



# Central Florida Behavioral Health Network, Inc.

AUDIT RESULTS  
FOR YEAR ENDING JUNE 30, 2021

DECEMBER 17, 2021



# Agenda



- This Year's Audit Results
- Other Audit Matters
- Summary Statements of Financial Position
- Summary Statements of Activities
- Financial Statement Highlights & Graphs
- New Developments
- Board Governance – Best Practices
- Q&A

# This Year's 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 noncompliance or other matters identified and reported</li> <li>No matters relative to internal controls identified and reported from our consideration of controls over financial reporting assessed during the audit</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>

# This Year's Audit Results

Matter	Conclusion
<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></ul>
<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 (disclosure relating to COVID-19)</li><li>No significant changes to our planned scope or approach were required during year end fieldwork</li></ul>

# Other Audit Matters

## Changes in Accounting Policies

- None

## Significant or Unusual Transactions

- Paycheck Protection Program loan

## 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.

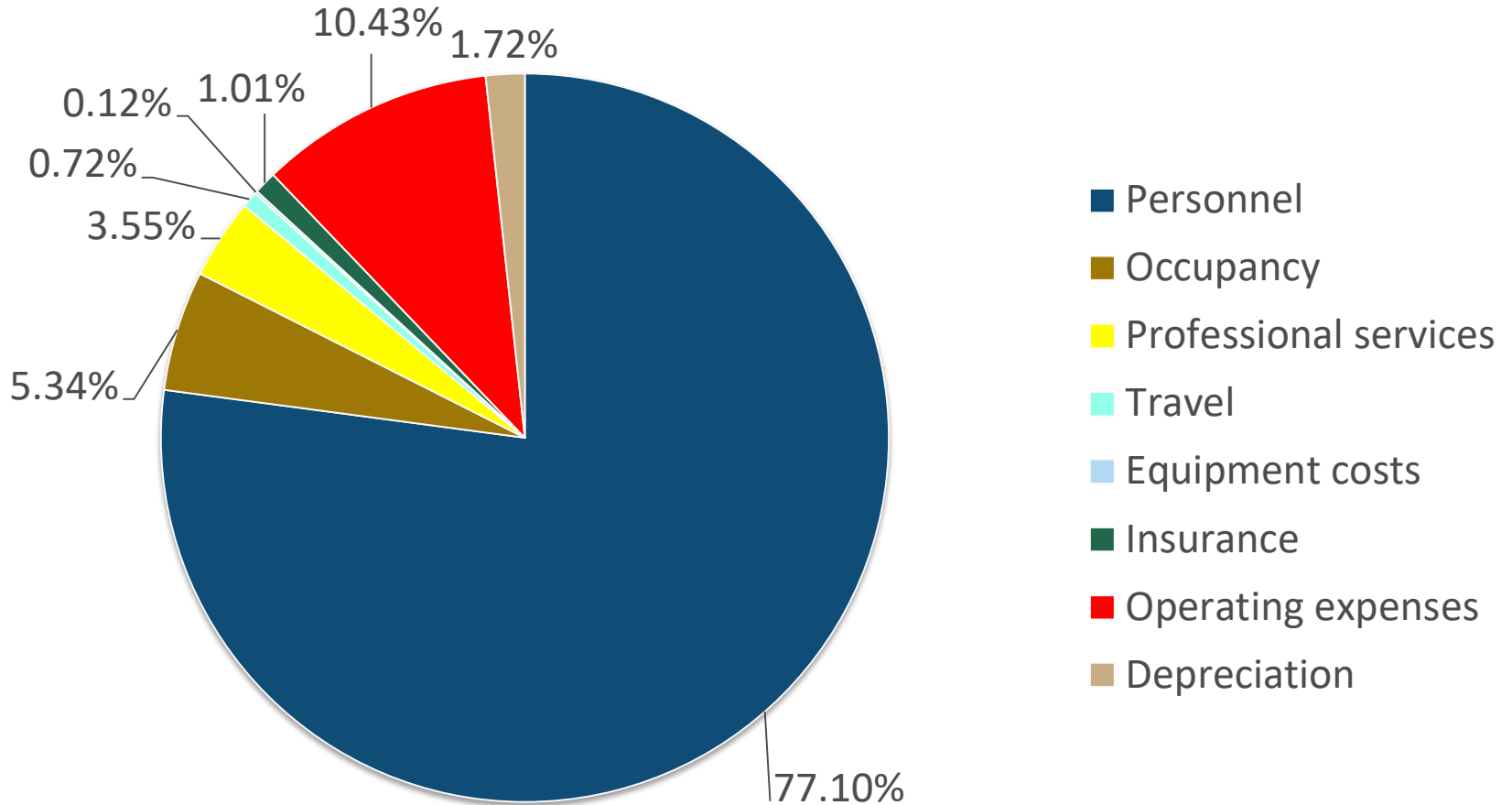
# Summary Statements of Financial Position – June 30,

	<u>2021</u>	<u>2020</u>	<u>Change</u>
<b>Assets:</b>			
Cash and cash equivalents	\$ 15,213,862	10,090,557	5,123,305
Receivables	13,806,914	17,579,987	(3,773,073)
Prepaid expenses and other assets	39,626	37,159	2,467
Property and equipment, net	<u>93,183</u>	<u>167,809</u>	<u>(74,626)</u>
Total assets	<u>\$ 29,153,585</u>	<u>27,875,512</u>	<u>1,278,073</u>
<b>Liabilities:</b>			
Due to subcontractors	\$ 26,650,079	24,578,700	2,071,379
Line of credit	-	-	-
Accounts payable, deferred revenue and accrued expenses	<u>530,309</u>	<u>1,132,507</u>	<u>(602,198)</u>
Total liabilities	<u>27,180,388</u>	<u>25,711,207</u>	<u>1,469,181</u>
<b>Net assets:</b>			
Without donor restrictions	<u>1,973,197</u>	<u>2,164,305</u>	<u>(191,108)</u>
Total liabilities and net assets	<u>\$ 29,153,585</u>	<u>27,875,512</u>	<u>1,278,073</u>

# Summary Statements of Activities, Years Ended June 30,

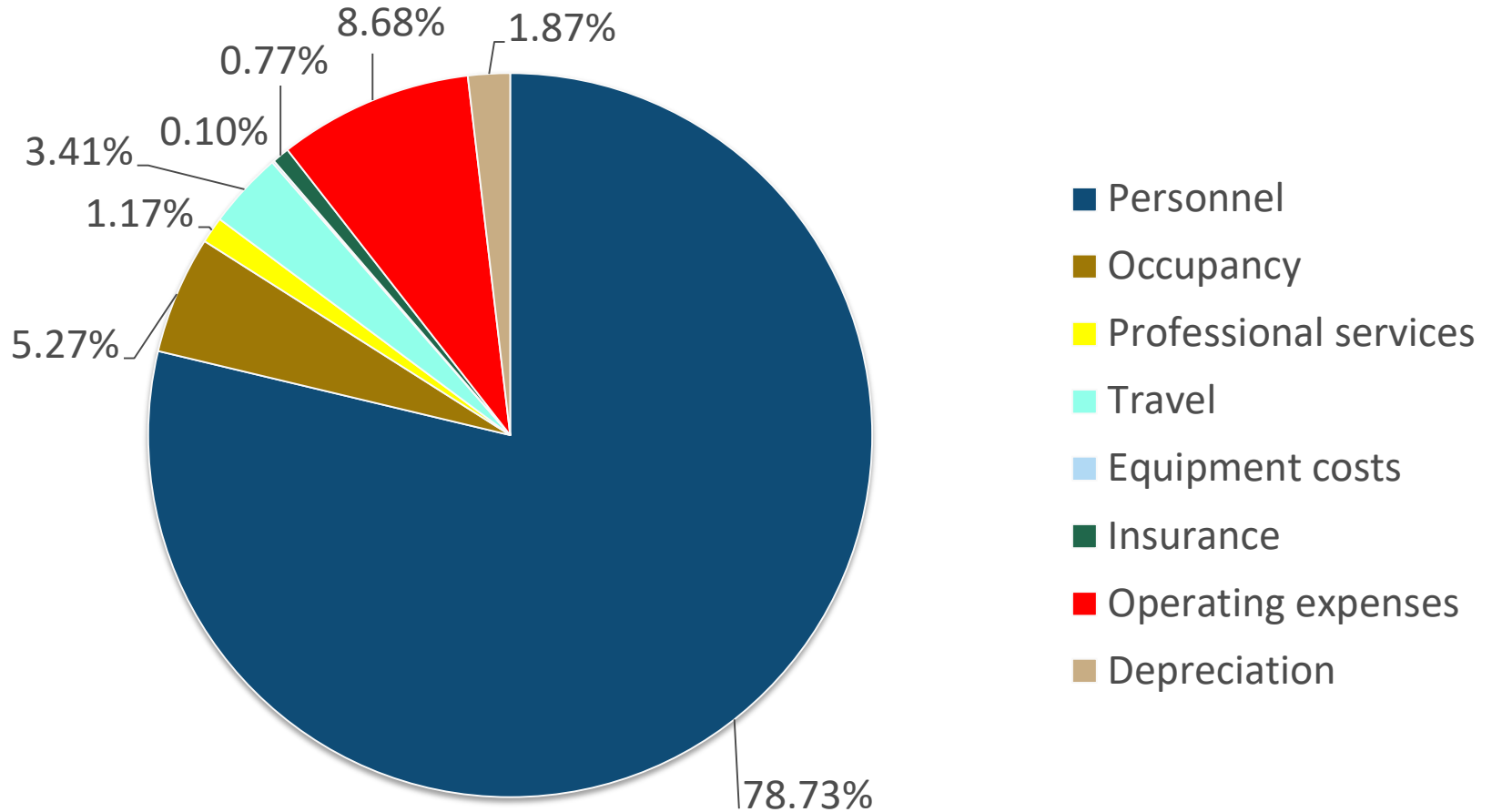
	<u>2021</u>	<u>2020</u>
<b>Support and revenue:</b>		
Florida DCF contract revenue	\$ 205,623,620	209,522,138
Other contract revenue	3,362,553	1,293,907
Other income	<u>500</u>	<u>4,021</u>
Total support and revenue	<u>208,986,673</u>	<u>210,820,066</u>
<b>Operating expenses:</b>		
Program services	204,368,224	204,738,600
Supporting services	<u>4,809,557</u>	<u>6,173,126</u>
Total operating expenses	<u>209,177,781</u>	<u>210,911,726</u>
Decrease in net assets	<u>\$ (191,108)</u>	<u>(91,660)</u>

# 2021 Management and General Expenses





# 2020 Management and General Expenses



# New Developments

Development	What's Changing	When Are the Changes Effective	Recommended Actions
<b>Simplification of Cloud Computing Costs</b>	<ul style="list-style-type: none"> <li>Reduces the complexity of application of these standards to such arrangements and allows for certain items to be capitalized that previously had to be expensed</li> </ul>	<ul style="list-style-type: none"> <li><i>Year ended June 30, 2022</i></li> </ul>	<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>
<b>Lease Accounting Standards</b>	<ul style="list-style-type: none"> <li>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</li> </ul>	<ul style="list-style-type: none"> <li><i>Year ended June 30, 2023</i></li> </ul>	<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>
<b>Investments Accounting</b>	Permits entities to measure certain equity securities without a readily determinable fair value at cost, minus impairment, if any, unless other value data is clear	<ul style="list-style-type: none"> <li><i>Year ended June 30, 2023</i></li> </ul>	<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?

