

**Board of Directors' Meeting Minutes
Thursday, December 16, 2021
Central Florida Cares Health System, Inc.
Board Room**



ATTENDANCE

Central Florida Cares Health System Board of Directors

Robert Wayne Holmes, President, Retired Asst. State Atty./Consumer Advocate
Mark Broms, Treasurer, Brevard Homeless Coalition
Ian Golden, Secretary, Brevard County Housing & Human Services
Luis Delgado, Vice President, Consumer Advocate
Jules Brace, Orange County Sheriff Office
Amber Carroll, Brevard Homeless Coalition
Sherri Gonzalez, Children's Home Society
Valerie Holmes, Brevard Family Partnership
Kristen Hughes, Lassiter-Ware Insurance
Joel Hunter, Consumer Advocate
Tracy Lutz, Consumer Advocate
Ken Peach, Health Council of East Central Florida
Donna Walsh, Seminole County Health Dept.
Eric Welch, NAMI of Greater Orlando

Central Florida Cares Health System, Inc. Staff

Maria Bledsoe, Chief Executive Officer
Trinity Schwab, Chief Operations Officer
Michael Lupton, Chief Information Officer (Via Zoom)
Daniel Nye, Chief Financial Officer
Nikaury Munoz, Chief Integration Officer
Geovanna Gonzalez, Compliance Director
Karla Pease, Executive Assistant and Recording Secretary

Guests

Anne Sutherland, Department of Children and Families
Jean Tucker, Department of Children and Families
Cheryl Bello, STEPS
Farlen Halikman, Moore, Stephens, Lovelace, CPA

Meeting Called to Order

Central Florida Cares Health System, Inc. (CFCHS) Board of Directors' meeting was held on Thursday, December 16, 2021, at 3:00 p.m. at 707 Mendham Blvd., Suite 201, Orlando, FL 32825. The President called the meeting to order at 3:08 p.m. The President reminded members of the importance of being in person at all CFCHS meetings.

Financial Report

Independent Auditor's Presentation

Farlen Halikman, from Moore, Stephens, Lovelace, presented CFCHS' independent audit. CFCHS received a clean audit again this year. Farlen Halikman thanked and complimented the Finance Department for a job well done. Farlen mentioned the 990 will be presented at the next board meeting.

Mark Broms made a motion to approve the auditor's report as presented, Ken Peach seconded, motion passed.

October Financials

The Treasurer indicated October financial reports are still abridged, without OCA utilization reports, and still paying providers on the 1/12th proforma basis.

The CFO reviewed the October Balance Sheet that includes the balances from August 31, 2021, through September 30, 2021. Cash in the bank and Accounts Receivable is at \$25.49M. Accounts Receivable reflects the cash advance funding from DCF progressing through the fiscal year. Short-term liabilities have a balance from the 1037 reconciliation, where one provider had a payback from a prior year owed to DCF and will be paid to DCF in November.

Income statement highlights that most providers are being paid at a 1/12th pro rata, although some providers are providing data in real time and being paid on their actual utilization. Personnel expenses will start to realize an increase as CFCHS hired a grant services coordinator who will be funded by grant revenues received. Travel and conferences will increase due to lessening covid restrictions.

DCF Amendments were shown on page 4. Amendment 52 will add \$500K to the budget to prepare the statewide Health Council Needs Assessment, raising the total budget to \$96.5M.

FASAMS – DCF's Secretary indicated DCF's new CIO did a thorough review of the system and does not believe FASAMS is capable of meeting the department's statutory requirements for the data system. The department is looking to move from FASAMS but not sure what next steps are but will RFI to find out what vendors have that is in existence. The department still needs to collect data for federal reporting purposes via FASAMS version 14. In late 2015, FASAMS was initially discussed and was first launched in January 2019 but are still trying to get FASAMS off the ground.

The CEO commented that providers have until December to submit data so CFCHS can begin reconciliation with the providers who were paid at 1/12th. MEs all agreed to the December data submission deadline. Providers who cannot submit data through FASAMS are submitting spreadsheets by OCA and by covered service.

Mark Broms made a motion to approve the October 2021 financial report as presented; Ian Golden seconded; motion passed.

Consent Agenda

Ian Golden made a motion to approve consent agenda items, Amber Carroll seconded; motion passed.

Organizational Updates:

- Sponsoring QPR training – for law enforcement in Brevard County area funded by foundation grant received and is offered one day only. The other is for the entire region and offered at multiple times. DCF placed the flyer on their social media statewide platform, as well as Seminole County Sheriff Department.
- Brevard fundraiser hosted on January 12, 2022 with other counties we serve to follow.
- Symposium in Brevard County will be hosted the first quarter of next year.

Board Compliance Presentation

Geovanna Gonzalez, Compliance Director, presented a brief overview of CFCHS' compliance program and board roles and responsibilities.

HB 945 Presentation

Nikaury Munoz, Chief Integration Officer, presented on House Bill 945.

Planning Council – Nelson retired. The state started a new workgroup. When a person is appointed as the local representative, they will start coming to the board meetings.

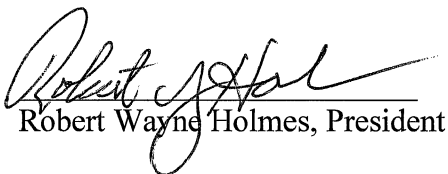
Other/Public Input - None

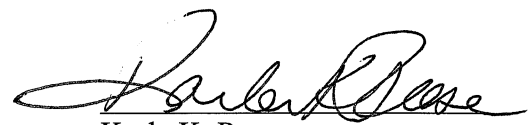
Next Board Meeting

The next Board of Directors' Meeting will be Thursday, February 17, 2022, at 3 pm.

Luis Delgado made a motion to adjourn, Ian Golden seconded, motion passed.

The meeting adjourned at 4:50 p.m.


Robert Wayne Holmes, President


Karla K. Pease
Recording Secretary

Board of Directors' Agenda
Thursday, December 16, 2021
3:00 PM – 5:00 PM
Central Florida Cares Health System, Inc.
Board Room



I. Holiday Social Time	Group	10 minutes
II. Welcome/Introductions	Wayne Holmes	2 minutes
III. Financial Report	Mark Broms	
<ul style="list-style-type: none"> • Auditor's Annual Audit Presentation • October Financials 	Farlen Halikman Dan Nye	15 minutes 15 minutes
IV. Consent Agenda	Board	5 minutes
<ul style="list-style-type: none"> • Approve October 21, 2021 Minutes • Finance Comm. Minutes • Ad-Hoc Committee Draft Minutes • Organizational Policies and Procedures (Approved by Finance, Executive, and Ad-Hoc Committee) 		
V. Organizational Updates	Maria Bledsoe	5 minutes
VI. Board Compliance Presentation	Geovanna Gonzalez	15 minutes
VII. HB 945 Presentation	Nikaury Munoz	15 minutes
VIII. Planning Council	Nelson Kull	3 minutes
IX. Other/Public Input	Group	3 minutes/person
X. Adjourn - Next Board of Directors' Meeting	Group	1 minute
<ul style="list-style-type: none"> • Thursday, February 17, 2022, 3:00-5:00 pm 		

**Board of Directors' Meeting Minutes
Thursday, October 21, 2021
Central Florida Cares Health System, Inc.
Board Room**



ATTENDANCE

Central Florida Cares Health System Board of Directors

Robert Wayne Holmes, President, Retired Asst. State Atty./Consumer Advocate
Mark Broms, Treasurer, Brevard Homeless Coalition
Ian Golden, Secretary, Brevard County Housing & Human Services
Debbie Owens, Past President, Seminole Prevention Coalition
Jules Brace, Orange County Sheriff Office
Amber Carroll, Brevard Homeless Coalition
Sherri Gonzalez, Children's Home Society
Babette Hankey, Aspire Health Partners
Valerie Holmes, Brevard Family Partnership
Kristen Hughes, Lassiter-Ware Insurance
Natalie Mullett, Park Place Behavioral Health Care
Ken Peach, Health Council of East Central Florida
Thomas Todd, Connection Church
Bill Vintroux, Circles of Care
Donna Walsh, Seminole County Health Dept.
Eric Welch, NAMI of Greater Orlando

Central Florida Cares Health System, Inc. Staff

Maria Bledsoe, Chief Executive Officer
Trinity Schwab, Chief Operations Officer
Michael Lupton, Chief Information Officer
Daniel Nye, Chief Financial Officer (Via Zoom)
Nikaury Munoz, Chief Integration Officer
Karla Pease, Executive Assistant and Recording Secretary
Chris Chung, Data Specialist (Via Zoom)

Guests

Anne Sutherland, Department of Children and Families
Cheryl Bello, STEPS
Caryn Seaborg, STEPS
Christy Suehle, Aspire Health Partners

Meeting Called to Order

Central Florida Cares Health System, Inc. (CFCHS) Board of Directors' meeting was held on Thursday, October 21, 2021, at 3:00 p.m. at 707 Mendham Blvd., Suite 201, Orlando, FL 32825. The President called the meeting to order at 3:03 p.m.

Financial Report

The Treasurer commented that the August financials are abbreviated due to an agreement with DCF and providers. During the first quarter, CFCHS paid providers on a proforma basis at 1/12th of the budget.

The CFO reviewed the abbreviated August financials that include June 1, 2021 through August 31, 2021. Accounts Receivable has increased and is at \$19M at the end of August. This is due to timing where invoicing DCF and releasing of the payments the first week in September instead of at the end of the month.

The Statement of Revenues and Expenses for the last 2 months and YTD is on page three. No major activity outside of the normal. A refund on general liability insurance is reflected in August; however, cyber protection insurance premium will be going up.

DCF Amendments were shown on page 4. Amendment 50 was approved and is retro to July 1, 2021. The FY 2021-22 Schedule of Funds were discussed on pages 5-7. The green column showed the total OCAs for the coming year. The red column denoted non-recurring funds of almost \$17M, the blue column showed growth/reduction in the individual OCA if fully utilized at 9.5M.

Mark Broms made a motion to approve the August 2021 financial report as presented; Debbie Owens seconded; motion passed.

Consent Agenda

Ian Golden made a motion to approve consent agenda items, Thomas Todd seconded; motion passed.

Organizational Updates:

- Strategic Plan – See handout in packet for status.
- MDL Opioid Lawsuit – Lawsuit has been settled for Florida at \$1.6B. The payout is based on the 2019 population census, 300K or less will be handled by the ME or more than 300K will be handled by the county.
- Legislative – Delegation meetings have been attended by CFCHS staff.
- Assistant Secretary and Deputy Secretary site visit is scheduled for October 26th.
- DCF Local Changes – Anne Sutherland is new the new Regional Director. Charles Scherer is the new Regional Managing Director.
- Operations – Looking for FTEs to fill vacancies.
- Symposium “*Better Together*” was well attended. Eric Welch did a great job facilitating.
- Social fundraisers are being planned for the first of the year.
- Organizational Policy Assignments – Board members will review 6-8 policies each.
- CJMHSA Grants were awarded and start date is January/February 2022.

- Compliance Video Attestation – See attestation in packet and return.
- FASAMS:
 - New data system went live July 1, 2021.
 - Majority of providers perform direct data entry into the CFCHS data system and are reporting successfully.
 - Half of the providers who perform file upload are successfully reporting. Unfortunately, this data reporting accounts for approximately 18% of the normal service volume, with the largest providers seeing the greatest problems.
 - Different reasons why each provider is not successfully reporting, so there is no simple solution.
 - Recent progress seen from all providers towards successful data submission.

Sunshine Law Presentation

Wayne Holmes, President, presented the Sunshine Laws refresher training.

Ad-Hoc Nominating Committee

Valerie Holmes, the Chair of the Nominating Committee, stated the committee met and interviewed Lisa Portelli, from the City of Orlando, as a potential new member to the Board of Directors. Valerie highlighted positions from the candidate’s resume.

Valerie Holmes made a motion to approve Lisa Portelli as a new board member, Kristen Hughes seconded, motion passed.

Planning Council – Nelson Kull was not in attendance.

Other/Public Input

- The Past President mentioned the upcoming DEA take back drugs awareness day.
- The Secretary commented the covid related funds available through a Brevard RFP for \$1.2 million has been delayed until November 1. The CEO will share the link with board members when received.
- A member commented on the city going “green” for Mental Health Awareness Week.
- Another commented on the community needs assessment focus groups being implemented.

Next Board Meeting

The next Board of Directors’ Meeting will be Thursday, December 16, 2021, at 3 pm.

Ian Golden made a motion to adjourn, Valerie Holmes seconded, motion passed.

The meeting adjourned at 4:14 p.m.

Robert Wayne Holmes, President

Karla K. Pease
Recording Secretary

CENTRAL FLORIDA CARES HEALTH SYSTEM

Financial Report
October 2021 Financials
Unaudited

Central Florida Cares Health System, Inc
Statement of Financial Position
For the prior three months ended 10/31/2021



Balance Sheet - Unaudited
10/31/2021 with 3 month comparison

	<u>8/31/2021</u>	<u>9/30/2021</u>	<u>10/31/2021</u>
Assets			
Current Assets			
Cash in Bank	10,876,495	10,876,495	11,362,204
Accounts Receivable	19,087,985	19,087,985	14,132,529
Advance Due From Providers	-	-	-
Other Receivables	-	-	-
Prepaid Insurance	40,858	40,858	31,826
Prepaid Expenses	20,153	20,153	20,201
Deposits	26,375	26,375	26,375
Total Current Assets	<u>30,051,866</u>	<u>30,051,866</u>	<u>25,573,134</u>
Long-term Assets			
Computer Equipment	5,500	5,500	5,500
Software	1,347,346	1,347,346	1,347,346
Accum Depreciation	<u>(1,229,643)</u>	<u>(1,229,643)</u>	<u>(1,229,643)</u>
Total Long-term Assets	<u>123,203</u>	<u>123,203</u>	<u>123,203</u>
Total Assets	<u><u>30,175,069</u></u>	<u><u>30,175,069</u></u>	<u><u>25,696,337</u></u>
Liabilities			
Short-term Liabilities			
Accounts Payable	6,039,917	6,039,917	5,897,745
Accrued Expenses	-	-	16,640
Wages Payable	210,550	210,550	192,379
Federal Payroll Taxes Payable	26,440	26,440	14,389
403(b) Payable	7,424	7,424	7,717
Deductions Payable	1,464	1,464	1,429
Deferred Revenue	820,062	820,062	5,214,981
CarryForward Funds	7,132,401	7,132,401	5,416,941
Interest & Other Payable to DCF	3,536,731	3,536,731	9,792
Advance Due to DCF CY	11,777,413	11,777,413	8,190,497
Total Short-term Liabilities	<u>29,552,403</u>	<u>29,552,403</u>	<u>24,962,510</u>
Non Current Note Payable (PPP)	-	-	-
Total Liabilities	<u><u>29,552,403</u></u>	<u><u>29,552,403</u></u>	<u><u>24,962,510</u></u>
Net Assets			
Unrestricted Net Assets:			
Prior Year Excess Revenues	658,055	658,055	754,110
Curr Year Excess Revenues	<u>(35,389)</u>	<u>(35,389)</u>	<u>(20,283)</u>
Total Unrestricted Net Assets	<u>622,666</u>	<u>622,666</u>	<u>733,827</u>
Total Liabilities and Net Assets	<u><u>30,175,069</u></u>	<u><u>30,175,069</u></u>	<u><u>25,696,337</u></u>

Central Florida Cares Health System, Inc
Statement of Revenues and Expenses
For the prior three months and YTD 10/31/2021



Unaudited	Aug-21	Sep-21	Oct-21	FY 21/22 YTD
Program Services Revenue:				
DCF	6,225,494	5,991,011	6,088,767	24,907,244
Other	-	-	-	-
Brevard Co Planning Grant	-	-	14,000	14,000
Total Operating Revenue	6,225,494	5,991,011	6,102,767	24,921,244
Expenditures:				
Program Services Expenses	6,054,451	5,922,082	5,789,124	24,122,125.50
Personnel Expenses	137,576	139,293	140,563	645,244
403(b) Fees	583	-	-	583
Accounting Fees	-	-	-	-
Conferences	-	-	109	109
DCF Unallowables	-	50	228	278
Dues & Subscriptions	28	28	27	341
Insurance	(1,466)	4,020	3,769	9,915
Legal Fees	-	-	-	-
Meetings	460	914	215	2,304
Needs	-	-	6,340	6,340
Office Equipment	263	-	550	1,612
Office Furn & Fixture	-	-	-	-
Outreach and Awareness	6,429	-	-	6,429
Payroll Processing Fees	636	647	621	2,521
Printing & Publications	-	-	-	-
Professional Services Other	1,314	4,489	(1,857)	5,260
Recruiting and Screening	-	45	64	124
Rent-Building	14,950	14,950	14,950	59,800
Rent-Equipment	470	606	557	2,752
Software Development	-	3,800	-	3,800
Software Expense	13,581	14,468	12,365	60,179
Supplies & Postage	683	-	370	1,053
Telephone, Internet & Conf	2,193	2,203	2,188	8,680
Training	-	-	895	895
Total Expenditures	6,232,150	6,107,594	5,971,078	24,940,346
Operating Revenue over Expenditures	(6,656)	(116,583)	131,689	(19,102)
Other Revenue and Expenses:				
Contribution Revenue	-	-	-	-
Contribution Expense	5	1,500	(1,500)	(1,183)
Net Other Revenue (Expense)	5	1,500	(1,500)	(1,183)
Net Revenue over Expenditures	(6,652)	(115,083)	130,189	(20,283)

Central Florida Cares Health System, Inc DCF Contract Amendments – FY21-22



DCF Amendments - FY21-22			
Amendment Number	Signed	Purpose	Budget
43	6/29/2020	GHME1 3 Year Contract Renewal	\$221,143,419
44	8/24/2020	GHME1 3 Funding Changes for FY2021	\$77,439,836
45	9/25/2020	GHME1 3 Contracting Language Changes	\$77,439,836
46	11/23/2020	GHME1 3 Funding Changes for FY2021 (SOR Funds)	\$85,457,437
47	3/1/2021	GHME1 3 Funding Changes for FY2021 (CARES Act funding)	\$88,565,839
48	6/4/2021	GHME1 3 Funding Changes for FY2021 (OCA reallocations and PRTS transfer)	\$88,415,839
49	5/6/2021	Statutory Reporting of BOD Executive Compensation	N/A
50	07/01/21	GHME1 3 Funding Changes for FY21-22	\$89,635,609
51	9/30/2021*	GHME1 3 Funding Changes for FY2122	\$96,027,233
52	11/01/2021*	GHME1 3 Funding Changes for FY21-22 (Health Council)	\$96.527.233

DCF Contract History - per year as of Amendment 43

DRAFT FOR DISCUSSION PURPOSES ONLY

CENTRAL FLORIDA CARES HEALTH SYSTEM, INC.

**COMMUNICATIONS WITH THE
BOARD OF DIRECTORS AND
FINANCE COMMITTEE**

YEAR ENDED JUNE 30, 2021



CPAs & ADVISORS

December 16, 2021

Board of Directors and Finance Committee
Central Florida Cares Health System, Inc.
707 Mendham Boulevard, Suite 201
Orlando, FL 32825

To the Board of Directors and Finance Committee:

We have audited the combined financial statements of Central Florida Cares Health System, Inc. ("CFCHS") for the year ended June 30, 2021. Professional standards require that we provide you with the following information related to our recently completed audit.

OUR RESPONSIBILITY UNDER GENERALLY ACCEPTED AUDITING STANDARDS

As stated in our engagement letter, our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable assurance about whether the financial statements are free of material misstatements, whether caused by error or fraud. An audit in accordance with generally accepted auditing standards, and the standards applicable to financial statements contained in *Government Auditing Standards* issued by the Comptroller General of the United States, does not provide absolute assurance or guarantee the accuracy of the financial statements and is subject to the inherent risk that errors or fraud, if they exist, have not been detected. Such standards also require that we obtain a sufficient understanding of CFCHS's internal control to plan the audit. However, such understanding is required for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

In addition, our expertise for this engagement is limited to accounting and auditing matters, rather than operational, clinical, or legal matters. Accordingly, our procedures focus on areas that normally are subject to internal controls relevant to financial reporting. Further, an audit conducted in accordance with auditing standards generally accepted in the United States of America does not include rendering an opinion or any form of assurance on an entity's compliance with laws and regulations.

PLANNED SCOPE AND TIMING OF THE AUDIT

We performed the audit according to the planned scope and timing previously communicated to you. We discussed our audit plan, the audit strategy, and our identified areas of focus with CFCHS's Finance Committee.

DRAFT FOR DISCUSSION PURPOSES ONLY

Board of Directors and Finance Committee
Central Florida Cares Health System, Inc.
December 15, 2021
Page 2

QUALITATIVE ASPECTS OF ACCOUNTING PRACTICES

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by CFCHS are described in Note 2 to the financial statements. CFCHS adopted Accounting Standards Update (“ASU”) No. 2018-08 *Revenue Recognition for Not-for-Profit Entities* during the year ended June 30, 2020. There were no other significant changes in accounting policies. We noted no transactions entered into by CFCHS during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

The disclosures in the respective financial statements are neutral, consistent, and clear.

CORRECTED AND UNCORRECTED MISSTATEMENTS

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of Management.

Posted Adjustments – There were no posted audit adjustments.

Waived Adjustments – There were no proposed adjustments that were waived.

MANAGEMENT’S JUDGMENTS AND ACCOUNTING ESTIMATES

Accounting estimates are an integral part of the financial statements prepared by Management and are based on Management’s knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from Management’s current judgments. We believe that CFCHS’s estimates regarding the following represent particularly sensitive accounting estimates:

- Revenue recognition; and
- Allocation of functional expenses.

We have made tests of these estimates and deemed them appropriate.

DISAGREEMENTS WITH MANAGEMENT

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the audit report. We are pleased to report that no such disagreements arose during the course of our audit.

DRAFT FOR DISCUSSION PURPOSES ONLY

Board of Directors and Finance Committee
Central Florida Cares Health System, Inc.
December 16, 2021
Page 3

MANAGEMENT CONSULTATIONS REGARDING ACCOUNTING OR AUDITING MATTERS

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with Management each year prior to retention as CFCHS's auditors. However, these discussions occurred in the normal course of our professional relationship, and our responses were not a condition to our retention.

In some cases, Management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

DIFFICULTIES ENCOUNTERED IN PERFORMING THE AUDIT

We are pleased to inform you that there were no significant difficulties encountered during the course of our audit.

MANAGEMENT REPRESENTATIONS

We have requested certain representations from Management that are included in the attached management representation letter.

INDEPENDENCE

We are not aware of any relationships between our Firm and CFCHS, which, in our professional judgment, may reasonably be thought to bear on our independence. Services provided to CFCHS by MSL, P.A. during the twelve-month period ended on the date of this letter consist of the annual audit of the financial statements.

We hereby confirm that as of the date of this letter, we are independent accountants with respect to CFCHS, within the meaning of the independence standards developed by the American Institute of Certified Public Accountants.

We appreciate the opportunity to serve as your accountants and advisors, and we very much appreciate the complete cooperation we received from all of your professionals involved in the engagement. Their conscientiousness and assistance were key to accomplishing our objectives. If you have any questions or require additional information, we would be pleased to meet with you at your convenience.

DRAFT FOR DISCUSSION PURPOSES ONLY

Board of Directors and Finance Committee
Central Florida Cares Health System, Inc.
December 16, 2021
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This letter is intended solely for the information and use of Management, the Board of Directors, and the Finance Committee, and is not intended to be, and should not be, used by anyone other than these specified parties.

Yours very truly,

Attachment

“DRAFT FOR DISCUSSION PURPOSES ONLY”

CENTRAL FLORIDA CARES HEALTH SYSTEM, INC.

**FINANCIAL STATEMENTS AND
SUPPLEMENTAL INFORMATION**

Years Ended June 30, 2021 and 2020

“DRAFT FOR DISCUSSION PURPOSES ONLY”

CENTRAL FLORIDA CARES HEALTH SYSTEM, INC.

**FINANCIAL STATEMENTS AND
SUPPLEMENTAL INFORMATION**

Years Ended June 30, 2021 and 2020

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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

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, 2021 and 2020, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, 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.

“DRAFT FOR DISCUSSION PURPOSES ONLY”

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, 2021 and 2020, 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 15, 2021 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.

Certified Public Accountants

Orlando, Florida
December 16, 2021

“DRAFT FOR DISCUSSION PURPOSES ONLY”
CENTRAL FLORIDA CARES HEALTH SYSTEM, INC.

STATEMENTS OF FINANCIAL POSITION

June 30, 2021 and 2020

ASSETS

	2021	2020
CURRENT ASSETS		
Cash and cash equivalents	\$ 11,042,526	\$ 6,329,771
Accounts receivable	7,717,572	6,357,103
Prepaid expenses	35,053	47,524
Other current assets	26,375	26,375
	18,821,526	12,760,773
 PROPERTY AND EQUIPMENT, net	123,203	112,538
TOTAL ASSETS	\$ 18,944,729	\$ 12,873,311

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 7,326,385	\$ 6,588,511
Accrued wages and benefits	208,991	120,715
Amounts due to Florida Department of Children and Families	3,581,974	1,784,415
Deferred revenues	7,073,267	3,959,416
TOTAL CURRENT LIABILITIES	18,190,617	12,453,057
 COMMITMENTS AND CONTINGENCIES		
 NET ASSETS	754,112	420,254
TOTAL LIABILITIES AND NET ASSETS	\$ 18,944,729	\$ 12,873,311

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

“DRAFT FOR DISCUSSION PURPOSES ONLY”
CENTRAL FLORIDA CARES HEALTH SYSTEM, INC.

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

Years Ended June 30, 2021 and 2020

	2021	2020
SUPPORT AND REVENUE		
Grant and contract revenue	\$ 80,586,134	\$ 80,755,264
EXPENSES		
Program services expenses:		
Adult mental health program	39,805,482	39,927,440
Adult substance abuse program	25,560,019	24,315,328
Children/adolescent substance abuse health program	8,207,372	9,362,312
Children/adolescent mental health program	4,221,909	4,641,066
TOTAL PROGRAM SERVICES EXPENSES	77,794,782	78,246,146
Support services - management and general	2,457,494	2,493,648
TOTAL EXPENSES	80,252,276	80,739,794
CHANGE IN NET ASSETS	333,858	15,470
NET ASSETS WITHOUT DONOR RESTRICTIONS AT BEGINNING OF YEAR	420,254	404,784
NET ASSETS WITHOUT DONOR RESTRICTIONS AT END OF YEAR	\$ 754,112	\$ 420,254

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

“DRAFT FOR DISCUSSION PURPOSES ONLY”
CENTRAL FLORIDA CARES HEALTH SYSTEM, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

Years Ended June 30, 2021 and 2020

	<u>2021</u>				Support	Total Expenses
	Program Services				Services	
	Adult Mental Health	Adult Substance Abuse	Children's Substance Abuse	Children's Mental Health	Management and General	
EXPENSES						
Subcontracted services	\$ 39,805,482	\$ 25,560,019	\$ 8,207,372	\$ 4,221,909	\$ -	\$ 77,794,782
Personnel expenses	-	-	-	-	1,739,535	1,739,535
Professional fees	-	-	-	-	273,306	273,306
Occupancy	-	-	-	-	181,503	181,503
Other	-	-	-	-	40,514	40,514
Dues and subscriptions	-	-	-	-	36,893	36,893
Telephone and internet	-	-	-	-	28,264	28,264
Travel	-	-	-	-	665	665
Training meetings and seminars	-	-	-	-	5,248	5,248
Equipment rental	-	-	-	-	5,980	5,980
Equipment costs	-	-	-	-	31,000	31,000
Supplies	-	-	-	-	1,582	1,582
Advertising	-	-	-	-	49,346	49,346
TOTAL EXPENSES BEFORE DEPRECIATION	39,805,482	25,560,019	8,207,372	4,221,909	2,393,836	80,188,618
Depreciation	-	-	-	-	63,658	63,658
TOTAL EXPENSES BEFORE ALLOCATION OF MANAGEMENT AND GENERAL	39,805,482	25,560,019	8,207,372	4,221,909	2,457,494	80,252,276
Allocation of management and general:						
Indirect	1,257,433	807,427	259,266	133,368	(2,457,494)	-
TOTAL EXPENSES	\$ 41,062,915	\$ 26,367,446	\$ 8,466,638	\$ 4,355,277	\$ -	\$ 80,252,276

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

“DRAFT FOR DISCUSSION PURPOSES ONLY”
CENTRAL FLORIDA CARES HEALTH SYSTEM, INC.

STATEMENTS OF FUNCTIONAL EXPENSES *(Continued)*

Years Ended June 30, 2021 and 2020

	<u>2020</u>				Support Services	Total Expenses
	Program Services				Management and General	
	Adult Mental Health	Adult Substance Abuse	Children's Substance Abuse	Children's Mental Health		
EXPENSES						
Subcontracted services	\$ 39,927,440	\$ 24,315,328	\$ 9,362,312	\$ 4,641,066	\$ -	\$ 78,246,146
Personnel expenses	-	-	-	-	1,783,159	1,783,159
Professional fees	-	-	-	-	267,709	267,709
Occupancy	-	-	-	-	177,687	177,687
Other	-	-	-	-	43,881	43,881
Travel	-	-	-	-	22,788	22,788
Telephone and internet	-	-	-	-	29,683	29,683
Dues and subscriptions	-	-	-	-	32,142	32,142
Training meetings and seminars	-	-	-	-	16,033	16,033
Equipment costs	-	-	-	-	5,517	5,517
Equipment rental	-	-	-	-	6,341	6,341
Advertising	-	-	-	-	1,849	1,849
Supplies	-	-	-	-	4,520	4,520
TOTAL EXPENSES BEFORE DEPRECIATION	39,927,440	24,315,328	9,362,312	4,641,066	2,391,309	80,637,455
Depreciation	-	-	-	-	102,339	102,339
TOTAL EXPENSES BEFORE ALLOCATION OF MANAGEMENT AND GENERAL	39,927,440	24,315,328	9,362,312	4,641,066	2,493,648	80,739,794
Allocation of management and general:						
Indirect	1,272,459	774,912	298,370	147,907	(2,493,648)	-
TOTAL EXPENSES	\$ 41,199,899	\$ 25,090,240	\$ 9,660,682	\$ 4,788,973	\$ -	\$ 80,739,794

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

“DRAFT FOR DISCUSSION PURPOSES ONLY”
CENTRAL FLORIDA CARES HEALTH SYSTEM, INC.

NOTES TO THE FINANCIAL STATEMENTS

Years Ended June 30, 2021 and 2020

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

New Accounting Standard Adoption and Basis of Presentation

On July 1, 2019, CFCHS adopted ASU No. 2014-09, *Revenue from Contracts with Customers* (the “New Revenue Standard”), which outlines a single comprehensive model for recognizing revenue and supersedes most existing revenue recognition guidance, including guidance specific to the health care industry. CFCHS elected to apply the modified retrospective approach with the cumulative transition effect recognized in the beginning net assets as of the date of adoption. The adoption of the New Revenue Standard did not have a material impact on the measurement nor on the recognition of revenue of contracts, for which all revenue had not been recognized, as of July 1, 2019; therefore, no cumulative adjustment has been made to the opening balance of net assets as of July 1, 2019.

Estimates and Functional Expenses

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 and disclosures in the financial statements. Actual results could differ from those estimates.

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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Estimates and Functional Expenses (Continued)

The costs of providing various programs and other activities have been summarized on a functional basis in the statements 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.

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, the entire amounts due from DCF are considered receivable.

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, 2021 and 2020 was approximately \$64,000 and \$102,000, respectively, and accumulated depreciation was \$1,230,000 and \$1,166,000, respectively.

Due to DCF

Amounts due to DCF represent overpayments to be repaid and interest income of approximately \$1,800 and \$2,900 for the years ended June 30, 2021 and 2020, 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 and Restricted Net Assets

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, 2021 and 2020.

“DRAFT FOR DISCUSSION PURPOSES ONLY”

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Income Taxes

CFCHS has been recognized as exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (“IRC”). 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.

Subsequent Events

Subsequent events have been evaluated for reporting and disclosure through December 16, 2021, which is the date the financial statements were available to be issued.

NOTE 3 - LIQUIDITY

At June 30, 2021 and 2020, CFCHS had approximately \$18,760,000 and \$12,687,000, 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.

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NOTE 3 - LIQUIDITY (Continued)

Cash and cash equivalents, and accounts receivable at June 30, 2021 and 2020 were approximately as follows:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 11,042,000	\$ 6,330,000
Accounts receivable	7,718,000	6,357,000
Total	<u>\$ 18,760,000</u>	<u>\$ 12,687,000</u>

At June 30, 2021 and 2020, the ratio of cash and cash equivalents, and accounts receivable to current liabilities was 1.03 and 1.02, respectively. 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 2022.

NOTE 4 - COMMITMENTS AND CONTINGENCIES

DCF Contract

CFCHS has a managing entity contract with DCF which has been extended through June 30, 2023 for approximately \$221 million. 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.

Leases

CFCHS has noncancelable operating leases, primarily for office space and equipment. In March 2020, CFCHS extended its noncancelable operating lease with its landlord through June 30, 2022. Rent expense for operating leases for the years ended June 30, 2021 and 2020 was approximately \$181,000 and \$178,000 respectively.

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NOTE 4 - COMMITMENTS AND CONTINGENCIES *(Continued)*

Leases *(Continued)*

Future minimum lease payments under noncancelable operating leases as of June 30, 2021, are approximately as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2022	<u>\$ 179,400</u>

Credit Risk on Bank Deposits

CFCHS maintains its deposits with a large, international commercial bank, which management believes to be of high-credit quality. CFCHS maintains cash deposits in accounts which, at times, may exceed federally insured limited. CFCHS has not experienced any losses in such accounts and believes that it is not exposed to any significant credit risk with respect to cash.

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. CFCHS made discretionary contributions to the Plan of 3% and 5% of each participant’s eligible compensation for the fiscal years ended June 30, 2021 and 2020, respectively. Pension expense for the years ended June 30, 2021 and 2020 was approximately \$44,000 and \$73,000, 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, 2021 and 2020, payments to these Providers were approximately \$56.5 million and \$63.5 million, respectively. Amounts payable to these Providers at June 30, 2021 and 2020 were approximately \$5.5 million and \$4.8 million, respectively.

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NOTE 8 - COVID-19

In 2019, COVID-19 was identified as the cause of a disease outbreak that originated in China. On March 11, 2020, the World Health Organization declared COVID-19 a pandemic. The effect of COVID-19 on CFCHS’s operational and financial performance will depend on future developments associated with this disease, which are uncertain and difficult to predict. As a result, it is not currently possible to ascertain the potential impact of COVID-19 on CFCHS. However, given the uncertainty as to the duration of the COVID-19 pandemic and the timing and availability of effective medical treatment and vaccines, it could have a material adverse effect on CFCHS’s future results of operations, financial condition and cash flows.

NOTE 9 - PAYCHECK PROTECTION PROGRAM

On July 20, 2020, CFCHS, was granted a loan (the “Loan”) from TD Bank, N.A. in the amount of \$288,000, pursuant to the Paycheck Protection Program (the “PPP”) under Division A, Title I of the Coronavirus Aid, Relief, and Economic Security (“CARES”) Act, which was enacted March 27, 2020. The Loan was funded and guaranteed by the Small Business Administration (the “SBA”). Under the terms of the PPP, the entire loan or a portion thereof may be forgiven if they are used for qualifying expenses as defined in the CARES Act.

CFCHS expended the entire amount for qualifying expenses through the fiscal year ended June 30, 2021. Accordingly, the Loan was forgiven, in its entirety by the SBA on May 18, 2021. Consequently, these funds have been recognized as support and revenue and are included in grant and contract revenue for the fiscal year ended June 30, 2021.

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SUPPLEMENTAL INFORMATION

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CENTRAL FLORIDA CARES HEALTH SYSTEM, INC.

SCHEDULE OF STATE EARNINGS

Year Ended June 30, 2021

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.

“DRAFT FOR DISCUSSION PURPOSES ONLY”
CENTRAL FLORIDA CARES HEALTH SYSTEM, INC.

SCHEDULE OF RELATED-PARTY TRANSACTION ADJUSTMENTS

Year Ended June 30, 2021

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.

“DRAFT FOR DISCUSSION PURPOSES ONLY”

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 statements of financial position as of June 30, 2021, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated December 15, 2021.

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.

“DRAFT FOR DISCUSSION PURPOSES ONLY”

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.

Certified Public Accountants

Orlando, Florida
December 16, 2021



Certified Public Accountants

INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND 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
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 CFCHS’s major federal program and state project for the year ended June 30, 2021. CFCHS’s major federal program and state project 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 of CFCHS’s major federal program and state project 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 the major federal program and state project. However, our audit does not provide a legal determination of CFCHS’s compliance.

“DRAFT FOR DISCUSSION PURPOSES ONLY”

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

Opinion on the Major Federal Program and State Project

In our opinion, CFCHS complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program and state project for the year ended June 30, 2021.

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 the 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 the 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.

Certified Public Accountants

Orlando, Florida
December 16, 2021

“DRAFT FOR DISCUSSION PURPOSES ONLY”

CENTRAL FLORIDA CARES HEALTH SYSTEM, INC.

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

Year Ended June 30, 2021

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	\$ 3,137,208	\$ 1,138,140
Block Grants for Community Mental Health Services	93.958	GHME1	6,958,447	6,958,447
Block Grants for Prevention & Treatment of Substance Abuse	93.959	GHME1	13,676,951	13,676,951
Florida COVID 19 Emergency Response Grant	93.665	GHME1	269,495	260,318
Community Health Services Block Grant of the Homeless	93.150	GHME1	492,750	492,750
Mental Health Disaster Assistance and Emergency Mental Health	93.982	GHME1	527,291	527,291
State Opioid Response Discretionary Grant	93.788	GHME1	6,868,322	6,770,444
<i>Total State of Florida Department of Children and Families</i>			<u>31,930,464</u>	<u>29,824,341</u>
<i>State Department of Agency for Health Care Administration</i>				
Title XXI - State Children's Health Insurance Program	93.767	GHME1	813,307	813,307
Total Expenditures of Federal Awards			<u>32,743,771</u>	<u>30,637,648</u>
STATE PROJECTS				
<i>State of Florida Department of Children and Families</i>				
Community Forensic Beds and Competency Restoration	60.114	GHME1	509,676	509,676
SAMH - Crisis Prevention & Stabilization Services	60.155	GHME1	834,800	834,800
Centralized Receiving Facilities	60.163	GHME1	4,618,430	4,618,430
SAMH - ME State Funded Federal Excluded Services	60.190	GHME1	232,652	232,652
<i>Total State of Florida Department of Children and Families</i>			<u>6,195,558</u>	<u>6,195,558</u>
Total Expenditures of State Financial Assistance			<u>6,195,558</u>	<u>6,195,558</u>
Total Expenditures of Federal Awards and State Financial Assistance			<u>\$ 38,939,329</u>	<u>\$ 36,833,206</u>

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

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CENTRAL FLORIDA CARES HEALTH SYSTEM, INC.

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

Year Ended June 30, 2020

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, 2021. 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.

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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	\$ 25,216,832	\$ 25,216,832
<i>State Department of Agency for Health Care Administration</i> State Matching Funds-93.104 Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances	GHME1	2,977,025	2,977,025
<i>U.S. Department of Health and Human Services</i> Federal Matching Funds-93.959 Block Grants for Prevention and Treatment of Substance Abuse	GHME1	<u>13,102,363</u>	<u>12,767,717</u>
Total Matching Funds for Federal Programs		<u><u>\$ 41,296,220</u></u>	<u><u>\$ 40,961,574</u></u>

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CENTRAL FLORIDA CARES HEALTH SYSTEM, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2020

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:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
93.558	Temporary Assistance for Needy Families Block Grant
93.958	Block Grants for Community Mental Health Services
93.767	Title XXI - State Children's Health Insurance Program

<u>CSFA Number</u>	<u>Name of State Project</u>
60.163	Centralized Receiving Facilities

Dollar threshold used to distinguish between Type A and Type B programs:	Federal	<u> \$ 2,200,000 </u>
	State	<u> \$ 750,000 </u>

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

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CENTRAL FLORIDA CARES HEALTH SYSTEM, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS *(Continued)*

Year Ended June 30, 2020

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.