

Board of Directors' Agenda
Thursday, December 19, 2019
3:00 PM – 5:00 PM
Central Florida Cares Health System, Inc.
Board Room



| | | | |
|--------------|---|------------------------------|--------------------------|
| I. | Holiday Gathering | | 10 minutes |
| II. | Welcome/Introductions | Debbie Owens | 2 minutes |
| III. | Financial Report | Mark Broms | |
| | <ul style="list-style-type: none"> • Auditor's Annual Audit Presentation • Financial Report | Farlen Halikman Doug Shaw | 15 minutes 20 minutes |
| IV. | Consent Agenda | Board | 5 minutes |
| | <ul style="list-style-type: none"> • Approve October 17, 2019 Minutes • Finance Comm. Minutes Draft • Ad-Hoc Charter and Finance Comm. Charter | | |
| V. | Organizational Updates | Maria Bledsoe | 15 minutes |
| VI. | ROSC Presentation | Maria Iddings | 20 minutes |
| VII. | Planning Council | Nelson Kull | 3 minutes |
| VIII. | Other/Public Input | Group | 3 minutes/person |
| IX. | Adjourn - Next Board of Directors' Meeting | Group | 1 minute |
| | <ul style="list-style-type: none"> • Thursday, February 20, 2020, 3:00-5:00 pm | | |

**Board of Directors' Meeting Minutes
Thursday, October 17, 2019
Central Florida Cares Health System, Inc.
Board Room**

Central Florida Cares
Health System



ATTENDANCE

Central Florida Cares Health System Board of Directors

Debbie Owens, President, Seminole Prevention Coalition
Robert Wayne Holmes, Vice President, Retired Asst. State Atty./Consumer Advocate
Mark Broms, Treasurer, Brevard Homeless Coalition
Donna Walsh, Secretary, Seminole County Health Dept.
Ian Golden, Past President, Brevard County Housing & Human Services
Enrique Aponte, Consumer Advocate
Richard Barlow, Park Place Behavioral Health Care
Luis Delgado, Consumer Advocate
Yasmin Flasterstein, Peer Support Space
Babette Hankey, Aspire Health Partners
Valerie Holmes, Brevard Family Partnership
Kristen Hughes, Lassiter-Ware Insurance
Mary Kogut-Lowell, Attorney, Consumer Advocate (via phone)
Ken Peach, Health Council of East Central Florida
David Solomon, Walt Disney
Bill Vintroux, Circles of Care

Central Florida Cares Health System, Inc. Staff

Maria Bledsoe, CEO
Doug Shaw, CFO
Trinity Schwab, Director of Contracts
Karla Pease, Executive Assistant and Recording Secretary
Rummy Miranda, Contract Manager

Guests

Mary Christie, DCF
Christy Suehle, Aspire
J. Nelson Kull, Pathways Drop-In
Jessica Hixon, IMPOWER

Meeting Called to Order

Central Florida Cares Health System, Inc. (CFCHS) Board of Directors' meeting was held on Thursday, October 17, 2019, at 3:00 p.m. at 707 Mendham Blvd., Suite 201, Orlando, FL 32825. CFCHS' Board President called the meeting to order at 3:05 p.m.

Financial Report

The CFO stated the three topics today are: the DFC closeout, August 2019 financials, and the new FY 19-20 budget.

Page 3 shows the final reconciliation received from DCF. Funds carried forward to FY 19-20 are \$2M. Page 4 shows the difference from the June Preliminary to the June final, which reclassified \$5500 from equipment expense into fixed assets, the same for software, and depreciated fixed assets. Also, the final reconciliation from DCF was booked. Carry forward funds match the DCF reconciliation.

Page 5 is the balance sheet for August and July. \$11M was received for the cash advance. The August and YTD income statement were shown, but nothing newsworthy.

Page 8 shows August utilization where 16% is the spending target. The Director of Contracts reviewed each of the OCAs shown in red. There was much discussion about HIV prevention dollars and the Guidance documents by DCF.

There was discussion about the carry forward funds. Richard Barlow asked will the \$2M in federal funds be reverted. The Director of Contracts explained it was SERG and HIV. Then Richard asked about the state funds and it was explained there was a cut at Circles of Care for \$900K in their Geropsychiatric program. It was suggested to have a slide at the next Board meeting to show federal funds being reverted, state funds being reverted, and if they are recurring or non recurring.

Page 10 shows the GHME1 budgets for the last three years. Ian Golden stated it would be more accurate to show two columns: a base budget and show amendment additions. Pages 11-13 are the FY 19-20 budget.

Valerie Holmes made a motion to approve the financial reports as presented, Kristen Hughes seconded, motion passed.

Consent Agenda Items

Ken Peach made a motion to approve the consent agenda items, Enrique Aponte seconded, motion passed.

Organizational Updates – Presented by the CEO

- Opioid MDL Suit – A settlement has been reached. The states and counties are priorities. Other entities in the suit are pending decision. Purdue has filed for bankruptcy.
- ME Admin Rates – tabled
- LBR 2021 – There is a recommended reduction in FY 2020 in the SAMH services program office of \$762K and MEs reduction of \$58M.
- Governor's Quality Initiative – discussions in legislative sessions.
- Marjory Stoneman Douglas Commission Meeting – good recommendations from that meeting.
- Legislative Meetings – Enrique Aponte and the CEO met with Representative Cortez to discuss the needs assessment, services, and budget. More legislative meetings are

scheduled with other legislators. Ken Peach asked if FAME could produce a video with success stories.

- 4 Disciplines of Execution (4DX) – Asked by DCF to reduce readmissions by 20% by 2021.
- CEO quarterly meetings – scheduled for the remainder of the fiscal year.
- Brevard Planning Grant – SIM was successful with 45 community members participating. Five subcommittees have been formed to continue momentum.
- Mental Health Assoc. Annual Meeting – CEO is a guest speaker.
- Osceola Board of County Commissioners – CFCHS has been designated as lead applicant for reinvestment grants similar to the Brevard County Planning Grant.

Ian Golden made a motion to authorize the Board President to sign a letter stating CFCHS' position of legislative requests reflecting no budget cuts and need more funding with no transfers, David Solomon seconded, motion passed.

Ad-Hoc Nominating Committee

Valerie Holmes informed members that the Ad-Hoc Nominating Committee met to meet with three potential board candidates: Eric Welch, Dr. Joel Hunter, and Thomas Todd. She gave a brief overview of each of the candidate's backgrounds stating each would be an asset to CFCHS.

Valerie Holmes made a motion to approve Eric Welch, Dr. Joel Hunter, and Thomas Todd as new Board of Directors. Luis Delgado seconded, motion passed.

Sunshine Law Presentation – tabled

ROSC Presentation - tabled

Planning Council – Nelson Kull, Pathways Drop-In Center, stated he would attend his Tallahassee planning meeting in November via phone.

Other/Public Input

- David Knight spoke about his organization, Marketing 4 warriors, that focuses on human trafficking. He has 10 fundraising events planned. He wants to build a network of support for clients.

Adjourn

The next Board of Directors' Meeting will be Thursday, December 19, 2019 at 3 pm.

Valerie Holmes made a motion to adjourn, Kristen Hughes seconded, motion passed.

The meeting adjourned at 4:51 p.m.

Debbie Owens
President

Karla K. Pease
Recording Secretary

CENTRAL FLORIDA CARES HEALTH SYSTEM

Financial Report
October 2019 Financials

Central Florida Cares Health System, Inc
Statement of Financial Position – Unaudited
At 10/31/2019 and 9/30/2019



| | <u>10/31/2019</u> | <u>9/30/2019</u> |
|---|--------------------------|--------------------------|
| Assets | | |
| Current Assets | | |
| Cash in Bank | 11,325,942 | 10,117,093 |
| Accounts Receivable | 12,132,300 | 15,845,271 |
| Prepaid Insurance | 19,312 | 21,726 |
| Prepaid Expenses | 16,978 | 26,844 |
| Deposits | 26,375 | 26,375 |
| Total Current Assets | <u>23,520,907</u> | <u>26,037,309</u> |
| Long-term Assets | | |
| Computer Equipment | 5,500 | 5,500 |
| Software | 1,216,288 | 1,216,288 |
| Accum Depreciation | (1,063,646) | (1,063,646) |
| Total Long-term Assets | <u>158,143</u> | <u>158,143</u> |
| Total Assets | <u><u>23,679,050</u></u> | <u><u>26,195,452</u></u> |
| Liabilities | | |
| Short-term Liabilities | | |
| Accounts Payable | 12,865,193 | 14,430,461 |
| Wages Payable | 91,623 | 108,880 |
| Federal Payroll Taxes Payable | 7,009 | 18,261 |
| 403(b) Payable | 8,361 | 5,788 |
| Deductions Payable | 1,137 | 1,105 |
| Deferred Revenue | (818,844) | (892,426) |
| CarryForward Funds | 3,247,322 | 3,247,413 |
| Interest & Other Payable to DCF | 11,355 | 43,571 |
| Advance Due to DCF CY | 7,808,367 | 8,784,413 |
| Total Short-term Liabilities | <u>23,221,525</u> | <u>25,747,466</u> |
| Total Liabilities | <u><u>23,221,525</u></u> | <u><u>25,747,466</u></u> |
| Unrestricted Net Assets: | | |
| Prior Year Excess Revenues | 404,785 | 404,785 |
| Curr Year Excess Revenues | 52,740 | 43,201 |
| Total Unrestricted Net Assets | <u>457,525</u> | <u>447,986</u> |
| Total Liabilities and Net Assets | <u><u>23,679,050</u></u> | <u><u>26,195,452</u></u> |

Central Florida Cares Health System, Inc
Statement of Revenues and Expenses - Unaudited
For the Month and YTD ended October 31, 2019



| | <u>Oct-19</u> | <u>YTD</u> |
|-------------------------------------|------------------|-------------------|
| Program Services Revenue: | | |
| DCF | \$6,933,741 | \$26,528,298 |
| FLINC | 0 | 47,850 |
| Orange County | 6,679 | 26,717 |
| Brevard Co Planning Grant | 10,745 | 15,398 |
| Total Operating Revenue | <u>6,951,165</u> | <u>26,618,263</u> |
| Expenditures: | | |
| Program Services Expenses | 6,717,311 | 25,700,798 |
| Personnel Expenses | 170,542 | 641,553 |
| 403(b) Fees | | 792 |
| Accounting Fees | 5,000 | 10,000 |
| Conferences | | 335 |
| Dues & Subscriptions | 205 | 31,257 |
| Insurance | 2,414 | 9,656 |
| Legal Fees | 1,271 | 3,816 |
| Meetings | 3,605 | 10,659 |
| Needs Assessment/Benchmarking | | 5,633 |
| Office Equipment | 447 | 832 |
| Office Furn & Fixture | | (149) |
| Payroll Processing Fees | 608 | 2,448 |
| Printing & Publications | 1,327 | 1,524 |
| Professional Services Other | 64 | 10,689 |
| Recruiting and Screening | 239 | 368 |
| Rent-Building | 16,153 | 48,460 |
| Rent-Equipment | 1,071 | 2,106 |
| Software Expense | 13,595 | 64,155 |
| Supplies & Postage | 345 | 1,544 |
| Telephone, Internet & Conf | 2,308 | 10,710 |
| Training | 5,121 | 8,337 |
| Total Expenditures | <u>6,941,626</u> | <u>26,565,522</u> |
| Operating Revenue over Expenditures | 9,539 | 52,741 |
| Other Revenue and Expenses: | | |
| Contribution Revenue | | 300 |
| Contribution Expense | | (300) |
| Net Other Revenue (Expense) | <u>0</u> | <u>0</u> |
| Net Revenue over Expenditures | <u>9,539</u> | <u>52,741</u> |

Central Florida Cares Health System, Inc
OCA Expenditure Utilization Summary – Page 1 of 2
For the YTD ended October 31, 2019



| Oct 2019 YTD - OCA EXPENDITURE and UTILIZATION SUMMARY | | | | | | |
|---|---------|-------------------------|---------------------------|---------------|---------|---|
| OCA Description | Non Rec | Sch of Funds (Amend 38) | Expenditures Thru Oct2019 | % Utilization | Target% | Notes - current month comments in red |
| ME Admin Costs | | \$2,357,779 | \$736,170 | 31.2% | 33.3% | |
| ME MH Block Grant Technical Assistance | NR | 11,000 | 1,327 | 12.1% | 33.3% | |
| ME Road to Recovery - Modernizing Behavioral | NR | 392,570 | 75,992 | 19.4% | 33.3% | |
| State Opiod Response Disc Grant Admin | NR | 93,029 | 24,198 | 26.0% | 33.3% | |
| State Opiod Response Disc Grant Admin-Yr2 | NR | 200,848 | | 0.0% | 33.3% | |
| ME Total | | \$3,055,226 | \$837,686 | 27.4% | 33.3% | |
| General MH – 24hr Care Residential, Ambulatory, Early Intervention Svc -Psychotic Disorders | | 25,363,135 | 8,580,293 | 33.8% | 33.3% | |
| State Funded for Profit Sub-recipients | | 750,000 | 249,900 | 33.3% | 33.3% | |
| Grants PATH | | 232,652 | 76,592 | 32.9% | 33.3% | |
| FL Hurricane SERG | NR | 431,667 | 106,015 | 24.6% | 33.3% | |
| Circles of Care – Crisis Stabilization | NR | 544,200 | 465,374 | 85.5% | 33.3% | |
| Purchase of Residential Treatment Svs for Community Forensic Beds | | 500,000 | 181,536 | 36.3% | 33.3% | |
| Florida Assertive Community Treatment | | 390,183 | 134,237 | 34.4% | 33.3% | |
| Indigent Psychiatric Medication Program | | 524,474 | 225,435 | 43.0% | 33.3% | |
| Title XXI Children’s Health Insurance Program – MH Care Coordination | | 3,558,091 | 1,233,781 | 34.7% | 33.3% | |
| Community Forensic Multidisciplinary Teams for Temporary Assistance for Needy Families | | 69,078 | 19,350 | 28.0% | 33.3% | |
| Community Action Treatment Team | | 1,223,969 | 244,418 | 20.0% | 33.3% | Enrollment regulated by DCF |
| ME MH - CAT and MRT Enhancements | NR | 507,089 | 226,913 | 44.7% | 33.3% | |
| ME MH Supported Employment Services | NR | 652,000 | 241,991 | 37.1% | 33.3% | |
| Mobile Crisis Teams | | 661,245 | 288,334 | 43.6% | 33.3% | |
| Centralized Receiving Facilities | | 3,000,000 | 1,009,243 | 33.6% | 33.3% | |
| Transition Vouchers Mental Health | | 234,396 | | 0.0% | 33.3% | New funding, executed into contract 10/1. Utilizing for positon to address 4DX WIG. |
| Mental Health Total | | \$44,863,002 | \$15,250,921 | 34.0% | 33.3% | New funding, executed into contract 10/1. Aspire Clubhouses in Orange and Seminole |

Central Florida Cares Health System, Inc
OCA Expenditure Utilization Summary – Page 2 of 2
For the YTD ended October 31, 2019



| OCA Description | Non Rec | Sch of Funds (Amend 38) | Expenditures Thru Oct2019 | % Utilization | Target% | Notes - current month comments in red |
|--|---------|-------------------------|---------------------------|---------------|--------------|--|
| SA Services and Support | | 18,103,112 | 6,092,562 | 33.7% | 33.3% | |
| HIV Services | | 672,573 | 149,438 | 22.2% | 33.3% | In process of working with a new provider to help expend the funds. |
| Prevention Services | | 2,690,290 | 573,794 | 21.3% | 33.3% | No concerns. If the current contracted providers cannot utilized we have providers we can re-allocate to in order to expend the funds. |
| Prevention Partnership Grant | | 571,106 | 173,629 | 30.4% | 33.3% | |
| ME State Opioid Response Disc Grant - Hospital Bridge | NR | 1,241,851 | 58,585 | 4.7% | 33.3% | Currently working with three providers to expand to other hospitals. |
| ME State Opioid Response Disc Grant-Child Welfare | NR | 993,481 | 0 | 0.0% | 33.3% | |
| State Opioid Response Disc Grant Prevent | NR | 99,348 | 100,813 | 101.5% | 33.3% | |
| ME State Opioid Response Disc Grant SVCS-Prevent - Year 2 | NR | 186,278 | | 0.0% | 33.3% | New funding, executed in the contract 10/1. |
| State Opioid Response MAT | NR | 1,401,454 | 1,287,902 | 91.9% | 33.3% | |
| ME State Opioid Response SVCS-MAT YR2 | NR | 2,762,443 | | 0.0% | 33.3% | New funding, executed in the contract 10/1. |
| Projects Expansion of Substance Abuse Services for Pregnant Women and their Families | | 1,883,426 | 803,877 | 42.7% | 33.3% | |
| Family Intensive Treatment | | 1,062,183 | 354,061 | 33.3% | 33.3% | |
| ME Road to Recovery - Opioid Response | NR | 310,463 | | 0.0% | 33.3% | New funding, executed in the contract 10/1. Allocated to providers providing opioid services. |
| Care Coordination | | 217,324 | 109,850 | 50.5% | 33.3% | |
| Temporary Assistance for Needy Families | | 660,359 | 264,266 | 40.0% | 33.3% | |
| Community Based Services | | 2,039,181 | 433,387 | 21.3% | 33.3% | Newly contracted for Peer Services in Seminole Cty jail |
| Transition Vouchers Substance Abuse | | 122,734 | 49,469 | 40.3% | 33.3% | |
| Substance Abuse Total | | \$35,017,606 | \$10,451,634 | 29.8% | 33.3% | |
| Provider Total | | \$79,880,608 | \$25,702,555 | 32.2% | 33.3% | |
| TOTAL | | \$82,935,834 | \$26,540,240 | 32.0% | 33.3% | |

NR= Total Non-recurring funding is \$9,221,361.

Highlighted in red if < 75% of Target percentage

Central Florida Cares Health System, Inc
Carryforward Expenditure Report
For the YTD ended October 31, 2019



| OCA Titles | Current Approved Carry Forward Amount | YTD ME Operational Costs or Direct Service Expenditures | Remaining Carry Forward Balance |
|--|---------------------------------------|---|---------------------------------|
| Operational Costs | | | |
| ME Operational Costs | 1,055,029.85 | | 1,055,029.85 |
| ME Care Coordination | 129,911.14 | | 129,911.14 |
| ME Housing Coordination | 163,882.44 | | 163,882.44 |
| Mental Health - Core Services Funding | | | |
| ME Mental Health Services & Support | 71,915.62 | | 71,020.84 |
| 24 Hour Care (Non-Hospitalization) Residential | | | |
| Ambulatory/Community Non-24 Hour Care | | 894.78 | |
| CSU, Baker Act, Inpatient Crisis Services | | | |
| Mental Health - Proviso Projects Funding | | | |
| ME MH UCF-PTSD Clinic for Florida Veterans and First Responders | 5,104.19 | | 5,104.19 |
| Mental Health - Targeted Services Funding | | | |
| ME Purchase of Residential Treatment Services for Emotionally Disturbed Children and Youth | 21,225.89 | | 21,225.89 |
| ME Care Coordination (Mental Health) | 134.34 | | 134.34 |
| ME Community Forensic Multidisciplinary Teams for Hospital Diversion | 42,827.50 | | 42,827.50 |
| ME MH Community Action Treatment (CAT) Teams | 506,017.00 | | 506,017.00 |
| ME MH Mobile Crisis Teams | 444,490.55 | | 444,490.55 |
| Substance Abuse - Core Services | | | |
| ME Substance Abuse Services and Support | 152,149.81 | | 152,149.81 |
| Substance Abuse - Proviso Projects | | | |
| ME Family Intensive Treatment (FIT) | 338,160.60 | | 338,160.60 |
| ME Phoenix Affiliates | 170,063.02 | 170,063.02 | - |
| ME SA STEPS-Women's Residential Treatment | 155.22 | | 155.22 |
| Substance Abuse - Targeted Services | | | |
| ME SA Care Coordination (Substance Abuse) | 62,251.86 | | 62,251.86 |
| ME SA Community Based Services | 227,897.33 | | 227,897.33 |
| ME Transition Vouchers Substance Abuse | 27,063.27 | | 27,063.27 |
| Total | 3,418,279.63 | 170,957.80 | 3,247,321.83 |

Central Florida Cares Health System, Inc
DCF Contract Amendments – FY1920
 For the YTD ended October 31, 2019



| DCF Amendments - FY1920 | | | |
|--------------------------------|---------------|--|---------------|
| Amendment Number | Signed | Purpose | Budget |
| 38 | 10/1/2019 | Effective 7.1.2019 | \$82,935,834 |
| 39 | 12/9/2019 | Added \$123,268 for MHCME Non-recurring Mental Health Block Grant | \$83,059,102 |

Central Florida Cares Health System, Inc
DCF Contract Amounts
 For the Eight Fiscal Years Shown



| Table 7 – Contract Funding | | | | |
|----------------------------|----------------------------------|--------------------------|------------------------|--------------------------|
| State Fiscal Year | Managing Entity Operational Cost | Direct Services Cost | Supplemental DBH Funds | Total Value of Contract |
| 2012-2013 | \$ 2,295,311.00 | \$ 54,398,082.95 | | \$56,693,393.95 |
| 2013-2014 | \$ 2,295,311.00 | \$55,752,806.00 | | \$ 58,048,117.00 |
| 2014-2015 | \$ 2,295,311.00 | \$56,061,256.00 | | \$ 58,356,567.00 |
| 2015-2016 | \$ 2,401,794.00 | \$ 62,185,913.00 | | \$64,587,707.00 |
| 2016-2017 | \$ 2,637,966.00 | \$ 68,971,782.00 | | \$71,609,748.00 |
| 2017-2018 | \$ 2,605,218.00 | \$ 70,558,165.00 | | \$ 73,163,383.00 |
| 2018-2019 | \$ 2,709,533.00 | \$ 81,800,307.00 | | \$ 84,509,840.00 |
| 2019-2020 * | \$ 3,055,226.00 | \$ 80,003,876.00 | | \$ 83,059,102.00 |
| Total | \$20,295,670.00 | \$ 529,732,187.95 | | \$ 550,027,857.95 |

* As of Amendment 39 in FY1920, unsigned as of 12.10.2019

Central Florida Cares Health System, Inc
FY 1920 DCF Contract – Schedule of Payments
As of Amendment 39



Table 7 - Schedule of Payments for Fiscal Year 2019-2020

| Month of Services | FY Contract Balance Prior to Payment | Fixed Payment Amount | FY Contract Balance after this Payment | Invoice Packet Due Date | Progress and Expenditure Report Period | Funding Amendments After This Payment |
|--------------------------|--------------------------------------|----------------------|--|-------------------------|--|---------------------------------------|
| Annual Advance | \$ 70,275,305.00 | \$ 11,712,550.83 | \$ 58,562,754.17 | 7/1/2019 | N/A | |
| Jul-19 | \$ 58,562,754.17 | \$ 4,874,118.40 | \$ 53,688,635.77 | 8/20/2019 | July | \$ 12,660,529.00 |
| Aug-19 | \$ 66,349,164.77 | \$ 4,880,785.07 | \$ 61,468,379.70 | 9/20/2019 | August | |
| Sep-19 | \$ 61,468,379.70 | \$ 6,031,186.69 | \$ 55,437,193.01 | 10/20/2019 | September | |
| Oct-19 | \$ 55,437,193.01 | \$ 6,159,688.11 | \$ 49,277,504.90 | 11/20/2019 | October | |
| Nov-19 | \$ 49,277,504.90 | \$ 6,159,688.11 | \$ 43,117,816.79 | 12/20/2019 | November | \$ 123,268.00 |
| Dec-19 | \$ 43,241,084.79 | \$ 6,177,297.82 | \$ 37,063,786.97 | 1/20/2020 | December | |
| Jan-20 | \$ 37,063,786.97 | \$ 6,177,297.82 | \$ 30,886,489.15 | 2/20/2020 | January | |
| Feb-20 | \$ 30,886,489.15 | \$ 6,177,297.83 | \$ 24,709,191.32 | 3/20/2020 | February | |
| Mar-20 | \$ 24,709,191.32 | \$ 6,177,297.83 | \$ 18,531,893.49 | 4/20/2020 | March | |
| Apr-20 | \$ 18,531,893.49 | \$ 6,177,297.83 | \$ 12,354,595.66 | 5/20/2020 | April | |
| May-20 | \$ 12,354,595.66 | \$ 6,177,297.83 | \$ 6,177,297.83 | 6/20/2020 | May | |
| Jun-20 | \$ 6,177,297.83 | \$ 6,177,297.83 | \$ - | 8/15/2020 | June | |
| Total FY Payments | | \$ 83,059,102.00 | | | | |

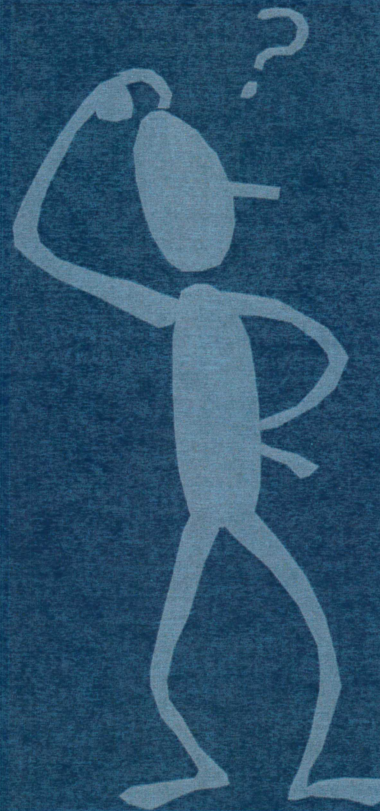
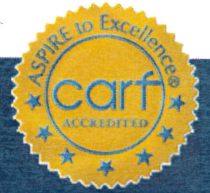
* As of Amendment 39 in FY1920, unsigned as of 12.10.2019

Provider Reconciliation Update



- **Brief Recap of Provider Reconciliation issue**
- **Current Developments - On 12/2/19:**
 - We received an email from Barney Ray at DCF postponing implementation until 6.30.2020 year end audits, and
 - we sent an email to the providers notifying them of this change

QUESTIONS?



CENTRAL FLORIDA CARES HEALTH SYSTEM, INC.

**FINANCIAL STATEMENTS AND
SUPPLEMENTAL INFORMATION**

Years Ended June 30, 2019 and 2018

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Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Central Florida Cares Health System, Inc.
Orlando, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of Central Florida Cares Health System, Inc. ("CFCHS"), which comprise the statements of financial position as of June 30, 2019 and 2018, and the related statements of activities and changes in net assets, and cash flows for the years then ended, the statement of functional expenses for the year ended June 30, 2019, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

To the Board of Directors of
Central Florida Cares Health System, Inc.

Opinion

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of CFCHS as of June 30, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

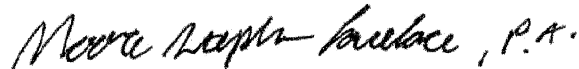
Other Matters

Report on Supplemental Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental information, as required by the State of Florida Department of Children and Families, and the accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance, as required by Title 2 U.S. *Code of Federal Regulations*, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*; and Chapter 10.650, *Rules of the Auditor General*, are presented for purposes of additional analysis and are 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 information 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 12, 2019 on our consideration of CFCHS's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the 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 CFCHS's internal control over financial reporting and compliance.



MOORE STEPHENS LOVELACE, P.A.

Certified Public Accountants

Orlando, Florida
December 12, 2019

CENTRAL FLORIDA CARES HEALTH SYSTEM, INC.

STATEMENTS OF FINANCIAL POSITION

June 30, 2019 and 2018

ASSETS

| | <u>2019</u> | <u>2018</u> |
|-----------------------------|----------------------|----------------------|
| CURRENT ASSETS | | |
| Cash and cash equivalents | \$ 669,444 | \$ 4,142,126 |
| Accounts receivable | 12,575,245 | 6,412,886 |
| Prepaid expenses | 30,568 | 42,564 |
| Other current assets | 26,375 | 26,375 |
| | <hr/> | <hr/> |
| TOTAL CURRENT ASSETS | 13,301,632 | 10,623,951 |
| PROPERTY AND EQUIPMENT, net | 158,142 | 193,150 |
| | <hr/> | <hr/> |
| TOTAL ASSETS | <u>\$ 13,459,774</u> | <u>\$ 10,817,101</u> |

LIABILITIES AND NET ASSETS

| | | |
|--|----------------------|----------------------|
| CURRENT LIABILITIES | | |
| Accounts payable and accrued expenses | \$ 8,031,838 | \$ 6,987,007 |
| Accrued wages and benefits | 106,703 | 102,038 |
| Amounts due to Florida Department of Children and Families | 1,498,169 | 807,439 |
| Deferred revenues | 3,418,280 | 2,540,012 |
| | <hr/> | <hr/> |
| TOTAL LIABILITIES | 13,054,990 | 10,436,496 |
| COMMITMENTS AND CONTINGENCIES | | |
| NET ASSETS | | |
| Without donor restrictions | 404,784 | 380,605 |
| | <hr/> | <hr/> |
| TOTAL LIABILITIES AND NET ASSETS | <u>\$ 13,459,774</u> | <u>\$ 10,817,101</u> |

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

CENTRAL FLORIDA CARES HEALTH SYSTEM, INC.

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

Years Ended June 30, 2019 and 2018

| | <u>2019</u> | <u>2018</u> |
|--|-------------------|-------------------|
| SUPPORT AND REVENUE | | |
| Grant and contract revenue | \$ 81,689,083 | \$ 71,612,403 |
| EXPENSES | | |
| Program services expenses: | | |
| Adult mental health program | 39,903,118 | 36,492,673 |
| Adult substance abuse program | 20,542,027 | 17,904,660 |
| Children/adolescent substance abuse health program | 9,568,386 | 7,631,728 |
| Children/adolescent mental health program | <u>9,058,583</u> | <u>7,223,101</u> |
| TOTAL PROGRAM SERVICES EXPENSES | 79,072,114 | 69,252,162 |
| Support services - management and general | <u>2,592,790</u> | <u>2,475,187</u> |
| TOTAL EXPENSES | <u>81,664,904</u> | <u>71,727,349</u> |
| INCREASE (DECREASE) IN NET ASSETS | 24,179 | (114,946) |
| NET ASSETS WITHOUT DONOR RESTRICTIONS AT BEGINNING OF YEAR | <u>380,605</u> | <u>495,551</u> |
| NET ASSETS WITHOUT DONOR RESTRICTIONS AT END OF YEAR | <u>\$ 404,784</u> | <u>\$ 380,605</u> |

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

CENTRAL FLORIDA CARES HEALTH SYSTEM, INC.

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2019
(With Comparative Totals for 2018)

| | Program Services | | | | Support Services | Total Expenses | |
|---|----------------------|-----------------------|----------------------------|--------------------------|------------------|----------------------|----------------------|
| | Adult Mental Health | Adult Substance Abuse | Children's Substance Abuse | Children's Mental Health | | 2019 | 2018 |
| EXPENSES | | | | | | | |
| Subcontracted services | \$ 39,903,118 | \$ 20,542,027 | \$ 9,568,386 | \$ 9,058,583 | \$ - | \$ 79,072,114 | \$ 69,252,162 |
| Personnel expenses | - | - | - | - | 1,821,935 | 1,821,935 | 1,632,843 |
| Professional fees | - | - | - | - | 244,037 | 244,037 | 215,916 |
| Occupancy | - | - | - | - | 173,353 | 173,353 | 184,950 |
| Other | - | - | - | - | 40,757 | 40,757 | 72,989 |
| Telephone and Internet | - | - | - | - | 37,739 | 37,739 | 32,398 |
| Dues and subscriptions | - | - | - | - | 34,132 | 34,132 | 27,833 |
| Training meetings and seminars | - | - | - | - | 22,822 | 22,822 | 22,495 |
| Equipment costs | - | - | - | - | 17,720 | 17,720 | 22,390 |
| Travel | - | - | - | - | 38,658 | 38,658 | 14,460 |
| Equipment rental | - | - | - | - | 6,588 | 6,588 | 5,873 |
| Advertising | - | - | - | - | 5,104 | 5,104 | 4,758 |
| Supplies | - | - | - | - | 4,083 | 4,083 | 2,460 |
| TOTAL EXPENSES BEFORE DEPRECIATION | 39,903,118 | 20,542,027 | 9,568,386 | 9,058,583 | 2,446,928 | 81,519,042 | 71,491,527 |
| Depreciation | - | - | - | - | 145,862 | 145,862 | 235,822 |
| TOTAL EXPENSES BEFORE ALLOCATION OF MANAGEMENT AND GENERAL | 39,903,118 | 20,542,027 | 9,568,386 | 9,058,583 | 2,592,790 | 81,664,904 | 71,727,349 |
| Allocation of management and general: Indirect | 1,308,431 | 673,577 | 313,749 | 297,033 | (2,592,790) | - | - |
| TOTAL EXPENSES | \$ 41,211,549 | \$ 21,215,604 | \$ 9,882,135 | \$ 9,355,616 | \$ - | \$ 81,664,904 | \$ 71,727,349 |

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

CENTRAL FLORIDA CARES HEALTH SYSTEM, INC.

STATEMENTS OF CASH FLOWS

Years Ended June 30, 2019 and 2018

| | <u>2019</u> | <u>2018</u> |
|--|--------------------|---------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Increase (decrease) in net assets | \$ 24,179 | \$ (114,946) |
| Adjustments to reconcile increase (decrease) in net assets to net cash (used in) provided by operating activities: | | |
| Depreciation expense | 145,862 | 235,822 |
| Change in operating assets and liabilities: | | |
| Accounts receivable | (6,162,359) | (1,193,748) |
| Prepaid expenses | 11,996 | 16,512 |
| Accounts payable and accrued expenses | 1,044,831 | 1,035,715 |
| Accrued wages and benefits | 4,665 | (20,510) |
| Amounts due to Florida Department of Children and Families | 690,730 | 598,116 |
| Deferred revenues | 878,268 | 21,153 |
| | <u>(3,361,828)</u> | <u>578,114</u> |
| NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES | | |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of property and equipment | <u>(110,854)</u> | <u>(43,066)</u> |
| | <u>(3,472,682)</u> | <u>535,048</u> |
| (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS | | |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR | <u>4,142,126</u> | <u>3,607,078</u> |
| CASH AND CASH EQUIVALENTS AT END OF YEAR | <u>\$ 669,444</u> | <u>\$ 4,142,126</u> |

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

CENTRAL FLORIDA CARES HEALTH SYSTEM, INC.

NOTES TO THE FINANCIAL STATEMENTS

Years Ended June 30, 2019 and 2018

NOTE 1 - NATURE AND PURPOSE OF THE ORGANIZATION

Central Florida Cares Health System, Inc. (“CFCHS”) is a tax-exempt organization incorporated in the state of Florida. CFCHS is the managing entity for a network of publicly funded, licensed substance abuse and mental health providers who collectively operate a range of behavioral health services to form an integrated system of care. CFCHS’s network providers offer prevention, intervention, treatment and supportive services to clients residing throughout four Central Florida counties: Brevard, Orange, Osceola and Seminole.

As a managing entity, CFCHS receives funding from the State of Florida Department of Children and Families (“DCF”) and enters into subcontracts with substance abuse and mental health providers (the “Providers”) who, in turn, deliver services to eligible clients. CFCHS is responsible to DCF for monitoring and oversight of the Providers’ activities.

CFCHS is governed by a board comprised of consumers, stakeholders and community-based providers.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following are explanations of CFCHS’s operations and significant accounting policies that are necessary to understand the financial statements.

Estimates and Functional Expenses

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of functional expenses. As a managing entity, all costs, except for subcontractor expenses, are classified as supporting services expenses. Management and general expenses are allocated to programs based on the proportion of each program’s subcontracted services to total subcontracted services.

Cash Equivalents

Highly liquid debt instruments with maturities of three months or less from the date of purchase are considered to be cash equivalents.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounts Receivable

Accounts receivable includes amounts due from DCF under grants and funding contracts. Credit risk related to amounts due from DCF is somewhat mitigated by the taxing authority of the state of Florida. Accordingly, no allowance for uncollectible amounts has been provided.

Property and Equipment

Expenditures for property and equipment with unit costs in excess of \$5,000 are capitalized. Depreciation is provided using the straight-line method over the estimated useful lives of the assets, ranging from 3 to 4 years. Donations of property and equipment are recorded as contributions at their estimated fair value at the date of donation. Depreciation expense for the years ended June 30, 2019 and 2018 was approximately \$146,000 and \$236,000, respectively, and accumulated depreciation was \$1,064,000 and \$918,000, respectively.

Due to DCF

Amounts due to DCF represent overpayments to be repaid and interest income of approximately \$0- and \$7,000 for the years ended June 30, 2019 and 2018, respectively, which was earned on advances received from DCF under CFCHS's managing entity contract. Interest income earned on advances belong to DCF and, accordingly, is not reported as revenues in these financial statements.

Contributions

Gifts of cash or other assets received with donor stipulations that limit the use of the donated assets are reported as a donor-restricted contribution. When a restriction ends, or the purpose of the restriction is accomplished, donor-restricted net assets are reclassified to net assets without donor restrictions and are reported in the statements of activities and changes in net assets as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as contributions without donor restrictions in that period. There were no donor-restricted net assets at June 30, 2019 and 2018.

Revenue Recognition

CFCHS receives funding under a performance and expense reimbursement contract with DCF. Performance contract revenue is recognized when the unit of service has been provided or the performance objective has been completed. Cost reimbursement revenue is recognized when the allowable costs, as defined by the contract, are incurred.

Deferred Revenues

Amounts received under the DCF contract that have not yet been earned by incurring allowable costs and are able to be carried forward to the next fiscal year are reported as deferred revenues in the statements of financial position.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

CFCHS has been recognized as exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. As a result, income earned in furtherance of its tax-exempt purpose is exempt from federal and state income taxes. Accordingly, these financial statements include no provision for income taxes.

Fair Value of Financial Instruments

The carrying values of financial instruments, including cash and cash equivalents, receivables and payables, approximate their fair values.

Net Assets

Net assets are presented based on the existence or absence of donor-imposed restrictions. CFCHS' net assets are presented as net assets without donor restrictions as there are no donor-imposed restrictions.

New Accounting Standard Adoption and Basis of Presentation

On July 1, 2018, CFCHS adopted ASC 958, *Presentation of Financial Statements of Not-for-Profit Entities* (the "New Presentation Standard"). The New Presentation Standard amends the current reporting model for not-for-profit organizations and enhances disclosures. Certain accounts in the 2018 financial statements have been reclassified to conform to the current-year presentation. Such reclassifications had no impact on the previously reported net assets or changes in net assets.

Subsequent Events

Subsequent events have been evaluated for reporting and disclosure through December 12, 2019, which is the date the financial statements were available to be issued.

NOTE 3 - LIQUIDITY

At June 30, 2019 and 2018, CFCHS had approximately \$13,244,000 and \$10,555,000, respectively, of financial assets available within one year of the statements of financial position date to meet cash needs for general expenditures and satisfaction of other obligations. CFCHS's general expenditures are primarily related to prevention, intervention, treatment and supportive services to clients, and which are needed and/or necessary to meet its mission. Cash and cash equivalents, and accounts receivable at June 30, 2019 and 2018 were approximately as follows:

| | <u>2019</u> | <u>2018</u> |
|---------------------------|----------------------|----------------------|
| Cash and cash equivalents | \$ 669,000 | \$ 4,142,000 |
| Accounts receivable | <u>12,575,000</u> | <u>6,413,000</u> |
| Total | <u>\$ 13,244,000</u> | <u>\$ 10,555,000</u> |

NOTE 3 - LIQUIDITY (Continued)

At June 30, 2019 and 2018, the ratio of cash and cash equivalents, and accounts receivable to current liabilities was 1.01. As part of CFCHS's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations become due. CFCHS has not experienced significant liquidity issues in the past, and it is expected that CFCHS will be able to meet day-to-day cash needs for general expenditures within one year of the statements of financial position date. The accounts receivable balance was collected prior to the issuance date of these financial statements. Deferred revenue primarily consists of funding from DCF, which has been carried over to the fiscal year ending 2020.

NOTE 4 - COMMITMENTS AND CONTINGENCIES

DCF Contract

CFCHS has a managing entity contract with DCF for approximately \$257 million. The contract is set to expire on June 30, 2020; CFCHS is currently in the process of renewing its contract with DCF. CFCHS receives substantially all of its support and revenue from the contract with DCF. CFCHS is economically dependent on the continuation of funding under the contract.

The DCF contract provides for reimbursement of the eligible direct and indirect costs of providing certain program services. The contract is subject to audit or review and retroactive adjustment, based on a final determination by DCF of eligible reimbursable expenditures. The likelihood of such adjustment, if any, cannot be determined at this time. Accordingly, no provision has been made for any such adjustment in the financial statements.

Florida Council for Community Mental Health ("FCCMH")

On March 1, 2015, CFCHS entered into a contract with FCCMH to provide support to the grant entitled "Florida Linking Individuals Needing Care" ("Florida LINC") Project. The total value of the current renewed contract is \$106,000. The amount due from FCCMH as of June 30, 2019 and 2018 was approximately \$27,000 and \$11,000, respectively.

Leases

CFCHS has noncancelable operating leases, primarily for office space and equipment. On April 20, 2016, CFCHS entered into a four-year, noncancelable operating lease with its existing landlord. The expiration date for this operating lease is June 30, 2020. Rent expense for operating leases for the years ended June 30, 2019 and 2018 was approximately \$173,000 and \$185,000 respectively.

Future minimum lease payments under noncancelable operating leases as of June 30, 2019, are approximately as follows:

| <u>Year Ending June 30,</u> | <u>Amount</u> |
|---------------------------------|---------------|
| 2020 | \$ 177,000 |

NOTE 4 - COMMITMENTS AND CONTINGENCIES (Continued)

Credit Risk on Bank Deposits

CFCHS maintains its deposits with a large, international commercial bank, which management believes to be of high-credit quality. At June 30, 2019 and 2018, CFCHS's deposits with this bank exceeded FDIC insurance coverage by approximately \$419,000 and \$3,892,000, respectively.

NOTE 5 - EMPLOYEE BENEFIT PLAN

CFCHS sponsors a 403(b) defined-contribution retirement plan (the "Plan") covering all eligible employees. Under the Plan, employees are eligible to make salary deferrals once they have completed three months of service and have attained age 18. For the years ended June 30, 2019 and 2018, CFCHS made discretionary contributions to the Plan of 5% of each participant's compensation. Pension expense for the years ended June 30, 2019 and 2018 was approximately \$74,500 and \$67,900, respectively.

NOTE 6 - MATCHING REQUIREMENTS

Certain contracts require a local match for contracted services performed by the Providers. The Providers are responsible for meeting the match requirements. Based on match information provided to CFCHS by the Providers, the local match requirements have been met.

NOTE 7 - RELATED-PARTY TRANSACTIONS

Members of the Board of Directors include key employees of certain Providers who contract for services with CFCHS. For the years ended June 30, 2019 and 2018, payments to these Providers were approximately \$62.1 million and \$55.7 million, respectively. Amounts payable to these Providers at June 30, 2019 and 2018 were approximately \$6.1 million and \$5.6 million, respectively.

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SUPPLEMENTAL INFORMATION

CENTRAL FLORIDA CARES HEALTH SYSTEM, INC.

SCHEDULE OF STATE EARNINGS

Year Ended June 30, 2019

| | |
|---|--------------------|
| 1 Total expenditures | \$ - |
| 2 Less: other state and federal funds | - |
| 3 Less: non-match SAMH funds | - |
| 4 Less: unallowable costs per 65E-14, F.A.C | - |
| 5 Total allowable expenditures (sum of lines 1, 2, 3 and 4) | <u>-</u> |
| 6 Maximum available earnings (line 5 x 75%) | - |
| 7 Amount of state funds requiring match | <u>-</u> |
| 8 Amount due to Department | <u><u>\$ -</u></u> |

NOTE:

Central Florida Cares Health System, Inc. has met its match requirements related to the amount of state funds requiring match through match provided by its subcontractors. Management has received the Schedule of State Earnings from each subcontractor indicating that their individual matches have been met.

See Independent Auditor's Report.

CENTRAL FLORIDA CARES HEALTH SYSTEM, INC.

SCHEDULE OF RELATED-PARTY TRANSACTION ADJUSTMENTS

Year Ended June 30, 2019

Allocation of Related-Party Transaction Adjustment

| Related Party | State-Designated Cost Centers | | | Total |
|--|-------------------------------|-------------|-------------|-------------|
| | 1 | 2 | 3 | |
| Revenues from Grantee: | N/A | | | |
| Rent | \$ - | \$ - | \$ - | \$ - |
| Services | - | - | - | - |
| Interest | - | - | - | - |
| Other | - | - | - | - |
| TOTAL REVENUES FROM GRANTEE | - | - | - | - |
| Expenses Associated with Grantee Transactions: | | | | |
| Personnel Services | - | - | - | - |
| Depreciation | - | - | - | - |
| Interest | - | - | - | - |
| Other | - | - | - | - |
| TOTAL ASSOCIATED EXPENSES | - | - | - | - |
| RELATED-PARTY TRANSACTION ADJUSTMENT | \$ - | \$ - | \$ - | \$ - |

NOTE: There is no activity to report on this schedule.

See Independent Auditor's Report.

SINGLE AUDIT



Certified Public Accountants

**INDEPENDENT AUDITOR'S 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
Central Florida Cares Health System, Inc.
Orlando, Florida

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 Central Florida Cares Health System, Inc. ("CFCHS"), which comprise the statement of financial position as of June 30, 2019, and the related statements of activities and changes in net assets, 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 12, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered CFCHS's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of CFCHS's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of CFCHS'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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of CFCHS'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 over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily 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.

To the Board of Directors of
Central Florida Cares Health System, Inc.

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.


MOORE STEPHENS LOVELACE, P.A.
Certified Public Accountants

Orlando, Florida
December 12, 2019



Certified Public Accountants

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

To the Board of Directors of
Central Florida Cares Health System, Inc.
Orlando, Florida

Report on Compliance for Each Major Federal Program and State Project

We have audited Central Florida Cares Health System, Inc.'s ("CFCHS") compliance with the types of compliance requirements described in the U.S. Office of Management and Budget ("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 CFCHS's major federal programs and state projects for the year ended June 30, 2019. CFCHS's major federal programs and state projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs and state projects.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of CFCHS's major federal programs and state projects based on our audit of the types of compliance requirements referred to above.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. Code of Federal Regulations, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"); and Chapter 10.650, *Rules of the Auditor General*. Those standards, the Uniform Guidance, and Chapter 10.650, *Rules of the Auditor General*, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program or state project occurred. An audit includes examining, on a test basis, evidence about CFCHS's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program and state project. However, our audit does not provide a legal determination of CFCHS's compliance.

To the Board of Directors of
Central Florida Cares Health System, Inc.

Opinion on Each Major Federal Program and State Project

In our opinion, CFCHS complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and state projects for the year ended June 30, 2019.

Report on Internal Control over Compliance

Management of CFCHS is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered CFCHS's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program or state project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and state project 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of CFCHS's internal control over compliance.

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

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

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 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.


MOORE STEPHENS LOVELACE, P.A.
Certified Public Accountants

Orlando, Florida
December 12, 2019

CENTRAL FLORIDA CARES HEALTH SYSTEM, INC.

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND
STATE FINANCIAL ASSISTANCE**

Year Ended June 30, 2019

| Federal/State Agency/Pass-through Grantor Federal Program/State Projects | CFDA/ CSFA Numbers | Contract/ Grant Numbers | Expenditures | Transfer to Sub-recipients |
|---|-----------------------------------|--|----------------------|---------------------------------------|
| FEDERAL PROGRAMS | | | | |
| <i>U.S. Department of Health and Human Services</i> | | | | |
| Passed-through: | | | | |
| State of Florida Department of Children and Families: | | | | |
| Temporary Assistance for Needy Families Block Grant | 93.558 | GHME1 | \$ 1,395,383 | \$ 1,395,383 |
| Block Grants for Community Mental Health Services | 93.958 | GHME1 | 5,139,516 | 4,776,859 |
| Block Grants for Prevention & Treatment of Substance Abuse | 93.959 | GHME1 | 13,021,419 | 12,947,660 |
| Community Health Services Block Grant of the Homeless | 93.150 | GHME1 | 394,583 | 394,583 |
| Mental Health Disaster Assistance and Emergency Mental Health | 93.982 | GHME1 | 381,850 | 381,850 |
| State Targeted Response to the Opioid Crisis | 93.788 | GHME1 | 3,761,807 | 3,761,807 |
| State Opioid Response Discretionary Grant | 93.788 | GHME1 | 1,914,418 | 1,871,236 |
| State Targeted Response to the Opioid Crisis Grants | 93.788 | GHME1 | 233,697 | 233,697 |
| <i>Total State of Florida Department of Children and Families</i> | | | <u>26,242,673</u> | <u>25,763,075</u> |
| <i>State Department of Agency for Health Care Administration</i> | | | | |
| Title XXI - State Children's Health Insurance Program | 93.767 | GHME1 | 871,198 | 871,198 |
| Medical Assistance Program | 93.778 | GHME1 | 794,941 | 794,941 |
| <i>Total State Department of Agency for Health Care Administration</i> | | | <u>1,666,139</u> | <u>1,666,139</u> |
| Total Expenditures of Federal Awards | | | <u>27,908,812</u> | <u>27,429,214</u> |
| STATE PROJECTS | | | | |
| <i>State of Florida Department of Children and Families</i> | | | | |
| Community Forensic Beds and Competency Restoration | 60.114 | GHME1 | 1,024,545 | 1,024,545 |
| SAMH - Community Services | 60.153 | GHME1 | 250,072 | 250,072 |
| SAMH - Crisis Prevention & Stabilization Services | 60.155 | GHME1 | 500,000 | 500,000 |
| Centralized Receiving Facilities | 60.163 | GHME1 | 4,618,430 | 4,618,430 |
| Mental Health State Funded for Profit Sub-recipients | 60.184 | GHME1 | 232,652 | 232,652 |
| <i>Total State of Florida Department of Children and Families</i> | | | <u>6,625,699</u> | <u>6,625,699</u> |
| Total Expenditures of State Financial Assistance | | | <u>6,625,699</u> | <u>6,625,699</u> |
| Total Expenditures of Federal Awards and State Financial Assistance | | | <u>\$ 34,534,511</u> | <u>\$ 34,054,913</u> |

The accompanying notes are an integral part of this schedule.
See Independent Auditor's Report.

CENTRAL FLORIDA CARES HEALTH SYSTEM, INC.

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

Year Ended June 30, 2019

NOTE 1 - BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance (the "Schedule") includes the federal and state grant activity for Central Florida Cares Health System, Inc. ("CFCHS") under programs of the federal government and the state of Florida for the year ended June 30, 2019. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations*, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"), and Chapter 10.650, *Rules of the State of Florida Auditor General*. Because the Schedule presents only a selected portion of the operations of CFCHS, it is not intended to and does not present the financial position, changes in net assets, or cash flows of CFCHS. Pass-through entity identifying numbers are presented, where available.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

CFCHS's indirect cost rate is dictated by its contract terms with the State of Florida Department of Children and Families ("DCF"). The 10 percent de minimis indirect cost rate, as allowed under the Uniform Guidance, is not in effect, nor is it available under its GHME1 contract with DCF.

NOTE 3 - OTHER FINANCIAL ASSISTANCE RECEIVED

CFCHS received funding from DCF that was not subject to Section 215.97, Florida Statutes, as follows:

| A. Matching Funds for Federal Programs: | Agency or Pass-through Number | Current Year Expenditure | Transfer to Sub- recipients |
|---|--|---|--|
| <i>State Department of Children and Families</i> State Matching Funds-93.958 Block Grants for Community Mental Health Services | GHME1 | \$ 23,963,649 | \$ 22,077,397 |
| State Matching Funds-93.959 Block Grants for Prevention & Treatment of Substance Abuse | GHME1 | 579,782 | 579,782 |
| <i>State Department of Agency for Health Care Administration</i> State Matching Funds-93.767 Children's Health Insurance Program | GHME1 | 38,487 | 38,487 |
| State Matching Funds-93.778 Medical Assistance Program | GHME1 | 70,761 | 70,761 |
| <i>U.S. Department of Health and Human Services</i> Federal Matching Funds-93.104 Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances | GHME1 | 93,748 | 93,748 |
| Federal Matching Funds-93.958 Block Grants for Community Mental Health Services | GHME1 | 7,628,973 | 7,628,973 |
| Federal Matching Funds-93.959 Block Grants for Prevention and Treatment of Substance Abuse | GHME1 | 14,602,089 | 14,474,430 |
| Total Matching Funds for Federal Programs | | <u>\$ 46,977,489</u> | <u>\$ 44,963,578</u> |

CENTRAL FLORIDA CARES HEALTH SYSTEM, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2019

SECTION I - SUMMARY OF INDEPENDENT AUDITOR'S RESULTS

Financial Statements

Type of Auditor's Report Issued:

Unmodified Opinion

Internal control over financial reporting:

- Significant deficiency(ies) identified? ___ Yes X None reported
- Material weakness(es) identified? ___ Yes X No

Noncompliance material to financial statements noted?

___ Yes X No

Federal Awards and State Financial Assistance

Internal control over major federal programs and state projects:

- Significant deficiency(ies) identified? ___ Yes X None reported
- Material weakness(es) identified? ___ Yes X No

Type of auditor's report issued on compliance for major federal programs and state projects:

Unmodified Opinion

Any audit findings disclosed that are required to be reported in accordance with Section 200.516 of the Uniform Guidance or Chapter 10.650, Rules of Auditor General?

___ Yes X No

Identification of Major Federal Programs and State Projects:

CFDA Numbers

Name of Federal Programs

| | |
|--------|---|
| 93.150 | Community Health Services Block Grant of the Homeless |
| 93.982 | Mental Health Disaster Assistance and Emergency |
| 93.788 | State Targeted Response to the Opioid Crisis |
| 93.788 | State Opioid Response Discretionary Grant |

CSFA Numbers

Name of State Projects

| | |
|--------|--|
| 60.153 | Substance Abuse and Mental Health-Community Services |
| 60.155 | SAMH-Crisis Prevention & Stabilization Services |
| 60.163 | Centralized Receiving Facilities |

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

\$837,264

State

\$750,000

Auditee qualified as low-risk auditee?

X Yes ___ No

CENTRAL FLORIDA CARES HEALTH SYSTEM, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS *(Continued)*

Year Ended June 30, 2019

SECTION II - FINANCIAL STATEMENT FINDINGS SECTION

None reported.

SECTION III - FEDERAL AWARD AND STATE FINANCIAL ASSISTANCE FINDINGS AND QUESTIONED COSTS SECTION

None reported.

SECTION IV - PRIOR-YEAR AUDIT FINDINGS

None reported.

No management letter will be issued in current year.