



# Central Florida Behavioral Health Network, Inc.

AUDIT RESULTS  
FOR YEAR ENDING JUNE 30, 2019

DECEMBER 20, 2019



# Agenda



- Audit Results
- Summary Financial Statements
- Required Communications
- Financial Statement Highlights & Graphs
- New Developments
- Board Governance – Best Practices
- Q&A

# Audit Results

Matter	Conclusion
<ul style="list-style-type: none"> <li>Opinion on Financial Statements</li> </ul>	<ul style="list-style-type: none"> <li>Fairly stated in all material respects</li> <li>Considered a “clean” or “unmodified” report</li> </ul>
<ul style="list-style-type: none"> <li>Reporting on Supplemental Information</li> </ul>	<ul style="list-style-type: none"> <li>Fairly stated in all material respects in relation to the Organization’s financial statements</li> <li>Subjected to the procedures applied in the Organization’s financial statement audit</li> <li>Compared and reconciled information directly to underlying accounting records</li> <li>Certain supplemental information was not subjected to audit and thus we express no opinion on it (<u>DCF Schedules</u>)</li> </ul>
<ul style="list-style-type: none"> <li>Reporting under <i>Government Auditing Standards</i></li> </ul>	<ul style="list-style-type: none"> <li>No instances of non-compliance identified and reported</li> <li>No material weaknesses or significant deficiencies identified</li> </ul>
<ul style="list-style-type: none"> <li>Reporting under the Uniform Guidance and the Florida Single Audit Act</li> </ul>	<ul style="list-style-type: none"> <li>We believe the Organization complied in all material respects with compliance requirements that could have a direct and material effect on each major federal program and major state project</li> <li>No identified and reported matters relating to internal control over compliance over major Federal Programs and State Projects</li> </ul>

# Audit Results (Continued)

Matter	Conclusion
<ul style="list-style-type: none"><li>• Other Matters</li></ul>	<ul style="list-style-type: none"><li>• No instances of fraud or illegal acts noted</li><li>• No material uncertainties noted</li><li>• No significant changes to our planned scope or approach were required during year end fieldwork</li></ul>
<ul style="list-style-type: none"><li>• Revenue Recognition</li></ul>	<ul style="list-style-type: none"><li>• Footnote 1 contains a summary of revenue recognition policies associated with the activities of the Organization</li><li>• Matters relating to revenue recognition are the most common errors in financial reporting and thus subjected to added assessment and testing</li><li>• We perform tests over the propriety of revenue recognition as part of the overall audit of the financial statements</li></ul>

# Summary Statements of Financial Position

June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>	<u>Change</u>
<b>Assets:</b>			
Cash and cash equivalents	\$ 8,003,038	794,473	7,208,565
Receivables	17,586,168	20,407,795	(2,821,627)
Prepaid expenses and other assets	39,349	40,979	(1,630)
Property and equipment, net	<u>252,383</u>	<u>332,090</u>	<u>(79,707)</u>
Total assets	<u>\$ 25,880,938</u>	<u>21,575,337</u>	<u>4,305,601</u>
<b>Liabilities:</b>			
Due to subcontractors	\$ 22,689,538	18,081,947	4,607,591
Line of credit	-	500,000	(500,000)
Accounts payable, deferred revenue and accrued expenses	<u>935,435</u>	<u>774,948</u>	<u>160,487</u>
Total liabilities	<u>23,624,973</u>	<u>19,356,895</u>	<u>4,268,078</u>
<b>Net assets:</b>			
Without donor restrictions	<u>2,255,965</u>	<u>2,218,442</u>	<u>37,523</u>
Total liabilities and net assets	<u>\$ 25,880,938</u>	<u>21,575,337</u>	<u>4,305,601</u>

# Summary Statements of Activities, Years Ended June 30,

	<u>2019</u>	<u>2018</u>
<b>Support and revenue:</b>		
Florida DCF contract revenue	\$ 200,645,816	190,115,002
Other contract revenue	1,210,370	237,827
Other income	5,577	13,549
	<u>201,861,763</u>	<u>190,366,378</u>
<b>Operating expenses:</b>		
Program services	195,592,337	184,088,570
Supporting services	6,231,903	6,397,181
	<u>201,824,240</u>	<u>190,485,751</u>
Increase (decrease) in net assets	\$ <u>37,523</u>	<u>(119,373)</u>

# Other Audit Matters

## Changes in Accounting Policies

- The new not-for-profit financial statement standard was adopted in the current year; this had no impact on operating results, but did impact classification of net assets among other matters.

## Significant or Unusual Transactions

- None.

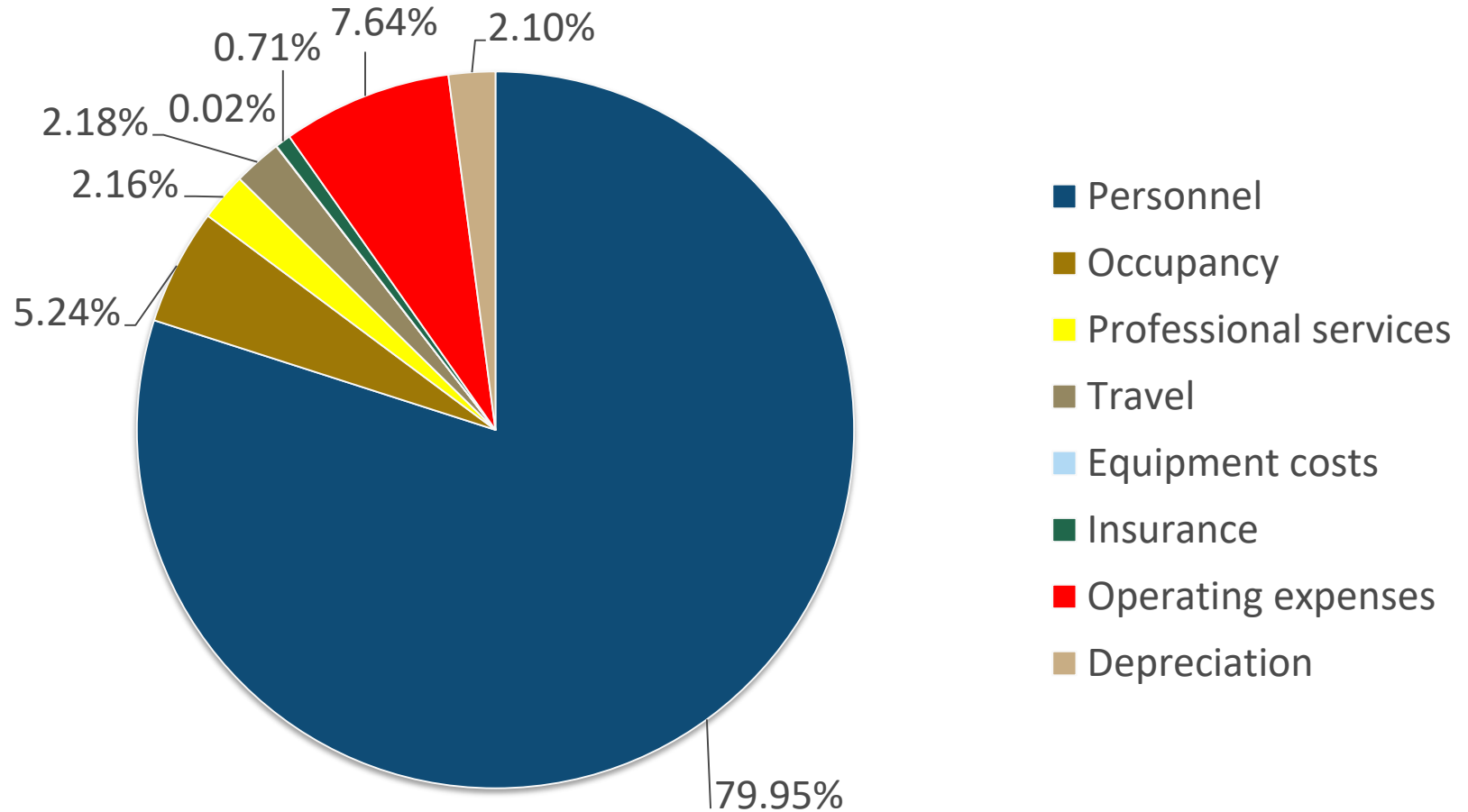
## Alternative Accounting Policies

- No alternative accounting policies were discussed with management.

**We consider management's communications with those charged with governance to be in line with best practices.**

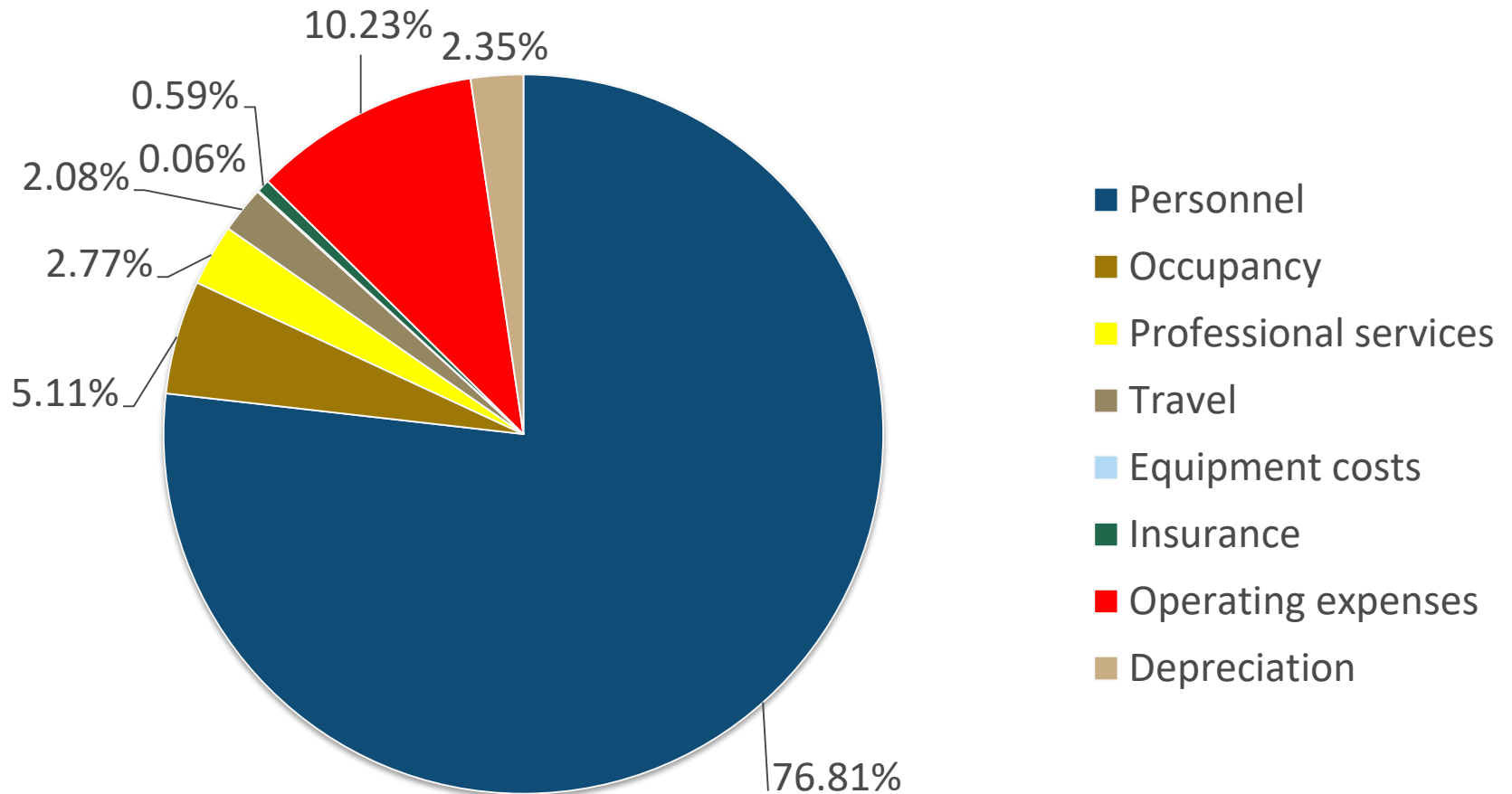
Our responsibilities were covered in our planning meeting with the Committee at the start of the audit process.

# 2019 Management and General Expenses





# 2018 Management and General Expenses



# New Developments

Development	What's Changing	When Are the Changes Effective	Recommended Actions
Revenue Recognition Standards	Will require entities to consider transactions other than contributions and investment returns relative to accounting criteria for when to record revenue.	Year ended June 30, 2020	<ul style="list-style-type: none"> <li>Understand the standard.</li> <li>Model the effects.</li> <li>Review with external auditors.</li> <li>Communicate impact.</li> </ul>
Accounting for Contributions	Clarification of determining what qualifies as a contribution vs exchange transaction (grant)	Year ended June 30, 2020	<ul style="list-style-type: none"> <li>Understand the standard.</li> <li>Model the effects.</li> <li>Review with external auditors.</li> <li>Communicate impact.</li> </ul>
Cash flows; restricted cash and other items	Makes certain changes to accounting for cash received, paid and restricted cash in the cash flow statement.	Year ended June 30, 2020	<ul style="list-style-type: none"> <li>Understand the standard.</li> <li>Effect changes in year required (which should be modest).</li> </ul>
Lease Accounting Standards	Will require most leases to be accounted for like capital leases with right of use assets and corresponding obligations being recorded at inception with forward amortization.	Year ended June 30, 2022	<ul style="list-style-type: none"> <li>Understand the standard.</li> <li>Model the effects.</li> <li>Review with external auditors.</li> <li>Communicate impact.</li> </ul>

# New Developments - Continued

Development	What's Changing	When Are the Changes Effective	Recommended Actions
Fair Value Disclosure Changes	Updates disclosure requirements for fair value items eliminating some while adding others	Year ended June 30, 2021	<ul style="list-style-type: none"> <li>▪ Understand the standard.</li> <li>▪ Consider impact on disclosures</li> <li>▪ Review with external auditors.</li> <li>▪ Communicate impact.</li> </ul>
Simplification of Cloud Computing Costs	Reduces the complexity of application of these standards to such arrangements	Year ended June 30, 2022	<ul style="list-style-type: none"> <li>▪ Understand the standard.</li> <li>▪ Model the effects.</li> <li>▪ Review with external auditors.</li> <li>▪ Communicate impact.</li> </ul>

# Board Governance

## Best Practices for NFP Organizations

- **Independent Board Members**
  - ✓ Conflict of Interest Policy
  - ✓ Duty of Loyalty and Duty of Care
- **Code of Ethics**
  - ✓ Whistleblower Policy
- **Executive Compensation**
  - ✓ Rebuttable Presumption of Reasonableness
- **Financial Oversight**
  - ✓ Financial statements and budgeting
  - ✓ Meetings with Independent Auditors
  - ✓ IRS Form 990
  - ✓ Florida UPMIFA
- **Liability Exposure**
  - ✓ D&O Insurance
  - ✓ Sample Claims

# Questions?

