

**SMA HEALTHCARE, INC.**  
**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**  
**JUNE 30, 2025 AND 2024**

**SMA HEALTHCARE, INC.**  
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**JUNE 30, 2025 AND 2024**

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## INDEPENDENT AUDITORS' REPORT

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

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

#### ***Opinion***

We have audited the financial statements of SMA Healthcare, Inc. (the Organization), which comprise the statements of financial position as of June 30, 2025 and 2024, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of SMA Healthcare, Inc. as of June 30, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

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

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

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

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

### ***Auditors' Responsibilities for the Audit of the Financial Statements***

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

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

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

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

### ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards, State Financial Assistance and State Matching of Federal Awards is presented for purposes of additional analysis as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and Section 215.97, Florida Statutes, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards, State Financial Assistance and State Matching of Federal Awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 30, 2025, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering SMA Healthcare, Inc.'s internal control over financial reporting and compliance.



James Moore & Co., P.L.

Daytona Beach, Florida  
December 30, 2025

**SMA HEALTHCARE, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2025 AND 2024**

<u>ASSETS</u>	<u>2025</u>	<u>2024</u>
<b>Current assets</b>		
Cash and cash equivalents	\$ 17,678,974	\$ 7,734,898
Grants and contracts receivable	8,739,999	18,092,544
Client accounts receivable, net	4,539,329	3,441,097
Inventory	668,684	817,568
Prepaid expenses	526,838	411,605
Total current assets	32,153,824	30,497,712
<b>Property and equipment, net</b>	43,427,097	32,144,442
<b>Financing lease right of use assets, net</b>	346,697	554,821
<b>Operating lease right of use assets, net</b>	2,484,198	2,481,928
<b>Other assets</b>		
Investments	7,273,736	7,022,553
Beneficial interest in assets held by Foundation	7,905,228	8,094,158
Deferred compensation plan	70,201	70,201
Equity investment	54,000	101,291
Total other assets	15,303,165	15,288,203
<b>Total Assets</b>	<b>\$ 93,714,981</b>	<b>\$ 80,967,106</b>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
<b>Current liabilities</b>		
Accounts payable and accrued expenses	\$ 10,866,525	\$ 8,897,377
Refundable advances	2,129,874	1,790,836
Current portion of long-term debt	419,945	291,258
Current portion of financing lease liability	158,904	224,229
Current portion of operating lease liability	577,320	440,298
Total current liabilities	14,152,568	11,643,998
<b>Long-term liabilities</b>		
Deferred compensation plan	70,201	70,201
Long-term debt, less current portion	3,922,166	2,051,734
Long-term portion of financing lease liability	187,794	330,593
Long-term portion of operating lease liability	1,906,878	2,041,629
Total long-term liabilities	6,087,039	4,494,157
Total liabilities	20,239,607	16,138,155
<b>Net Assets</b>		
Without donor restrictions:		
Undesignated	26,485,161	26,933,343
Invested in property, equipment, and leases, net of related debt	39,084,985	29,801,450
Total net assets without donor restrictions	65,570,146	56,734,793
With donor restrictions:		
Purpose restricted	7,532,239	7,705,277
In perpetuity	372,989	388,881
Total net assets with donor restrictions	7,905,228	8,094,158
Total net assets	73,475,374	64,828,951
<b>Total Liabilities and Net Assets</b>	<b>\$ 93,714,981</b>	<b>\$ 80,967,106</b>

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

**SMA HEALTHCARE, INC.**  
**STATEMENTS OF ACTIVITIES**  
**FOR THE YEARS ENDED JUNE 30, 2025 AND 2024**

	<b>2025</b>	<b>2024</b>
<b>Changes in net assets without donor restrictions</b>		
<b>Revenue, gains and other support</b>		
Federal and state grants and contracts	\$ 57,586,152	\$ 46,834,182
Local grants and contracts	20,774,983	20,061,505
Medicaid and Medicare	8,212,326	9,527,986
Pharmacy	7,147,700	6,274,910
Client fees and insurance reimbursements	6,842,556	6,656,374
Contributions and donations	1,320,578	381,778
In-kind revenue	477,322	817,383
Other income	1,619,192	1,704,308
Investment income (loss), net	1,000,751	1,893,463
Total revenue, gains and other support	104,981,560	94,151,889
<b>Expenses</b>		
Program and support services	81,910,818	76,327,638
Administrative services	9,781,686	8,726,669
Other supporting services	4,253,545	4,373,734
Total expenses	95,946,049	89,428,041
Change in net assets from operations	9,035,511	4,723,848
<b>Other income (expenses)</b>		
Contributions and donations - in-kind pharmaceuticals	365,886	890,897
In-kind pharmaceuticals expense	(566,044)	(559,657)
Total other income (expenses)	(200,158)	331,240
<b>Increase (decrease) in net assets without donor restrictions</b>	8,835,353	5,055,088
<b>Changes in net assets with donor restrictions</b>		
Change in beneficial interest in assets held by Foundation - purpose restricted	(173,038)	771,057
Change in beneficial interest in assets held by Foundation - in perpetuity	(15,892)	43,078
<b>Increase (decrease) in net assets with donor restrictions</b>	(188,930)	814,135
<b>Change in Net Assets</b>	8,646,423	5,869,223
<b>Net Assets, beginning of year</b>	64,828,951	58,959,728
<b>Net Assets, end of year</b>	\$ 73,475,374	\$ 64,828,951

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

**SMA HEALTHCARE, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2025**

	<b>Program Services</b>								
	<b>Assessment</b>	<b>Crisis Support</b>	<b>Crisis Stabilization</b>	<b>Intervention</b>	<b>Outpatient</b>	<b>Fact Team</b>	<b>Case Management/ CCS Teams</b>	<b>Residential</b>	<b>Residential Detox</b>
<b>Personnel Services</b>									
Salaries	\$ 628,487	\$ 3,958,690	\$ 8,280,441	\$ 170,623	\$ 6,441,286	\$ 2,303,459	\$ 1,498,603	\$ 9,421,440	\$ 3,493,743
Fringe benefits	168,148	809,920	1,366,331	35,235	1,487,421	466,415	372,308	2,029,727	600,754
Total Personnel Services	<u>796,635</u>	<u>4,768,610</u>	<u>9,646,772</u>	<u>205,858</u>	<u>7,928,707</u>	<u>2,769,874</u>	<u>1,870,911</u>	<u>11,451,167</u>	<u>4,094,497</u>
<b>Operating Expenses</b>									
Building occupancy	109,675	275,573	626,650	12,662	516,146	286,749	127,488	1,696,321	209,089
Depreciation	8,140	58,218	447,108	2,317	121,664	110,724	33,652	600,308	56,301
Professional fees	-	11,037	25,873	-	22,500	-	-	221,599	-
Travel	1,151	9,755	8,465	3,774	108,028	42,019	27,510	14,388	6,494
Equipment costs	12,906	121,310	174,542	3,525	190,811	84,586	46,586	563,202	61,490
Food services	-	14,330	17,362	-	1,002	470	671	1,742,617	12,138
Medical and pharmacy	-	18,875	161,135	4,853	169,959	62,682	1,708	122,105	47,530
Subcontracted services	18	480	17,188	35	351,875	131	188	15,126	6,658
Insurance	27,331	135,783	253,147	6,764	259,012	129,410	82,839	494,067	86,939
Interest	-	-	2,754	-	(7)	-	-	-	-
Operating supplies	18,902	107,702	262,445	7,643	322,539	109,393	66,426	368,565	81,047
Client programs & services	885	20,894	56,932	1,587	260,651	340,932	22,153	439,427	25,878
In-kind services	-	-	-	-	93,710	-	-	93,710	-
In-kind spaces	-	-	-	-	-	-	-	-	-
In-kind supplies	-	-	-	-	-	-	-	-	-
Total Operating Expenses	<u>179,008</u>	<u>773,957</u>	<u>2,053,601</u>	<u>43,160</u>	<u>2,417,890</u>	<u>1,167,096</u>	<u>409,221</u>	<u>6,371,435</u>	<u>593,564</u>
Total expenses before program administration allocation	<u>975,643</u>	<u>5,542,567</u>	<u>11,700,373</u>	<u>249,018</u>	<u>10,346,597</u>	<u>3,936,970</u>	<u>2,280,132</u>	<u>17,822,602</u>	<u>4,688,061</u>
<b>Indirect Expenses</b>									
Program administration allocation	110,210	827,807	1,325,999	21,018	1,162,700	486,620	281,869	2,636,578	714,564
Other supporting services allocation	50,808	383,689	630,090	6,427	522,884	215,617	110,569	1,179,716	337,493
<b>Other Expenses</b>									
In-kind pharmaceuticals expense	-	-	-	-	-	-	-	-	-
	<u>\$ 1,136,661</u>	<u>\$ 6,754,063</u>	<u>\$ 13,656,462</u>	<u>\$ 276,463</u>	<u>\$ 12,032,181</u>	<u>\$ 4,639,207</u>	<u>\$ 2,672,570</u>	<u>\$ 21,638,896</u>	<u>\$ 5,740,118</u>

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

**SMA HEALTHCARE, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES (Continued)**  
**FOR THE YEAR ENDED JUNE 30, 2025**

	Program Services (Continued)						Supporting Services		Total
	Prevention	Medical Outpatient	Sheltered Workshop	Pharmacy	Drop In Center	Total Program	Program Executive	Other Supporting Services	
<b>Personnel Services</b>									
Salaries	\$ 643,297	\$ 6,942,773	\$ 4,009,419	\$ 538,622	\$ 150,552	\$ 48,481,435	\$ 5,613,005	\$ 2,272,614	\$ 56,367,054
Fringe benefits	129,457	1,397,211	666,546	107,928	49,664	9,687,065	1,149,184	570,648	11,406,897
Total Personnel Services	<u>772,754</u>	<u>8,339,984</u>	<u>4,675,965</u>	<u>646,550</u>	<u>200,216</u>	<u>58,168,500</u>	<u>6,762,189</u>	<u>2,843,262</u>	<u>67,773,951</u>
<b>Operating Expenses</b>									
Building occupancy	40,437	363,625	554,384	21,148	12,063	4,852,010	285,558	250,692	5,388,260
Depreciation	4,412	210,207	55,033	17,519	15,892	1,741,495	323,563	175,724	2,240,782
Professional fees	-	-	-	28,802	-	309,811	401,490	25,718	737,019
Travel	26,919	32,667	11,995	5,843	637	299,645	179,474	10,210	489,329
Equipment costs	16,494	112,438	135,758	31,773	2,202	1,557,623	155,566	227,749	1,940,938
Food services	-	1,175	484	-	774	1,791,023	11,825	2,542	1,805,390
Medical and pharmacy	26,297	551,295	(2,575)	6,169,831	(797)	7,332,898	188	980	7,334,066
Subcontracted services	61	83,470	20	-	-	475,250	54,847	9,166	539,263
Insurance	24,913	163,453	194,174	13,149	4,927	1,875,908	173,449	171,510	2,220,867
Interest	-	74	258	-	-	3,079	202,398	19,217	224,694
Operating supplies	55,164	166,232	158,412	27,642	13,585	1,765,697	1,168,453	295,538	3,229,688
Client programs & services	74,224	99,616	531,639	-	1,685	1,876,503	12,784	221,237	2,110,524
In-kind services	-	-	-	-	-	187,420	49,902	-	237,322
In-kind spaces	-	240,000	-	-	-	240,000	-	-	240,000
In-kind supplies	-	-	-	-	-	-	-	-	-
Total Operating Expenses	<u>268,921</u>	<u>2,024,252</u>	<u>1,639,582</u>	<u>6,315,707</u>	<u>50,968</u>	<u>24,308,362</u>	<u>3,019,497</u>	<u>1,410,283</u>	<u>28,738,142</u>
Total expenses before program administration allocation	<u>1,041,675</u>	<u>10,364,236</u>	<u>6,315,547</u>	<u>6,962,257</u>	<u>251,184</u>	<u>82,476,862</u>	<u>9,781,686</u>	<u>4,253,545</u>	<u>96,512,093</u>
<b>Indirect Expenses</b>									
Program administration allocation	146,099	1,136,095	688,524	213,562	29,611	9,781,256	(9,781,888)	632	-
Other supporting services allocation	58,184	516,180	134,291	94,278	13,749	4,253,975	202	(4,254,177)	-
<b>Other Expenses</b>									
In-kind pharmaceuticals expense	-	-	-	(566,044)	-	(566,044)	-	-	(566,044)
	<u>\$ 1,245,958</u>	<u>\$ 12,016,511</u>	<u>\$ 7,138,362</u>	<u>\$ 6,704,053</u>	<u>\$ 294,544</u>	<u>\$ 95,946,049</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 95,946,049</u>

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

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

	<b>Program Services</b>								
	<b>Assessment</b>	<b>Crisis Support</b>	<b>Crisis Stabilization</b>	<b>Intervention</b>	<b>Outpatient</b>	<b>FACT Team</b>	<b>Case Management/ CCS Teams</b>	<b>Residential</b>	<b>Residential Detox</b>
<b>Personnel Services</b>									
Salaries	\$ 651,832	\$ 3,488,678	\$ 7,842,893	\$ 461,653	\$ 4,311,183	\$ 2,161,036	\$ 2,688,221	\$ 8,960,434	\$ 3,185,079
Fringe benefits	144,423	646,514	1,208,031	109,631	875,928	390,713	580,791	1,753,333	489,456
Total Personnel Services	<u>796,255</u>	<u>4,135,192</u>	<u>9,050,924</u>	<u>571,284</u>	<u>5,187,111</u>	<u>2,551,749</u>	<u>3,269,012</u>	<u>10,713,767</u>	<u>3,674,535</u>
<b>Operating Expenses</b>									
Building occupancy	116,204	278,663	571,630	42,252	343,944	193,843	214,387	1,746,336	230,836
Depreciation	3,674	34,734	483,731	4,727	77,303	107,893	42,825	568,406	50,169
Professional fees	-	21,825	269,060	-	110,500	10,192	-	5,675	31,785
Travel	816	9,254	14,156	9,912	47,317	31,828	77,956	19,512	6,803
Equipment costs	19,727	90,379	473,118	10,379	126,719	98,582	78,907	476,798	77,390
Food services	82	19,294	421,580	46	576	865	341	1,171,547	194,822
Medical and pharmacy	8	27,569	169,540	4,652	106,098	68,899	4,148	99,879	63,726
Subcontracted services	-	-	33,446	10,000	-	-	96,001	203,237	9,336
Insurance	25,622	132,807	203,373	22,859	161,016	110,683	134,189	448,541	82,167
Interest	13	457	2,573	14	773	141	120	421	174
Operating supplies	20,497	102,408	231,601	17,446	197,472	83,922	105,003	353,939	84,683
Client programs & services	1,733	21,330	33,746	4,625	141,505	309,540	158,998	158,162	23,275
In-kind professional services	-	-	-	-	82,482	-	-	82,482	-
In-kind rent	-	-	-	-	-	-	-	-	-
In-kind goods and supplies	-	-	-	-	-	-	-	206,820	-
Total Operating Expenses	<u>188,376</u>	<u>738,720</u>	<u>2,907,554</u>	<u>126,912</u>	<u>1,395,705</u>	<u>1,016,388</u>	<u>912,875</u>	<u>5,541,755</u>	<u>855,166</u>
Total expenses before program administration allocation	<u>984,631</u>	<u>4,873,912</u>	<u>11,958,478</u>	<u>698,196</u>	<u>6,582,816</u>	<u>3,568,137</u>	<u>4,181,887</u>	<u>16,255,522</u>	<u>4,529,701</u>
<b>Indirect Expenses</b>									
Program administration allocation	123,522	842,774	1,284,506	61,589	735,940	435,019	417,264	2,273,527	708,335
Other supporting services allocation	68,180	447,697	695,305	32,975	364,862	217,627	234,593	1,189,351	382,817
<b>Other Expenses</b>									
In-kind pharmaceuticals expense	-	-	-	-	-	-	-	-	-
	<u>\$ 1,176,333</u>	<u>\$ 6,164,383</u>	<u>\$ 13,938,289</u>	<u>\$ 792,760</u>	<u>\$ 7,683,618</u>	<u>\$ 4,220,783</u>	<u>\$ 4,833,744</u>	<u>\$ 19,718,400</u>	<u>\$ 5,620,853</u>

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

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

	Program Services (Continued)						Supporting Services			
	Prevention	Medical Outpatient	Supported Employment	Sheltered Workshop	Pharmacy	Drop In Center	Total Program	Program Administration	Other Supporting Services	Total
<b>Personnel Services</b>										
Salaries	\$ 861,462	\$ 6,303,951	\$ -	\$ 3,498,712	\$ 475,086	\$ 117,888	\$ 45,008,108	\$ 5,050,491	\$ 2,239,775	\$ 52,298,374
Fringe benefits	168,887	1,159,602	-	540,036	80,988	35,875	8,184,208	1,017,217	487,789	9,689,214
Total Personnel Services	<u>1,030,349</u>	<u>7,463,553</u>	<u>-</u>	<u>4,038,748</u>	<u>556,074</u>	<u>153,763</u>	<u>53,192,316</u>	<u>6,067,708</u>	<u>2,727,564</u>	<u>61,987,588</u>
<b>Operating Expenses</b>										
Building occupancy	60,951	326,054	-	586,476	20,628	7,681	4,739,885	323,487	577,386	5,640,758
Depreciation	1,687	232,306	-	50,105	16,013	17,337	1,690,910	238,875	201,118	2,130,903
Professional fees	11,940	-	-	-	26,977	-	487,954	626,104	24,996	1,139,054
Travel	22,881	22,290	-	8,741	2,637	1,576	275,679	110,740	13,575	399,994
Equipment costs	54,883	98,898	-	148,220	26,329	2,023	1,782,352	163,976	249,276	2,195,604
Food services	69	2,241	-	455	26	1,708	1,813,652	10,004	36,464	1,860,120
Medical and pharmacy	96,725	512,679	-	468	5,824,938	10	6,979,339	1,872	5	6,981,216
Subcontracted services	-	-	-	-	-	-	352,020	-	-	352,020
Insurance	35,218	160,331	-	174,505	9,459	4,124	1,704,894	170,920	147,159	2,022,973
Interest	26	130	-	736	-	-	5,578	78,093	23,028	106,699
Operating supplies	41,882	181,519	-	164,911	21,808	15,721	1,622,812	866,247	235,215	2,724,274
Client programs & services	77,139	174,719	-	522,611	-	737	1,628,120	324	668	1,629,112
In-kind professional services	-	-	-	-	-	-	164,964	68,319	137,280	370,563
In-kind rent	-	240,000	-	-	-	-	240,000	-	-	240,000
In-kind goods and supplies	-	-	-	-	-	-	206,820	-	-	206,820
Total Operating Expenses	<u>403,401</u>	<u>1,951,167</u>	<u>-</u>	<u>1,657,228</u>	<u>5,948,815</u>	<u>50,917</u>	<u>23,694,979</u>	<u>2,658,961</u>	<u>1,646,170</u>	<u>28,000,110</u>
Total expenses before program administration allocation	<u>1,433,750</u>	<u>9,414,720</u>	<u>-</u>	<u>5,695,976</u>	<u>6,504,889</u>	<u>204,680</u>	<u>76,887,295</u>	<u>8,726,669</u>	<u>4,373,734</u>	<u>89,987,698</u>
<b>Indirect Expenses</b>										
Program administration allocation	160,314	995,124	16	532,972	132,823	22,944	8,726,669	(8,726,669)	-	-
Other supporting services allocation	85,343	539,925	9	32,428	70,343	12,279	4,373,734	-	(4,373,734)	-
<b>Other Expenses</b>										
In-kind pharmaceuticals expense	-	-	-	-	(559,657)	-	(559,657)	-	-	(559,657)
	<u>\$ 1,679,407</u>	<u>\$ 10,949,769</u>	<u>\$ 25</u>	<u>\$ 6,261,376</u>	<u>\$ 6,148,398</u>	<u>\$ 239,903</u>	<u>\$ 89,428,041</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 89,428,041</u>

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

**SMA HEALTHCARE, INC.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED JUNE 30, 2025 AND 2024**

	<b>2025</b>	<b>2024</b>
<b>Cash flows from operating activities</b>		
Change in net assets	\$ 8,646,423	\$ 5,869,223
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	2,240,782	2,409,787
Amortization of ROU asset	762,705	661,312
Unrealized (gain) loss on investments	247,898	(576,151)
Realized (gain) loss on investments	79,095	133,024
(Gain) loss on disposal of property and equipment	(124,950)	(871,565)
Change in beneficial interest in assets held by Foundation	188,930	(814,135)
Contributions restricted for capital projects	(6,447,184)	-
(Increase) decrease in operating assets		
Grants and contracts receivables	9,352,545	(7,826,161)
Client fees receivable	(1,098,232)	(197,318)
Inventory	148,884	(336,749)
Prepays and other assets	(67,942)	(36,123)
Increase (decrease) in operating liabilities		
Accounts payable and accrued expenses	1,969,148	409,777
Operating lease liabilities	(537,211)	(427,524)
Refundable advance	339,038	(8,457)
Deferred compensation	-	3,815
Total adjustments	7,053,506	(7,476,468)
Net cash provided by (used in) operating activities	15,699,929	(1,607,245)
<b>Cash flows from investing activities</b>		
Purchases of property and equipment	(13,406,087)	(3,625,966)
Proceeds from sale of property and equipment	7,600	1,289,275
Purchases of investments	(578,176)	(1,564,795)
Proceeds from sale of investments	-	1,593,134
Net cash provided by (used in) investing activities	(13,976,663)	(2,308,352)
<b>Cash flows from financing activities</b>		
Proceeds from issuance of debt	2,400,000	-
Principal payments on finance lease liabilities	(225,493)	(284,333)
Principal payments on debt	(400,881)	(416,748)
Collections of contributions restricted for capital projects	6,447,184	-
Net cash provided by (used in) financing activities	8,220,810	(701,081)
<b>Net change in cash and cash equivalents</b>	9,944,076	(4,616,678)
<b>Cash and cash equivalents, beginning of year</b>	7,734,898	12,351,576
<b>Cash and cash equivalents, end of year</b>	<b>\$ 17,678,974</b>	<b>\$ 7,734,898</b>
<b>Supplemental disclosure of cash flow information:</b>		
Cash paid during the year for interest	\$ 205,364	\$ 82,130
<b>Noncash investing and financing activities:</b>		
Right-of-use assets obtained in exchange for operating lease obligations	\$ 539,482	\$ -
Right-of-use assets obtained in exchange for finance lease obligations	\$ 17,369	\$ 499,838

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

**SMA HEALTHCARE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025 AND 2024**

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

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

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

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

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

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

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

*Net Assets with Donor Restrictions*—Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. We report contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

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

**SMA HEALTHCARE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025 AND 2024**

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

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

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

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

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

The Organization has elected the practical expedient under FASB Accounting Standards Codification (ASC) 326-20-30-10C through 30-10D to estimate expected credit losses on current accounts receivable by assuming conditions as of the balance sheet date remain unchanged over the life of the assets. Additionally, the Organization has elected the accounting policy under FASB ASC 326-20-30-10E through 30-10H to consider subsequent collection activity through September 30 when estimating expected credit losses for these assets. Management considers its historical loss data to be a reasonable base on which to determine expected credit losses for client accounts because the composition of the receivables and customer risk characteristics have remained consistent over time.

In determining the allowance for the year ended June 30, 2024, management considered a 10% decline in actual subsequent collections in the three months following year-end compared to the year ended June 30, 2023. This lower collection rate indicated increased credit risk and resulted in a higher allowance for expected credit losses as of June 30, 2024. Conversely, for the year ended June 30, 2025, actual subsequent collections in the three months following year-end improved by 13%. This improvement in collections, along with an assessment of other relevant factors, led management to conclude that an allowance for expected credit losses was not necessary as of June 30, 2025. Management will continue to monitor collection trends and other credit risk indicators in evaluating the need for an allowance in future periods. Accordingly, the allowance for expected credit losses totaled \$1,423,005 and \$1,017,515 at June 30, 2024 and 2023, and there was no allowance as of June 30, 2025.

**SMA HEALTHCARE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025 AND 2024**

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

Changes in the allowance for credit losses for receivables for the years ended June 30 are as follows:

	<b>2025</b>	<b>2024</b>
Allowance for credit losses, beginning of year	\$ 1,423,005	\$ 1,017,515
Provisions for credit losses	-	405,490
Write-offs	(1,423,005)	-
Recoveries	-	-
Allowance for credit losses, end of year	\$ -	\$ 1,423,005

Receivables from contracts with customers are reported as client accounts receivable, net in the accompanying statements of financial position. At June 30, 2025, 2024, and 2023, net client accounts receivable totaled \$4,539,329, \$3,441,097, and \$3,243,779, respectively.

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

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

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

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

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

(l) **Deferred revenue**—Deferred revenue, if any, primarily consists of advances received for contracted programs and fundraising events that apply to future periods. Contract liabilities are reported as deferred revenue in the accompanying statements of financial position. At June 30, 2025, 2024, and 2023, no deferred revenue was recorded.

**SMA HEALTHCARE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025 AND 2024**

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

(m) **Revenue and revenue recognition**—We recognize contributions when cash, securities or other assets, an unconditional promise to give, or a notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

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

A portion of the Organization's revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as without donor restricted grant revenue when the Organization has met performance requirements and incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures or meeting other conditional performance requirement barriers are reported as refundable advances in the statement of financial position. The Organization received amounts in advance under state and local contracts and grants of \$2,129,874 that have not been recognized as of June 30, 2025, because qualifying expenditures have not yet been incurred. There were \$1,790,836 of such advances as of June 30, 2024.

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

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

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

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

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

**SMA HEALTHCARE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025 AND 2024**

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

(p) **Advertising costs**—All costs associated with advertising and promoting the Organization are expensed in the year incurred. For the years ended June 30, 2025 and 2024, advertising costs were approximately \$144,000 and \$135,000, respectively.

(q) **Income taxes**—The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code, except for taxes on unrelated business income. Since the Organization had no taxable unrelated business income during the years ended June 30, 2025 and 2024, no provision for income taxes is provided in the financial statements.

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

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

(s) **Subsequent events**—The Organization has evaluated events and transactions for potential recognition or disclosure in the financial statements through December 30, 2025, the date the financial statements were available to be issued. No subsequent events have been recognized or disclosed.

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

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

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

**SMA HEALTHCARE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025 AND 2024**

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

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

(2) **Liquidity and Availability:**

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

	<b>2025</b>	<b>2024</b>
Cash and cash equivalents	\$ 17,678,974	\$ 7,734,898
Grants and contracts receivable	8,739,999	18,092,544
Client accounts receivable	4,539,329	3,441,097
	<b>\$ 30,958,302</b>	<b>\$ 29,268,539</b>

To help manage unanticipated liquidity needs, we have established a line of credit in the amount of \$1,000,000, as discussed at Note (7). Our investments totaled \$7,273,736 and \$7,022,553 at June 30, 2025 and 2024, respectively. Although we do not intend to spend from these investments, these amounts could be made available if necessary.

(3) **Investments:**

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

Assets and liabilities measured at fair value are categorized based on whether the inputs are observable in the market and the degree that the inputs are observable. The categorization of financial instruments within the valuation hierarchy is based on the lowest level of input that is significant to the fair value measurement.

**SMA HEALTHCARE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025 AND 2024**

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

The hierarchy is prioritized into three levels (with Level 3 being the lowest) defined as follows:

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

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

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

Investments held by the Organization at June 30, 2025 and 2024, consisted of mutual funds and certificates of deposit with maturities within five years of the statement of financial position date and are unrestricted. The fair value of the majority of the Organization's cash equivalents was determined based on Level 1 inputs. Investments in marketable securities with readily determinable fair values are reported at fair value in the accompanying statements of financial position. Mutual funds are valued using Level 1 inputs, which are based on unadjusted quoted market prices within active markets. Certificates of deposit are recorded at cost plus accrued interest, which approximates fair value. There have been no changes in Level 1, Level 2, and Level 3, and no changes in valuation techniques for these assets or liabilities for the years ended June 30, 2025 and 2024.

At June 30, investments consisted of the following:

<u>Description</u>	<u>Quoted Prices (Level 1)</u>	<u>Significant Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>	<u>Fair Value</u>
<b>June 30, 2025:</b>				
Registered investment companies:				
Money Market	\$ 794,364	\$ -	\$ -	\$ 794,364
Mutual Funds – Fixed Income	3,302,791	-	-	3,302,791
Mutual Funds – Equity	3,970,531	-	-	3,970,531
Total assets in fair value hierarchy	<u>\$ 8,068,100</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,068,100</u>
<b>June 30, 2024:</b>				
Registered investment companies:				
Money Market	\$ 413,226	\$ -	\$ -	\$ 413,226
Mutual Funds – Fixed Income	3,256,464	-	-	3,256,464
Mutual Funds – Equity	3,766,089	-	-	3,766,089
Total assets in fair value hierarchy	<u>\$ 7,435,779</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,435,779</u>

**SMA HEALTHCARE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025 AND 2024**

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

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

	<u>2025</u>	<u>2024</u>
Interest income	\$ 158,905	\$ 380,447
Dividends on long-term investments	390,066	198,324
Unrealized gain (loss)	247,898	576,151
Realized gains (loss)	203,882	738,541
Total investment income, net	<u>\$ 1,000,751</u>	<u>\$ 1,893,463</u>

(4) **Property and Equipment:**

Property and equipment consists of the following at June 30:

	<u>2025</u>	<u>2024</u>
Land	\$ 4,050,433	\$ 3,497,354
Buildings and improvements	45,885,244	41,311,444
Furniture and equipment	5,032,612	5,193,827
Vehicles	2,831,873	2,653,605
Construction in progress	9,148,892	1,669,401
	<u>66,949,054</u>	<u>54,325,631</u>
Less: Accumulated depreciation	<u>23,521,957</u>	<u>22,181,189</u>
	<u>\$ 43,427,097</u>	<u>\$ 32,144,442</u>

For the years ended June 30, 2025 and 2024, depreciation expense was \$2,240,782 and \$2,130,903.

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

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

	<u>2025</u>	<u>2024</u>
Note payable to a financial institution, payable in average monthly installments of \$19,378 including interest at 6.12%, final payment due December 2034, collateralized by land and buildings.	\$ 2,340,000	\$ -
Note payable to a financial institution, payable in monthly installments of \$29,852 including interest of 2.90%, final payment due November 2031, collateralized by land and buildings.	<u>2,118,344</u>	<u>2,409,594</u>
	4,458,344	2,409,594
Less: Current portion	419,945	291,258
Less: Unamortized debt issuance costs	<u>116,233</u>	<u>66,602</u>
	<u>\$ 3,922,166</u>	<u>\$ 2,051,734</u>

**SMA HEALTHCARE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025 AND 2024**

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

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

<u>Year Ending June 30,</u>	<u>Amount</u>
2026	\$ 419,945
2027	428,888
2028	437,988
2029	447,570
2030	457,332
Thereafter	2,266,617
	<u>\$ 4,458,344</u>

(6) **Obligations Under Leases:**

The Organization has operating and finance leases for equipment, property, administrative space, counseling, and treatment centers, which have remaining lease terms expiring in fiscal years 2024 through 2032. As of June 30, 2025 and 2024, assets recorded under financing leases were \$1,971,349 and \$1,953,662, respectively, and accumulated depreciation associated with financing leases was \$1,639,497 and \$1,420,941, respectively. As of June 30, 2025 and 2024, assets recorded under operating leases were \$4,502,878 and \$3,961,910, respectively, and accumulated depreciation associated with operating leases was \$2,026,336 and \$1,489,698, respectively.

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

	<u>2025</u>	<u>2024</u>
Operating lease cost	\$ 669,005	\$ 549,197
Amortization of right-of-use assets	218,557	274,890
Interest on lease liabilities	19,330	24,569
Short-term lease expense	6,394	22,638
	<u>\$ 913,286</u>	<u>\$ 871,294</u>

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

	<u>2025</u>	<u>2024</u>
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from finance leases	\$ 20,196	\$ 23,467
Operating cash flows from operating leases	669,573	549,409
Financing cash flows from finance leases	224,840	274,348
ROU assets obtained in exchange for new finance lease liabilities	17,369	499,838
ROU assets obtained in exchange for new operating lease liabilities	539,482	-
Weighted-average remaining lease term—finance leases	2.27 years	2.81 years
Weighted-average remaining lease term—operating leases	11.71 years	12.73 years
Weighted-average discount rate—finance leases	4.57%	4.50%
Weighted-average discount rate—operating leases	5.00%	5.00%

**SMA HEALTHCARE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025 AND 2024**

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

Future minimum lease payments under non-cancellable leases as of June 30, 2025, were as follows:

Year Ending June 30,	Finance	Operating
2026	\$ 170,662	\$ 685,770
2027	142,116	534,519
2028	43,663	518,919
2029	5,286	322,255
2030	2,763	129,610
Thereafter	-	1,200,117
Total future minimum lease payments	364,490	3,391,190
Less: Imputed interest	17,793	906,993
	\$ 346,697	\$ 2,484,197

(7) **Line of Credit:**

The Organization has obtained a \$1,000,000 line of credit beginning in August 2012. The line of credit was renewed during the year and expires on February 15, 2026. The line had no outstanding balance as of June 30, 2025 and 2024. Advances under the line of credit accrue interest at the Prime Rate (7.50% at June 30, 2025) plus 0.25%. Any advances under the line of credit were collateralized by substantially all cash and investment assets of the Organization.

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

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

	2025	2024
Purpose restricted – Foundation	\$ 7,532,239	\$ 7,705,277
In perpetuity – Foundation	372,989	388,881
Total	\$ 7,905,228	\$ 8,094,158

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

During the years ended June 30, 2025 and 2024, respectively, a substantial number of volunteers provided approximately 5,000 and 10,000 hours of service performing maintenance, administrative, and program assistance services. These services are valued at approximately \$148,000 and \$348,000, respectively; however, they were not recognized as a contribution in the accompanying statements of activities as they do not meet recognition criteria prescribed by generally accepted accounting principles.

**SMA HEALTHCARE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025 AND 2024**

**(10) Employee Retirement Plans:**

The Organization has a contributory defined contribution retirement plan qualifying under the provisions of Internal Revenue Service Code Section 403(b) covering substantially all employees. Contribution expense is determined in accordance with the plan formula. For the years ended June 30, 2025 and 2024, the employer matched employee contributions at 100% up to 3% of salary, then 50% up to 6% of salary. Eligibility requirements for the plan include provisions which require employees to have one year of service and work 1,000 hours per year. For the years ended June 30, 2025 and 2024, pension expense was \$1,457,850 and \$1,133,673, respectively.

The Organization also has a deferred compensation plan qualifying under the provisions of Internal Revenue Code Section 457(b), covering a select group of management or highly compensated employees, which is not matched with employer contributions. As of June 30, 2025 and 2024, plan assets totaled \$70,201 and \$70,201, respectively.

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

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

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

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

**(12) Related Party Transactions:**

On September 29, 1997, the Stewart-Marchman Foundation, Inc. was formed and the name was changed effective September 11, 2018, to SMA Healthcare Foundation, Inc. (the Foundation). The purpose of this Foundation is to seek and receive planned and/or outright gifts whose earnings can be used to promote and support only SMA Healthcare, Inc.'s activities. The beneficial interest in the assets held by the Foundation is adjusted annually to reflect changes in the net assets of the Foundation and as of June 30, 2025 and 2024, totaled \$7,905,228 and \$8,094,158, respectively. There was no amount receivable from the Foundation as of June 30, 2025 and 2024.

**SMA HEALTHCARE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025 AND 2024**

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

The Organization also leases a building owned by the Foundation for the Vince Carter Sanctuary treatment center. For the years ended June 30, 2025 and 2024, the total amount of rent expense related to the Foundation was \$260,000. There were no amounts payable to the Foundation as of June 30, 2025 and 2024. The lease expires December 2028 and provides for annual base rent of \$260,000, payable monthly at \$21,666. The base rent is based upon the debt payment the Foundation is required to make per the Vince Carter Sanctuary's bond documents. If the Foundation's debt service payments are paid in whole or in part by third party grants or donations for that purpose, the base rent shall be adjusted accordingly to reflect such grants or donations. If the Foundation's debt service payments under the bond documents are increased, the base rent shall immediately be increased by the amount of the increase in debt service payments. Regardless of any provision in this lease, the base rent for this lease shall never be below \$60,000 annually, payable monthly at \$5,000.

The Foundation awarded one-time uses of Foundation monies to benefit the Organization during the years ended June 30, 2025 and 2024, these monies totaled \$1,095,576 and \$360,585, respectively. As of June 30, 2025 and 2024, there were no amounts included in net assets with donor restrictions for amounts awarded from the Foundation.

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

(13) **Concentrations:**

Significant concentrations of the Organization are as follows:

(a) **Concentration of revenue**—During the years ended June 30, 2025 and 2024, revenues were derived from the following agencies as a percentage of total revenues, respectively:

	<u>2025</u>	<u>2024</u>
Federal and state agencies	63%	60%
Local grants and contracts	20%	21%
Client fees and insurance reimbursements	13%	14%

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

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

**SMA HEALTHCARE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025 AND 2024**

**(14) Equity Investments:**

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

The Organization acquired 15 shares of stock in Florida Premier Health Plan, Inc. (FPHP) during its acquisition of The Centers on July 1, 2021. The Centers, along with similar not-for-profits across the State, invested \$10,000 during the year ended June 30, 2008, for 10 shares of stock in FPHP. FPHP was formed as a for-profit corporation by the Florida Council for Community Mental Health, Inc. (a not-for-profit organization) to organize a provider service network. During the year ended June 30, 2010, an additional 5 shares were purchased at a cost of \$5,000. As of July 1, 2023, the investment was valued at \$15,000, which approximated fair value. During the year ended June 30, 2024, the FPHP investment was revalued resulting in a \$43,915 increase to the investment balance to \$58,915, which is shown as an equity investment on the accompanying statements of financial position.

During the year ended June 30, 2025, FPHP was dissolved and its ownership interests were absorbed by Behavioral Health Partners of Florida, LLC. Accordingly, the Organization's investment in FPHP was eliminated, with the corresponding carrying value transferred to the Behavioral Health Partners of Florida, LLC investment. As a result, the carrying amount of the Organization's investment in Behavioral Health Partners of Florida, LLC increased to \$54,000 as of June 30, 2025.

Investments in equity securities of nonpublic entities without readily determinable fair values are carried at cost minus impairment, if any, plus or minus changes resulting from observable price changes in orderly transactions for the identical or a similar investment of the same issuer and totaled \$54,000 and \$101,291 as of June 30, 2025 and 2024, respectively. The Organization reviews its equity securities without readily determinable fair values on a regular basis to determine if the investment is impaired. For purposes of this assessment, the Organization considers the investee's cash position, earnings and revenue outlook, liquidity and management ownership, among other factors, in its review. If management's assessment indicates that an impairment exists, the Organization estimates the fair value of the equity investment and recognizes in current earnings an impairment loss that is equal to the difference between the fair value of the equity investment and its carrying amount. No impairments were recognized for the years ended June 30, 2025 and 2024.

**SMA HEALTHCARE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025 AND 2024**

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

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

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

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

**SMA HEALTHCARE, INC.**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, STATE FINANCIAL**  
**ASSISTANCE AND STATE MATCHING OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2025**

<b>FEDERAL/ STATE AGENCY PASS THROUGH ENTITY FEDERAL PROGRAM/ STATE PROJECT</b>	<b>AL/ CSFA NUMBER</b>	<b>FUNDING PERIOD</b>	<b>PASS THROUGH IDENTIFYING NUMBER/ GRANT CONTRACT IDENTIFICATION NUMBER</b>	<b>EXPENDITURES</b>
<b>FEDERAL AGENCY</b>				
<b>Department of Health and Human Services</b>				
Direct:				
Substance Abuse and Mental Health Services	93.243	10/1/23-9/30/24	SMA22-TI084098	\$ 293,217
Substance Abuse and Mental Health Services	93.243	6/30/23-6/29/28	1H79TI083554-01	503,746
Total Substance Abuse and Mental Health Services				796,963
Injury Prevention and Control Research and State and Community Based Programs	93.136	7/1/24-6/30/25	VL828	27,000
Telehealth Programs	93.211	9/1/24-8/31/25	6 G26RH49912-02-01	631,757
Certified Community Behavioral Health Clinic Expansion Grants	93.696	4/30/24-4/26/27	1H79SM088996	976,503
Rural Health Care Services Outreach	93.912	9/1/22-8/31/25	2 GA1RH33540-02-00	222,494
Assisted Outpatient Treatment	93.997	9/30/24-9/29/25	1H79SM089852	171,756
Passed through Lutheran Services Florida:				
Temporary Assistance to Needy Families	93.558	7/1/24-6/30/25	ME004 / MH0TB	130,098
Temporary Assistance to Needy Families	93.558	7/1/24-6/30/25	ME004 / MS0TB	119,874
Temporary Assistance to Needy Families	93.558	7/1/24-6/30/25	ME036 / MH0TB	398,680
Temporary Assistance to Needy Families	93.558	7/1/24-6/30/25	ME036 / MS0TB	243,411
Total Temporary Assistance to Needy Families				892,063
Children's Health Insurance Program	93.767	7/1/24-6/30/25	ME004 / MH0BN	283,167
Opioid STR	93.788	7/1/24-6/30/25	ME004 / MSSM6	384,780
Opioid STR	93.788	7/1/24-6/30/25	ME004 / MSMN6	475,006
Opioid STR	93.788	7/1/24-6/30/25	ME004 / MSSM7	602,031
Opioid STR	93.788	7/1/24-6/30/25	ME036 / MSSM6	701,854
Opioid STR	93.788	7/1/24-6/30/25	ME036 / MSMN6	533,975
Opioid STR	93.788	7/1/24-6/30/25	ME036 / MSSM7	1,224,783
Total Opioid STR				3,922,429
Block Grants for Community Mental Health Services	93.958	7/1/24-6/30/25	ME004 / MH000	515,993
Block Grants for Community Mental Health Services	93.958	7/1/24-6/30/25	ME004 / MH072	8,550
Block Grants for Community Mental Health Services	93.958	7/1/24-6/30/25	ME004 / MHCAT	39,669
Block Grants for Community Mental Health Services	93.958	7/1/24-6/30/25	ME004 / MHMCT	64,973
Block Grants for Community Mental Health Services	93.958	7/1/24-6/30/25	ME004 / MHCJ4	1,858
Block Grants for Community Mental Health Services	93.958	7/1/24-6/30/25	ME036 / MH000	1,069,162
Block Grants for Community Mental Health Services	93.958	7/1/24-6/30/25	ME036 / MH011	459,111
Block Grants for Community Mental Health Services	93.958	7/1/24-6/30/25	ME036 / MH026	223,307
Block Grants for Community Mental Health Services	93.958	7/1/24-6/30/25	ME036 / MH072	11,034
Block Grants for Community Mental Health Services	93.958	7/1/24-6/30/25	ME036 / MH0FT	260,251
Block Grants for Community Mental Health Services	93.958	7/1/24-6/30/25	ME036 / MHMCT	80,306
Block Grants for Community Mental Health Services	93.958	7/1/24-6/30/25	ME036 / MH262	50,000
Block Grants for Community Mental Health Services	93.958	7/1/24-6/30/25	ME036 / MHCJ4	10,652
Total Block Grants for Community Mental Health Services				2,794,866
Block Grants for Prevention and Treatment of Substance Abuse	93.959	7/1/24-6/30/25	ME004 / MS000	2,579,957
Block Grants for Prevention and Treatment of Substance Abuse	93.959	7/1/24-6/30/25	ME004 / MS025	135,444
Block Grants for Prevention and Treatment of Substance Abuse	93.959	7/1/24-6/30/25	ME036 / MS000	5,050,557
Block Grants for Prevention and Treatment of Substance Abuse	93.959	7/1/24-6/30/25	ME036 / MS025	204,633
Total Block Grants for Prevention and Treatment of Substance Abuse				7,970,591
Total Department of Health and Human Services				18,689,589
<b>Department of Housing and Urban Development</b>				
Direct:				
Supportive Housing Program	14.235	4/1/23-3/31/25	FL0064L4H04	50,288
Emergency Solutions Grant Program	14.231	4/5/22-9/30/23	E20-UW-12-0019	(16,239)
Total Department of Housing and Urban Development				34,049
<b>Department of Justice</b>				
Passed through the County of Volusia, Florida:				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	10/1/23-9/30/24	#15PBJA-22-GG-00656-MUM	56,062
Total Department of Justice				56,062
<b>Department of Homeland Security</b>				
Passed through Lutheran Services Florida:				
Crisis Counseling	97.032	7/1/24-6/30/25	FEMA-4834-DR-FL	31,148
Total Department of Justice				31,148
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>				<b>\$ 18,810,848</b>

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

**SMA HEALTHCARE, INC.**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, STATE FINANCIAL**  
**ASSISTANCE AND STATE MATCHING OF FEDERAL AWARDS (Continued)**  
**FOR THE YEAR ENDED JUNE 30, 2025**

FEDERAL/ STATE AGENCY PASS THROUGH ENTITY FEDERAL PROGRAM/ STATE PROJECT	AL/ CSFA NUMBER	FUNDING PERIOD	PASS THROUGH IDENTIFYING NUMBER/ GRANT CONTRACT IDENTIFICATION NUMBER	EXPENDITURES
<b>STATE AGENCY</b>				
<b>Total Department of Children and Families</b>				
Direct:				
Criminal Justice Mental Health and Substance Abuse	60.115	2/1/25-1/31/26	LH888	\$ 20,833
Passed through Lutheran Services Florida:				
Substance Abuse and Mental Health - Crisis Prevention and Stabilization Services	60.155	7/1/24-6/30/25	ME004 / MSOCB	1,121,302
Substance Abuse and Mental Health - Community Services	60.153	7/1/24-6/30/25	ME004 / MHIBH	500,000
Substance Abuse and Mental Health - Community Services	60.153	7/1/24-6/30/25	ME036 / MHIBH	500,000
Total Substance Abuse and Mental Health - Community Services				1,000,000
Centralized Receiving Systems	60.163	7/1/24-6/30/25	ME036 / MHSCR	2,653,255
Centralized Receiving Systems	60.163	7/1/24-6/30/25	ME004 / MHSCR	2,000,410
Total Centralized Receiving Systems				4,653,665
State Opioid Settlement Trust Fund Services	60.355	7/1/24-6/30/25	ME004 / MSOCR	49,067
State Opioid Settlement Trust Fund Services	60.355	7/1/24-6/30/25	ME004 / MSOTR	541,726
State Opioid Settlement Trust Fund Services	60.355	7/1/24-6/30/25	ME036 / MSOCR	205,100
State Opioid Settlement Trust Fund Services	60.355	7/1/24-6/30/25	ME036 / MSONQ	489,768
State Opioid Settlement Trust Fund Services	60.355	7/1/24-6/30/25	ME036 / MSOTR	36,562
Total State Opioid Settlement Trust Fund Services				1,322,223
<b>Total Department of Children and Families</b>				
				<u>8,118,023</u>
<b>Florida State Courts System</b>				
Direct:				
VIVITROL Naltrexone FADAA	22.022	7/1/24-6/30/25	OSCA	297,415
<b>Total State Courts System</b>				
				<u>297,415</u>
<b>Florida Department of Juvenile Justice</b>				
Passed through Florida Network of Youth & Family Services:				
Children and Families in Need of Services (CINS/FINS)	80.005	7/1/24-6/30/25	N/A	367,438
Children and Families in Need of Services (CINS/FINS)	80.005	7/1/24-6/30/25	N/A	953,854
Total Children and Families in Need of Services				1,321,292
<b>Total Department of Juvenile Justice</b>				
				<u>1,321,292</u>
<b>TOTAL EXPENDITURES OF STATE FINANCIAL ASSISTANCE</b>				
				<u>\$ 9,736,730</u>
State Matching of Federal Awards - MHCAT (93.104)	N/A	7/1/24-6/30/25	ME004	\$ 9,763
State Matching of Federal Awards - MHCAT (93.558)	N/A	7/1/24-6/30/25	ME004	190,500
State Matching of Federal Awards - MSOCN (93.558)	N/A	7/1/24-6/30/25	ME004	7,562
State Matching of Federal Awards - MH000 (93.958)	N/A	7/1/24-6/30/25	ME004	3,151,189
State Matching of Federal Awards - MH072 (93.958)	N/A	7/1/24-6/30/25	ME004	64,099
State Matching of Federal Awards - MH0CN (93.958)	N/A	7/1/24-6/30/25	ME004	228,913
State Matching of Federal Awards - MHCAT (93.958)	N/A	7/1/24-6/30/25	ME004	532,382
State Matching of Federal Awards - MHMCT (93.958)	N/A	7/1/24-6/30/25	ME004	476,460
State Matching of Federal Awards - MHTRV (93.958)	N/A	7/1/24-6/30/25	ME004	16,024
State Matching of Federal Awards - MS000 (93.959)	N/A	7/1/24-6/30/25	ME004	2,717,123
State Matching of Federal Awards - MSCBS (93.959)	N/A	7/1/24-6/30/25	ME004	238,539
State Matching of Federal Awards - MSTRV (93.959)	N/A	7/1/24-6/30/25	ME004	6,743
State Matching of Federal Awards - MS091 (93.558)	N/A	7/1/24-6/30/25	ME036	1,018,981
State Matching of Federal Awards - MSOCN (93.558)	N/A	7/1/24-6/30/25	ME036	159,098
State Matching of Federal Awards - MH000 (93.958)	N/A	7/1/24-6/30/25	ME036	6,529,409
State Matching of Federal Awards - MH026 (93.958)	N/A	7/1/24-6/30/25	ME036	62,994
State Matching of Federal Awards - MH072 (93.958)	N/A	7/1/24-6/30/25	ME036	82,726
State Matching of Federal Awards - MH076 (93.958)	N/A	7/1/24-6/30/25	ME036	41,348
State Matching of Federal Awards - MH0CN (93.958)	N/A	7/1/24-6/30/25	ME036	186,580
State Matching of Federal Awards - MH0FT (93.958)	N/A	7/1/24-6/30/25	ME036	1,644,393
State Matching of Federal Awards - MHMCT (93.958)	N/A	7/1/24-6/30/25	ME036	588,907
State Matching of Federal Awards - MHTRV (93.958)	N/A	7/1/24-6/30/25	ME036	32,568
State Matching of Federal Awards - MS000 (93.959)	N/A	7/1/24-6/30/25	ME036	5,319,075
State Matching of Federal Awards - MS081 (93.959)	N/A	7/1/24-6/30/25	ME036	277,698
State Matching of Federal Awards - MSCBS (93.959)	N/A	7/1/24-6/30/25	ME036	559,298
State Matching of Federal Awards - MSTRV (93.959)	N/A	7/1/24-6/30/25	ME036	56,028
				<u>\$ 24,198,400</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE AND MATCHING OF FEDERAL AWARDS</b>				
				<u>\$ 52,745,978</u>

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

**SMA HEALTHCARE, INC.**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS,**  
**STATE FINANCIAL ASSISTANCE, AND STATE MATCHING OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2025**

(1) **Basis of Presentation:**

The accompanying Schedule of Expenditures of Federal Awards, State Financial Assistance and State Matching of Federal Awards include federal award and state financial assistance activity of SMA Healthcare, Inc. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and Section 215.97, Florida Statutes. Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

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

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

Pass-through entity identifying numbers are presented where available.

No amounts were passed through to subrecipients during the fiscal year ended June 30, 2025.

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

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

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

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

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

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

We have audited SMA Healthcare, Inc.'s (the Organization) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* and the requirements described in the Department of Financial Services' *State Projects Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs and major state projects for the year ended June 30, 2025. The Organization's major federal programs and major state projects are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

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

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

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

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

***Responsibilities of Management for Compliance***

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

### ***Auditors' Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance, and Chapter 10.650, Rules of the Auditor General, will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Organization's compliance with the requirements of each major federal program and major state project as a whole.

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

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

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

### ***Other Matters***

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2025-001. Our opinion on each major federal program and state project is not modified with respect to these matters.

*Government Auditing Standards* requires the auditor to perform limited procedures on the Organization's response to the noncompliance findings identified in our audit described in Management's Response to Findings on page 37. The Organization's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

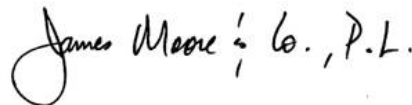
## Report on Internal Control over Compliance

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

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program or state project on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program or state project will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program or state project that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2025-001 to be a significant deficiency.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed. *Government Auditing Standards* requires the auditor to perform limited procedures on the Organization's response to the internal control over compliance findings identified in our audit described in Management's Response to Findings on page 37. The Organization's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

A handwritten signature in black ink that reads "James Moore & Co., P.L." The signature is written in a cursive style and is enclosed within a thin black rectangular border.

Daytona Beach, Florida  
December 30, 2025

**SMA HEALTHCARE, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2025**

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

***Financial Statements:***

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

Internal control over financial reporting:

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

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

Noncompliance material to financial statements noted? \_\_\_\_\_ yes   X   no

***Federal Awards:***

Internal control over major Federal programs:

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

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

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

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

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

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

Identification of major Federal programs:

<u>AL Number</u>	<u>Program Name</u>
93.958	Block Grants for Community Mental Health Services
93.959	Block Grants for Prevention and Treatment of Substance Abuse
93.558	Temporary Assistance to Needy Families
93.696	Certified Community Behavioral Health Clinic Expansion Grants
93.788	Opioid STR Program

***State Financial Assistance:***

Internal control over major State projects:

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

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

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

**SMA HEALTHCARE, INC.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)**  
**FOR THE YEAR ENDED JUNE 30, 2025**

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

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

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

Identification of major State projects:

<u>CSFA Number</u>	<u>Project Name</u>
60.163	Centralized Receiving Systems
80.005	CINS/FINS
60.155	Substance Abuse and Mental Health – Crisis Prevention and Stabilization Services
60.153	Substance Abuse and Mental Health – Community Services
60.355	State Opioid Settlement Trust Fund Services

**II. Financial Statement Findings:**

No financial statement findings were noted.

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

**2025-001 – ALN 93.958 – Block Grant for Community Mental Health Services; ALN 93.959 – Block Grant for Prevention and Treatment of Substance Abuse; ALN 93.788 Opioid STR Program: Activities Allowed/Allowable Costs - Completion of Financial Assessment Form – (Repeat Comment)**

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

*Condition:* 3 of the 60 clients tested on the Block Grant for Community Mental Health Services did not have the discount fee that was used properly calculated and documented on their Financial Assessment Form. Additionally, 4 of the 60 clients tested on the Block Grant for Community Mental Health Services had service dates that did not fall within one year after the FAF completion date. 1 of the 60 clients tested on the Block Grant for Prevention and Treatment of Substance Abuse and 1 of 40 clients tested on the Opioid STR Program did not have a completed FAF. 1 of the 60 clients tested on the Block Grant for Prevention and Treatment of Substance Abuse had a FAF missing the client signature.

**SMA HEALTHCARE, INC.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)**  
**FOR THE YEAR ENDED JUNE 30, 2025**

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

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

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

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

**IV. Prior Audit Findings:**

See Schedule of Prior Audit Findings on page 36.

**V. Corrective Action Plan:**

See Management's Response to Findings on page 37.

**VI. Management Letter:**

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

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

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

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of SMA Healthcare, Inc. (the Organization), which comprise the statement of financial position as of June 30, 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 30, 2025.

**Report On Internal Control over Financial Reporting**

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

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

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

**Report On Compliance and Other Matters**

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

**Purpose of This Report**

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

A handwritten signature in black ink that reads "James Moore & Co., P.L." The signature is enclosed in a thin black rectangular border.

Daytona Beach, Florida  
December 30, 2025



December 30, 2025

**Schedule of Prior Audit Findings:**

2024-001 – ALN 93.958 – Block Grant for Community Mental Health Services – Activities Allowed/Allowable Costs: Completion of Comprehensive Assessment (Repeat Comment): Corrective action not taken. See repeat comment 2025-001.

2024-002 – ALN 93.959 – Block Grant for Prevention and Treatment of Substance Abuse – Activities Allowed/Allowable Costs: Completion of Financial Assessment Form (Repeat Comment): Corrective action not taken. See repeat comment 2025-001 .

2024-003 – CSFA 80.005 – Children in Need of Services and Families in Need of Services (CINS/FINS) – Activities Allowed/Allowable Costs: Completion of Case Files: Corrective action taken.

2024-004 – ALN 93.558 – Temporary Assistance to Needy Families Grant – Activities Allowed/Allowable Costs: Timeframe for Completion of Master Treatment Plan: Corrective action taken.

Thank you,

Andrea Schweizer  
CFO  
SMA Healthcare

150 Magnolia Avenue  
Daytona Beach FL 32114  
(386) 236-1683  
aschweizer@smahealthcare.org





December 30, 2025

**Management Response to Auditor Findings:**

**Recommendation: 2025-001 – ALN 93.958 – Block Grant for Community Mental Health Services; ALN 93.959 – Block Grant for Prevention and Treatment of Substance Abuse; ALN 93.788 Opioid STR Program: Activities Allowed/Allowable Costs - Completion of Financial Assessment Form**

For ALN 93.958, the discount fee was not properly calculated and/or documented on the Financial Assessment Form for 3 of the 60 clients tested. Additionally, 4 of the 60 clients tested on the Block Grant for Mental Health had dates that did not fall within one year after the FAF completion. For ALN 93.959, 1 of the 60 clients tested on the Block Grant for Prevention and Treatment of Substance Abuse did not have a completed FAF and 1 of the 60 tested had a missing client signature. For ALN 93.788, 1 of the 40 clients tested on Opioid STR Program did not have a completed FA.

Our internal tracking of completion of the Financial Assessment Form at admission indicates that compliance with this requirement occurs about 90% of the time. We have identified that some of the missing FAs are a result of Telehealth appointments and clients not coming into the office. As a corrective action, the Client Service Specialist will be trained by their managers to ensure data is entered accurately and how to properly apply the FAs. SMA will also include the completion of the Financial Assessment Form both at admission and annually with data to be reviewed monthly by the managers. In addition, we will be working with IT to identify a way to collect the FAs from clients that utilize Telehealth services. Reporting will be sent out monthly and if out of compliance the managers will be required to be present at the quarterly Quality Assurance Committee meeting if not at 100%.

Thank you,

Andrea Schweizer  
CFO  
SMA Healthcare

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