of Justice				<u>81,092</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>				<u>\$ 18,920,847</u>
<b>STATE AGENCY</b>				
<b>Total Department of Children and Families</b>				
Direct:				
Criminal Justice Mental Health and Substance Abuse	60.115	1/1/21-12/31/23	LHZ99	\$ 58,047
Passed through Lutheran Services Florida: Centralized Receiving Systems	60.163	7/1/23-6/30/24	ME036 / MHSCR	2,443,507
Centralized Receiving Systems	60.163	7/1/23-6/30/24	ME004 / MHSCR	1,754,207
Total Centralized Receiving Systems				<u>4,197,714</u>
Total Department of Children and Families				<u>4,255,761</u>

The accompanying notes to the schedule of expenditures of federal awards, state financial assistance, and state matching of federal awards are an integral part of this schedule.

SMA HEALTHCARE, INC.  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, STATE FINANCIAL  
ASSISTANCE AND STATE MATCHING OF FEDERAL AWARDS (Continued)**  
**FOR THE YEAR ENDED JUNE 30, 2024**

FEDERAL/ STATE AGENCY PASS THROUGH ENTITY FEDERAL PROGRAM/ STATE PROJECT	AL/ CSFA NUMBER	FUNDING PERIOD	PASS THROUGH IDENTIFYING NUMBER/ GRANT CONTRACT IDENTIFICATION NUMBER	EXPENDITURES
<b>Florida State Courts System</b>				
Direct:				
VIVITROL Naltrexone FADAA	22.022	7/1/23-6/30/24	OSCA	\$ 209,689
Total State Courts System				<u>209,689</u>
<b>Florida Department of Juvenile Justice</b>				
Passed through Florida Network of Youth & Family Services:				
Children and Families in Need of Services (CINS/FINS)	80.005	7/1/23-6/30/24	N/A	354,082
Children and Families in Need of Services (CINS/FINS)	80.005	7/1/23-6/30/24	N/A	932,225
Total Children and Families in Need of Services				<u>1,286,307</u>
Total Department of Juvenile Justice				<u>1,286,307</u>
<b>TOTAL EXPENDITURES OF STATE FINANCIAL ASSISTANCE</b>				<u>\$ 5,751,757</u>
State Matching of Federal Awards - MHCAT (93.958)	N/A	7/1/23-6/30/24	ME004	\$ 641,296
State Matching of Federal Awards - MH000 (93.958)	N/A	7/1/23-6/30/24	ME004	3,118,748
State Matching of Federal Awards - MH072 (93.958)	N/A	7/1/23-6/30/24	ME004	69,480
State Matching of Federal Awards - MH0CN (93.958)	N/A	7/1/23-6/30/24	ME004	18,654
State Matching of Federal Awards - MHCAT (93.104)	N/A	7/1/23-6/30/24	ME004	11,761
State Matching of Federal Awards - MHCAT (93.558)	N/A	7/1/23-6/30/24	ME004	229,472
State Matching of Federal Awards - MHMCT (93.958)	N/A	7/1/23-6/30/24	ME004	406,319
State Matching of Federal Awards - MHTRV (93.958)	N/A	7/1/23-6/30/24	ME004	13,950
State Matching of Federal Awards - MS000 (93.959)	N/A	7/1/23-6/30/24	ME004	2,290,407
State Matching of Federal Awards - MSCBS (93.959)	N/A	7/1/23-6/30/24	ME004	283,608
State Matching of Federal Awards - MSTRV (93.959)	N/A	7/1/23-6/30/24	ME004	2,532
State Matching of Federal Awards - MH000 (93.958)	N/A	7/1/23-6/30/24	ME036	6,889,815
State Matching of Federal Awards - MH072 (93.958)	N/A	7/1/23-6/30/24	ME036	93,950
State Matching of Federal Awards - MH076 (93.958)	N/A	7/1/23-6/30/24	ME036	43,513
State Matching of Federal Awards - MH0CN (93.958)	N/A	7/1/23-6/30/24	ME036	101,549
State Matching of Federal Awards - MH0FT (93.958)	N/A	7/1/23-6/30/24	ME036	779,393
State Matching of Federal Awards - MHDRF (93.958)	N/A	7/1/23-6/30/24	ME036	11,365
State Matching of Federal Awards - MHMCT (93.958)	N/A	7/1/23-6/30/24	ME036	450,056
State Matching of Federal Awards - MHTRV (93.958)	N/A	7/1/23-6/30/24	ME036	24,829
State Matching of Federal Awards - MHTRV (93.959)	N/A	7/1/23-6/30/24	ME036	4,611,267
State Matching of Federal Awards - MS081 (93.959)	N/A	7/1/23-6/30/24	ME036	275,040
State Matching of Federal Awards - MS091 (93.558)	N/A	7/1/23-6/30/24	ME036	1,022,247
State Matching of Federal Awards - MS0CN (93.558)	N/A	7/1/23-6/30/24	ME036	119,987
State Matching of Federal Awards - MSCBS (93.959)	N/A	7/1/23-6/30/24	ME036	592,193
State Matching of Federal Awards - MSTRV (93.959)	N/A	7/1/23-6/30/24	ME036	60,147
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE AND MATCHING OF FEDERAL AWARDS</b>				<u>\$ 46,834,182</u>

The accompanying notes to the schedule of expenditures of federal awards, state financial assistance, and state matching of federal awards are an integral part of this schedule.

**SMA HEALTHCARE, INC.**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS,**  
**STATE FINANCIAL ASSISTANCE, AND STATE MATCHING OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2024**

(1) **Basis of Presentation:**

The accompanying Schedule of Expenditures of Federal Awards, State Financial Assistance and State Matching of Federal Awards include federal award and state financial assistance activity of SMA Healthcare, Inc. 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 Section 215.97, Florida Statutes. Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

(2) **Summary of Significant Accounting Policies:**

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts, if any, shown on the schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in a prior year.

Pass-through entity identifying numbers are presented where available.

No amounts were passed through to subrecipients during the fiscal year ended June 30, 2024.

(3) **De Minimis Indirect Cost Rate Election:**

SMA Healthcare, Inc. did not elect to use the 10% de minimis indirect cost rate as covered in §200.414, *Indirect (F&A) costs*, of the Uniform Guidance.

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

To the Board of Directors of,  
SMA Healthcare, Inc.:

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

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

We have audited SMA Healthcare, Inc.'s (the Organization) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* and the requirements described in the Department of Financial Services' *State Projects Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs and major state projects for the year ended June 30, 2024. The Organization's major federal programs and major state projects are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and major state projects for the year ended June 30, 2024.

***Basis for Opinion on Each Major Federal Program and Major 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 (*Government Auditing Standards*); 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, the Uniform Guidance, and Chapter 10.650, Rules of the Auditor General, are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

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

***Responsibilities of Management for Compliance***

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

### ***Auditors' 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 major 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.

### ***Other Matters***

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as items 2024-001, 2024-002, and 2024-003. Our opinion on each major federal program and state project is not modified with respect to these matters.

*Government Auditing Standards* requires the auditor to perform limited procedures on the Organization's response to the noncompliance findings identified in our audit described in Management's Response to Findings on page 39. The Organization's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.



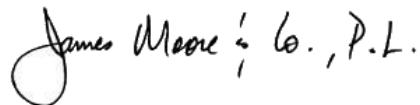
## Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program 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 or state project will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program or state project that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2024-001, 2024-002, and 2024-003 to be significant deficiencies.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed. *Government Auditing Standards* requires the auditor to perform limited procedures on the Organization's response to the internal control over compliance findings identified in our audit described in Management's Response to Findings on page 39. The Organization's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and 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.



Daytona Beach, Florida  
December 3, 2024

**SMA HEALTHCARE, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2024**

**I. Summary of Auditors' Results:**

***Financial Statements:***

Type of audit report issued on the financial statements: *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:***

Internal control over major Federal programs:

Material weakness(es) identified? \_\_\_\_\_ yes   X   no

Significant deficiency(ies) identified?   X   yes \_\_\_\_\_ none reported

Type of auditors' report issued on compliance for major Federal programs: *Unmodified*

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?   X   yes \_\_\_\_\_ no

Identification of major Federal programs:

<u>AL Number</u>	<u>Program Name</u>
93.958	Block Grants for Community Mental Health Services
93.959	Block Grants for Prevention and Treatment of Substance Abuse
93.558	Temporary Assistance to Needy Families

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

Auditee qualified as low-risk auditee?   X   yes \_\_\_\_\_ no

***State Financial Assistance:***

Internal control over major State projects:

Material weakness(es) identified? \_\_\_\_\_ yes   X   no

Significant deficiency(ies) identified?   X   yes \_\_\_\_\_ none reported

Type of auditors' report issued on compliance for major State projects: *Unmodified*

Any audit findings disclosed that are required to be reported for state financial assistance projects?   X   yes \_\_\_\_\_ none reported

**SMA HEALTHCARE, INC.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)**  
**FOR THE YEAR ENDED JUNE 30, 2024**

**I. Summary of Auditors' Results: (Continued)**

Dollar threshold used to distinguish between type A and type B State projects: \$750,000

Identification of major State projects:

CSFA Number	Project Name
60.163	Centralized Receiving Systems
80.005	CINS/FINS

**II. Financial Statement Findings:**

No financial statement findings were noted.

**III. Federal Programs and State Projects Findings and Questioned Costs:**

**2024-001 – ALN 93.958 – Block Grant for Community Mental Health Services – Activities Allowed/Allowable Costs: Completion of Comprehensive Assessment** (Repeat Comment)

*Criteria:* The Block Grant for Community Mental Health Services provides for a set of documentation requirements for clients in the covered programs, including the completion of a Financial Assessment Form (FAF) to document financial eligibility over allowable costs. Based on the client's income and number of dependents, this form is used to determine a "discount class", and calculate a sliding scale discount percentage and/or dollar amount of SMA's fees that the client would be responsible for paying. This form is required to be completed when clients are discharged after being provided mental health services. FAF are to be updated yearly for patients with active billable services, noting all service dates with a billed service should fall within one year of the FAF completion date.

*Condition:* 7 of the 60 clients tested did not have the discount fee that was used shown on their Financial Assessment Form. Additionally, 8 of the 60 clients tested had service dates that did not fall within one year of the FAF completion date.

*Cause:* The requirement to perform these control elements were not followed by the case managers.

*Effect:* The Financial Assessment Forms that were not properly completed or not completed within the required timeframe could result in noncompliance with the grant agreement or noncompliance with established controls.

*Recommendation:* We recommend that the process be changed so that all Financial Assessment Forms required be completed fully and accurately for all patients within one year of service, and that additional controls be put in place to ensure the discount rate applied is documented and proper.

**SMA HEALTHCARE, INC.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)**  
**FOR THE YEAR ENDED JUNE 30, 2024**

**III. Federal Programs and State Projects Findings and Questioned Costs: (Continued)**

**2024-002 – ALN 93.959 – Block Grant for Prevention and Treatment of Substance Abuse – Activities Allowed/Allowable Costs: Completion of Financial Assessment Form** (Repeat Comment)

*Criteria:* The Block Grant for Prevention and Treatment of Substance Abuse provides for a set of documentation requirements for clients in the covered programs, including the completion of a Financial Assessment Form (FAF) to document financial eligibility over allowable costs. Based on the client's income and number of dependents, this form is used to determine a "discount class", and calculate a sliding scale discount percentage and/or dollar amount of SMA's fees that the client would be responsible for paying. This form is required to be completed when clients are discharged after being provided mental health services. FAF are to be updated yearly for patients with active billable services, noting all service dates with a billed service should fall within one year of the FAF completion date.

*Condition:* 1 of the 60 clients tested did not have the Financial Assessment Form properly signed by the client. Additionally, 2 of the 60 clients tested had service dates that did not fall within one year of the FAF completion date.

*Cause:* The requirements to perform these control elements were not followed by the case managers.

*Effect:* The Financial Assessment Forms that were not properly completed or not completed within the required timeframe could result in noncompliance with the grant agreement or noncompliance with established controls.

*Recommendation:* We recommend that the process be reviewed and staff be trained and have regular training updates to ensure that the required Financial Assessment Forms are completed fully and signed for all clients, and that additional controls be put in place to ensure the discount rate applied is documented and proper.

**2024-003 – CSFA 80.005 – Children in Need of Services and Families in Need of Services (CINS/FINS) – Activities Allowed/Allowable Costs: Completion of Case Files** (New Comment)

*Criteria:* The CINS-FINS grant provides for a set of documentation requirements for clients in the program, including the completion of an Intake Form to document admittance into the program is for an allowable purpose. Additionally, a NIRVANA form is required to be completed to identify the prevention youth's risks and needs, guide the development of intervention strategies, and assist in determining the youth's progress. Additionally, it is required to maintain a case file for each youth served that includes chronological progress documentation. Finally, a discharge summary form is required to be completed for all clients.

*Condition:* An Intake Form was not properly completed for 1 of the 40 clients tested. Additionally, 2 of the 40 clients tested did not have the NIRVANA Form properly signed and 1 of the 40 clients tested did not have a discharge summary form properly completed. Also, 3 of the 40 clients tested did not have Service Activity Notes documented and 1 of the 40 clients tested did not have Service Activity Notes properly signed. Finally, 4 of the 40 clients tested did not have discharge dates that agreed to the ending dates per the days billed.

**SMA HEALTHCARE, INC.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)**  
**FOR THE YEAR ENDED JUNE 30, 2024**

**III. Federal Programs and State Projects Findings and Questioned Costs: (Continued)**

*Cause:* The requirement to perform these control elements were overlooked by the case managers.

*Effect:* The missing and improperly completed required case files could result in noncompliance with the grant agreement.

*Recommendation:* We recommend that the process be reviewed and staff be trained and have regular training updates to ensure that the required case files are completed fully and signed for all clients, and that additional controls be put in place to ensure the dates billed agreed to the discharge dates.

**2024-004 – ALN 93.558 – Temporary Assistance to Needy Families Grant – Activities Allowed/Allowable Costs: Timeframe for Completion of Master Treatment Plan** (New Comment)

*Criteria:* The Temporary Assistance to Needy Families Grant provides for a set of documentation requirements for clients in the covered programs, including the completion of a Master Treatment Plan within established timeframe (30 days and 15 days from the date of admission for Outpatient and Residential II, respectively) to document allowable costs.

*Condition:* 5 of the 40 clients tested did not have the Master Treatment Plan completed within the established timeframe.

*Cause:* The requirements to perform these control elements were not followed by the clinical staff.

*Effect:* The Master Treatment Plans that were not completed within the required timeframe could result in noncompliance with the grant agreement or noncompliance with established controls.

*Recommendation:* We recommend that the process be reviewed and staff be trained and have regular training updates to ensure that the required Master Treatment Plans are completed within established timeframe.

**IV. Prior Audit Findings:**

See Schedule of Prior Audit Findings on page 38.

**V. Corrective Action Plan:**

See Management's Response to Findings on page 39.

**VI. Management Letter:**

No management letter pursuant to Sections 215.97(9)(f) and 215.97(10)(d), Florida Statutes is required since there are no items related to state financial assistance required to be reported in the management letter, not already reported in this schedule.

**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**

To the Board of Directors of,  
SMA Healthcare, Inc.:

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of SMA Healthcare, Inc. (the Organization), which comprise the statement of financial position as of June 30, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements and have issued our report thereon dated December 3, 2024.

**Report On Internal Control over Financial Reporting**

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

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

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

**Report On Compliance and Other Matters**

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

## **Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

James Moore & Co., P.L.

Daytona Beach, Florida  
December 3, 2024



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access@smahealthcare.org

December 3, 2024

**Schedule of Prior Audit Findings:**

2023-001 – ALN 93.958 – Delinquent Comprehensive Assessment: Corrective action not taken. See repeat comment 2024-001.

2023-002 – ALN 93.959 – Financial Assessment Form: Corrective action not taken. See repeat comment 2024-002.

Thank you,

Andrea Schweizer  
Chief Financial Officer







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December 3, 2024

**Management Response to Auditor Findings:**

**Recommendation: 2024-001 Block Grant for Prevention and Treatment of Substance Abuse – Completion of Financial Assessment Form**

For ALN 93.958, the discount fee that was shown on their Financial Assessment Form was not used for 7 of the 60 clients tested. Additionally, 8 of the 60 clients tested had service dates that did not fall within one year of the Financial Assessment Form. Our internal tracking of completion of the Financial Assessment Form at admission indicates that compliance with this requirement occurs about 89% of the time. As a corrective action, the Client Service Specialist will be trained to ensure data is entered accurately. SMA will also include the completion of the Financial Assessment Form both at admission and annually to be reviewed monthly by the programs. In addition, an action plan will be required to be present at the quarterly Quality Assurance Committee meeting if not at 100%.

**Recommendation: 2024-002 Block Grant for Prevention and Treatment of Substance Abuse – Completion of Financial Assessment Form**

For ALN 93.959, a Financial Assessment Form was not properly signed for 1 of the 60 clients tested. Additionally, 2 of the 60 clients tested had service dates that did not fall within one year of the Financial Assessment Form completion date. Obtaining a client's signature on the form has been challenging, particularly during recent years as use of telehealth services has expanded. As a corrective action, team members will be trained in how to properly document receipt of verbal approval. Our internal tracking of completion of the Financial Assessment Form at admission indicates that compliance with this requirement occurs about 89% of the time. As a corrective action plan, SMA will include the completion of the Financial Assessment Form both at admission and annually to be reviewed monthly by the programs. In addition, an action plan will be required to be present at the quarterly Quality Assurance Committee meeting if not at 100%.





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**Recommendation: 2024-003 Children in Need of Services and Families in Need of Services (CINS/FINS) – Completion of Case Files**

For CSFA 80.005, an Intake Form was not properly completed for 1 of the 40 clients tested. Additionally, 2 of the 40 clients tested did not have the NIRVANA Form properly signed, 1 of the 40 clients tested did not have a Discharge Summary Form properly completed, 3 of the 40 clients tested did not have Service Activity Notes documented, and 1 of the 40 clients did not have Service Activity Notes properly signed. Finally, 4 of the 40 clients tested did not have discharge dates that agreed to the ending dates per the days billed. As a corrective action, the program director will provide training to the team members of the program of documentation requirements. SMA will also include the program in the rotation of the monthly internal record reviews. The results will be provided to the program director and if a 90% or higher is not achieved for 2 months, a written corrective action will be required, and a verbal will be required at the quarterly Quality Assurance Committee meeting.

**Recommendation: 2024-004 Temporary Assistance to Needy Families Grant – Timeframe for Completion of Master Treatment Plan**

For ALN 93.558, a Master Treatment Plan was not completed for 5 of the 40 clients tested within the established timeframe. As a corrective action, the program director will provide training to the team members of the program's proper established timeframe to complete a Master Treatment Plan. In addition, SMA will monitor the program by completing internal record reviews. The results will be provided to the program director and if a 90% or higher is not achieved for 2 months, a written corrective action will be required, and a verbal will be required at the quarterly Quality Assurance Committee meeting.

Thank you,

Andrea Schweizer  
 Chief Financial Officer

