

NASSAU COUNTY MENTAL HEALTH, ALCOHOLISM
AND DRUG ABUSE COUNCIL, INC.
FINANCIAL REPORT

Year Ended June 30, 2025

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Nassau County Mental Health, Alcoholism and Drug Abuse Council, Inc.

Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of Nassau County Mental Health, Alcoholism and Drug Abuse Council, Inc. a Florida not-for-profit corporation (the "Organization"), which comprise the statement of financial position as of June 30, 2025, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Nassau County Mental Health, Alcoholism and Drug Abuse Council, Inc. as of June 30, 2025, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 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 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 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 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 26, 2025, on our consideration of the Organization's internal control over 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 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 Organization's internal control over financial reporting and compliance.

Adam Krueger & Associates CPAs, LLC

St. Augustine, FL
December 26, 2025

NASSAU COUNTY MENTAL HEALTH, ALCOHOLISM AND DRUG ABUSE COUNCIL, INC.

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2025

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 2,140,927
Accounts receivable, net	1,928,546
Prepaid expenses	<u>373,210</u>
Total current assets	<u>4,442,683</u>

PROPERTY AND EQUIPMENT, NET

3,796,817

OTHER ASSETS

Operating lease right-of-use asset, net	1,389,666
Investments	86,879
Other assets	<u>15,128</u>
Total other assets	<u>1,491,673</u>

TOTAL ASSETS

\$ 9,731,173

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$ 239,011
Accrued expenses	397,366
Current portion of operating lease liabilities	128,806
Current portion of long-term liabilities	495,128
Deferred revenue	<u>184,776</u>
Total current liabilities	<u>1,445,087</u>

LONG-TERM LIABILITIES

Operating lease liabilities, less current portion	1,266,147
Notes payable, net of current portion	<u>1,238,835</u>
Total long-term liabilities	<u>2,504,982</u>

TOTAL LIABILITIES

3,950,069

NET ASSETS

Without donor restrictions	<u>5,781,104</u>
Total net assets	<u>5,781,104</u>

TOTAL LIABILITIES AND NET ASSETS

\$ 9,731,173

See accompanying notes

NASSAU COUNTY MENTAL HEALTH, ALCOHOLISM AND DRUG ABUSE COUNCIL, INC.

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2025

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u>
REVENUE AND OTHER SUPPORT			
Contributions	\$ 75,411	\$ -	\$ 75,411
Local grants	-	334,455	334,455
Other grants and contracts	704,219	-	704,219
Federal and state grants	6,953,090	-	6,953,090
Medicaid and Medicare	1,815,864	-	1,815,864
Third-party income	539,424	-	539,424
First-party income	183,065	-	183,065
Employee retention credit	1,851,921	-	1,851,921
Investment income	22,045	-	22,045
Other income	<u>14,516</u>	<u>-</u>	<u>14,516</u>
Total revenue and other support	<u>12,159,555</u>	<u>334,455</u>	<u>12,494,010</u>
NET ASSETS RELEASED FROM RESTRICTIONS	<u>334,455</u>	<u>(334,455)</u>	<u>-</u>
EXPENSES			
Program	9,483,697	-	9,483,697
General and administrative	1,198,392	-	1,198,392
Fundraising	<u>-</u>	<u>-</u>	<u>-</u>
Total expenses	<u>10,682,089</u>	<u>-</u>	<u>10,682,089</u>
CHANGE IN NET ASSETS	1,811,921	-	1,811,921
NET ASSETS, BEGINNING	<u>3,969,183</u>	<u>-</u>	<u>3,969,183</u>
NET ASSETS, ENDING	<u>\$ 5,781,104</u>	<u>\$ -</u>	<u>\$ 5,781,104</u>

See accompanying notes

NASSAU COUNTY MENTAL HEALTH, ALCOHOLISM AND DRUG ABUSE COUNCIL, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2025

	Program Services					Supporting Services		
	Adult Mental Health	Adult Substance Abuse	Children's Mental Health	Children's Substance Abuse	Total Program Services	General and Administrative	Fundraising	Total
Salaries	\$ 3,084,583	\$ 903,683	\$ 825,038	\$ 354,367	\$ 5,167,671	\$ 762,829	\$ -	\$ 5,930,500
Payroll taxes and benefits	589,109	172,590	158,192	65,853	985,744	147,053	-	1,132,797
Building occupancy	383,799	32,786	34,912	11,140	462,637	19,674	-	482,311
Equipment and maintenance	215,744	57,497	57,365	22,892	353,498	10,620	-	364,118
Communications	77,688	20,248	16,949	6,195	121,080	23,931	-	145,011
Travel	67,068	21,221	9,460	9,034	106,783	39,885	-	146,668
Subcontractor services	524,500	34,099	23,007	6,847	588,453	25,982	-	614,435
Insurance	107,967	22,321	7,739	5,512	143,539	20,273	-	163,812
Professional fees and services	-	-	-	-	-	44,734	-	44,734
Interest	53,675	16,166	15,180	3,111	88,132	9,230	-	97,362
Vehicle expenses	158,270	19,014	27,286	6,637	211,207	1,255	-	212,462
Client assistance and incidentals	285,651	223,324	2,860	5,453	517,288	-	-	517,288
Personnel and development	109,746	16,045	6,924	8,287	141,002	51,555	-	192,557
Bad debt	195,522	101,435	117,204	32,083	446,244	-	-	446,244
Operations	123,578	15,066	9,485	2,290	150,419	41,371	-	191,790
Total	<u>\$ 5,976,900</u>	<u>\$ 1,655,495</u>	<u>\$ 1,311,601</u>	<u>\$ 539,701</u>	<u>\$ 9,483,697</u>	<u>\$ 1,198,392</u>	<u>\$ -</u>	<u>\$ 10,682,089</u>

5 See accompanying notes

NASSAU COUNTY MENTAL HEALTH, ALCOHOLISM AND DRUG ABUSE COUNCIL, INC.

STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2025

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ 1,811,921
Adjustments to reconcile change in net assets to net cash provided/ (used) by operating activities:	
Amortization of loan costs	1,338
Depreciation	210,287
Net changes in:	
Accounts receivable, net	338,466
Prepaid expenses	(144,479)
Operating lease right-of-use asset, net	128,769
Other assets	2,351
Accounts payable	57,654
Accrued expenses	(16,119)
Deferred revenue	169,909
Operating lease liabilities	<u>(153,185)</u>
Net cash provided/ (used) by operating activities	<u>2,406,912</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchases of property and equipment	(445,029)
Purchase of investments	<u>5,000</u>
Net cash provided/ (used) by investing activities	<u>(440,029)</u>

CASH FLOW FROM FINANCING ACTIVITIES

Bank loan proceeds (line of credit)	(400,000)
Principal repayment of long-term debt	<u>(120,069)</u>
Net cash provided/ (used) by financing activities	<u>(520,069)</u>

NET CHANGE IN CASH	1,446,814
CASH, BEGINNING	<u>694,113</u>
CASH, ENDING	<u>\$ 2,140,927</u>

SUPPLEMENTAL CASH FLOW INFORMATION

Cash paid for interest	<u>\$ 97,362</u>
Cash paid for taxes	<u>\$ -</u>

See accompanying notes

NASSAU COUNTY MENTAL HEALTH, ALCOHOLISM AND DRUG ABUSE COUNCIL, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 1 ORGANIZATION

Nassau County Mental Health, Alcoholism and Drug Abuse Council, Inc. d/b/a Starting Point Behavioral Health (the "Organization"), was incorporated as a non-profit organization on August 6, 1986. The Organization provides outpatient mental health and substance abuse treatment, counseling and prevention services for the residents of Nassau County, Florida. The Organization is funded primarily by federal and state grants and contracts. The Organization also receives reimbursements from Medicaid and other third-party providers for qualifying outpatient services rendered to clients eligible for such assistance.

Under its contract agreement with Lutheran Services Florida which is funded by grants from the Florida Department of Children and Families, the Organization provides managed-care services for publicly financed behavioral treatment and prevention services within a single private, nonprofit entity at the local level, the objective of which, among other things, is to promote improved access to care and provide for more efficient and effective delivery of substance abuse and mental health services.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue Recognition

The Organization follows Topic 606, Revenue from Contracts with Customers, in the Accounting Standards Codification (ASC), as developed by the Financial Accounting Standards Board (FASB). 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.

Basis of Accounting

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

Classification of Net Assets

The 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 Organization's" (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:

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.

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.

Cash and Cash Equivalents

Cash and cash equivalents include all cash balances and highly liquid investments with a maturity of 90 days or less.

NASSAU COUNTY MENTAL HEALTH, ALCOHOLISM AND DRUG ABUSE COUNCIL, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounts Receivable

Accounts receivable are stated at unpaid balances, less an allowance for doubtful accounts. The Organization provides for losses on accounts receivable using the allowance method. The allowance is based on experience, third-party contracts, and other circumstances, which may affect the ability of clients to meet their obligations. It is the Organization's policy to charge off uncollectable accounts receivable when management determines the receivable will not be collected.

Investments

The Organization reports investments in equity securities with readily determinable fair values and all investments in debt securities at their fair values in the Statement of Financial Position. Unrealized gains and losses are included in the change in net assets in the accompanying Statement of Activities. Investment income and gains restricted by donors are reported as increases in net assets without donor restrictions if the restrictions are met (either a stipulated time period ends, or a purpose restriction is accomplished) in the reporting period in which the income and gains are recognized.

Investments in privately held companies in which the Organization has less than a 20% interest are carried at cost. Dividends received from those companies are included in investment income. Investments in privately held companies in which the Organization has a 20% to 50% interest are carried at cost, adjusted for the Organization's proportionate share of their undistributed earnings or losses.

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.

NASSAU COUNTY MENTAL HEALTH, ALCOHOLISM AND DRUG ABUSE COUNCIL, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value of Financial Instruments (Continued)

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value at June 30, 2025:

Money Market: valued at the closing price reported on the active market on which the individual funds are traded. Aims to maintain a NAV (Net Realizable Value) of \$1 per share, with any excess earnings being distributed.

U.S. Treasury bonds: valued using market value pricing models maximizing the use of observable inputs for similar securities.

Limited Partnership: valued at the fair market value of the assets less the fair market value of liabilities.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value of certain financial instruments could result in different fair value measurements at the reporting date.

The Organization also has a noncontrolling membership interest in Friends of Starting Point, LLC, a closely held, private limited liability company engaged in rental real estate activities in Nassau County, Florida. The Organization's investment is recorded at the value of its capital account balance as of the reporting date and, therefore, is reported as Level 3 within the fair value hierarchy.

In addition, the Organization has 25 membership units in Behavioral Health Partners of Florida, LLC, a Florida limited liability company engaged in managing the behavioral health care needs for lives throughout Florida. The Organization's investment is recorded at the value of its capital account balance as of the reporting date and, therefore, is reported as Level 3 within the fair value hierarchy.

Assets and liabilities measured at fair value on a recurring basis are summarized for the year ended June 30, 2025:

<u>Investments</u>	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Membership interest	\$ 86,879	\$ -	\$ -	\$ 86,879
Total investments	<u>\$ 86,879</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 86,879</u>

Changes in Fair Value Levels

The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the beginning of the reporting period.

Management evaluated the significance between levels based upon the nature of the financial instrument and size of the transfer relative to total assets. For the year ended June 30, 2025, there were no significant transfers in or out of Levels 1, 2 or 3.

NASSAU COUNTY MENTAL HEALTH, ALCOHOLISM AND DRUG ABUSE COUNCIL, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment

Property and equipment are stated at cost, if purchased. Donations of property and equipment 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. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and furnishings are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies donor restricted net assets to unrestricted net assets at that time. 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 7 to 40 years. Furniture, vehicles and equipment are depreciated using the straight-line method over their estimated useful lives, which range from 3 to 7 years. Land is not depreciated. Depreciation expense for the year ended June 30, 2025 was \$210,287 and is included in building occupancy (\$77,574), equipment and maintenance (\$25,324), and vehicle expenses (\$107,389) on the statement of functional expenses.

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 certain reported amounts, including certain types of assets, liabilities, revenues and expenses, as well as disclosures. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, actual results could differ from those estimated. The nature of these estimates, however, is such that variances from actual results are held to be immaterial.

Contributions

In accordance with FASB ASC 958, contributions received are recorded as unrestricted or donor restricted support depending on the existence and/or nature of donor restrictions. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in donor restricted net assets depending on the nature of the restrictions. Under FASB ASC 958, contributions that are required to be reported as donor restricted support are then reclassified to unrestricted net assets 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.

Unconditional promises to give (“pledges”) 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.

NASSAU COUNTY MENTAL HEALTH, ALCOHOLISM AND DRUG ABUSE COUNCIL, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Patient Service Revenue

Net patient service revenue included in client fees and third-party income is recorded at standard rates which may be reduced by non-reimbursable amounts by third-party payers. Final determination of amounts earned is subject to third-party payer audit and adjustment.

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>
Salaries	Time and effort	Insurance	Square footage
Payroll taxes and benefits	Time and effort	Interest	Direct usage estimate
Building occupancy	Square footage	Vehicle expenses	Direct usage estimate
Equipment and maintenance	Square footage	Client assistance and incidentals	Direct usage estimate
Communications	Direct usage estimate	Personnel and development	Direct usage estimate
Travel	Direct usage estimate	Bad debt	Direct usage estimate
Subcontractor services	Direct usage estimate	Operations	Direct usage estimate

Compensated Absences

Employees of the Organization are entitled to paid vacation. Regular full-time employees accrue vacation according to the following schedule: 96 hours annually, eight hours each month of active employment. Paid time off is recorded as an expense and liability at the time the accrued compensation is earned by the employee. Employees are allowed to carry over up to 80 hours of accrued and unused paid vacation from one year to the next. Unused vacation is paid out upon employment separation if proper resignation is fulfilled. Accrued vacation totaled \$220,205 at June 30, 2025 and is included in accrued expenses on the statement of financial position.

Donated Materials and Services

The Organization records the value of donated goods or services when there is an objective basis available to measure their value. Donated services of a professional or skilled nature are presented at the estimated value of such services. Donated materials and equipment are reflected in the accompanying statements at their estimated value at date of receipt. Additionally, a number of volunteers periodically donate significant amounts of time to the Organization. No amounts are reflected in the statements for these contributed services since the contribution of these services does not create or enhance non-financial assets or require specialized skills.

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, except on net income derived from unrelated business activities.

NASSAU COUNTY MENTAL HEALTH, ALCOHOLISM AND DRUG ABUSE COUNCIL, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases

The Organization calculates its operating and finance lease right-of-use asset and lease liability using its incremental borrowing rate and terms under the lease agreements. Lease payments for leases with a term of 12 months or less are expensed on a straight-line basis over the term of the lease with no lease asset or liability recognized.

Advertising

The Organization uses advertising to promote its programs among the audiences it serves. The production costs of advertising are expensed as incurred. During the year ended June 30, 2025, advertising costs totaled \$20,750 and included in operations on the statement of functional expenses.

Reclassifications

Certain reclassifications were made to prior year balances to conform with current year presentation.

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 are for the tax years ended June 30, 2022 through 2024.

NOTE 3 DONATIONS IN-KIND

The Organization received donated services from a variety of unpaid volunteers who make significant contributions of their time in conjunction with programs and services. No amounts have been recognized for these services in the accompanying statement of activities because the accounting criteria for recognition of such volunteer effort as contributed services has not been satisfied.

NASSAU COUNTY MENTAL HEALTH, ALCOHOLISM AND DRUG ABUSE COUNCIL, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 4 PROPERTY AND EQUIPMENT

Property and equipment consist of the following as of June 30, 2025:

Land	\$ 1,469,269
Buildings	1,929,137
Building improvements	1,222,879
Office and computer equipment	805,129
Furniture and equipment	23,526
Software	10,000
Vehicles	<u>447,227</u>
Total property and equipment	5,907,167
Less, accumulated depreciation	<u>(2,110,350)</u>
Property and equipment, net	<u><u>\$ 3,796,817</u></u>

NOTE 5 LONG-TERM DEBT

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

Note payable in monthly installments of \$12,130 including interest at 5.25% per annum until August 2028 and collateralized by real estate.	\$ 1,341,499
Note payable with a fixed interest rate of 4.75%. Monthly payments of interest only are due and payable until June 2026, at which time the entire principal balance of the loan and any unpaid interest and costs will be payable in full. Note payable is collateralized by real estate.	420,000
Less, loan cost	<u>(27,536)</u>
Total	\$ 1,733,963
Less, current maturities	<u>(495,128)</u>
Long-term debt, net of current maturities	<u><u>\$ 1,238,835</u></u>

Annual maturities of notes payable at June 30 are as follows:

<u>Year ending June 30,</u>	
2026	\$ 495,128
2027	79,168
2028	83,254
2029	<u>1,103,949</u>
Total	<u><u>\$ 1,761,499</u></u>

NOTE 6 CONCENTRATIONS OF CREDIT RISK

Financial instruments, which potentially subject the Organization to concentrations of risk, consist primarily of bank accounts with balances in excess of amounts insured by the Federal Deposit Insurance Corporation ("FDIC"). The Organization maintains its cash balances 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. As of June 30, 2025, the Organization had a total of \$2,133,005 in cash balances which exceeded the FDIC insurance limit.

NASSAU COUNTY MENTAL HEALTH, ALCOHOLISM AND DRUG ABUSE COUNCIL, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 7 LINES OF CREDIT

At June 30, 2025, the Organization had a line of credit agreement with a local financial institution bearing interest at the bank's prime rate plus 1.00%. Borrowings under the line are limited to \$500,000. As of June 30, 2025, there was \$500,000 available to borrow.

At June 30, 2025, the Organization had a line of credit agreement with a local financial institution bearing interest at 6.875%. Borrowings under the line are limited to \$1,550,000. As of June 30, 2025, there was \$1,550,000 available to borrow. The line will be eligible to convert to a term loan upon fulfillment of certain terms and conditions.

NOTE 8 DEFINED CONTRIBUTION PLAN

The Organization sponsors a defined contribution plan (the Plan) covering all employees with at least three months of service and are 21 years of age. The Organization makes a contribution to the Plan each year equal to 50% of all participants' contributions to the Plan, up to a maximum of 3% of the employee's compensation of the individual participant's compensation. Total expense for the year ended June 30, 2025, was \$80,867 and included in payroll taxes and benefits on the statement of functional expenses.

NOTE 9 LIQUIDITY

The Organization has \$4,069,473 of financial assets available within one year of the balance sheet date to meet cash needs for general expenditures consisting of cash and cash equivalents of \$2,140,927 and accounts receivable of \$1,928,546. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the balance sheet date. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

NOTE 10 LEASES

Operating Leases Following ASC 842

At June 30, 2025, the Organization was subject to operating lease arrangements under which it is the lessee. The amount recognized as a right-of-use asset and related current and long-term liabilities for these operating leases is included in the accompanying statement of financial position. Because management did not have access to the rate implicit in the lease, they used the Organization's incremental borrowing rate as its discount rate. The description of the terms of the operating leases is as follows:

Type	Operating	Operating	Operating	Operating	Operating
Term (months)	60	120	120	36	36
Monthly lease payment amount	\$ 3,197	\$ 9,152	\$ 2,203	\$ 30,219	\$ 30,456
Annual rate increases	1.00%	2.00%	5.00%	0.00%	0.00%
Fixed/Variable	Fixed	Fixed	Fixed	Fixed	Fixed
Discount rate	6.00%	7.00%	7.00%	7.00%	7.00%
Maturity Date	5/31/2025	6/30/2032	4/1/2034	5/31/2028	5/31/2028
Determination of discount rate	Incremental borrowing rate	Incremental borrowing rate	Incremental borrowing rate	Incremental borrowing rate	Incremental borrowing rate
Renewal option?	No	Yes	Yes	No	No
Purchase option?	No	Yes	Yes	Yes	Yes
Purchase option amount	n/a	\$ 1,100,000	\$ 2,350,000	\$ 32,002	\$ 31,505

NASSAU COUNTY MENTAL HEALTH, ALCOHOLISM AND DRUG ABUSE COUNCIL, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 10 LEASES (Continued)

Operating Leases Following ASC 842 (Continued)

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

Operating lease cost:	
Fixed rent expense	\$ 202,823
Net lease cost	<u>\$ 202,823</u>
Lease cost - operating	<u>\$ 202,823</u>
Net lease cost	<u>\$ 202,823</u>

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

Lease assets obtained in exchange for lease liabilities	
Operating leases	\$ 60,675
Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows for operating leases	\$ (287,920)

Weighted average lease term and discount rate as of June 30, 2025 were as follows:

Weighted Average Remaining Term (years)	7.68
Weighted Average Discount Rate	7.00%

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

Future minimum payments required:	
<u>Year ending June 30,</u>	
2026	\$ 205,779
2027	214,270
2028	222,049
2029	232,773
2030	235,587
Thereafter	<u>725,788</u>
Total future minimum payments required	1,836,246
Less, effects of discounting	<u>(441,293)</u>
Operating lease liability, total	<u>\$ 1,394,953</u>
<u>Reconciliation of total operating lease liability</u>	
Operating lease liability, current	\$ 53,032
Operating lease liability, noncurrent	<u>1,341,921</u>
Operating lease liability, total	<u>\$ 1,394,953</u>

NASSAU COUNTY MENTAL HEALTH, ALCOHOLISM AND DRUG ABUSE COUNCIL, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 10 LEASES (Continued)

Operating leases following ASC 840

The Organization leases various office equipment and office space on an as used basis under operating lease agreements, which expire in various years. The leases provide for total minimum monthly rental fees of \$610. Because the impact of not implementing ASC 842 to these leases is not material to the financial statements as a whole, the Organization has elected to follow the previous guidance under ASC 840. As such, rent expense under these operating leases was \$6,427 for the year ended June 30, 2025 and is included in equipment and maintenance on the statement of functional expenses. Future amounts due under these lease commitments at June 30, 2025 are as follows:

<u>Year ending June 30,</u>	
2026	\$ 6,349
2027	5,443
2028	913
2029	913
2030	533
Thereafter	-
Total	<u>\$ 14,151</u>

NOTE 11 OTHER CONCENTRATIONS OF RISK

For the year ended June 30, 2025, the Organization received 56% of its revenues from federal and state grants and contracts which are subject to annual renewal provisions.

NOTE 12 COMMITMENTS AND CONTINGENCIES

Litigation

At June 30, 2025, the Organization was involved in a legal proceeding. The nature of the litigation is a petition for writ of mandamus concerning Plaintiffs' public records request, brought pursuant to Florida Statutes, Chapter 119, for copies of copyrighted "Ripple Effects" materials used by the Organization to provide assistance to Nassau County students. The status of the case is that the Court has entered a Final Order Granting in Part and Denying in Part Plaintiffs' Petition for Writ of Mandamus. The Court's Order essentially concludes the litigation, with the exception of the Court's requirement that Starting Point's co-defendant, the Nassau County School District, is required to reinstate the Ripple Effects Program and provide Plaintiff with supervised access to the program. This obligation is contingent upon the plaintiff(s) paying the School District a fee of \$250, no later than September 30, 2025. Starting Point has no further liability for assessment of attorney's fees and costs.

NOTE 13 EMPLOYEE RETENTION CREDIT

The Organization applied for and received the Employee Retention Credit (ERC) under the Coronavirus Aid, Relief, and Economic Security (CARES) Act and subsequent legislation. The ERC is a refundable payroll tax credit intended to encourage employers to retain employees during the COVID-19 pandemic. The Organization recognized \$1,851,921 of ERC during the year ended June 30, 2025, which is presented as employee retention credit income in the accompanying financial statements. The ERC claim remains subject to review by the Internal Revenue Service. Management believes the Organization has complied with all eligibility requirements; however, the ultimate outcome of such review cannot be determined at this time.

NASSAU COUNTY MENTAL HEALTH, ALCOHOLISM AND DRUG ABUSE COUNCIL, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 14 SUBSEQUENT EVENTS

Subsequent events have been evaluated through December 26, 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

NASSAU COUNTY MENTAL HEALTH, ALCOHOLISM AND DRUG ABUSE COUNCIL, 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>Award</u>	<u>Expenditure</u>
<u>FEDERAL AWARDS</u>				
U.S. Department of Health and Human Services				
Pass-through programs from:				
Center for Mental Health Services				
Substance Abuse and Mental Health Services Projects of Regional and National Significance	12/31/2022-9/29/2025	93.243	\$ 375,000	\$ 111,856
Certified Community Behavioral Health Clinic Expansion Grants	9/30/2022-9/29/2025	93.696	2,999,412	<u>1,070,322</u>
				<u>1,182,178</u>
St. Johns River Rural Health Network, Inc.				
Rural Health Care Services Outreach	9/1/2023-8/31/2025	93.912	100,000	<u>91,264</u>
Lutheran Service Florida, Inc.				
Temporary Assistance for Needy Families	7/1/2024-6/30/2025	93.558	570,649	570,649
Block Grants for Community Mental Health Services	7/1/2024-6/30/2025	93.958	2,576,912	2,576,912
Opioid State Targeted Response	7/1/2024-6/30/2025	93.788	595,237	595,237
Block Grants for Prevention and Treatment of Substance Abuse	7/1/2024-6/30/2025	93.959	570,220	570,220
Block Grants for Prevention and Treatment of Substance Abuse	7/1/2024-6/30/2025	93.959	221,356	<u>221,356</u>
				<u>4,534,374</u>
Health Resources and Services Administration				
Pass-through programs from:				
Lutheran Service Florida, Inc.				
Mental and Behavioral Health Education and Training Grants	9/1/2020-8/31/2024	93.732	216,000	8,283
Mental and Behavioral Health Education and Training Grants	12/1/2024-8/31/2025	93.732	42,995	<u>23,816</u>
				<u>32,099</u>
Department of Children and Families				
Pass-through programs from:				
Florida Alcohol and Drug Abuse Association, Inc.				
Block Grants for Prevention and Treatment of Substance Abuse	7/1/2024-6/30/2025	93.959	40,000	40,990
Opioid State Targeted Response	7/1/2024-6/30/2025	93.788	22,232	<u>22,232</u>
				<u>63,222</u>
Total Expenditures of Federal Awards				<u>\$ 5,903,137</u>

NASSAU COUNTY MENTAL HEALTH, ALCOHOLISM AND DRUG ABUSE COUNCIL, 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>Award</u>	<u>Expenditure</u>
<u>STATE PROJECTS</u>				
State Department of Children and Families				
Fixed Capital Outlay Grants and Aids	7/1/2023-6/30/2026	60.288	\$ 2,000,000	\$ 394,034
State Opioid Settlement Trust Fund Services	4/1/2025-3/31/2026	60.355	749,659	<u>100,318</u>
				<u>494,352</u>
Pass-through programs from:				
Lutheran Service Florida, Inc.				
Substance Abuse and Mental Health-Community Services	7/1/2024-6/30/2025	60.153	276,718	276,718
State Opioid Settlement Trust Fund Services	7/1/2024-6/30/2025	60.355	325,343	<u>325,343</u>
				<u>602,061</u>
State Courts Administrator				
Pass-through programs from:				
Florida Alcohol and Drug Abuse Association, Inc.				
Extended Release Injectable Naltrexone	7/1/2024-6/30/2025	22.022	50,000	44,464
Medication Assisted Treatment Program	7/1/2024-6/30/2025	22.030	26,000	<u>24,000</u>
				<u>68,464</u>
Total Expenditures of State Projects				<u>\$ 1,164,877</u>

NASSAU COUNTY MENTAL HEALTH, ALCOHOLISM AND DRUG ABUSE COUNCIL, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE PROJECTS
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 Nassau County Mental Health, Alcoholism and Drug Abuse Council, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flow of Nassau County Mental Health, Alcoholism and Drug Abuse Council, Inc.

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 de minimis indirect cost rate as allowed under Uniform Guidance.

NOTE 4 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 5 PASS-THROUGH AWARDS

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

ABARE, KRESGE & ASSOCIATES CPAs, LLC

CERTIFIED PUBLIC ACCOUNTANTS

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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
Nassau County Mental Health, Alcoholism and Drug Abuse Council, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Nassau County Mental Health, Alcoholism and Drug Abuse Council, Inc. (a not-for-profit corporation), which comprise the statement of financial position as of June 30, 2025, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 26, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Nassau County Mental Health, Alcoholism and Drug Abuse Council, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Nassau County Mental Health, Alcoholism and Drug Abuse Council, 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 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 Nassau County Mental Health, Alcoholism and Drug Abuse Council, 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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 26, 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
Nassau County Mental Health, Alcoholism and Drug Abuse Council, Inc.

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

We have audited Nassau County Mental Health, Alcoholism and Drug Abuse Council, Inc.'s, a not-for-profit corporation, (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 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 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 26, 2025

NASSAU COUNTY MENTAL HEALTH, ALCOHOLISM AND DRUG ABUSE COUNCIL, INC.
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 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>
93.958	Block Grants for Community Mental Health Services
93.696	Certified Community Behavioral Health Clinic Expansion Grants
93.959	Block Grants for Prevention and Treatment of Substance Abuse

<u>CSFA Number(s)</u>	<u>Name of State Program</u>
60.288	Fixed Capital Outlay Grants and Aids
60.355	State Opioid Settlement Trust Fund Services

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

Federal	\$ 750,000
State	\$ 349,463

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.

NASSAU COUNTY MENTAL HEALTH, ALCOHOLISM AND DRUG ABUSE COUNCIL, INC.
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2025

There are no prior audit findings.

ABARE, KRESGE & ASSOCIATES CPAS, LLC

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To the Board of Directors
Nassau County Mental Health, Alcoholism
and Drug Abuse Council, Inc.
Yulee, FL

Report on the Financial Statements

We have audited the financial statements of Nassau County Mental Health, Alcoholism, as of and for the fiscal year ended June 30, 2025 and have issued our report thereon dated December 26, 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; and requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements of 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 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 in accordance with Uniform Guidance and Chapter 10.650, Rules of the Florida Auditor General. Disclosures in those reports and schedule, which are dated December 26, 2025, should be considered in conjunction with this management letter.

Additional Matters

Section 10.654(1)(e), *Rules of the Auditor General*, requires that we communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements or State project amounts that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have 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 26, 2025