

THE KEY CLUBHOUSE OF SOUTH FLORIDA INC.

**INDEPENDENT AUDITOR'S REPORT ON
AUDIT OF FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**



THE KEY CLUBHOUSE OF SOUTH FLORIDA, INC.

JUNE 30, 2023

TABLE OF CONTENTS

	Pages
Independent Auditor's Report	3 - 4
Financial Statements:	
Statement of Financial Position	5
Statement of Activities	6
Statement of Functional Expenses	7
Statement of Cash Flows	8
Notes to the Financial Statements	9 - 15
 SUPPLEMENTARY INFORMATION	
Report on Compliance and on Internal Control over Financial Reporting based on an audit of Financial Statement Performed in accordance with government Auditing Standards	16– 17
Schedule of Bed Day Availability	18
Schedule of Related Party Transaction Adjustments	19
Schedule of State Earnings	20
Schedule of Actual Revenue & Expenses	21 – 23
Notes to Supplemental Schedules	24



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
The Key Clubhouse of South Florida Inc.,
Miami, Florida

Opinion

We have audited the accompanying financial statements of The Key Clubhouse of South Florida Inc., (a nonprofit organization), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Key Clubhouse of South Florida Inc. as of June 30, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit 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 The Key Clubhouse of South Florida Inc. 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 The Key Clubhouse of South Florida Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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 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, including omissions, 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, 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 circumstances, but not for the purpose of expressing an opinion on the effectiveness of The Key Clubhouse of South Florida Inc.'s 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 The Key Clubhouse of South Florida Inc.'s ability to continue as a going concern for a reasonable period of time.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of States earnings as required by the Florida Department of Children and Families (the "Department"), *Florida Administrative code 65E-14, Drug Abuse and mental health services*, is presented for purposes of additional analysis 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 aspects, 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 11, 2023, on our consideration of The Key Clubhouse of South Florida Inc.'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 The Key Clubhouse of South Florida Inc.'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 The Key Clubhouse of South Florida Inc.'s internal control over financial reporting and compliance.



Thomas & Company, CPA, P.A.
Cooper City, Florida
December 11, 2023

THE KEY CLUBHOUSE OF SOUTH FLORIDA

STATEMENT OF FINANCIAL POSITION

June 30, 2023

	<u>2023</u>
ASSETS	
Current Assets	
Cash & Cash equivalents	\$ 666,467
Grants Receivable	91,277
Total Current Assets	<u>757,744</u>
Non-Current Assets	
Property, Plant & Equipment, Net	165,870
Security Deposit	1,919
Operating Lease Asset (ROU)	212,179
Total Non-Current Assets	<u>379,968</u>
TOTAL ASSETS	<u><u>1,137,712</u></u>
LIABILITIES	
Current Liabilities	
Accounts Payable and Accrued Expenses	13,975
Current portion of Operating Lease Liability	25,111
Total Current Liabilities	<u>39,086</u>
Non-Current Liabilities:	
Non Current portion of Operating Lease Liability	187,068
Total Non Current Liabilities	<u>187,068</u>
TOTAL LIABILITIES	<u>226,154</u>
NET ASSETS	
<i>Without Donor Restrictions</i>	713,698
<i>With Donor Restrictions</i>	197,860
TOTAL NET ASSETS	<u>911,558</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 1,137,712</u></u>

THE KEY CLUBHOUSE OF SOUTH FLORIDA, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
REVENUES			
Government Grants	\$ 538,816	\$ -	\$ 538,816
Foundation Grants	189,630	-	189,630
Contributions	50,727	48,819	99,546
Special Events	86,074	-	86,074
Interest Income	494	-	494
Other Revenue	6,497	-	6,497
TOTAL REVENUE AND SUPPORT	872,238	48,819	921,057
Net Assets Released From Restrictions:			
Satisfaction of Purpose or Time Restriction:	-	-	-
TOTAL REVENUE AND SUPPORT AND NET ASSETS RELEASED FROM RESTRICTIONS	872,238	48,819	921,057
EXPENSES			
Program Services/Adult Mental Health	672,669	-	672,669
Management and General	62,838	-	62,838
TOTAL EXPENSES	735,507	-	735,507
CHANGE IN NET ASSETS	136,731	48,819	185,550
NET ASSETS AT BEGINNING OF YEAR	576,967	149,041	726,008
NET ASSETS AT END OF THE YEAR	\$ 713,698	\$ 197,860	\$ 911,558

THE KEY CLUBHOUSE OF SOUTH FLORIDA INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2023

	WITHOUT DONOR RESTRICTIONS		
	Program Services/ Adult Mental Health	Management and General	Total
Salaries to key personnel	\$ 65,955	\$ 27,302	\$ 93,257
Other salaries and wages	380,566	-	380,566
Bank Service Charges	-	2,166	2,166
Mental Health Luncheon	35,255	-	35,255
Insurance	14,325	20,672	34,997
IT Expenses	9,295	-	9,295
Miscellaneous	745	-	745
Organizational Dues	10,049	-	10,049
Occupancy	32,470	-	32,470
Office Supplies	4,809	918	5,727
Outreach and Education	3,430	-	3,430
Printing & Copying	7,879	-	7,879
Professional fee	25,117	6,800	31,917
Program Supplies & Expenses	34,333	-	34,333
Telephone & Internet	7,916	-	7,916
Staff Recruitment	4,710	730	5,440
Strategic Planning	4,250	4,250	8,500
Travel, Conferences and meetings	21,430	-	21,430
Depreciation	10,135	-	10,135
Total Expenses	\$ 672,669	\$ 62,838	\$ 735,507

"The accompanying notes are an integral part of this financial statement"

THE KEY CLUBHOUSE OF SOUTH FLORIDA INC.
STATEMENT OF CASH FLOWS

June 30 2023

	2023
CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ 185,550
Adjustment to reconcile changes in net assets	
Depreciation Expense	10,135
Non cash Lease Expense	24,802
(Increase) / Decrease in Grants Receivable	(20,054)
Increase / (Decrease) in Accounts Payable and Accrued expenses	11,307
Increase/(Decrease) in Operating Lease Liability	(24,802)
NET CASH PROVIDED BY/(USED IN) OPERATING ACTIVITIES	186,938
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of Leasehold improvements	(8,360)
Purchase of furniture, fixtures & equipment	(950)
NET CASH PROVIDED BY/(USED IN) INVESTING ACTIVITIES	(9,310)
NET INCREASE IN CASH	177,628
CASH AT THE BEGINNING OF THE YEAR	488,839
CASH AT THE END OF THE YEAR	\$ 666,467

THE KEY CLUBHOUSE OF SOUTH FLORIDA INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

Note 1 - Nature of Activities

The Key Clubhouse of South Florida Inc. is a non-profit corporation established in March 2008 in the state of Florida to operate exclusively for charitable, religious, educational or scientific purposes including the purpose of supporting mentally ill individuals by providing or facilitating psychological and vocational rehabilitation services, prevocational training, transitional and supported employment, and the adjustment of such individuals in the community.

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles (GAAP). Net assets, support and revenues, and expenses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Without Donor Restrictions – Net Assets available for use in general operations are not subject to donor restrictions. Grants and contributions gifted for recurring programs are generally not considered “restricted” under GAAP, though for internal reporting, the Organization tracks such grants and contributions to verify the disbursement matches the intent. Assets restricted solely through the actions of the Board are reported as net assets without donor restrictions, board designated.

With Donor Restrictions – Net assets subject to donor-imposed stipulations are more restrictive than the Organization’s mission and purpose. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Donor-imposed restrictions are released when the restriction expires, that is when the stipulated purpose for which the resource was restricted has been fulfilled, or both. Other donor-imposed restrictions are perpetual in nature, when the donor stipulates those resources be maintained in perpetuity.

Use of Estimates

The preparation of financial statements in accordance with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and disclosures of contingent assets and liabilities as of the date of the financial statements, and the reported amounts of revenue and expenses during the reported period. Accordingly, actual results could differ from those estimates.

Revenue Recognition

In May 2014, the FASB issued ASU 2014-09, Revenue from Contracts with Customers (Topic 606). This guidance outlines a single, comprehensive model for accounting for revenue from contracts with customers. The grants received is generated substantially from completed services. Those services predominantly contain a single delivery element and revenue is recognized at a single point in time when ownership, risks, and rewards transfer with respect to the grants received. The organization identifies all performance obligations in connection with the services and only recognizes revenue once the performance obligations have been met and does not believe that it is required to provide additional services or obligations to the client.

THE KEY CLUBHOUSE OF SOUTH FLORIDA INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

Note 2 - Summary of Significant Accounting Policies (Cont.)

Revenue Recognition (Cont.)

For grants received the transaction price is evidenced in the award amount and evidenced with a budget for expenditures. Since the grants are awarded on a cost reimbursement basis and there is a budget established by the grantor agency, costs are reimbursed in accordance with the expenditures as performance obligations are satisfied. Revenue is recognized at a specific point in time once the performance obligation relating to the program is met. Typically, billings occur monthly after revenue is recognized. Grants are recorded as revenue once the appropriate performance obligations have been met and requests reimbursement.

Contributions, which include conditional promises to give (pledges), are recognized as revenues in the period received or promised. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. The Organization has governmental contracts, grants, and other contributions that are conditioned upon certain performance requirements and the incurrence of allowable qualifying expenditures. The conditions generally pertain to program outcomes and incurring program related expenditures. At June 30, 2023, there were no conditional promises to give that had not been recognized because conditions had not been met. The majority of the Organization's government grants are funded through cost reimbursement requests. Conditions under cost reimbursement contracts are generally met based on the payment by the Organization of qualifying expenditures which will require reimbursements to the Organization of costs incurred, which are allowable under the respective contracts. The Organization will record refundable grant advances if the moneys received for contract advances and monthly charges exceed the revenue recognized based on meeting the conditions.

The Organization reports contributions as increases in net assets with donor restrictions if they are received with donor stipulations as to their use. When a donor restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, net assets with donor restrictions are released and reclassified to net assets without donor restrictions.

The Organization records contributions with donor-imposed restrictions as contributions without donor-imposed restrictions when the restrictions are met during the reporting periods. Contributions that are initially considered conditional contributions and for which donor-imposed conditions and restrictions are met in the same reporting period are also reported as increases in net assets without donor restrictions.

Contributed Services, Facilities, and Materials

Contributed services are reported at fair value in the financial statements for voluntary donations of services when those services (1) create or enhance non-financial assets or (2) require specialized skills provided by individuals possessing those skills and are services, which would be typically purchased if not provided by donation. During the year ended June 30, 2023, the Organization did not have any contributed services that met the recognition criteria. Donated materials are recorded at their fair value at the date of the gift. The Organization reports the fair value of the Donated Items as a contribution at fair value at the date they are received by the Organization only if the possibility that the Organization will not be permitted to keep such items when the arrangement terminates or throughout the Donated Items estimated useful life is remote, as defined under FASB ASC 450-20-20.

THE KEY CLUBHOUSE OF SOUTH FLORIDA INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

Note 2 - Summary of Significant Accounting Policies (Cont.)

Contributed Services, Facilities, and Materials (Cont.)

The Organization obtains all of the documentation related to the cost of the donated items, which is provided by the donor, and uses such information to record the fair value of the Donated Items. The net assets are reclassified to net assets without donor restrictions when placed in service or as the restrictions expire if there are donor-imposed stipulations specifying how long the donated asset must be used.

New Accounting Standards Update

In February 2016, the FASB issued ASU No. 2016-02, Leases. ASU No. 2016-02 requires a lessee to recognize a liability to make lease payments and an asset representing its right to use the underlying asset for the lease term in the statement of financial position for both operating and capital (finance) leases. Topic 842 was subsequently amended by ASU 2018-01, Easement practical expedient for Transition to Topic 842; ASU 2018-10, codification Improvements to Topic 842; Leases and ASU No. 2018-11, Target Improvements. The new standard establishes a right-of-use (ROU) model that requires lessees to recognize a ROU asset and lease liability on the balance sheet for all leases with a term longer than 12 months. The Organization adopted the new standard on July 1, 2022, and has used that as the date of the initial application. Consequently, financial information will not be updated, and the disclosures required under the new standard will not be provided for periods before the adoption date.

Restricted Cash

Management has a policy of restricting the cash that is for the donations related to the new building.

Fair Value of Financial Instruments

The following methods and assumptions were used by The Key Clubhouse of South Florida Inc. in estimating its fair value disclosures for financial instruments: Current Assets and Current Liabilities. The carrying amounts reported in the statement of financial position approximated fair values because of the short maturities of these instruments.

Fixed Assets

Acquisitions of Fixed Assets are recorded at cost or if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful life of each class of depreciable asset. Fixed Assets consists of Furniture fixtures and equipment is depreciated over three to ten years.

Contributions, Support and Expenses

The Organization adhere to FASB ASC 958, which requires among other things the immediate recognition as support (income) all unconditional contributions received and makes an important distinction between restrictions and conditions. The Organization accounts for its government grants in a manner similar to exchange transactions. The Organization reports gifts of cash and other assets as contribution revenue at the time of donation.

THE KEY CLUBHOUSE OF SOUTH FLORIDA INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

Note 3 - Cash

Cash consists of petty cash, cash held in checking and money market accounts with maturities of less than 90 days. At year end and throughout the year, the organization's cash balances were deposited in two bank accounts at the institutions insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. As of the report date, the Organization had balances more than federally insured limits. Management believes the organization is not exposed to any significant credit risk in cash.

Note 4 – Property, Plant and Equipment

It is the Organization's policy to capitalize property and equipment over \$1,000. Lesser amounts are expensed. Purchased property and equipment is capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as contributions without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as contributions with restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time. Property and equipment are depreciated using the straight-line method. The Depreciation expense for the year was \$10,135.

Property, Plant and Equipment consist of the following for the year ended June 30, 2023:

	<u>2023</u>
Furniture & Equipment	\$ 71,465
Leasehold Improvements	162,000
Less Accumulated Depreciation	<u>(67,595)</u>
Net Property, Plant and Equipment	<u>\$ 165,870</u>

Note 5 - Commitments

The costs and unexpended funds reflected in the accompanying financial statements relating to government funding are subject to audit by the respective grantors. The possible disallowance by the funding source of any item charged to the program or request for return of any unexpended funds cannot be determined at this time. No provision for any liability that may result has been made in the financial statements.

Note 6 - Donated Services

During the year ended June 30, 2023 the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded. Many individuals volunteer their time and perform a variety of tasks that assist the Organization at the facilities, but these services do not meet the criteria for recognition as contributed services.

THE KEY CLUBHOUSE OF SOUTH FLORIDA INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

Note 7 – Accrual Basis

The financial statements of The Key Clubhouse of South Florida Inc. have been prepared on the accrual basis of accounting.

Note 8 – Income Taxes

The Organization is exempt from Federal Income taxes under Section 501 (c) 3 of the Internal Revenue Code and is not a private foundation, accordingly no provision for income taxes is provided. Accordingly, no provision for income taxes is required for the Organization during the year ended June 30, 2023. Additionally, Topic 740 provides guidance on measurement, de-recognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition. In accordance with the disclosure requirements, the Organization's policy on income statement classification of interest and penalties related to income tax obligations is to include such items as part of total interest expense and other expense, respectively. On June 30, 2023, the Organization did not have any uncertain tax positions and thus has not recognized any interest or penalties in these financial statements

Note 9 – Subsequent Events

ASC Topic 855, Subsequent Events, establishes general standards of accounting for and disclosure of events that occur after the balance sheet date but before financial statements are issued or are available to be issued.

For the year ended June 30, 2023, The Key Clubhouse of South Florida inc., has evaluated all subsequent events through December 11, 2023, which is the date the financial statements were available to be issued, and concluded no additional subsequent events have occurred that would require recognition or disclosure in these financial statements that have not already been accounted for.

Note 10 – Liquidity Management

The Organization's main source of revenue is grants and contribution. Grant revenue and contributions is what will be used to fund the Organization's operations. Additionally, the entity receives contributions without donor restrictions; such support has historically represented approximately 60-70% of operations; the remainder of the revenue is income from special events, interest income and other income. The Organization considers grant income without donor restrictions, contributions and other miscellaneous income for use in programs that are ongoing, major, and central to its annual operations as available to meet cash needs for general expenditures. General expenditures include general and administrative expenses, which are necessary to sustain operations and are expected to be paid in the subsequent year. Annual operations are defined as total expense related to both program services and supporting services activities.

The Organization manages its cash available to meet general expenditures through the following three guiding principles:

1. Operating within a prudent range of financial soundness and stability
2. Maintaining adequate liquid assets, and

THE KEY CLUBHOUSE OF SOUTH FLORIDA INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

Note 10 – Liquidity Management (Cont.)

3. Maintaining sufficient reserves to provide reasonable assurance that long-term agreements other commitments and obligations will continue to be met, thereby ensuring the sustainability of the Organization.

The assets which are listed on the balance sheet as current assets are all assets available for general expenditure. Although, complete receivables may not be fully collectible, the net realizable value of accounts receivable is available for general expenditures.

Liquidity Management

The Organization maintains a policy of structuring financial assets to be available as general expenditures, liabilities, and other obligations become due.

Note 11 – Current vulnerability due to concentration

The Key Clubhouse of South Florida Inc. has adopted SOP 94-6 which requires disclosure of vulnerable concentration of exposed risk. The Key Clubhouse of South Florida Inc. receives material support from the Government grants and the Clubhouse is not expecting that the support from this organization will be lost in the near term.

Note 12 - Lease

The Organization has elected the hindsight practical expedient to determine the lease term for existing contracts as of the adoption date. Under FASB ASC Topic 842, Leases, lessees that are not public business entities are permitted to use a practical expedient that allows them to make an accounting policy election to use a risk-free rate as the discount rate for all leases.

These practical expedients are applied to the class of underlying leased assets which are not owned including real estate, rental equipment and vehicles given their physical nature and similar characteristics of these assets. The Organization's lease agreements do not contain any material residual value guarantees or material restrictive covenants. Variable lease payments are payments that cannot be forecasted and based on specific milestones unrelated to the fixed costs associated with the lease. The Organization's lease agreements do not contain any variable lease payments.

The Organization also elected the short-term leases of practical expedients permitted under the transition guidance within the new standard, which allowed the Organization to elect not to record “short-term” leases on the balance sheet. These practical expedients are applied to the class of underlying leased assets including real estate, rental equipment and vehicles given their physical nature and similar characteristics of these assets.

As per FASB ASC 842, a short-term lease is a lease that, at the commencement date, has a ‘lease term’ of 12 months or less and does not include an option to purchase the underlying asset that the lessee is reasonably certain to exercise. Although short-term leases are in the scope of Topic 842, a simplified form of accounting is permitted.

THE KEY CLUBHOUSE OF SOUTH FLORIDA INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

Note 12 – Lease (Cont.)

A lessee can elect, by class of underlying asset, not to apply the recognition requirements of Topic 842 and instead to recognize the lease payments as lease cost on a straight-line basis over the lease term. The Organization has applied this practical expedient on short- term leases.

Operating Lease

As of June 30, 2023, the organization had one operating lease with Carrfour Supportive Housing, Inc. The agreement was entered on July 23, 2021 to lease the premises for a term of 120 months with the final payment scheduled on July 1, 2031. The monthly lease payment is \$2,300. The lease do not provide an implicit interest rate and as such, the Organization calculates the lease liability at lease commencement or remeasurement date as the present value of unpaid lease payments using an estimated incremental borrowing rate.

The incremental borrowing rate represents the rate of interest that the Organization estimates it would have to pay to borrow an amount equal to the lease payments on a collateralized basis over a similar term, based on information available at the time of commencement or remeasurement. The rate used to discount the future cash flows as of the implementation date is 1.24%, which is the risk-free rate. The weighted average remaining lease term is 8.08 years.

The ROU asset and lease liability were remeasured as of the lease implementation date and the impact of the implementation is reflected in the ROU asset and lease liability as of June 30, 2023. ROU assets decreased by \$ 24,802, lease liabilities decreased by \$ 24,802. The maturity of lease liabilities as of June 30, 2023:

Year ending June 30,

2024	\$ 27,600
2025	27,600
2026	27,600
2027	27,600
Thereafter	112,700
Total Lease Payments	<u>223,100</u>
Less : Imputed Interest	<u>10,921</u>
Present value of Lease obligations	<u><u>\$ 212,179</u></u>



THOMAS & COMPANY, C.P.A., P.A.
Certified Public Accountants and Business Consultants

**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
The Key Clubhouse of South Florida Inc.,
Miami, Florida

We have audited, in accordance with the 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 The Key Clubhouse of South Florida Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 11, 2023.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered The Key Clubhouse of South Florida Inc.'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 The Key Clubhouse of South Florida Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of The Key Clubhouse of South Florida Inc.'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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity'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 was for the limited purpose described in the first paragraph of this section and was not designed to 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether The Key Clubhouse of South Florida Inc.'s financial statements are free from 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 organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Thomas and Company, C.P.A., P.A.
Cooper City, Florida
December 11, 2023

THE KEY CLUBHOUSE OF SOUTH FLORIDA, INC.
Schedule of Bed-Day Availability Payments
For Fiscal Year Ending June 30, 2023

Program	Cost Center	Avg. State Contracted Rate	Total Units of Service Provided	Total Units of Service Paid for by 3rd Party Contracts, Local Govt. or Other State Agencies	Maximum # of Units Eligible for Payment by Department	Amount Paid for Services by the Department	Maximum \$ Value of Units in Column F	Amount Owed to Department
---------	-------------	----------------------------	---------------------------------	---	---	--	---------------------------------------	---------------------------

A	B	C	D	E	(D-E) F	G	(F x C) H	(G-H or \$0, whichever is greater) I
Mental Health	Crisis Stabilization Unit	-	-	-	-	-	-	-
Substance Abuse	Crisis Stabilization Unit	-	-	-	-	-	-	-
Mental Health	Substance Abuse Detox	-	-	-	-	-	-	-

Total Amount Owed to Department = 0

Schedule of Related Party Transaction Adjustments
Schedule of Related Party Transaction Adjustments
For the Fiscal Year Ending June 30, 2023

	Allocation of Related Party Transactions Adjustment				
	State-Designated Cost Centers				Total
	1	2	3	
Revenues From Grantee					
Rent					
Services					
Interest					
Other					
Total Revenue From Grantee	\$ -	\$ -	\$ -	\$ -	\$ -
Expenses Associated with Grantee Transactions	N/A				
Personnel Services					
Depreciation					
Interest					
Other					
Total Associated Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Related Party Transaction Adjustment	\$ -	\$ -	\$ -	\$ -	\$ -

THE KEY CLUB HOUSE OF SOUTH FLORIDA INC
SCHEDULE OF STATE EARNINGS
FOR THE YEAR ENDED JUNE 30, 2023

1	Total Expenditures	735,507
2	Less Other State and Federal Funds	(47,886)
3	Less Non Match SAMH Funds	(375,743)
4	Less Unallowable Costs as per 65 E-14	-
5	Total Allowable Expenditure	311,878
6	Maximum Allowable earnings	233,909
7	Amount of State funds Requiring Match	-
8	Amount Due to Department (if negative)	<u>None</u>

Provider Name:	Key Clubhouse of South Florida,
Audit Period:	7/1/2022 - 6/30/2023

AUDIT SCHEDULE

ACTUAL EXPENSES AND REVENUES SCHEDULE



STATE-FUNDED					Total for State SAMH-Funded Covered Services or Projects (B+C) D	Total for Non- State-Funded Covered Services or Projects E	Total for All Covered Services or Projects (D+E) F	Non-SAMH Covered Services or Projects G	Total Funding (F+G) H				
Mental Health													
FUNDING SOURCES & REVENUES A	MH Clubhouse 40	Mental Health Total B											
IA. STATE SAMH FUNDING													
Current Year Funding													
Expenditure Report OCA#	Provider Subcontract#	Funding Source: F-Federal S-State F/S-Federal and State											
MH009	ME225-12-64	F/S	\$ 186,001.99	\$ 186,001.99	\$ 186,001.99		\$ 186,001.99		\$ 186,001.99				
MHEMP	ME225-12-64	F/S	\$ 245,296.79	\$ 245,296.79	\$ 245,296.79		\$ 245,296.79		\$ 245,296.79				
Total Current Year Funding			\$ 431,298.78	\$ 431,298.78	\$ 431,298.78		\$ 431,298.78		\$ 431,298.78				
Carry Forward Funding													
Expenditure Report OCA#	Provider Subcontract#	Funding Source: F-Federal S-State F/S-Federal and State											
MH009	ME225-12.64	S	\$ 49,999.91	\$ 49,999.91	\$ 49,999.91		\$ 49,999.91		\$ 49,999.91				
Total Carry Forward Funding			\$ 49,999.91	\$ 49,999.91	\$ 49,999.91		\$ 49,999.91		\$ 49,999.91				
TOTAL STATE SAMH FUNDING =			\$ 481,298.69	\$ 481,298.69	\$ 481,298.69		\$ 481,298.69		\$ 481,298.69				
IB. OTHER GOVERNMENTT FUNDING													
(1) Other State Agency Funding			\$ 6,497.00	\$ 6,497.00	\$ 6,497.00		\$ 6,497.00		\$ 6,497.00				
(2) Medicaid			\$ -	\$ -	\$ -		\$ -		\$ -				
(3) Local Government			\$ 47,886.19	\$ 47,886.19	\$ 47,886.19		\$ 47,886.19		\$ 47,886.19				
(4) Federal Grants and Contracts			\$ -	\$ -	\$ -		\$ -		\$ -				
(5) In-kind from local govt. only			\$ -	\$ -	\$ -		\$ -		\$ -				
TOTAL OTHER GOVERNMENT FUNDING =			\$ 54,383.19	\$ 54,383.19	\$ 54,383.19	\$ -	\$ 54,383.19	\$ -	\$ 54,383.19				
IC. ALL OTHER REVENUES													
(1) 1st & 2nd Party Payments			\$ -	\$ -	\$ -		\$ -		\$ -				
(2) 3rd Party Payments (except Medicare)			\$ -	\$ -	\$ -		\$ -		\$ -				
(3) Medicare			\$ -	\$ -	\$ -		\$ -		\$ -				
(4) Contributions and Donations			\$ 365,095.23	\$ 365,095.23	\$ 365,095.23		\$ 365,095.23		\$ 365,095.23				

"See Notes"

(5) Other	\$	10,647.62	\$	10,647.62	\$	10,647.62	\$	10,647.62			
(6) In-kind			\$	-	\$	-		\$	-		
TOTAL ALL OTHER REVENUES =		\$	375,742.85	\$	375,742.85	\$	375,742.85	\$	375,742.85		
TOTAL FUNDING =		\$	911,424.73	\$	911,424.73	\$	911,424.73	\$	911,424.73		
SAMH COVERED SERVICES											
*except IIC & IID											
EXPENSE CATEGORIES	MH Clubhouse	Mental Health Total	Total for State SAMH-Funded Covered Services	Total for Non-State-Funded Covered Services	Total for All Covered Services	Non-SAMH Covered Services	Other Support Costs (optional)	Administration	Total Expenses (F+G+H*+I*)		
A	40	B	(B+C) D	E	(D+E) F	G	H	I	J		
IIA. PERSONNEL EXPENSES											
(1) Salaries	\$	379,794.99	\$	379,794.99	\$	379,794.99			\$	379,794.99	
(2) Fringe Benefits	\$	55,918.79	\$	55,918.79	\$	55,918.79			\$	55,918.79	
TOTAL PERSONNEL EXPENSES =		\$	435,713.78	\$	435,713.78	\$	435,713.78	\$	-	\$	435,713.78
IIB. OTHER EXPENSES											
(1) Building Occupancy	\$	32,470.19	\$	32,470.19	\$	32,470.19			\$	32,470.19	
(2) Professional Services	\$	28,846.76	\$	28,846.76	\$	28,846.76			\$	28,846.76	
(3) Travel	\$	21,430.21	\$	21,430.21	\$	21,430.21			\$	21,430.21	
(4) Equipment		\$	-	\$	-	\$	-		\$	-	
(5) Food Services	\$	15,759.99	\$	15,759.99	\$	15,759.99			\$	15,759.99	
(6) Medical and Pharmacy		\$	-	\$	-	\$	-		\$	-	
(7) Subcontracted Services		\$	-	\$	-	\$	-		\$	-	
(8) Insurance	\$	27,432.97	\$	27,432.97	\$	27,432.97			\$	27,432.97	
(9) Interest Paid		\$	-	\$	-	\$	-		\$	-	
(10) Operating Supplies & Expenses	\$	100,879.58	\$	100,879.58	\$	100,879.58			\$	100,879.58	
(11) Other-Bad Debt		\$	-	\$	-	\$	-		\$	-	
(12) Donated Items		\$	-	\$	-	\$	-		\$	-	
TOTAL OTHER EXPENSES =		\$	226,819.70	\$	226,819.70	\$	226,819.70	\$	-	\$	226,819.70
TOT. PERSONNEL & OTH. EXP. =		\$	662,533.48	\$	662,533.48	\$	662,533.48	\$	-	\$	662,533.48
IIC. DISTRIBUTED INDIRECT COSTS											
(a) Other Support Costs (Optional)		\$	-	\$	-	\$	-	\$	-	\$	-
(b) Administration	\$	62,837.95	\$	62,837.95	\$	62,837.95		\$	-	\$	62,837.95
TOT. DISTR'D INDIRECT COSTS =		\$	62,837.95	\$	62,837.95	\$	62,837.95	\$	-		
TOTAL ACTUAL OPER. EXPENSES =		\$	725,371.43	\$	725,371.43	\$	725,371.43	\$	-	\$	0.00
IID. UNALLOWABLE COSTS			\$	-	\$	-	\$	-			
TOT. ALLOWABLE OPER. EXP. =		\$	725,371.43	\$	725,371.43	\$	725,371.43	\$	-		
IIIE. CAPITAL EXPENDITURES											
		\$	-	\$	-	\$	-			\$	-

"See Notes"

III. UNEARNED FUNDS, FUNDING ALLOCATIONS, AND EXCESS FUNDS					
IIIA. Unearned Funds		\$	(244,072.74)	\$	(244,072.74)
IIIB. Funding Allocations					
Current Year Funding					
Expenditure Report OCA#	Provider Subcontract#	Funding Source: F-Federal S-State F/S-Federal and State			
				\$ -	\$ -
				\$ -	\$ -
Carry Forward Funding					
Expenditure Report OCA#	Provider Subcontract#	Funding Source: F-Federal S-State F/S-Federal and State			
				\$ -	\$ -
				\$ -	\$ -
Total Funding Allocations		\$	-	\$	-
IIIC. Excess Funds					
Excess Funds				\$ -	\$ -
Excess Current Year Funds to be returned to Managing Entity		Funding Source: F-Federal S-State	\$ -	\$ -	\$ -
				\$ -	\$ -
				\$ -	\$ -
Excess Carry Forward Funds to be returned to Managing Entity		Funding Source: F-Federal S-State	\$ -	\$ -	\$ -
				\$ -	\$ -
				\$ -	\$ -

THE KEY CLUBHOUSE OF SOUTH FLORIDA INC
NOTE TO THE SCHEDULES OF STATE EARNINGS, COST CENTER ACTUAL
EXPENSES AND REVENUE AND BED DAY AVAILABILITY PAYMENTS
For the Year Ended JUNE 30, 2023

General

The Schedules of State Earnings, Cost Center Actual Expenses and Revenues (MH-1037) and Bed-day Availability payments were prepared in accordance with the requirements included in the State Contracts.