

CENTRAL FLORIDA CARES HEALTH SYSTEM, INC.

**FINANCIAL STATEMENTS AND
SUPPLEMENTAL INFORMATION**

Years Ended June 30, 2023 and 2022

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INDEPENDENT AUDITOR'S REPORT

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

Opinion

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, 2023 and 2022, 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.

In our opinion, the financial statements present fairly, in all material respects, the financial position of CFCHS as of June 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information shown on pages 15 to 16 is presented for the purposes of additional analysis as required by the State of Florida Department of Children and Families, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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 February 20, 2024, on our consideration of CFCCHS's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of CFCCHS's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering CFCCHS's internal control over financial reporting and compliance.

MSL, P.A.

Certified Public Accountants

Orlando, Florida
February 20, 2024

CENTRAL FLORIDA CARES HEALTH SYSTEM, INC.

STATEMENTS OF FINANCIAL POSITION

June 30, 2023 and 2022

ASSETS

| | <u>2023</u> | <u>2022</u> |
|-----------------------------|----------------------|----------------------|
| CURRENT ASSETS | | |
| Cash and cash equivalents | \$ 9,295,228 | \$ 18,249,920 |
| Accounts receivable | 17,204,340 | 8,340,421 |
| Prepaid expenses | 101,684 | 74,456 |
| Other current assets | <u>26,375</u> | <u>26,375</u> |
| | TOTAL CURRENT ASSETS | 26,691,172 |
| | 26,627,627 | |
| PROPERTY AND EQUIPMENT, net | <u>292,369</u> | <u>159,733</u> |
| | TOTAL ASSETS | \$ 26,850,905 |
| | <u>\$ 26,919,996</u> | <u>\$ 26,850,905</u> |

LIABILITIES AND NET ASSETS

| | | |
|--|----------------------------------|----------------------|
| CURRENT LIABILITIES | | |
| Accounts payable | \$ 15,726,594 | \$ 11,867,624 |
| Accrued wages and benefits | 316,468 | 260,272 |
| Amounts due to Florida Department of Children and Families | 1,467,130 | 5,428,734 |
| Deferred revenues | <u>8,169,546</u> | <u>8,223,522</u> |
| | TOTAL CURRENT LIABILITIES | 25,780,152 |
| | 25,679,738 | |
| COMMITMENTS AND CONTINGENCIES | | |
| NET ASSETS | <u>1,240,258</u> | <u>1,070,753</u> |
| | TOTAL LIABILITIES AND NET ASSETS | \$ 26,850,905 |
| | <u>\$ 26,919,996</u> | <u>\$ 26,850,905</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, 2023 and 2022

| | <u>2023</u> | <u>2022</u> |
|--|---------------------|---------------------|
| SUPPORT AND REVENUE | | |
| Grant and contract revenue | 114,067,139 | \$ 93,939,616 |
| Contributions | 100 | - |
| TOTAL SUPPORT AND REVENUE | <u>114,067,239</u> | <u>93,939,616</u> |
| EXPENSES | | |
| Program services expenses: | | |
| Adult mental health program | 57,228,308 | 45,115,656 |
| Adult substance abuse program | 36,232,630 | 30,244,841 |
| Children/adolescent substance abuse health program | 12,028,885 | 11,689,400 |
| Children/adolescent mental health program | 4,431,345 | 3,987,779 |
| TOTAL PROGRAM SERVICES EXPENSES | <u>109,921,168</u> | <u>91,037,676</u> |
| Support services - management and general | <u>3,976,566</u> | <u>2,585,299</u> |
| TOTAL EXPENSES | <u>113,897,734</u> | <u>93,622,975</u> |
| CHANGE IN NET ASSETS | 169,505 | 316,641 |
| NET ASSETS WITHOUT DONOR RESTRICTIONS AT BEGINNING OF YEAR | <u>1,070,753</u> | <u>754,112</u> |
| NET ASSETS WITHOUT DONOR RESTRICTIONS AT END OF YEAR | <u>\$ 1,240,258</u> | <u>\$ 1,070,753</u> |

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

CENTRAL FLORIDA CARES HEALTH SYSTEM, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

Years Ended June 30, 2023 and 2022

| | 2023 | | | | 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 | \$ 57,228,308 | \$ 36,232,630 | \$ 12,028,885 | \$ 4,431,345 | \$ - | \$ 109,921,168 |
| Personnel expenses | - | - | - | - | 2,080,638 | 2,080,638 |
| Professional fees | - | - | - | - | 674,305 | 674,305 |
| Occupancy | - | - | - | - | 216,405 | 216,405 |
| Advertising | - | - | - | - | 695,450 | 695,450 |
| Other | - | - | - | - | 65,408 | 65,408 |
| Dues and subscriptions | - | - | - | - | 56,808 | 56,808 |
| Telephone and internet | - | - | - | - | 23,877 | 23,877 |
| Training meetings and seminars | - | - | - | - | 27,896 | 27,896 |
| Equipment costs | - | - | - | - | 23,034 | 23,034 |
| Equipment rental | - | - | - | - | 6,035 | 6,035 |
| Travel | - | - | - | - | 11,156 | 11,156 |
| Supplies | - | - | - | - | 5,504 | 5,504 |
| TOTAL EXPENSES BEFORE DEPRECIATION | 57,228,308 | 36,232,630 | 12,028,885 | 4,431,345 | 3,886,516 | 113,807,684 |
| Depreciation | - | - | - | - | 90,050 | 90,050 |
| TOTAL EXPENSES BEFORE ALLOCATION OF MANAGEMENT AND GENERAL | 57,228,308 | 36,232,630 | 12,028,885 | 4,431,345 | 3,976,566 | 113,897,734 |
| Allocation of management and general: | | | | | | |
| Indirect | 2,070,321 | 1,310,771 | 435,163 | 160,311 | (3,976,566) | - |
| TOTAL EXPENSES | \$ 59,298,629 | \$ 37,543,401 | \$ 12,464,048 | \$ 4,591,656 | \$ - | \$ 113,897,734 |

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

CENTRAL FLORIDA CARES HEALTH SYSTEM, INC.

STATEMENTS OF FUNCTIONAL EXPENSES (Continued)

Years Ended June 30, 2023 and 2022

| | 2022 | | | | 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 | \$ 45,115,656 | \$ 30,244,841 | \$ 11,689,400 | \$ 3,987,779 | \$ - | \$ 91,037,676 |
| Personnel expenses | - | - | - | - | 1,814,230 | 1,814,230 |
| Professional fees | - | - | - | - | 287,460 | 287,460 |
| Occupancy | - | - | - | - | 179,400 | 179,400 |
| Advertising | - | - | - | - | 62,032 | 62,032 |
| Other | - | - | - | - | 52,910 | 52,910 |
| Dues and subscriptions | - | - | - | - | 33,325 | 33,325 |
| Equipment costs | - | - | - | - | 16,928 | 16,928 |
| Telephone and internet | - | - | - | - | 26,898 | 26,898 |
| Equipment rental | - | - | - | - | 7,853 | 7,853 |
| Training meetings and seminars | - | - | - | - | 22,846 | 22,846 |
| Supplies | - | - | - | - | 2,543 | 2,543 |
| Travel | - | - | - | - | 6,623 | 6,623 |
| TOTAL EXPENSES BEFORE DEPRECIATION | 45,115,656 | 30,244,841 | 11,689,400 | 3,987,779 | 2,513,048 | 93,550,724 |
| Depreciation | - | - | - | - | 72,255 | 72,255 |
| TOTAL EXPENSES BEFORE ALLOCATION OF MANAGEMENT AND GENERAL | 45,115,656 | 30,244,841 | 11,689,400 | 3,987,779 | 2,585,303 | 93,622,979 |
| Allocation of management and general: | | | | | | |
| Indirect | 1,281,202 | 858,898 | 331,958 | 113,246 | (2,585,303) | - |
| TOTAL EXPENSES | \$ 46,396,858 | \$ 31,103,739 | \$ 12,021,358 | \$ 4,101,025 | \$ - | \$ 93,622,979 |

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, 2022 and 2021

| | 2023 | 2022 |
|---|--------------|---------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Increase in net assets | \$ 169,505 | \$ 316,641 |
| Adjustments to reconcile increase in net assets to net cash (used in) provided by operating activities: | | |
| Depreciation expense | 90,050 | 72,255 |
| Change in operating assets and liabilities: | | |
| Accounts receivable | (8,863,919) | (622,849) |
| Prepaid expenses | (27,228) | (39,403) |
| Accounts payable and accrued expenses | 3,858,970 | 4,541,239 |
| Accrued wages and benefits | 56,196 | 51,281 |
| Amounts due to Florida Department of Children and Families | (3,961,604) | 1,846,760 |
| Deferred revenues | (53,976) | 1,150,255 |
| | (8,732,006) | 7,316,179 |
| NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES | | |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of property and equipment | (222,686) | (108,785) |
| | (8,954,692) | 7,207,394 |
| (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS | | |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR | 18,249,920 | 11,042,526 |
| CASH AND CASH EQUIVALENTS AT END OF YEAR | \$ 9,295,228 | \$ 18,249,920 |

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, 2023 and 2022

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’ 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

Estimates and Functional Expenses

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (“GAAP”) 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 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.

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, 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 three to four 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, 2023 and 2022 was approximately \$90,000 and \$72,000, respectively, and accumulated depreciation was approximately \$1,392,000 and \$1,302,000, respectively.

Due to DCF

Amounts due to DCF represent overpayments to be repaid and interest income of approximately \$66,300 and \$3,400 for the years ended June 30, 2023 and 2022, respectively, which was earned on advances received from DCF under CFCHS' 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, 2023 and 2022.

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 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 (“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 February 20, 2024, which is the date the financial statements were available to be issued.

NOTE 3 - LIQUIDITY

At June 30, 2023 and 2022, CFCHS had approximately \$26,499,000 and \$26,590,000 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’ 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, 2023 and 2022 were approximately as follows:

| | <u>2023</u> | <u>2022</u> |
|---------------------------|----------------------|----------------------|
| Cash and cash equivalents | \$ 9,295,000 | \$ 18,250,000 |
| Accounts receivable | <u>17,204,000</u> | <u>8,340,000</u> |
| Total | <u>\$ 26,499,000</u> | <u>\$ 26,590,000</u> |

At June 30, 2023 and 2022, the ratio of cash and cash equivalents, and accounts receivable to current liabilities was 1.01. As part of CFCHS’ 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 ended 2023.

The impact on organizational liquidity, if any, that may result from the ultimate outcome of the matter discussed in the subsequent event note (See Note 8), cannot be determined at this time and these financial statements include no provision for potential losses related to the matter that may occur.

NOTE 4 - COMMITMENTS AND CONTINGENCIES

DCF Contract

CFCHS has a managing entity contract with DCF, which has been extended through June 30, 2024, for approximately \$115 million. CFCHS receives substantially all 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 a noncancelable operating lease for office space. In March 2022, CFCHS extended its noncancelable operating lease with its landlord through June 30, 2024. Rent expense for the operating lease for the years ended June 30, 2023 and 2022 was approximately \$216,000.

Future minimum lease payments under the noncancelable operating lease as of June 30, 2023, are approximately as follows:

| <u>Year Ending June 30,</u> | <u>Amount</u> |
|---------------------------------|-------------------|
| 2024 | <u>\$ 216,000</u> |
| | <u>\$ 216,000</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 6% and 3% of each participant's eligible compensation for the fiscal years ended June 30, 2023, and 2022, respectively. Contribution expense for the years ended June 30, 2023 and 2022 was approximately \$96,000 and \$65,000, 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, 2023 and 2022, payments to these Providers were approximately \$66 million and \$58 million, respectively. Amounts payable to these Providers at June 30, 2023 and 2022 were approximately \$10 million and \$7.4 million, respectively.

NOTE 8 - SUBSEQUENT EVENT

On October 25, 2023, CFCHS was a victim of internet fraud which compromised CFCHS' checking account and resulted in significant unauthorized transfers. CFCHS has engaged legal counsel and, with the assistance of the affected financial institution, its own forensics consultant, and law enforcement is investigating the fraud. The investigation has determined that there were no residual impacts from the incident that would cause an impact or disruption to services in the provider network. CFCHS had coverage through a cyber-insurance policy that, based on advice of legal counsel, should allow for at least partial recovery of any otherwise unrecovered loss from the incident. However, the ultimate financial impact from the incident cannot be determined until the conclusion of the investigation and the outcome of future events which are inherently uncertain at this time. Accordingly, these financial statements do not include any adjustments or provisions related to the incident.

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SUPPLEMENTAL INFORMATION

CENTRAL FLORIDA CARES HEALTH SYSTEM, INC.

SCHEDULE OF STATE EARNINGS

Year Ended June 30, 2023

| | |
|---|--------------------|
| 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, 2023

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



**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, 2023, 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 February 20, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered CFCHS’ 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’ internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of CFCHS’ 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’ 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.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether CFCHS' 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.

MSL, P.A.

Certified Public Accountants

Orlando, Florida
February 20, 2024



Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND MAJOR STATE PROJECT AND ON INTERNAL CONTROL OVER COMPLIANCE; REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE 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

Opinion on Each Major Federal Program and State Project

We have audited Central Florida Cares Health System, Inc.'s ("CFCHS") compliance with the compliance requirements identified as subject to audit in the OMB *Compliance Supplement* and the Department of Financial Services *State Projects Compliance Supplement* that could have a direct and material effect on each of CFCHS' major federal programs and state projects for the year ended June 30, 2023. CFCHS' 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.

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, 2023.

Basis for Opinion on Each Major Federal Program and State Project

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 and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and Chapter 10.650, *Rules of the Auditor General*. Our responsibilities under those standards, the Uniform Guidance, and Chapter 10.650, *Rules of the Auditor General*, are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

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

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

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

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

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

Report on Schedule of Expenditures of Federal Awards and State Financial Assistance Required by the Uniform Guidance and Chapter 10.650, *Rules of the Auditor General*

We have audited the financial statements of CFCHS as of and for the year ended June 30, 2023, and have issued our report thereon dated February 20, 2024, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance is presented for purposes of additional analysis, as required by the Uniform Guidance and Chapter 10.650, *Rules of the Auditor General*, and is not a required part of the financial statements.

Such information is the responsibility of CFCHS' administration and was derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards and State Financial Assistance is fairly stated, in all material respects, in relation to the financial statements as a whole.

MSL, P.A.

Certified Public Accountants

Orlando, Florida
February 20, 2024

CENTRAL FLORIDA CARES HEALTH SYSTEM, INC.

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

Year Ended June 30, 2023

| Federal/State Agency/Pass-through Grantor Federal Program/State Projects | AL/ CSFA Numbers | Contract/ Grant Numbers | Expenditures | Transfer to Sub- recipients |
|--|------------------------|-------------------------------|----------------------|--------------------------------|
| FEDERAL PROGRAMS | | | | |
| <i>U.S. Department of Agriculture</i> | | | | |
| Passed-through: | | | | |
| State of Florida Department of Children and Families: | | | | |
| State Opioid Response Discretionary Grant | 93.788 | GHME1 | \$ 5,455,047 | \$ 5,206,127 |
| <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 | 5,191,074 | 2,340,555 |
| Block Grants for Community Mental Health Services | 93.958 | GHME1 | 13,767,077 | 13,433,532 |
| Block Grants for Prevention & Treatment of Substance Abuse | 93.959 | GHME1 | 21,476,380 | 20,814,080 |
| Florida COVID 19 Emergency Response Grant | 93.665 | GHME1 | 287,982 | 287,982 |
| Community Health Services Block Grant of the Homeless | 93.150 | GHME1 | 434,416 | 434,416 |
| Substance Abuse and Mental Health Services Projects of Regional and National Significance | 93.243 | GHME1 | 667,700 | 667,700 |
| Crisis Counseling | 97.032 | GHME1 | 184,515 | 184,515 |
| Mental Health Disaster Assistance and Emergency Mental Health | 93.982 | GHME1 | 540,000 | 540,000 |
| State Targeted Response to the Opioid Crisis | 93.788 | GHME1 | 5,206,127 | 5,206,127 |
| <i>Total U.S. Department of Health and Human Services</i> | | | <u>47,755,271</u> | <u>43,908,907</u> |
| State Department of Agency for Health Care Administration Title XXI - State Children's Health Insurance Program | 93.767 | GHME1 | 715,388 | 715,388 |
| Total Expenditures of Federal Awards | | | <u>53,925,706</u> | <u>49,830,422</u> |
| STATE PROJECTS | | | | |
| <i>State of Florida Department of Children and Families</i> | | | | |
| Community Forensic Beds and Competency Restoration | 60.114 | GHME1 | 1,322,095 | 1,322,095 |
| Substance Abuse and Mental Health -Community Services | 60.153 | GHME1 | 1,350,000 | 1,350,000 |
| SAMH - Crisis Prevention & Stabilization Services | 60.155 | GHME1 | 750,000 | 750,000 |
| Centralized Receiving Facilities | 60.163 | GHME1 | 5,024,669 | 5,024,669 |
| SAMH - ME State Funded Federal Excluded Services | 60.190 | GHME1 | 537,652 | 537,652 |
| <i>Total State of Florida Department of Children and Families</i> | | | <u>8,984,416</u> | <u>8,984,416</u> |
| Total Expenditures of State Financial Assistance | | | <u>8,984,416</u> | <u>8,984,416</u> |
| Total Expenditures of Federal Awards and State Financial Assistance | | | <u>\$ 62,910,122</u> | <u>\$ 58,814,838</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, 2023

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, 2023. 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’ 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 State Matching Funds-93.958 Block Grants for Community Mental Health Services</i> | GHME1 | \$ 33,672,086 | \$ 33,672,086 |
| <i>Federal Matching Funds-93.959 Block Grants for Prevention and Treatment of Substance Abuse</i> | GHME1 | <u>16,848,239</u> | <u>16,848,239</u> |
| Total Matching Funds for Federal Programs | | <u>\$ 50,520,325</u> | <u>\$ 50,520,325</u> |

CENTRAL FLORIDA CARES HEALTH SYSTEM, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2023

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>AL Number</u> | <u>Name of Federal Program</u> |
| 93.958 | Block Grants for Community Mental Health Services |

| | |
|--------------------|----------------------------------|
| <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 | \$ 1,617,7701 |
| 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, 2023

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.