

EPIC COMMUNITY SERVICES, INC.
CONSOLIDATED FINANCIAL REPORT

Year Ended June 30, 2025

CONTENTS

INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
Consolidated Statement of Financial Position	3
Consolidated Statement of Activities	4
Consolidated Statement of Functional Expenses	5
Consolidated Statement of Cash Flows	6
Notes to Consolidated Financial Statements	7
SUPPLEMENTAL INFORMATION	
Schedule of Expenditures of Federal Awards and State Projects	18
Notes to Schedule of Expenditures of Federal Awards and State Projects	20
INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER CONSOLIDATED FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF CONSOLIDATED FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	21
INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY <i>THE UNIFORM GUIDANCE</i> AND CHAPTER 10.650, RULES OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA	22
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	24
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS	25

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
EPIC Community Services, Inc.

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of EPIC Community Services, Inc., a Florida not-for-profit corporation, and its subsidiary, EPIC Recovery Center, LLC, (collectively the "Organization"), which comprise the consolidated statement of financial position as of June 30, 2025, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of EPIC Community Services, Inc. and its subsidiary, EPIC Recovery Center, LLC as of June 30, 2025, and the changes in its consolidated net assets and its consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Consolidated Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 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 consolidated 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 consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards and state projects, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and Chapter 10.650, *Rules of the Auditor General of the State of Florida*, is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and state projects is fairly stated, in all material respects, in relation to the consolidated 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 31, 2025, on our consideration of the Organization's internal control over consolidated financial reporting and on our tests of their compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over consolidated 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 consolidated financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over consolidated financial reporting and compliance.

Ahmed, Krueger & Associates CPAs, LLC

St. Augustine, FL
December 31, 2025

EPIC COMMUNITY SERVICES, INC.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
JUNE 30, 2025

ASSETS

Cash and cash equivalents	\$ 3,130,757
Accounts receivable, net	30,097
Grants and contracts receivable, net	723,353
Prepaid expenses and other assets	724,867
Property and equipment, net	3,211,681
Right-of-use asset - operating	<u>463,624</u>
TOTAL ASSETS	<u>\$ 8,284,379</u>

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts payable	\$ 194,728
Accrued expenses and other liabilities	539,726
Long-term debt, net of unamortized debt issuance costs	924,755
Right-of-use liability - operating	<u>464,642</u>
TOTAL LIABILITIES	<u>2,123,851</u>

NET ASSETS

Without donor restrictions	3,535,528
With donor restrictions	<u>2,625,000</u>
TOTAL NET ASSETS	<u>6,160,528</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 8,284,379</u>

See accompanying notes

EPIC COMMUNITY SERVICES, INC.
CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUE AND SUPPORT			
Contributions	\$ 272,244	\$ -	\$ 272,244
Grants and contracts	-	11,357,466	11,357,466
Program service fees	1,155,145	-	1,155,145
Gain on sale of property and equipment	7,500	-	7,500
Other revenue	<u>138,360</u>	<u>-</u>	<u>138,360</u>
Total revenue and support	<u>1,573,249</u>	<u>11,357,466</u>	<u>12,930,715</u>
 NET ASSETS RELEASED FROM RESTRICTIONS	 <u>8,732,466</u>	 <u>(8,732,466)</u>	 <u>-</u>
 EXPENSES			
Program services	9,078,112	-	9,078,112
General and administrative	797,018	-	797,018
Fundraising	<u>89,125</u>	<u>-</u>	<u>89,125</u>
Total expenses	<u>9,964,256</u>	<u>-</u>	<u>9,964,256</u>
 CHANGES IN NET ASSETS	 341,459	 2,625,000	 2,966,459
NET ASSETS, BEGINNING	<u>3,194,069</u>	<u>-</u>	<u>3,194,069</u>
NET ASSETS, ENDING	<u>\$ 3,535,528</u>	<u>\$ 2,625,000</u>	<u>\$ 6,160,528</u>

See accompanying notes

EPIC COMMUNITY SERVICES, INC.
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2025

	Program Services					Support Services		
	Treatment	Prevention	Big Brothers Big Sisters	Recovery Center	Total Program Services	General and Administrative	Fundraising	Total
Wages	\$ 3,122,832	\$ 469,879	\$ 260,552	\$ 1,857,383	\$ 5,710,647	\$ 568,535	\$ 44,901	\$ 6,324,083
Fringe benefits	302,930	54,396	35,470	149,511	542,307	63,187	5,006	610,500
Payroll taxes	<u>238,685</u>	<u>35,987</u>	<u>20,003</u>	<u>142,833</u>	<u>437,508</u>	<u>43,397</u>	<u>3,439</u>	<u>484,344</u>
Total personnel costs	3,664,447	560,262	316,026	2,149,728	6,690,462	675,119	53,346	7,418,927
Donated goods and services	-	-	18,419	-	18,419	-	-	18,419
Donated occupancy	-	20,230	18,215	-	38,445	-	-	38,445
Insurance	93,450	13,666	14,116	30,088	151,320	27,726	8,417	187,463
Occupancy	294,599	9,335	3,764	159,043	466,741	24,943	10,188	501,872
Other expenses	34,542	1,095	441	18,648	54,726	2,925	1,195	58,845
Operating expenses	289,475	9,172	3,699	156,277	458,623	24,509	10,011	493,143
Professional services	351,474	37,150	28,080	283,487	700,191	25,396	-	725,587
Program expenses	89,554	2,643	732	142,012	234,941	71	968	235,979
Travel and meetings	34,172	1,083	437	18,448	54,139	2,893	1,182	58,214
Depreciation and amortization	<u>103,950</u>	<u>68,550</u>	<u>18,189</u>	<u>19,417</u>	<u>210,105</u>	<u>13,437</u>	<u>3,820</u>	<u>227,362</u>
Total expenses	<u>\$ 4,955,663</u>	<u>\$ 723,185</u>	<u>\$ 422,117</u>	<u>\$ 2,977,147</u>	<u>\$ 9,078,112</u>	<u>\$ 797,018</u>	<u>\$ 89,125</u>	<u>\$ 9,964,256</u>

See accompanying notes

EPIC COMMUNITY SERVICES, INC.
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2025

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ 2,966,459
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:	
Depreciation and amortization	227,362
Gain on sale of property and equipment	(7,500)
Net change in:	
Accounts receivable	(21,813)
Grants and contracts receivable	397,227
Prepaid expenses and other assets	(531,145)
Right-of-use asset - operating	313,666
Accounts payable	(249,475)
Accrued expenses and other liabilities	54,671
Deferred Revenue	(15,000)
Right-of-use liability - operating	<u>(320,070)</u>
Net cash provided (used) by operating activities	<u>2,814,382</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from sale of property and equipment	7,500
Purchases of property and equipment	<u>(277,088)</u>
Net cash provided (used) by investing activities	<u>(269,588)</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
Principal payments on long-term debt	<u>(134,300)</u>
Net cash provided (used) by financing activities	<u>(134,300)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	2,410,494
CASH AND CASH EQUIVALENTS, BEGINNING	<u>720,263</u>
CASH AND CASH EQUIVALENTS, ENDING	<u>\$ 3,130,757</u>
SUPPLEMENTAL CASH FLOW INFORMATION	
Cash paid for interest	<u>\$ 43,515</u>

See accompanying notes

EPIC COMMUNITY SERVICES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 ORGANIZATION

EPIC Community Services, Inc. (the "Organization") is a Florida not-for-profit corporation, which was incorporated October 10, 1973 specializing in the preventing and treatment of substance abuse disorders and co-occurring mental health issues. The goal of the Organization's evidence-based treatment is to help people recover from their disease of addiction. Services include an inpatient detoxification and residential treatment center, outpatient substance abuse and mental health counseling for all ages, crisis intervention, and mental health psychiatric services. The Organization also offers prevention education for parent and youth, play therapy groups for children and children's mentoring programs. The Organization's major revenue sources are grants and contracts from federal, state and county entities, and public contributions, fundraising and program services. EPIC Recovery Center, LLC (a Florida limited liability company) was established on August 27, 2013 to provide recovery services to residents of St. Johns County and surrounding areas.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Principles of Consolidation

The consolidated financial statements include the accounts of EPIC Community Services, Inc. and its wholly owned subsidiary, EPIC Recovery Center, LLC, after elimination of all significant inter-company balances and transactions.

Classification of Net Assets

The consolidated financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 dated August 2016, and the provisions of the American Institute of Certified Public Accountants (AICPA) "Audit and Accounting Guide for Not-for-Profit Organizations" (the "Guide"). (ASC) 958-205 was effective January 1, 2018.

Under the provisions of the Guide, net assets and revenues, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified as follows:

- a) Net assets without donor restrictions: Net assets are resources over which the Board of Directors (the "Board") has discretionary control including those unrestricted net assets invested in property and equipment at the direction of the Board.
- b) Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. After the donor-imposed time or purpose restriction is satisfied, donor restricted net assets are reclassified to donor unrestricted net assets and reported within the statement of activities as net assets released from restrictions. As of June 30, 2025, the Organization had no net assets with donor restrictions.

In addition, the consolidated financial statement presentation follows the recommendations of the American Institute of Certified Public Accountants in its Industry Audit Guide, *Audits of Voluntary Health and Welfare Organization*.

EPIC COMMUNITY SERVICES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition

The Organization follows Financial Accounting Standards Board (FASB) ASC 606, Revenue from Contracts with Customers, when applicable. Under ASC 606, revenue recognition for customer contract related services is required when promised goods or services are transferred to customers in an amount that reflects the consideration to which an organization expects to be entitled in exchange for those goods and services. The Organization has adjusted the presentation of these statements accordingly.

Substantially all the Organization's revenue is derived from cost reimbursable grants, which are conditional upon certain requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when expenditures have been incurred in compliance with specific contract/grant provisions, the time when performance obligations have been met. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position. No amounts were received in advance at June 30, 2025 under the current contracts/grants. No significant judgements were required.

Fair Value of Financial Instruments

All financial instruments are carried at amounts that approximate estimated fair value. Financial Accounting Standards Board ASC 820, *Fair Value Measurement* ("ASC 820"), establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurement). The three levels of the fair value hierarchy under ASC 820 are described below:

Level 1

Inputs to the valuation methodology are unadjusted quoted prices in active markets for identical assets or liabilities that the Organization can access at the measurement date.

Level 2

Inputs to the valuation methodology are other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly such as publicly available information about actual events or transactions, and that reflect the assumptions that market participants would use when pricing the asset or liability.

Level 3

Inputs to the valuation methodology are unobservable for the asset or liability. Unobservable inputs are defined as inputs for which market data are not available and that are developed using the best information available about the assumptions that market participants would use when pricing the asset or liability.

At June 30, 2025, all financial instruments were deemed to be Level 1 inputs in the fair value hierarchy, unless otherwise noted.

Cash and Cash Equivalents

Cash and cash equivalents include all cash balances and highly liquid investments with an original maturity of 90 days or less. Certificates of deposit are readily convertible to cash and are stated at cost plus accrued earnings, which approximate fair value. At June 30, 2025, the Organization held no certificates of deposit.

EPIC COMMUNITY SERVICES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Allowance for Accounts Receivable and Grants Receivable

Accounts receivable and grants receivable (“receivables”) are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectable amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to either accounts receivable or grants receivable. As of June 30, 2025, the allowance for uncollectable accounts was \$423,366.

Property and Equipment

Property and furnishings are stated at cost, if purchased. Donations of property and furnishings are recorded at their estimated fair market value at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Expenditures for renewals or improvements that either materially add value or prolong the useful lives of assets are capitalized. Expenditures that are less than \$5,000 are expensed as incurred.

Building and improvements are depreciated using the straight-line method over their estimated useful lives, which range from 5 to 40 years. Furniture and equipment, as well as computers, are depreciated using the straight-line method over their estimated useful lives, which range from 3 to 7 years. Software (implementation costs) is depreciated using the straight-line method over its estimated useful life of 5 years. Vehicles are depreciated using the straight-line method over their estimated useful lives of 5 years. Land is not depreciated. Depreciation expense for the year ended June 30, 2025 was \$226,695 and is included in depreciation and amortization on the consolidated statement of functional expenses.

Contributions

In accordance with FASB ASC 958, contributions received are recorded as net assets without donor restriction or net assets with donor restriction support depending on the existence and/or nature of donor restrictions. Contributions that are restricted by the donor are reported as increases in net assets with donor restriction if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restriction depending on the nature of the restrictions. Under FASB ASC 958, contributions that are required to be reported as net assets with donor restriction are then reclassified to net assets without donor restriction upon expiration of time restrictions or satisfaction of donor restrictions.

Contributions, including unconditional promises to give, are recognized as revenues in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met.

Pledges receivable are recorded when unconditional promises to pay are recorded. Unconditional promises to be received after one year are discounted at an appropriate discount rate commensurate with the risks involved. Amortization of discounts is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions.

The Organization writes off specific pledges receivable as they become uncollectable. Use of the direct method did not result in a material departure from accounting principles generally accepted in the United States of America.

As of June 30, 2025, the Organization had no pledges receivable.

EPIC COMMUNITY SERVICES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Donated Goods and Services

The Organization records the value of donated goods or services when there is an objective basis available to measure their value. Donated materials and goods, as well as rent, are reflected in the accompanying statements at their estimated value at date of receipt. Contributions for the use of facilities totaled \$38,445 for the year ended June 30, 2025. Supplies donated by various organizations amounted to \$17,425 for the year ended June 30, 2025.

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skill, are performed by people with those skills, and would otherwise be purchases of the Organization. Volunteer provided program and fundraising services throughout the year were not recognized as contributions on the financial statements since the recognition criteria were not met. Professional services donated to the Organization totaled \$994 for the year ended June 30, 2025.

Income Taxes

The Organization is a not-for-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes on related income pursuant to Section 501(a) of the Internal Revenue Code and Chapter 220.13 of the Florida Statutes, respectively. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2). EPIC Recovery Center, LLC (the LLC) is a single-member limited liability company. For Federal income tax purposes, the LLC is a disregarded entity and the LLC's activities are included in the Organization's return.

Accounting for Income Taxes

The Organization has adopted FASB ASC 740-10, *Accounting for Income Taxes*, which clarifies the accounting for uncertainty in income taxes recognized in an entity's financial statements. The interpretation prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. Based on analyses of various federal and state filing positions of the Organization, management believes that its income tax filing positions and deductions are well documented and supported.

As of June 30, 2025, the Organization had no temporary differences relating to the recognition of income and expenses for financial and tax reporting purposes. Accordingly, no deferred tax assets or liabilities are recorded. Additionally, as of June 30, 2025, the Organization had no uncertain tax positions that would qualify for either recognition or disclosure in the financial statements. Therefore, no reserves for uncertain income tax positions have been recorded pursuant to FASB ASC 740-10. In addition, no cumulative effect adjustment related to the adoption of FASB ASC 740-10 was recorded.

There have been no increases or decreases in unrecognized tax benefits for current or prior years since the date of adoption. Furthermore, no interest or penalties have been included since no reserves were recorded and no significant increases or decreases are expected to occur within the next 12 months. When applicable, such interest and penalties will be reported as income tax expense.

Since tax matters are subject to some degree of uncertainty, there can be no assurance that the Organization's tax returns will not be challenged by the taxing authorities and that the Organization will not be subject to additional tax, penalties, and interest as a result of such challenge. At June 30, 2025, the periods that remain open to examination under federal statute include the years ended June 30, 2022 through June 30, 2024.

EPIC COMMUNITY SERVICES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Functional Expense Allocation

The costs of providing program and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among program services of the Organization and supporting services benefited. Such allocations are determined by management on an equitable basis.

The expenses that are allocated include the following:

<u>Expense</u>	<u>Method of Allocation</u>	<u>Expense</u>	<u>Method of Allocation</u>
Wages	Time and effort	Other expenses	Direct usage estimate
Fringe benefits	Time and effort	Operating expenses	Direct usage estimate
Payroll taxes	Time and effort	Professional services	Direct usage estimate
Donated occupancy	Direct usage estimate	Program expenses	Direct usage estimate
Insurance	Square footage	Travel and meetings	Direct usage estimate
Occupancy	Square footage	Depreciation and amortization	Square footage

Estimates

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts and the variances are held to be immaterial.

Compensated Absences

All employees working 40 hours per week on an annual basis earn PTO time based on the number of continuous years of service. PTO benefits are accrued each pay cycle as indicated by the following schedule.

Years of Service	Hours Accrued Per Pay Cycle	Annual PTO Accrual
Up to 3 years	5	15 days (120 hours)
3 to 6 years	6	18 days (144 hours)
6 to 10 years	7.2	21.6 days (172.8 hours)
Over 10 years	8.64	25.92 days (207.36 hours)

Employees working 35 to 39 hours per week earn PTO on a proportionate basis. Full time employees may accrue a maximum of one year's worth of annual leave. Accrued vacation totaled \$189,236 at June 30, 2025 and is included in wages on the consolidated statement of functional expenses and in accrued expenses and other liabilities on the consolidated statement of financial position. PTO may be accumulated up to the amount that can accrue in one year. Once that maximum accrual is reached, no further PTO will be credited or accrued unless the employee's balance falls below this maximum amount. Employees may carry over up to 80 hours of earned PTO the next calendar year.

Reclassifications

Certain accounts in the prior-year financial statements may have been reclassified to conform with the presentation in the current year financial statements. These recategorized expenses did not affect reported financial position, results of operations, or cash flows.

EPIC COMMUNITY SERVICES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 3 CASH AND CASH EQUIVALENTS

Cash and cash equivalents consisted of cash and money market accounts, totaling \$3,130,757, as of June 30, 2025.

NOTE 4 GRANTS AND CONTRACTS RECEIVABLE

Grants and contracts receivable consisted of the following at June 30, 2025:

SAMHSA	\$ 35,644
LSF	532,491
MCOP DJJ	4,695
BIB	944
DJJ - Civil Citation	1,018
SJC - ERC	34,583
SJC - ASA	20,191
SJC - CC JET Re-entry	15,010
SJC - Prevention	4,167
S.I.G.H.T.	7,917
SJC School District - Think!	7,500
Flagler Health- Brave	378
Flagler County Sheriff SMART	22,358
Flagler - Drug Court	18,412
Flagler County - PSC Crime Prevention	5,001
FADAA- Florida Alcohol & Drug Abuse	10,544
Talkable/Nassau Co.	<u>2,500</u>
Total grants and contracts receivable	<u>\$ 723,353</u>

NOTE 5 PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30, 2025:

Land	\$ 286,375
Buildings and improvements	3,385,352
Furniture and equipment	386,093
Computers	431,483
Vehicles	120,001
Construction in process	<u>277,088</u>
Total property and equipment	4,886,392
Less, accumulated depreciation	<u>(1,674,711)</u>
Property and equipment, net	<u>\$ 3,211,681</u>

NOTE 6 LINE OF CREDIT

As of June 30, 2025, the Organization had a \$150,000 line of credit available with a local financial institution. The Organization can draw down upon this line of credit as needed. Interest is paid monthly based on the prime rate of interest published in the Wall Street Journal. The prime rate currently is 8.25%. At June 30, 2025, there was approximately \$150,000 available to borrow.

EPIC COMMUNITY SERVICES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 7 NET ASSETS WITHOUT DONOR RESTRICTIONS

The Organization's net assets without donor restrictions consisted of the following at June 30, 2025:

Subject to the Organization's spending policy and appropriation	\$ 3,535,528
Total	<u>\$ 3,535,528</u>

NOTE 8 NET ASSETS RELEASED FROM RESTRICTIONS

Donor restricted net assets are released from restrictions by incurring expenses that satisfy the restricted purpose or by the occurrence of other events, as specified by donors. Donor restricted net assets released during the year ended June 30, 2025 totaled \$8,732,466. All net assets released were utilized for program expenditures.

NOTE 9 NET ASSETS WITH DONOR RESTRICTIONS

The Organization's net assets with donor restrictions consisted of the following at June 30, 2025:

State Department of Children and Families - EPIC Community Services - Sober Living Transitional Housing Expansion Project	\$ 2,025,000
St. Johns County Board of County Commissioners - Sober Living Transitional Housing Expansion Project	<u>600,000</u>
Total	<u>\$ 2,625,000</u>

NOTE 10 LONG-TERM DEBT

Long-term debt consisted of the following as of June 30, 2025:

Mortgage payable to a financial institution in monthly installments of \$3,100 including interest at 3.50% per annum until December 2026. Collateralized by real estate.	\$ 50,286
Mortgage payable to a financial institution in monthly installments of \$7,575 including interest at 3.50% per annum until June 2027. Collateralized by real estate.	<u>876,752</u>
Total long-term debt	927,038
Less, unamortized debt issuance costs	<u>(2,283)</u>
Total long-term debt, net of unamortized debt issuance costs	924,755
Less, current portion	<u>(97,298)</u>
Current portion of long-term debt, net of unamortized debt issuance costs	<u>\$ 827,457</u>

Maturities of notes payable as of June 30, 2025 are as follows:

For the year ended June 30,	
2026	\$ 97,298
2027	<u>829,740</u>
Total	<u>\$ 927,038</u>

EPIC COMMUNITY SERVICES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 11 ADVERTISING

The Organization uses advertising to promote its programs and fundraising activities. The costs of advertising are expensed as incurred. For the year ended June 30, 2025, advertising expenses totaled \$84,225 and is included in operating expenses on the consolidated statement of functional expenses.

NOTE 12 VOLUNTEERS

In addition to the donated goods and services included in the consolidated statement of activities and consolidated statement of functional expenses, donated services were provided by many volunteers during the year ended June 30, 2025 with an estimated value of \$74,825. These donated services were not recognized in the consolidated financial statements because they did not meet the criteria for recognition under accounting principles generally accepted in the United States of America.

NOTE 13 GRANTS AND CONTRACTS REVENUE

Grants and contracts revenue consisted of the following at June 30, 2025:

SAMHSA	\$ 453,686
LSF	6,386,775
DCF - Mental Health Court	33,333
DCF State Renovation Funds	257,817
DJJ - Civil Citation	22,225
SJC - Prevention	50,000
Flagler County Sheriff	254,580
Florida Alcohol and Drug Abuse Association	73,633
Big Brothers Big Sisters	115,368
DCF State Funds Land Purchase/ Housing Project	2,025,000
SJC BOCC Funds Land Purchase/ Housing Project	600,000
SJC ERC Grant	410,415
Drug Court & ASA	232,291
SJC Care Coordination	185,176
S.I.G.H.T.	93,944
SJC School District - Think!	30,000
SJC Mental Health Court (DCF CJMHSa Match)	(9,091)
Flager Health- Brave	7,044
Flagler - Drug Court	78,318
Flagler County - Crime Prevention	15,000
United Way	31,500
Talkable/Nassau Co.	9,167
Miscellaneous grants	1,285
Total grants and contracts revenue	\$ 11,357,466

NOTE 14 CONCENTRATIONS OF CREDIT RISK

Financial instruments, which potentially subject the Organization to concentrations of risk, as defined by accounting principles generally accepted in the United States of America, consist primarily of bank accounts with balances and certificates of deposit in excess of amounts insured by the Federal Deposit Insurance Corporation ("FDIC"). The Organization maintains its cash and certificate of deposit balances (when held) with high quality financial institutions. Accounts at these institutions currently are insured by the FDIC up to \$250,000. At times, such balances may be in excess of FDIC insurance limits. The Organization's uninsured cash balances totaled approximately \$2,676,304 as of June 30, 2025.

EPIC COMMUNITY SERVICES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 15 OTHER CONCENTRATIONS OF RISK

For the year ended June 30, 2025, the Organization received approximately 88% of its revenues from federal, state, county and local grants and contracts which are subject to annual renewal provisions.

NOTE 16 CONTINGENCIES

Disputes and Litigation

In normal course of business, the Organization could be party to various matters involving disputes and/or litigation. While it is not possible at this time to determine the ultimate outcome of any such matters, management believes that any ultimate liability will not be material to the financial statements. Additionally, Management believes there is no pending or threatened litigation at June 30, 2025 that would exceed any available insured limits available to the Organization.

Grant and Contract Revenue and Support

Federal, state and county funded programs are subject to special audits and monitoring reviews. Such audits and monitoring reviews could result in claims against the resources of the Organization for disallowed costs or noncompliance with grantor restrictions. No provision has been made for any liabilities that may arise from such audits and monitoring reviews since the amounts, if any, cannot be determined at this date.

NOTE 17 OPERATING LEASES

Operating Leases Following ASC 842

During the year ended June 30, 2025, the Organization was subject to a number of operating lease arrangements under which it is the lessee. Amounts recognized as right-of-use assets and liabilities related to its operating leases are included in the accompanying consolidated statement of financial position. When management did not have access to the rate implicit in the lease, they used the Organization's incremental borrowing rate as its discount rate. A description of the terms for the operating leases subject to ASC 842 accounting are as follows:

#	Type	Term (months)	Original monthly lease payment amount	Fixed / Variable	Discount rate	Determination of discount rate **	Renewal option?	Purchase option?	Purchase option amount
1	Operating	60	\$ 1,750	Fixed	6.00%	IBR	No	No	n/a
2	Operating	60	\$ 1,750	Fixed	6.00%	IBR	No	No	n/a
3	Operating	60	\$ 1,750	Fixed	6.00%	IBR	No	No	n/a
4	Operating	22	\$ 3,632	Fixed	8.00%	IBR	No	No	n/a
5	Operating	36	\$ 3,000	Fixed	7.00%	IBR	No	No	n/a
6	Operating	24	\$ 1,400	Fixed	8.00%	IBR	No	No	n/a
7	Operating	24	\$ 2,400	Fixed	8.00%	IBR	Yes	No	n/a
8	Operating	48	\$ 478	Fixed	8.00%	IBR	No	No	n/a
9	Operating	48	\$ 478	Fixed	8.00%	IBR	No	No	n/a
10	Operating	60	\$ 10,238	Fixed	8.00%	IBR	Yes	No	n/a

** IBR = Incremental Borrowing Rate for the Organization at the inception of the lease.

EPIC COMMUNITY SERVICES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 17 OPERATING LEASES (Continued)

Operating Leases Following ASC 842 (Continued)

Additionally, the Organization is subject to two lease arrangements for office space on a month-to-month basis, which qualify as short-term leases under ASC 842. The monthly payments required under these agreements are \$2,090 and \$2,127, respectively. The Organization also leased three single family homes or duplexes for client residential use on a month-to-month basis. The monthly payments required under these agreements range from \$600 to \$1,200. The Organization also leased storage units under four separate operating lease agreements, which can be canceled at any time with written notice. At June 30, 2025, the monthly rent due for each unit ranged from \$195 to \$500. The payments made under all of these short-term lease agreements during the year ended June 30, 2025 totaled \$86,842 and is included in occupancy on the consolidated statement of functional expenses.

The components of the net lease cost for the year ended June 30, 2025 were as follows:

During the year ended June 30, 2025, the Organization recognized rent expense associated with its leases as follows:

Operating lease cost:	
Fixed rent expense	\$ 292,126
Rental income	<u>(122,179)</u>
Net lease cost	<u>\$ 169,947</u>
Lease cost - occupancy	\$ 292,126
Rental income	<u>(122,179)</u>
Net lease cost	<u>\$ 169,947</u>

Cash flow information components related to operating leases for the year ended June 30, 2025 were as follows:

Lease assets obtained in exchange for lease liabilities:	
Operating leases	\$ 54,488
Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows for operating leases	\$ (298,144)

Weighted average remaining lease term and discount rate related to operating leases as of June 30, 2025 were as follows:

Weighted average of remaining life (years)	3.19
Weighted average of discount rate	7.98%

EPIC COMMUNITY SERVICES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 17 OPERATING LEASES (Continued)

Operating Leases Following ASC 842 (Continued)

The future payments due under its operating leases as of June 30, 2025 are as follows:

<u>Year ending June 30,</u>			
2026	\$	175,210	
2027		161,394	
2028		125,290	
2029		<u>62,642</u>	
Total future minimum payments required		524,536	
Less, effects of discounting		<u>(59,894)</u>	
Operating lease liability, total	\$	<u><u>464,642</u></u>	
<u>Reconciliation of total operating lease liability</u>			
Operating lease liability, current	\$	75,996	
Operating lease liability, noncurrent		<u>388,646</u>	
Operating lease liability, total	\$	<u><u>464,642</u></u>	

NOTE 18 LIQUIDITY OF ASSETS

The Organization is substantially supported by unrestricted and restricted funding. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Organization must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The following reflects the Organization's financial assets as of June 30, 2025, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the financial position date:

Financial Assets			
Cash and cash equivalents	\$	3,130,757	
Accounts receivable		30,097	
Grants and contracts receivable		<u>723,353</u>	
Financial assets, at year end		<u>3,884,207</u>	
Less, those unavailable for general expenditures within one year, due to:			
Contractual or donor imposed restrictions:		<u>(2,625,000)</u>	
Total restrictions of assets		<u>(2,625,000)</u>	
Financial assets available to meet cash needs for general expenditures within one year	\$	<u><u>1,259,207</u></u>	

NOTE 19 SUBSEQUENT EVENTS

Subsequent events have been evaluated through December 31, 2025. No events were identified as necessary to be disclosed to keep these financial statements from being misleading or that provide additional evidence about conditions that existed at June 30, 2025, including estimates inherent in the process of preparing these financial statements.

SUPPLEMENTAL INFORMATION

EPIC COMMUNITY SERVICES, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE PROJECTS
YEAR ENDED JUNE 30, 2025

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Period</u>	<u>CFDA/ CSFA</u>	<u>Contract/ Grant</u>	<u>Award</u>	<u>Expenditure</u>
<u>FEDERAL AWARDS</u>					
U.S. Department of Health and Human Services					
Pass-through programs from:					
Lutheran Service Florida, Inc.					
Opioid State Targeted Response	7/1/2024-6/30/2025	93.788		\$ 1,304,657	\$ 1,304,657
Temporary Assistance for Needy Families Block Grant	7/1/2024-6/30/2025	93.558		360,302	360,302
Block Grants for Community Mental Health Services	7/1/2024-6/30/2025	93.958		837,523	837,523
Block Grants for Prevention and Treatment of Substance Abuse	7/1/2024-6/30/2025	93.959		3,056,198	3,056,198
Sub-total					<u>5,558,680</u>
Pass-through programs from:					
Substance Abuse and Mental Health Services Administration					
Substance Abuse and Mental Health Services - Projects of Regional and National Significance	9/30/2024-9/29/2025	93.243		453,686	<u>453,686</u>
Pass-through programs from:					
Florida Alcohol and Drug Abuse Association, Inc.					
Opioid State Targeted Response	7/1/2024-6/30/2025	93.788		60,000	51,495
Block Grants for Prevention and Treatment of Substance Abuse	7/1/2024-6/30/2025	93.959		60,000	22,138
Sub-total					<u>73,633</u>
Total U.S. Department of Health and Human Services					<u>6,085,999</u>
U.S. Department of Justice					
Pass-through programs from:					
Flagler County Sheriff's Office					
Comprehensive Opioid, Stimulant, and Substance Abuse Site Based Program	10/1/2024-9/30/2025	16.838		327,584	<u>254,580</u>
Total Expenditures of Federal Awards					<u>\$ 6,340,579</u>

EPIC COMMUNITY SERVICES, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE PROJECTS
YEAR ENDED JUNE 30, 2025

<u>State Grantor/Pass-Through Grantor/Program Title</u>	<u>Period</u>	<u>CFDA/ CSFA</u>	<u>Contract/ Grant</u>	<u>Award</u>	<u>Expenditure</u>
STATE PROJECTS					
State Department of Children and Families					
Criminal Justice, Mental Health, and Substance Abuse Reinvestment Grant Program	11/1/2023-10/31/2024	60.115		\$ 100,000	<u>\$ 33,333</u>
St. Johns EPIC Behavioral Healthcare Treatment Facility and Capacity Expansion	7/1/2023-termination	60.301		576,900	<u>257,817</u>
EPIC Community Services - Sober Living Transitional Housing Expansion Project	1/7/2025-6/30/2029	60.356		2,896,385	<u>2,025,000</u>
Pass-through programs from:					
Lutheran Service Florida, Inc.					
Substance Abuse and Mental Health-Community Services	7/1/2024-6/30/2025	60.153		500,000	500,000
State Opioid Settlement Trust Fund Services	7/1/2024-6/30/2025	60.355		328,095	<u>328,095</u>
					<u>828,095</u>
Total State Department of Children and Families					<u>3,144,245</u>
Department of Education and Commissioner of Education					
Pass-through programs from:					
Big Brothers Big Sisters Association of Florida Mentoring / Student Assistance Initiatives	7/1/2024-6/30/2025	48.068		82,753	<u>82,753</u>
State Department of Juvenile Justice					
Pass-through programs from:					
Big Brothers Big Sisters of St. Johns County, Inc. Delinquency Prevention	7/1/2024-6/30/2025	80.029		18,900	<u>17,373</u>
State Department of Legal Affairs					
Pass-through programs from:					
Big Brothers Big Sisters of St. Johns County, Inc. Big Brothers Big Sisters - Bigs In Blue Mentoring Project	7/1/2024-6/30/2025	41.035		16,500	<u>15,242</u>
Total Expenditures of State Projects					<u>\$ 3,259,613</u>

EPIC COMMUNITY SERVICES, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE PROJECTS
FOR THE YEAR ENDED JUNE 30, 2025

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards and state projects (the "Schedule") includes the federal grant and state assistance activity of the Organization under programs of the federal and state government for the year ended June 30, 2025. The information in this Schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and Chapter 10.650, *Rules of the Auditor General of the State of Florida*. Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the consolidated financial position, changes in net assets, or cash flow of the Organization.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 3 DE MINIMIS INDIRECT COST RATE ELECTION

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

NOTE 4 AWARD EXPENDITURES

There were no awards expended in the form of non-cash assistance, insurance, loan or loan guarantees during the year ended June 30, 2025.

NOTE 5 CONTINGENCIES

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies. If any expenditures are disallowed as a result of these audits, the claims for reimbursement to the grantor agency would become a liability to the Organization.

NOTE 6 PASS-THROUGH AWARDS

The Organization received certain federal and state awards from pass-through awards from federal, state and other funding agencies. The total amount of such pass-through awards is included in the Schedule of Expenditures of Federal Awards and State Projects.

ABARE, KRESGE & ASSOCIATES CPAs, LLC

CERTIFIED PUBLIC ACCOUNTANTS

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

To the Board of Directors of
EPIC Community Services, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of EPIC Community Services, Inc. (a not-for-profit corporation) and its subsidiary, EPIC Recovery Center, LLC (collectively the "Organization"), which comprise the consolidated statement of financial position as of June 30, 2025, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated December 31, 2025.

Report on Internal Control Over Consolidated Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered EPIC Community Services, Inc.'s internal control over consolidated financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of EPIC Community Services, Inc.'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 consolidated 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 EPIC Community Services, Inc.'s consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of consolidated financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Abare, Kresge & Associates CPAs, LLC

St. Augustine, FL
December 31, 2025

ABARE, KRESGE & ASSOCIATES CPAS, LLC

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

To the Board of Directors of
EPIC Community Services, Inc.

Report on Compliance for Each Major Federal Program and State Award Opinion on Each Major Federal Program and State Award

We have audited EPIC Community Services, Inc.'s, a not-for-profit corporation, and EPIC Recovery Center, LLC's (collectively the "Organization") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the requirements described in the Executive Office of the Florida Governor's State Projects Compliance Supplement, that could have a direct and material effect on each of the Organization's major federal programs and state awards for the year ended June 30, 2025. The Organization's major federal programs and state awards are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and state awards for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program and State Award

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and Chapter 10.650, *Rules of the Auditor General of the State of Florida*. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program and state award. 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 awards.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance and Chapter 10.650, *Rules of the Auditor General of the State of Florida* will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Organization's compliance with the requirements of each major federal program and state award as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance, and Chapter 10.650, *Rules of the Auditor General of the State of Florida*, 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 of the State of Florida*, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

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

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

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

Abreu, Krueger & Associates CPAs, LLC

St. Augustine, FL
December 31, 2025

EPIC COMMUNITY SERVICES, INC.
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE YEAR ENDED JUNE 30, 2025

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: *Unmodified*

Internal control over financial reporting:

Material weakness(es) identified? _____ Yes X No

Significant deficiency(ies) identified? _____ Yes X None reported

Noncompliance material to financial statements noted? _____ Yes X No

Federal and State Awards

Internal control over major programs:

Material weakness(es) identified? _____ Yes X No

Significant deficiency(ies) identified? _____ Yes X None reported

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

Any audit findings disclosed that are required to be reported
 in accordance with the Uniform Guidance and Chapter 10.650
 Rules of the Auditor General of the State of Florida _____ Yes X No

Identification of major programs and projects:

<u>CFDA Number(s)</u>	<u>Name of Federal Program</u>
93.959	Block Grants for Prevention and Treatment of Substance Abuse
 <u>CSFA Number(s)</u>	 <u>Name of State Program</u>
60.356	EPIC Community Services - Sober Living Transitional Housing Expansion Project

Dollar threshold used to distinguish between

Type A and Type B programs:

Federal	\$ 750,000
State	<u>\$ 977,884</u>

Auditee qualified as low-risk auditee? X Yes _____ No

SECTION II - FINANCIAL STATEMENT FINDINGS

None.

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

None.

EPIC COMMUNITY SERVICES, INC.
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2025

There are no prior audit findings.

ABARE, KRESGE & ASSOCIATES CPAs, LLC

CERTIFIED PUBLIC ACCOUNTANTS

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To the Board of Directors
EPIC Community Services, Inc.

Report on the Financial Statements

We have audited the financial statements of EPIC Community Services, Inc. as of and for the fiscal year ended June 30, 2025, and have issued our report thereon dated December 31, 2025.

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and Chapter 10.650, Rules of the Auditor General.

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditor's Report on Compliance for Each Major Federal Program and State Project and Report on Internal Control over Compliance; and Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule, which are dated December 31, 2025, should be considered in conjunction with this management letter.

Additional Matters

Section 10.654(1)(e), Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or fraud, waste, or abuse, that has occurred or is likely to have occurred, that has an effect on the financial statements or State project amounts that is less than material but warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, the Board of Directors, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

Abare, Kresge & Associates CPAs, LLC

St. Augustine, FL
December 31, 2025