

**APALACHEE CENTER, INC.
TALLAHASSEE, FLORIDA**

FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

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Law, Redd, Crona & Munroe, P.A.
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Apalachee Center, Inc.
Tallahassee, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of Apalachee Center, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of operations and changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Apalachee Center, Inc., as of June 30, 2021 and 2020, 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.

Other Matters

Other Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards and state financial assistance at page 27, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the *Florida Single Audit Act*, is presented for purposes of additional analysis and is not a required part of the financial statements. The information included in the accompanying schedules at pages 23 through 26 is also 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 respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 2021, on our consideration of Apalachee Center, 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 Apalachee Center'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 Apalachee Center, Inc.'s internal control over financial reporting and compliance.



LAW, REDD, CRONA & MUNROE, P.A.
Tallahassee, Florida
December 28, 2021

APALACHEE CENTER, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2021 AND 2020

ASSETS

	2021	2020
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 3,277,148	\$ 2,885,876
Accounts Receivable, Net of Allowance for Doubtful Accounts	3,642,330	2,846,453
Investments	5,068,315	4,556,459
Inventories	69,987	79,771
Prepaid Expenses	622,492	851,382
Total Current Assets	12,680,272	11,219,941
PROPERTY AND EQUIPMENT, NET	14,201,004	15,089,996
OTHER ASSETS	21,471	23,391
TOTAL ASSETS	\$ 26,902,747	\$ 26,333,328

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 1,630,753	\$ 1,352,122
Current Portion of Post-Retirement Health Obligations	27,082	55,348
Current Portion of Long-Term Debt	206,090	196,651
Current Portion of Accrued Leave	505,824	481,400
Other Current Liabilities	259,237	211,363
Total Current Liabilities	2,628,986	2,296,884
LONG-TERM LIABILITIES		
Long-Term Portion of Post-Retirement Health Obligations	672,292	666,100
Long-Term Portion of Accrued Leave	319,758	275,329
Long-Term Debt, Less Current Portion and Unamortized Loan Costs	4,725,648	4,925,772
Total Long-Term Liabilities	5,717,698	5,867,201
Total Liabilities	8,346,684	8,164,085
NET ASSETS WITHOUT DONOR RESTRICTIONS	18,556,063	18,169,243
TOTAL LIABILITIES AND NET ASSETS	\$ 26,902,747	\$ 26,333,328

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

APALACHEE CENTER, INC.
STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	Without Donor Restrictions	
	2021	2020
REVENUES:		
Net Patient Service Revenue	\$ 8,128,175	\$ 8,054,570
Premium Revenue	1,619,713	1,832,517
Federal Contract	587,552	323,049
State and Managing Entity Contracts	22,170,623	21,276,890
County and Other Local Funds	1,367,207	1,349,571
Investment Income	524,772	297,665
Other Income	1,076,196	932,410
Total Revenues	35,474,238	34,066,672
EXPENSES:		
Program Services:		
Outpatient	8,067,711	7,908,237
Inpatient	9,346,366	9,016,787
Crisis Services	3,417,334	2,981,137
Residential	7,171,852	7,137,537
Other	1,121,980	1,363,720
Total Program Services	29,125,243	28,407,418
Support Services:		
Administrative	5,962,175	5,648,222
Total Expenses	35,087,418	34,055,640
Change in Net Assets	386,820	11,032
NET ASSETS - Beginning of Year	18,169,243	18,158,211
NET ASSETS - End of Year	\$ 18,556,063	\$ 18,169,243

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

APALACHEE CENTER, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021

	PROGRAM SERVICES					Total	Administrative	Total Expenses
	Outpatient	Inpatient	Crisis Services	Residential	Other			
PERSONNEL SERVICES								
Salaries	\$ 4,446,382	\$ 4,612,404	\$ 2,419,465	\$ 3,298,882	\$ 598,109	\$ 15,375,242	\$ 2,538,872	\$ 17,914,114
Fringe Benefits	1,147,524	905,345	522,369	746,016	142,769	3,464,023	696,925	4,160,948
Total Personnel Services	5,593,906	5,517,749	2,941,834	4,044,898	740,878	18,839,265	3,235,797	22,075,062
EXPENSES								
Contracted Medical Services	404,858	1,240,286	215,977	755,818	62,355	2,679,294	8,513	2,687,807
Telecommunications	204,643	67,811	26,714	67,086	12,511	378,765	84,099	462,864
Repairs and Maintenance	491,335	406,603	29,059	422,684	100,955	1,450,636	146,382	1,597,018
Utilities and Fuel	125,883	128,829	7,385	153,229	11,206	426,532	52,047	478,579
Information Technology	15,518	27,949	33,213	7,304	6,322	90,306	778,349	868,655
Professional Services	63,207	42,659	4,925	22,628	41,911	175,330	581,203	756,533
Medical and Pharmacy	15,216	351,758	15	78,732	47,392	493,113	90,003	583,116
Food Expenses	26,621	361,820	234	996,841	39	1,385,555	2,809	1,388,364
Supplies	66,021	243,735	21,108	204,592	62,201	597,657	103,745	701,402
Insurance	32,558	25,621	3,495	22,447	1,293	85,414	392,975	478,389
Client Expenditures	325,710	96	-	1,884	-	327,690	-	327,690
Travel	65,112	2,588	3,621	13,248	1,105	85,674	269	85,943
Staff Recruitment and Training	118,032	72,812	41,667	68,364	6,240	307,115	114,112	421,227
Other Operating	98,164	32,661	1,744	86,379	1,669	220,617	226,982	447,599
Interest Expense	14,577	215,905	9,746	-	-	240,228	-	240,228
Bad Debt Expense	146,610	205,802	-	4,120	-	356,532	-	356,532
Depreciation and Amortization	259,740	401,682	76,597	221,598	25,903	985,520	144,890	1,130,410
Total Operating Expenses	2,473,805	3,828,617	475,500	3,126,954	381,102	10,285,978	2,726,378	13,012,356
TOTAL EXPENSES	\$ 8,067,711	\$ 9,346,366	\$ 3,417,334	\$ 7,171,852	\$ 1,121,980	\$ 29,125,243	\$ 5,962,175	\$ 35,087,418

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

APALACHEE CENTER, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2020

	PROGRAM SERVICES					Total	Administrative	Total Expenses
	Outpatient	Inpatient	Crisis Services	Residential	Other			
PERSONNEL SERVICES								
Salaries	\$ 3,769,622	\$ 4,795,831	\$ 1,996,770	\$ 3,794,281	\$ 626,407	\$ 14,982,911	\$ 2,337,341	\$ 17,320,252
Fringe Benefits	1,169,340	836,925	513,432	714,198	172,996	3,406,891	934,326	4,341,217
Total Personnel Services	4,938,962	5,632,756	2,510,202	4,508,479	799,403	18,389,802	3,271,667	21,661,469
EXPENSES								
Contracted Medical Services	296,985	695,957	63,142	419,525	79,596	1,555,205	-	1,555,205
Telecommunications	148,529	45,366	21,192	52,156	10,236	277,479	151,941	429,420
Repairs and Maintenance	430,611	462,172	32,524	386,580	57,686	1,369,573	108,907	1,478,480
Utilities and Fuel	156,811	154,675	8,761	142,101	11,576	473,924	64,057	537,981
Information Technology	11,112	25,507	41,685	5,265	35,064	118,633	658,240	776,873
Professional Services	49,908	46,949	4,671	26,420	51,381	179,329	584,863	764,192
Medical and Pharmacy	677,532	307,963	120,389	90,156	217,997	1,414,037	-	1,414,037
Food Expenses	77,801	424,878	553	896,047	39	1,399,318	3,128	1,402,446
Supplies	62,038	241,652	22,031	198,654	31,617	555,992	168,977	724,969
Insurance	28,078	22,887	3,154	20,283	1,151	75,553	207,223	282,776
Client Expenditures	278,743	-	-	1,774	-	280,517	-	280,517
Travel	132,188	3,252	3,710	14,490	18,002	171,642	7,935	179,577
Staff Recruitment and Training	101,489	69,804	42,576	57,802	7,957	279,628	75,257	354,885
Other Operating	63,048	59,095	2,867	82,332	1,060	208,402	189,334	397,736
Interest Expense	14,669	217,265	26,284	-	-	258,218	-	258,218
Bad Debt Expense	162,827	230,220	-	-	-	393,047	-	393,047
Depreciation and Amortization	276,906	376,389	77,396	235,473	40,955	1,007,119	156,693	1,163,812
Total Operating Expenses	2,969,275	3,384,031	470,935	2,629,058	564,317	10,017,616	2,376,555	12,394,171
TOTAL EXPENSES	\$ 7,908,237	\$ 9,016,787	\$ 2,981,137	\$ 7,137,537	\$ 1,363,720	\$ 28,407,418	\$ 5,648,222	\$ 34,055,640

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

APALACHEE CENTER, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 386,820	\$ 11,032
Adjustments to Reconcile Change in Net Assets to Net Cash		
Provided by Operating Activities:		
Depreciation and Amortization	1,130,410	1,163,812
Provision for Bad Debt	356,532	393,047
Gain on Sale of Assets	(582)	(1,100)
Net Realized and Unrealized Gain on Investments	(447,551)	(268,142)
(Increase) Decrease in Assets:		
Accounts Receivable	(1,152,409)	292,710
Interest Receivable	-	99,471
Inventories	9,784	(11,532)
Prepaid Expenses	228,890	(478,279)
Other Assets	(5,930)	(9,728)
Increase (Decrease) in Liabilities:		
Accounts Payable and Accrued Expenses	278,631	147,850
Accrued Leave	68,853	55,110
Estimated Third-Party Payor Settlements	-	(282,528)
Other Current Liabilities	47,874	23,316
Post-Retirement Health Obligations	(22,074)	(117,728)
Net Cash Provided by Operating Activities	879,248	1,017,311
CASH FLOWS FROM INVESTING ACTIVITIES		
Maturities of Short-Term Investments	380,831	8,496,530
Proceeds from Sale of Investments	1,433,308	-
Purchase of Investments	(1,878,444)	(9,322,561)
Proceeds from Sale of Land	12,000	-
Purchase of Property and Equipment	(244,986)	(802,224)
Net Cash Used in Investing Activities	(297,291)	(1,628,255)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal Payments on Long-Term Debt	(190,685)	(171,106)
Net Cash Used in Financing Activities	(190,685)	(171,106)
Net Increase (Decrease) in Cash and Cash Equivalents	391,272	(782,050)
CASH AND CASH EQUIVALENTS - Beginning of Year	2,885,876	3,667,926
CASH AND CASH EQUIVALENTS - End of Year	\$ 3,277,148	\$ 2,885,876
Supplemental Disclosure:		
Interest Paid - Note 8	\$ 240,228	\$ 258,218

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

APALACHEE CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Apalachee Center, Inc. (the Corporation) provides behavioral health services to Leon, Wakulla, Gadsden, Liberty, Franklin, Jefferson, Madison and Taylor counties in Florida. The financial statements of the Corporation have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Significant accounting policies are summarized below.

Financial Statement Presentation: The Corporation is required to report information regarding its financial position and operations according to two classes of net assets (net assets without donor restrictions and net assets with donor restrictions) based upon the existence or absence of donor-imposed restrictions. The Corporation has not received any contributions with donor-imposed restrictions that would result in net assets with donor restrictions.

Cash and Cash Equivalents: The Corporation considers all highly liquid debt instruments, with a maturity of three months or less when purchased, to be cash equivalents. Such investments are carried at fair value.

Accounts Receivable: Accounts receivable from patient services are recognized at the net amount the Corporation expects to be collected based on established collection history using a payor specific portfolio approach and review of individual balances. Subsidiary accounts receivable records are maintained for each client. Amounts that are not expected to be received representing contractual adjustments and implicit price concessions are recognized as a reduction of the related revenue. Prior to the adoption of the Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers*, management estimated the need for an allowance based upon the age of the receivable, historical collection experience, and client-specific credit evaluations. Account balances were charged off against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote.

Investments: The Corporation invests cash in excess of current working capital requirements in government agency securities, bonds, and equities. Investments are carried at fair value.

Inventories: Inventories consist of office supplies and pharmaceuticals that are stated at the lower of cost or net realizable value on a first-in, first-out basis.

Property and Equipment: The Corporation capitalizes acquisitions of property and equipment having a useful life of more than one year and a cost of at least \$1,000. Acquisitions are recorded at cost if purchased, or estimated fair value if acquired by donation. Depreciation is computed on the straight-line method over the estimated useful life of the specific asset. Amortization of leased equipment under capital leases is computed on the straight-line method over the lease term.

APALACHEE CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Amortization: Hospital organization costs were capitalized and are being amortized on the straight-line method over 40 years. Loan refinancing costs incurred during 2018 were capitalized and are being amortized on the straight-line method over 10 years.

Accrued Leave: The Corporation compensates its employees for limited amounts of accrued leave upon termination of employment. Eligible employees who have resigned from the Corporation in good standing and have provided the required two (2) week notice of resignation may receive a payout of their accumulated paid time off balance of up to the number of maximum hours listed below.

<u>Years of Employment</u>	<u>Hired on or after 01/01/18</u> <u>Payout at Resignation</u>	<u>Hired on or before 12/31/17</u> <u>Payout at Resignation</u>
Less Than 5 Years	0	0
5 – 10 Years	80	80
10 – 15 Years	120	240
15 Years and Over	240	480

Additionally, management and medical staff with over 10 years of service are compensated for 25% of their accumulated sick leave balance and 100% of their accumulated annual leave balance based on years of service not to exceed 480 hours. The amount of change in accrued leave for all employees from one year to the next is reported as an expense during the current year.

Grants and Contracts: The Corporation performs various services under three types of contracts: matching grants, cost reimbursement, and purchase of service contracts. Revenues are recognized on the basis of expenses incurred for matching grants and cost reimbursement contracts, and on a fee for service basis for purchase of service contracts. Amounts earned but not received are reported as accounts receivable. Amounts received but not earned are reported as deferred revenue.

Charity Care: The Corporation has a policy of providing charity care to patients who are unable to pay all or part of standard charges. Such patients are identified and related charges are negotiated, based on financial information obtained from the patient and subsequent analysis. Since management does not expect payment for charity care, the value of charges in excess of negotiated rates is excluded from revenue.

Low Income Pool Funding: The Corporation received Low Income Pool safety net funding for the costs of uncompensated charity care for low income individuals who are uninsured. Total amount received for the years ended June 30, 2021 and 2020 was \$430,573 and \$296,332, respectively.

Premium Revenue: The Corporation has an agreement with a provider service network to provide services to subscribing Medicaid clients. Under this agreement, the Corporation receives monthly capitation payments based on the number of Medicaid enrollees.

APALACHEE CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Donations: Donations of goods and services are recorded as revenue and a corresponding expenditure based upon the fair value on the date of the donation. The major components of donations are personal services and the use of building space. Property and equipment donated or received from grants are recorded as capital additions with a corresponding addition to property and equipment and are depreciated accordingly.

Functional Allocation of Expenses: The costs of providing the various programs and other activities have been summarized on a functional basis in the Statements of Operations and Changes in Net Assets. Costs that can be identified with a specific program are charged directly to that program. Costs common to multiple programs or activities have been allocated based on various methods including number of bed days utilized, number of meals served, square footage, and a ratio of program expenses to total program expenses. Costs allocated include food services, insurance expenses, physician services, pharmaceutical expenses, facilities maintenance expenses, and administrative expenses.

Taxes: The Corporation is a not-for-profit organization as defined under Section 501(c)(3) of the *Internal Revenue Code*. No provision was made for federal or state income taxes. The Corporation is not liable for federal unemployment compensation taxes and does not contribute to the Florida Unemployment Compensation Fund. It is liable for unemployment compensation claims as they are submitted to the Agency for Workforce Innovation.

If applicable, the Corporation recognizes interest and penalties related to unrecognized tax benefits in administrative expenses.

Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the Corporation to use estimates and assumptions based on analytical methods in determining the allowance for doubtful accounts, third-party payor settlements, depreciation, post-retirement health obligations, and various other accruals. Accordingly, actual results could differ from those estimates.

Reclassifications: The expenses for the Community Action Team (CAT) and the Florida Assertive Community Treatment (FACT) programs were previously reported in Other Program Services on the Statement of Functional Expenses and are now being reported in Outpatient Program Services. The 2020 Statement of Functional Expenses has been reclassified to conform with current year presentation. There was no effect on net income and the effects of the reclassifications are as follows:

APALACHEE CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

<u>Year Ended June 30, 2020</u>	<u>As Reported in Current Year</u>	<u>As Previously Reported</u>	<u>Effect of Change</u>
Outpatient:			
Total Personnel Services	\$ 4,938,962	\$ 3,429,270	\$ 1,509,692
Total Operating Expenses	<u>2,969,275</u>	<u>2,136,888</u>	<u>832,387</u>
TOTAL EXPENSES	<u>\$ 7,908,237</u>	<u>\$ 5,566,158</u>	<u>\$ 2,342,079</u>
Other:			
Total Personnel Services	\$ 799,403	\$ 2,309,095	\$ (1,509,692)
Total Operating Expenses	<u>564,317</u>	<u>1,396,704</u>	<u>(832,387)</u>
TOTAL EXPENSES	<u>\$ 1,363,720</u>	<u>\$ 3,705,799</u>	<u>\$ (2,342,079)</u>

NOTE 2 – NET PATIENT SERVICE AND PREMIUM REVENUE

On July 1, 2020, the Corporation adopted Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers*, using the modified retrospective method. The standard implements a five-step process for revenue recognition that focuses on transfer of control to determine measurement and timing of revenue recognition at an amount an entity is expected to be entitled in exchange for the good or service provided. The Corporation has determined that its revenue recognition is not materially different under the new accounting standard for revenue with contracts with customers.

Patient service revenue is primarily derived from services rendered to patients for psychiatric and substance abuse care, outpatient psychiatric care, physician services and residential treatment. The services provided by the Corporation have no fixed duration and can be terminated by the patient or the Corporation at any time, and therefore, each treatment is its own stand-alone contract. The Corporation recognizes revenue as its performance obligations are completed. The performance obligation is satisfied over time as the customer simultaneously receives and consumes the benefit of the services provided. For inpatient services, the Corporation recognizes revenue equally over the patient stay on a daily basis. For physician charges, the hospital recognizes revenue equally over the number of units provided daily. The Corporation believes that this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. Typically, patients and third-party payors are billed within several days of the service being performed or the patient being discharged, and payments are due based on contract terms. The Corporation has determined that the nature, amount, timing, and uncertainty of revenue and cash flows are affected by payors, method of reimbursement, and timing of billing.

APALACHEE CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 2 – NET PATIENT SERVICE AND PREMIUM REVENUE (continued)

The Corporation determines the transaction price based on established billing rates reduced by contractual adjustments provided to third party payors, discounts provided to uninsured patients and implicit price concessions. Contractual adjustments and discounts are based on contractual agreements, discount policies and historical experience. Implicit price concessions are based on historical collection experience. Subsequent changes resulting from a patient's inability to pay are recorded as bad debt expense, which is included as a component of other operating program expenses. Bad debt expense was \$356,532 for the year ended June 30, 2021.

The Corporation has agreements with third-party payors that provide for payments to the Corporation at amounts different from its established rates. Net patient service revenue is reported at the estimated net realizable amount from self-pay patient, third party payors and others for services rendered. A summary of the payment arrangements with major third-party payors follows:

- *Medicare* – Costs related to inpatient services provided to Medicare beneficiaries are paid based on a prospective payment system based on clinical, diagnostic, and other factors. The Corporation is reimbursed for cost reimbursable items, with final settlement determined after submission of annual cost reports by the Corporation and audits thereof by the Medicare fiscal intermediary. Physician services are paid based upon established fee schedules. The Corporation's Medicare cost reports have been audited by the Medicare fiscal intermediary through June 30, 2019.
- *Medicaid* – The Corporation bills Medicaid and other Medicaid contractors for inpatient services performed. Reimbursements for Medicaid services are generally paid at prospectively determined rates per discharge, per occasion of service, or per covered member and are subject to specific documentation requirements. Compliance audits are conducted periodically by the Medicaid fiscal intermediary and other Medicaid contractors, which can result in the recoupment of fees paid to the Corporation. The Medicaid fiscal intermediary has conducted compliance audits for periods through June 30, 2019.
- *Other* – Payment agreements with certain commercial insurance carriers, health maintenance organizations (HMOs), Medicaid HMOs, and preferred provider organizations provide for payment using prospectively determined rates per discharge, discounts from established charges, and prospectively determined daily rates.

Laws and regulations concerning government programs, including Medicare and Medicaid, are complex and subject to varying interpretation. As a result of investigations by governmental agencies, various health care organizations have received requests for information and notices regarding alleged noncompliance with those laws and regulations, which, in some instances, have resulted in organizations entering into significant settlement agreements. Compliance with such laws and regulations may also be subject to future government review and interpretation, as well as significant regulatory action, including fines, penalties, and potential exclusion from the related

APALACHEE CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 2 – NET PATIENT SERVICE AND PREMIUM REVENUE (continued)

programs. There can be no assurance that regulatory authorities will not challenge the Corporation's compliance with these laws and regulations, and it is not possible to determine the impact (if any) such claims or penalties would have upon the Corporation. In addition, the contracts the Corporation has with commercial payors also provide for retroactive audit and review of claims.

Settlements with third-party payors for retroactive adjustments due to audits, reviews, or investigations are considered variable consideration and are included in the determination of the estimated transaction price for providing patient care. These settlements are estimated based on the terms of the payment agreement with the payor, correspondence from the payor, and the Corporation's historical settlement activity, including an assessment to ensure that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the retroactive adjustment is subsequently resolved. Estimated settlements are adjusted in future periods as adjustments become known (that is, new information becomes available), or as years are settled or are no longer subject to such audits, reviews, and investigations. During the year ended June 30, 2021, the Corporation received Medicare cost settlements totaling \$66,183.

Generally, patients who are covered by third-party payors are responsible for related deductibles and coinsurance, which vary in amount. The Corporation also provides services to uninsured patients, and offers those uninsured patients a discount, either by policy or law, from standard charges. The Corporation estimates the transaction price for patients with deductibles and coinsurance and from those who are uninsured based on historical experience and current market conditions. The initial estimate of the transaction price is determined by reducing the standard charge by any contractual adjustments, discounts, and implicit price concessions. Subsequent changes to the estimate of the transaction price are generally recorded as adjustments to patient service revenue in the period of the change. Subsequent changes that are determined to be the result of an adverse change in the patient's ability to pay are recorded as bad debt expense.

Consistent with the Corporation's mission, care is provided to patients regardless of their ability to pay. Therefore, the Corporation has determined it has provided implicit price concessions to uninsured patients and patients with other uninsured balances (for example, copays and deductibles). The implicit price concessions included in estimating the transaction price represent the difference between amounts billed to patients and the amounts the Corporation expects to collect based on its collection history with those patients.

APALACHEE CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 3 – CASH AND CASH EQUIVALENTS

Apalachee Center, Inc. maintains its operating cash accounts at several North Florida commercial banks. At times, the balances may exceed the current Federal Depository Insurance Corporation (FDIC) limit of \$250,000 per bank. Apalachee Center, Inc. believes the credit risk related to these balances is minimal. A summary of the total insured and uninsured amounts held at these banks at June 30, 2021 and 2020 follows:

	<u>2021</u>	<u>2020</u>
Total Cash Held at Banks	\$ 3,287,517	\$ 2,859,426
Less: Portion Secured by FDIC	(541,756)	(497,992)
Uninsured Cash Balances	<u>\$ 2,745,761</u>	<u>\$ 2,361,434</u>

NOTE 4 – ACCOUNTS RECEIVABLE

At June 30, 2021 and 2020, accounts receivable consisted of the following:

	<u>2021</u>	<u>2020</u>
Patient Fees - First Party	\$ 8,173	\$ 197,674
Patient Fees - Third Party	996,231	1,031,905
State and Managing Entity Contracts	2,553,792	1,724,410
County and Other Local Funds	92,819	328,751
Other Receivables	41,315	13,713
Total Accounts Receivable	<u>3,692,330</u>	<u>3,296,453</u>
Allowance for Doubtful Accounts	(50,000)	(450,000)
Net Accounts Receivable	<u>\$ 3,642,330</u>	<u>\$ 2,846,453</u>

Medicaid reimbursements constituted approximately 36% and 42% of Patient Fees - Third Party accounts receivable at June 30, 2021 and 2020, respectively. The balance of accounts receivable and the allowance for doubtful accounts as of June 30, 2021 have been reported in conformity with the implementation of ASU 2014-09 (see Notes 1 and 2).

APALACHEE CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 5 – FAIR VALUE MEASUREMENTS

Fair Value Measurement and Disclosures Topic of the FASB Accounting Standards Codification establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under the Fair Value Measurement and Disclosures Topic are described as follows:

- Level 1:* Quoted prices in active markets for identical assets or liabilities.
- Level 2:* Observable market based inputs or unobservable inputs that are corroborated by the market data.
- Level 3:* Unobservable inputs that are not corroborated by market data.

Investments

At June 30, 2021 and 2020, investments were as follows:

<u>2021</u>	<u>Cost</u>	<u>Unrealized Gain (Loss)</u>	<u>Fair Value</u>
Level 1			
Equity Securities	\$ 1,175,719	\$ 609,842	\$ 1,785,561
U.S. Government Agency Bonds	264,025	(2,273)	261,752
U.S. Government Notes	1,020,731	(3,853)	1,016,878
Municipal Bonds	457,847	18,809	476,656
Corporate Bonds	1,238,784	65,223	1,304,007
Foreign Bonds	162,489	5,348	167,837
Total Level 1	<u>4,319,595</u>	<u>693,096</u>	<u>5,012,691</u>
Level 3			
PSN Shares	10,000	-	10,000
BHP Shares	50,000	(4,376)	45,624
Total Level 3	<u>60,000</u>	<u>(4,376)</u>	<u>55,624</u>
Total Investments	<u>\$ 4,379,595</u>	<u>\$ 688,720</u>	<u>\$ 5,068,315</u>

APALACHEE CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 5 – FAIR VALUE MEASUREMENTS (continued)

<u>2020</u>	<u>Cost</u>	<u>Unrealized Gain (Loss)</u>	<u>Fair Value</u>
Level 1			
Equity Securities	\$ 1,162,718	\$ 129,989	\$ 1,292,707
U.S. Treasury Bills	189,892	49	189,941
U.S. Government Agency Bonds	252,153	2,505	254,658
U.S. Government Notes	817,593	1,374	818,967
Municipal Bonds	444,116	22,619	466,735
Corporate Bonds	1,147,620	92,662	1,240,282
Foreign Bonds	224,662	8,507	233,169
Total Level 1	<u>4,238,754</u>	<u>257,705</u>	<u>4,496,459</u>
Level 3			
PSN Shares	10,000	-	10,000
BHP Shares	50,000	-	50,000
Total Level 3	<u>60,000</u>	<u>-</u>	<u>60,000</u>
Total Investments	<u>\$ 4,298,754</u>	<u>\$ 257,705</u>	<u>\$ 4,556,459</u>

Investment return is summarized as follows:

	<u>2021</u>	<u>2020</u>
Interest and Dividends	\$ 77,221	\$ 29,523
Net Unrealized Gain	431,015	125,926
Net Realized Gain	16,536	142,216
Total Investment Income	<u>\$ 524,772</u>	<u>\$ 297,665</u>

NOTE 6 – PROPERTY AND EQUIPMENT

At June 30, 2021 and 2020, property and equipment were as follows:

	<u>Lives</u>	<u>2021</u>	<u>2020</u>
Land	N/A	\$ 1,009,963	\$ 1,021,381
Buildings and Improvements	20-40	26,935,522	26,818,806
Furniture, Equipment, and Vehicles	5-10	5,353,784	5,265,858
Total Cost		<u>33,299,269</u>	<u>33,106,045</u>
Less: Accumulated Depreciation		<u>(19,105,679)</u>	<u>(18,056,835)</u>
		14,193,590	15,049,210
Construction-in-Progress		7,414	40,786
Total		<u>\$ 14,201,004</u>	<u>\$ 15,089,996</u>

Depreciation expense for the years ended June 30, 2021 and 2020 was \$1,122,560 and \$1,153,999, respectively.

APALACHEE CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 7 – OTHER ASSETS

At June 30, 2021 and 2020, other assets, reported net of accumulated amortization, were comprised of:

	<u>2021</u>	<u>2020</u>
Hospital Organization Costs	\$ 6,000	\$ 7,500
Deposits	15,471	15,891
Total	<u>\$ 21,471</u>	<u>\$ 23,391</u>

Hospital organization costs consist of professional fees and other expenses associated with the approval of a certificate of need by the state of Florida in connection with the construction of a psychiatric acute care unit and are amortized over an estimated useful life of 40 years. Amortization expense for the years ended June 30, 2021 and 2020 was \$1,500 and \$1,875, respectively.

NOTE 8 – LONG-TERM DEBT

	<u>2021</u>	<u>2020</u>
Note payable to Truist Bank (formerly BB&T), payable in 119 monthly principal and interest installments of \$33,053 beginning March 2018 with final payment of all principal and interest due February 2028. Interest for the loan is fixed at 4.950%. Collateral for the loan is comprised of a first priority security interest on all real estate and improvements at 2634 Capital Circle, N.E. and on vacant land owned by the Corporation.	\$ 4,471,961	\$ 4,639,532
Note payable to Truist Bank (formerly BB&T), payable in 119 monthly principal and interest installments of \$3,386 beginning March 2018 with final payment of all principal and interest due February 2028. Interest rate is variable computed as one month LIBOR rate plus 2% per annum, adjusted monthly (2.080% and 2.175% at June 30, 2021 and 2020, respectively.) Collateral for the loan is comprised of a first priority security interest on all real estate and improvements at 2634 Capital Circle, N.E. and on vacant land owned by the Corporation.	<u>501,584</u>	<u>531,048</u>
Total Long-Term Debt	4,973,545	5,170,580
Less: Current Portion	(206,090)	(196,651)
Less: Unamortized Loan Costs	(41,807)	(48,157)
Net Total Long-Term Debt	<u>\$ 4,725,648</u>	<u>\$ 4,925,772</u>

APALACHEE CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 8 – LONG-TERM DEBT (continued)

Long-term debt outstanding at June 30, 2021 matures as follows:

2022	\$ 206,090
2023	215,991
2024	226,378
2025	237,273
2026	248,704
Thereafter	3,839,109
TOTAL	<u>\$ 4,973,545</u>

Interest expense for the years ended June 30, 2021 and 2020 was \$240,228 and \$258,218, respectively.

The Corporation has a line of credit with Truist Bank (formerly BB&T) up to \$500,000. Interest is paid monthly on any outstanding principal balance, computed based on the adjusted LIBOR rate, obtained by adding the one month LIBOR rate plus 2.25% per annum, adjusted monthly on the first day of the LIBOR period. The note is collateralized by all contract rights and health care insurance receivables and matures March 2023. The line of credit had a zero balance at June 30, 2021.

NOTE 9 – NET PATIENT SERVICE REVENUE

The Corporation recognized net patient service revenue for the years ended June 30, 2021 and 2020 as follows:

	<u>2021</u>	<u>2020</u>
Patient Fees – Gross Charges	\$ 23,657,241	\$ 25,428,995
Less:		
Contractual Allowances	(14,653,302)	(16,500,400)
Charity Care	(875,764)	(874,025)
Net Patient Service Revenue	<u>\$ 8,128,175</u>	<u>\$ 8,054,570</u>

APALACHEE CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 10 – EMPLOYEE BENEFITS

Retirement Plan

The Corporation has a retirement plan (the Plan) that covers substantially all employees who have completed 1,000 service hours within a 12 month measurement period and are age 18 or older. For the years ended June 30, 2021 and 2020, the Corporation contributed 6% of compensation to the Plan. The Corporation also makes discretionary matching contributions to the Plan based on employee elective deferrals to a 403(b)(7). For the years ended June 30, 2021 and 2020, the Corporation elected not to make matching contributions. Retirement expense includes current service costs that are accrued and funded on a current basis. The Corporation's contribution for the years ended June 30, 2021 and 2020 was \$741,745 and \$649,426, respectively.

Post-Retirement Health Plan

The Corporation has a post-retirement health care plan that covers substantially all employees who were hired on or before December 31, 2017; have completed twenty years of uninterrupted service; retire at age 55 or older; and who were covered under the Corporation's health insurance plan for the five years immediately preceding their retirement. Retired employees who qualify will be covered by the Corporation's health and dental care plan until they reach age 65 and will pay the same co-payment as regular employees.

The Plan is not currently funded. The actuarially determined net periodic post-retirement benefit cost for the years ended June 30, 2021 and 2020 was \$74,651 and \$120,886, respectively, including service costs of \$38,992 and \$42,397, respectively. Premiums paid for the years ended June 30, 2021 and 2020 were \$38,024 and \$56,102, respectively. The post-retirement health obligation for the years ended June 30, 2021 and 2020 was \$699,374 and \$721,448, respectively.

The following assumptions were made to estimate the benefit obligation as of June 30, 2021:

1. The valuation date was June 30, 2020.
2. The assumed discount rate utilized was 2.13% and the inflation rate was 2.5% for the year. The assumed medical inflation rate was 6.7% in 2021 with an ultimate rate of 3.60% expected in 2043.
3. The assumed termination rates for employees were as follows:

Age	Service				
	<1	1	2	3-4	5+
18 – 50	35%	42%	50%	26%	22%
50 +	0%	0%	0%	0%	0%

APALACHEE CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 10 – EMPLOYEE BENEFITS (continued)

4. The assumed rates of retirement by age group were as follows:

<u>Age</u>	<u>Rate</u>
55 – 58	5%
59 – 60	20%
61	5%
62	25%
63 – 64	10%
65	100%

5. 90% of those participants required to contribute to the cost of medical and dental coverage are assumed to elect coverage at retirement. For those participants where the employer fully subsidizes the cost of coverage, 100% of eligible participants are assumed to elect medical and dental coverage at retirement.
6. Participants electing healthcare coverage at retirement are assumed to retain coverage until becoming Medicare eligible. The employer does not provide any coverage upon reaching Medicare eligibility and thus no liability is assumed once the retiree reaches age 65 or their dependent reaches age 65 if older than the retiree.
7. All retirees were assumed to pay the same rate as the active employees, except for the classifications identified below:

<u>Job Classification</u>	<u>% Paid by Participant / Participant and Spouse</u>
Senior Executives	0%
Physicians	0%
Director Level	10%
All Others	15% - 55%

Estimated future benefit payments expected to be paid are as follows:

2022	\$	27,082
2023		29,663
2024		19,403
2025		14,921
2026		30,197
2027 – 2030		120,786

Contributions expected to be paid to the plan during the next fiscal year are \$27,082.

APALACHEE CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 11 – SELF INSURANCE

The Corporation has elected to self-insure for unemployment compensation claims. Claims paid for the years ended June 30, 2021 and 2020 were \$63,533 and \$38,199, respectively.

NOTE 12 – CONCENTRATIONS

The Corporation provides substantial services which are funded by the Florida Department of Children and Families (DCF). This funding is contingent upon budget appropriations by the Florida Legislature, and is managed by a private managing entity, Big Bend Community Based Care, Inc. (BBCBC) d/b/a Northwest Florida Health Network (NWFHN) in accordance with Section 394.9082, *Florida Statutes*. DCF/BBCBC contract revenues totaled approximately \$21.4 million and \$21.1 million for the years ended June 30, 2021 and 2020, respectively, representing approximately 60% and 62%, respectively, of total revenues for each of the years then ended. Amounts due from NWFHN under the assigned contracts totaled \$2,462,792 and \$1,724,410 for the years ended June 30, 2021 and 2020, respectively.

NOTE 13 – CONTINGENCIES

The Corporation is involved in various claims arising from the normal course of operations. The outcome of these claims is not presently determinable.

NOTE 14 – INCOME TAXES

An entity must recognize the impact of uncertain tax positions in the financial statements if it is more likely than not that a tax position taken for tax return purposes will not be sustained upon examination by taxing authorities. The Corporation has concluded that it has no material uncertain tax positions and, accordingly, it has not recognized any liability for unrecognized tax benefits. The Corporation has filed all required tax returns in all jurisdictions in which it operates. Tax years after 2016 remain subject to examination by the applicable taxing authorities.

APALACHEE CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 15 – LIQUIDITY AND AVAILABILITY OF RESOURCES

As of June 30, 2021, the Corporation had approximately \$11,900,000 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures, consisting of cash and cash equivalents totaling approximately \$3,300,000, investments totaling approximately \$5,000,000 and accounts receivable, net of allowance for doubtful accounts, totaling approximately \$3,600,000. The accounts receivable are expected to be collected within 120 days subsequent to the statement of financial position date. Additionally, the Corporation has a line of credit in the amount of \$500,000, which it could draw upon in the event of an unanticipated liquidity need. The Corporation is subject to certain covenants with respect to its long-term debt. Those covenants include a requirement to maintain total liquid assets of not less than \$2,000,000 at all times. Except for this requirement, the Corporation's remaining financial assets are not subject to donor or other contractual restrictions that would make them unavailable for general expenditures within one year of the statement of financial position date.

NOTE 16 – EVALUATION OF SUBSEQUENT EVENTS

The Corporation has evaluated subsequent events through December 28, 2021, the date which the financial statements were available to be issued.

SUPPLEMENTAL INFORMATION

**APALACHEE CENTER, INC.
SCHEDULE OF STATE EARNINGS
FOR THE YEAR ENDED JUNE 30, 2021**

Total Expenses	\$ 35,087,418
Less Other State and Federal Funds:	
Child & Adult Care Food	(38,664)
IDP Drug Program - Line of Credit	(105,860)
Leon County Health Department	(30,625)
Gadsden County Primary Care Integration Project	(87,132)
Centralized Receiving Facility	(1,500,000)
Community Action Treatment Special Proviso Project	(2,250,000)
Mobile Response Team	(1,471,664)
Net Medicaid Earnings	(6,792,952)
Less Non-Match SAMH Funds	(4,522,459)
Less Unallowable Costs	(622,283)
	(5,144,742)
Total Allowable Expenses	\$ 17,665,779
Maximum Available Earnings (75% of Allowable)	\$ 13,249,334
Amount of State Funds Requiring Match	\$ 2,859,690
Amount Due to Department of Children & Families	\$ 0

See independent auditor's report.

APALACHEE CENTER, INC.
 SCHEDULE OF ACTUAL REVENUES
 SUBSTANCE ABUSE & MENTAL HEALTH (SAMH) SERVICES
 FOR THE YEAR ENDED JUNE 30, 2021

STATE-DESIGNATED SAMH COVERED SERVICES

STATE SAMH-FUNDED COVERED SERVICES

ADULT SUBSTANCE ABUSE			ADULT AND CHILDREN'S MENTAL HEALTH															
			Detox	Program Total	Case Management	Crisis Stabilization	Drop-In Self-Help	Medical Services	Outpatient Individual	Outpatient Group	Outpatient Group	Incidental Expenses Transitional Vouchers	Short-Term Residential Treatment	Outreach	Residential Level 4	Room & Board w/Supervision Level 1	Room & Board w/Supervision Level 2	FACT
FUNDING SOURCES & REVENUES																		
STATE SAMH FUNDING																		
Expenditure	Provider Subcontractor #	Funding Source																
MH001	ME Contract #B0060	Federal/State	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 156,312	\$ 0	\$ 448,358	\$ 0
MH009	ME Contract #B0060	Federal/State	0	0	540,089	0	69,403	315,698	249,425	193,530	0	0	0	0	0	0	0	0
MH018	ME Contract #B0060	State	0	0	0	2,515,917	0	0	0	0	0	566,405	0	0	0	0	0	0
MH072	ME Contract #B0060	State	0	0	204,801	0	0	49,533	32,141	115,881	0	0	0	0	0	4,697,257	110,112	0
MH073	ME Contract #B0050	Federal/State	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1,182,508
MH076	ME Contract #B0060	State	0	0	0	0	0	0	0	0	25,939	0	0	0	0	0	0	0
MHOPG	ME Contract #B0070	Federal	0	0	91,173	0	0	25,493	6,837	0	6,609	0	9,294	0	0	0	0	0
MHCAR	ME Contract #B0060	State	0	0	0	0	0	0	0	0	0	200,200	0	0	0	0	0	0
MHCAT	ME Contract #B0150	State	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
MHFMH	ME Contract #B0060	State	0	0	0	0	0	0	0	0	0	0	0	0	1,581,600	0	0	0
MHMCT	ME Contract #B0160	State	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
MHHMD	ME Contract #HM003	State	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
MHSCR	ME Contract #B0130	State	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
MHTMH	ME Contract #B0060	State	0	0	0	0	0	0	0	0	0	0	0	0	1,593,853	0	0	0
MS021	ME Contract #B0060	Federal/State	945,413	945,413	0	0	0	0	0	0	0	0	0	0	0	0	0	0
MH000	ME Contract #B0130	State	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
MHOCN	ME Contract #B0060	State	0	0	15,512	0	0	0	0	0	0	0	0	0	0	0	0	0
MHTRV	ME Contract #B0060	State	0	0	0	0	0	0	0	0	66,353	0	0	0	0	0	0	0
MHOBN	ME Contract #B0180	State	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
PSMSM	DCF Contract #LHZ87	State	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL STATE SAMH FUNDING			945,413	945,413	851,575	2,515,917	69,403	390,724	288,403	309,411	98,901	766,605	9,294	156,312	7,872,710	558,470	1,182,508	
OTHER GOVERNMENT FUNDING																		
Other State Agency Funding			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Medicaid			46,448	46,448	1,047,888	512,087	0	528,850	179,594	593,799	0	0	0	4,482	136,635	4,659	0	0
Local Government			352,082	352,082	0	644,275	0	0	141,600	0	0	0	0	0	0	0	0	0
Federal Grants and Contracts			0	0	0	0	0	0	0	38,664	0	0	0	0	0	0	0	0
TOTAL OTHER GOVERNMENT FUNDING			398,530	398,530	1,047,888	1,156,362	0	528,850	321,194	632,463	0	0	0	4,482	136,635	4,659	0	
OTHER REVENUES																		
First & Second Party Payments			1,628	1,628	0	112,875	0	12,434	2,424	0	0	4,651	0	65,171	7,155	103,461	0	0
Third Party Payments (Other Than Medicare)			73,353	73,353	0	88,163	0	73,558	80,997	0	0	0	0	0	1,835	0	0	0
Medicare			111,779	111,779	0	49,786	0	150,490	19,242	0	0	0	0	423	28,694	1,275	0	0
Contributions and Donations			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other			0	0	5,751	0	0	2,902	986	3,259	0	0	0	0	0	0	0	0
TOTAL OTHER REVENUES			186,760	186,760	5,751	250,824	0	239,384	103,649	3,259	0	4,651	0	65,594	37,684	104,736	0	
TOTAL FUNDING			\$ 1,530,703	\$ 1,530,703	\$ 1,905,214	\$ 3,923,103	\$ 69,403	\$ 1,158,958	\$ 713,246	\$ 945,133	\$ 98,901	\$ 771,256	\$ 9,294	\$ 226,388	\$ 8,047,029	\$ 667,865	\$ 1,182,508	

STATE-DESIGNATED SAMH COVERED SERVICES

STATE SAMH-FUNDED COVERED SERVICES

ADULT AND CHILDREN'S MENTAL HEALTH

FUNDING SOURCES & REVENUES			Crisis	In-Home	Federal	Community	FIRST	BNET	Program	Total	Non-State-	Non-SAMH	Total	
			Support/ CRF/MRT	and On-Site	Project Grant	Action Team	Team		Total	Funded SAMH Covered Services	Total	Covered Services	Total Funding	
STATE SAMH FUNDING														
Expenditure														
Report OCA#	Provider Subcontractor #	Funding Source												
MH001	ME Contract #B0060	Federal/State	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 604,670	\$ 604,670	\$ 0	\$ 604,670	\$ 0	
MH009	ME Contract #B0060	Federal/State	0	916	0	0	0	0	1,369,061	1,369,061	0	1,369,061	0	
MH018	ME Contract #B0060	State	0	0	0	0	0	0	3,082,322	3,082,322	0	3,082,322	0	
MH072	ME Contract #B0060	State	0	367	0	0	0	0	5,210,092	5,210,092	0	5,210,092	0	
MH073	ME Contract #B0050	Federal/State	0	0	0	0	0	0	1,182,508	1,182,508	0	1,182,508	0	
MH076	ME Contract #B0060	State	0	0	0	0	0	0	25,939	25,939	0	25,939	0	
MH0PG	ME Contract #B0070	Federal	0	0	0	0	0	0	139,406	139,406	0	139,406	0	
MHCAR	ME Contract #B0060	State	0	0	0	0	0	0	200,200	200,200	0	200,200	0	
MHCAT	ME Contract #B0150	State	0	0	0	2,250,000	0	0	2,250,000	2,250,000	0	2,250,000	0	
MHFMH	ME Contract #B0060	State	0	0	0	0	0	0	1,581,600	1,581,600	0	1,581,600	0	
MHMCT	ME Contract #B0160	State	1,471,665	0	0	0	0	0	1,471,665	1,471,665	0	1,471,665	0	
MHHMD	ME Contract #HM003	State	0	0	10,000	0	0	0	10,000	10,000	0	10,000	0	
MHSCR	ME Contract #B0130	State	1,481,406	0	0	0	0	0	1,481,406	1,481,406	0	1,481,406	0	
MHTMH	ME Contract #B0060	State	0	0	0	0	0	0	1,593,853	1,593,853	0	1,593,853	0	
MS021	ME Contract #B0060	Federal/State	0	0	0	0	0	0	-	945,413	0	945,413	0	
MH000	ME Contract #B0130	State	18,594	0	0	0	0	0	18,594	18,594	0	18,594	0	
MH0CN	ME Contract #B0060	State	0	0	0	0	0	0	15,512	15,512	0	15,512	0	
MHTRV	ME Contract #B0060	State	0	0	0	0	0	0	66,353	66,353	0	66,353	0	
MH0BN	ME Contract #B0180	State	0	0	0	0	0	159,939	159,939	159,939	0	159,939	0	
PSMSM	DCF Contract #LHZ87	State	0	0	0	0	363,090	0	363,090	363,090	0	363,090	0	
TOTAL STATE SAMH FUNDING			2,971,665	1,283	10,000	2,250,000	363,090	159,939	20,826,210	21,771,623	0	21,771,623	0	
OTHER GOVERNMENT FUNDING														
Other State Agency Funding			0	0	0	0	0	0	0	0	0	0	0	
Medicaid			9,126	0	0	0	0	0	3,017,120	3,063,568	3,481,910	6,545,478	247,474	
Local Government			150,000	0	0	0	0	0	935,875	1,287,957	177,694	1,465,651	243,650	
Federal Grants and Contracts			0	0	0	0	0	0	38,664	38,664	0	38,664	127,070	
TOTAL OTHER GOVERNMENT FUNDING			159,126	0	0	0	0	0	3,991,659	4,390,189	3,659,604	8,049,793	618,194	
OTHER REVENUES														
First & Second Party Payments			0	0	0	0	0	0	308,171	309,799	69,225	379,024	257,242	
Third Party Payments (Other Than Medicare)			2,634	0	0	0	0	0	247,187	320,540	820,321	1,140,861	0	
Medicare			355	0	0	0	0	0	250,265	362,044	1,361,994	1,724,038	192	
Contributions and Donations			0	0	0	0	0	0	0	0	0	0	0	
Other			600,000	0	0	0	0	0	612,898	612,898	0	612,898	920,373	
TOTAL OTHER REVENUES			602,989	0	0	0	0	0	1,418,521	1,605,281	2,251,540	3,856,821	1,177,807	
TOTAL FUNDING			\$ 3,733,780	\$ 1,283	\$ 10,000	\$ 2,250,000	\$ 363,090	\$ 159,939	\$ 26,236,390	\$ 27,767,093	\$ 5,911,144	\$ 33,678,237	\$ 1,796,001	\$ 35,474,238

See independent auditor's report.

APALACHEE CENTER, INC.
SCHEDULE OF ACTUAL EXPENSES
SUBSTANCE ABUSE & MENTAL HEALTH (SAMH) SERVICES
FOR THE YEAR ENDED JUNE 30, 2021

EXPENSE CATEGORIES	STATE-DESIGNATED SAMH COVERED SERVICES														
	STATE SAMH-FUNDED COVERED SERVICES													FACT	
	ADULT SUBSTANCE ABUSE	ADULT AND CHILDREN'S MENTAL HEALTH													
	Detox	Program Total	Case Management	Crisis Stabilization	Drop-In Self-Help	Medical Services	Outpatient Individual	Outpatient Group	Incidental Expenses Transitional Vouchers	Short-Term Residential Treatment	Outreach	Residential Level 4	Room & Board w/Supervision Level 1	Room & Board w/Supervision Level 2	
PERSONNEL EXPENSES															
Salaries	\$ 663,731	\$ 663,731	\$ 1,006,467	\$ 1,580,283	\$ 76,901	\$ 433,249	\$ 318,229	\$ 344,208	\$ 0	\$ 214,113	\$ 10,298	\$ 41,082	\$ 3,049,845	\$ 377,439	\$ 567,281
Fringe Benefits	122,364	122,364	288,786	256,447	22,065	124,312	91,310	98,764	0	28,359	2,955	10,257	535,257	66,380	118,874
TOTAL PERSONNEL EXPENSES	<u>786,095</u>	<u>786,095</u>	<u>1,295,253</u>	<u>1,836,730</u>	<u>98,966</u>	<u>557,561</u>	<u>409,539</u>	<u>442,972</u>	<u>0</u>	<u>242,472</u>	<u>13,253</u>	<u>51,339</u>	<u>3,585,102</u>	<u>443,819</u>	<u>686,155</u>
OTHER EXPENSES															
Building Occupancy	122,667	122,667	261,605	210,655	19,988	112,612	82,715	89,468	0	47,232	2,677	90,908	532,901	44,585	50,352
Professional Services	1,351	1,351	9,746	10,211	745	4,195	3,082	3,333	0	1,647	100	62	21,130	519	4,469
Travel	651	651	11,458	2,037	875	4,932	3,623	3,919	0	2	117	183	24,423	7,629	9,490
Equipment	15,450	15,450	53,379	66,743	4,079	22,978	16,877	18,255	0	12,996	546	2,891	138,887	26,958	10,164
Food Services	36,863	36,863	13,241	155,481	1,012	5,700	4,186	4,528	0	43,786	135	0	916,051	85,561	625
Medical and Pharmacy	152,160	152,160	171,212	205,472	13,082	73,701	54,134	58,554	0	45,720	1,752	2,581	171,187	21,412	19,579
Subcontracted Services	49,992	49,992	6,092	411,647	466	2,623	1,926	2,084	0	18,104	62	130	652,362	14,410	1,822
Insurance	4,374	4,374	9,507	6,093	726	4,093	3,006	3,251	0	2,499	97	0	20,043	2,403	6,386
Interest Paid	29,021	29,021	0	64,048	0	0	0	0	0	4,805	0	0	0	0	0
Operating Supplies & Expenses	30,535	30,535	89,358	100,068	6,828	38,465	28,254	30,560	0	15,761	914	8,998	183,042	35,681	12,337
Other	38,408	38,408	65,687	46,375	9,603	34,104	29,880	34,084	98,901	10,864	1,286	241	75,019	11,387	257,976
TOTAL OTHER EXPENSES	<u>481,472</u>	<u>481,472</u>	<u>691,285</u>	<u>1,278,830</u>	<u>57,404</u>	<u>303,403</u>	<u>227,683</u>	<u>248,036</u>	<u>98,901</u>	<u>203,416</u>	<u>7,686</u>	<u>105,994</u>	<u>2,735,045</u>	<u>250,545</u>	<u>373,200</u>
TOTAL PERSONNEL & OTHER EXPENSES	<u>1,267,567</u>	<u>1,267,567</u>	<u>1,986,538</u>	<u>3,115,560</u>	<u>156,370</u>	<u>860,964</u>	<u>637,222</u>	<u>691,008</u>	<u>98,901</u>	<u>445,888</u>	<u>20,939</u>	<u>157,333</u>	<u>6,320,147</u>	<u>694,364</u>	<u>1,059,355</u>
DISTRIBUTED INDIRECT ADMINISTRATIVE COSTS															
	295,952	295,952	486,039	824,526	37,137	209,223	153,678	166,223	0	99,510	4,973	90,237	1,446,802	125,850	125,449
TOTAL ACTUAL OPERATING EXPENSES	<u>1,563,519</u>	<u>1,563,519</u>	<u>2,472,577</u>	<u>3,940,086</u>	<u>193,507</u>	<u>1,070,187</u>	<u>790,900</u>	<u>857,231</u>	<u>98,901</u>	<u>545,398</u>	<u>25,912</u>	<u>247,570</u>	<u>7,766,949</u>	<u>820,214</u>	<u>1,184,804</u>
LESS UNALLOWABLE COSTS															
	27,875	27,875	45,846	70,246	3,450	19,080	14,101	15,283	0	9,724	462	4,414	138,474	14,623	21,123
TOTAL ALLOWABLE OPERATING EXPENSES	<u>\$ 1,535,644</u>	<u>\$ 1,535,644</u>	<u>\$ 2,426,731</u>	<u>\$ 3,869,840</u>	<u>\$ 190,057</u>	<u>\$ 1,051,107</u>	<u>\$ 776,799</u>	<u>\$ 841,948</u>	<u>\$ 98,901</u>	<u>\$ 535,674</u>	<u>\$ 25,450</u>	<u>\$ 243,156</u>	<u>\$ 7,628,475</u>	<u>\$ 805,591</u>	<u>\$ 1,163,681</u>

STATE-DESIGNATED SAMH COVERED SERVICES														
STATE SAMH-FUNDED COVERED SERVICES														
ADULT AND CHILDREN'S MENTAL HEALTH														
EXPENSE CATEGORIES	Crisis Support/ CRF	In-Home and On-Site	Federal Grant Project	Community Action Team	FIRST Team	BNET	Program Total	Total	Non-State-Funded SAMH Covered Services	Total	Non-SAMH Covered Services	Other Support Costs Non-allocated	Administration	Total Expenses
PERSONNEL EXPENSES														
Salaries	\$ 2,402,798	\$ 1,693	\$ 4,462	\$ 1,363,487	\$ 231,891	\$ 50,154	\$ 12,073,880	\$ 12,737,611	\$ 2,522,813	\$ 15,260,424	\$ 598,500	\$ 110,296	\$ 2,428,576	\$ 18,397,796
Fringe Benefits	517,863	486	1,280	302,501	43,342	5,521	2,514,759	2,637,123	383,466	3,020,589	142,770	17,195	679,730	3,860,284
TOTAL PERSONNEL EXPENSES	<u>2,920,661</u>	<u>2,179</u>	<u>5,742</u>	<u>1,665,988</u>	<u>275,233</u>	<u>55,675</u>	<u>14,588,639</u>	<u>15,374,734</u>	<u>2,906,279</u>	<u>18,281,013</u>	<u>741,270</u>	<u>127,491</u>	<u>3,108,306</u>	<u>22,258,080</u>
OTHER EXPENSES														
Building Occupancy	64,278	440	1,160	114,791	7,172	9,633	1,743,172	1,865,839	341,030	2,206,869	124,451	5,107	233,916	2,570,343
Professional Services	4,925	16	43	3,111	24	33,835	101,193	102,544	29,377	131,921	41,912	2,423	562,380	738,636
Travel	6,514	19	51	43,928	4,428	0	123,628	124,279	2,138	126,417	1,105	0	4,426	131,948
Equipment	41,444	90	237	40,917	1,175	73	458,689	474,139	47,179	521,318	13,029	1,356	146,873	682,576
Food Services	234	22	59	3,342	163	0	1,234,126	1,270,989	135,545	1,406,534	40	168	2,641	1,409,383
Medical and Pharmacy	16,347	288	759	12,333	258	21,552	889,923	1,042,083	341,421	1,383,504	87,752	78	110,621	1,581,955
Subcontracted Services	249,420	10	27	4,165	168	356	1,365,874	1,415,866	470,297	1,886,163	31,659	606	892,820	2,811,248
Insurance	3,495	16	42	3,547	1,500	386	67,090	71,464	10,070	81,534	1,292	0	392,975	475,801
Interest Paid	9,125	0	0	13,649	0	0	91,627	120,648	82,110	202,758	0	0	0	202,758
Operating Supplies & Expenses	34,079	150	396	37,376	4,632	3,516	630,415	660,950	101,061	762,011	27,674	5,076	138,434	933,195
Other	44,090	211	418	54,331	12,662	764	787,883	826,291	231,423	1,057,714	7,303	41,446	185,032	1,291,495
TOTAL OTHER EXPENSES	<u>473,951</u>	<u>1,262</u>	<u>3,192</u>	<u>331,490</u>	<u>32,182</u>	<u>70,115</u>	<u>7,493,620</u>	<u>7,975,092</u>	<u>1,791,651</u>	<u>9,766,743</u>	<u>336,217</u>	<u>56,260</u>	<u>2,670,118</u>	<u>12,829,338</u>
TOTAL PERSONNEL & OTHER EXPENSES	<u>3,394,612</u>	<u>3,441</u>	<u>8,934</u>	<u>1,997,478</u>	<u>307,415</u>	<u>125,790</u>	<u>22,082,259</u>	<u>23,349,826</u>	<u>4,697,930</u>	<u>28,047,756</u>	<u>1,077,487</u>	<u>183,751</u>	<u>5,778,424</u>	<u>35,087,418</u>
DISTRIBUTED INDIRECT ADMINISTRATIVE COSTS														
	402,229	817	2,155	230,857	32,460	23,900	4,462,065	4,758,017	877,826	5,635,843	142,581	0	(5,778,424)	0
TOTAL ACTUAL OPERATING EXPENSES	<u>3,796,841</u>	<u>4,258</u>	<u>11,089</u>	<u>2,228,335</u>	<u>339,875</u>	<u>149,690</u>	<u>26,544,324</u>	<u>28,107,843</u>	<u>5,575,756</u>	<u>33,683,599</u>	<u>1,220,068</u>	<u>183,751</u>	<u>0</u>	<u>35,087,418</u>
LESS UNALLOWABLE COSTS	67,692	76	198	39,728	6,059	2,669	473,248	501,123	99,408	600,531	21,752	0	0	622,283
TOTAL ALLOWABLE OPERATING EXPENSES	<u>\$ 3,729,149</u>	<u>\$ 4,182</u>	<u>\$ 10,891</u>	<u>\$ 2,188,607</u>	<u>\$ 333,816</u>	<u>\$ 147,021</u>	<u>\$ 26,071,076</u>	<u>\$ 27,606,720</u>	<u>\$ 5,476,348</u>	<u>\$ 33,083,068</u>	<u>\$ 1,198,316</u>	<u>\$ 183,751</u>	<u>\$ 0</u>	<u>\$ 34,465,135</u>

See independent auditor's report.

APALACHEE CENTER, INC.
SCHEDULE OF BED-DAY AVAILABILITY PAYMENTS
FOR THE YEAR ENDED JUNE 30, 2021

Program	Cost Center	State Contracted Rate	Total Units of Service Provided	Total Units of Service Paid for by Third Party Contracts, Local Government or Other State Agencies	Maximum Number of Units Eligible for Payment by Department	Amount Paid for Services by Department	Maximum \$ Value of Units Eligible for Payment by Department	Amount Owed to Department
Adult Mental Health	Crisis Stabilization Unit	\$335.00	8,760	2,094	6,666	\$2,152,774	\$2,233,110	\$0
Adult Mental Health	Forensic Room & Board w/ Supervision Level I	\$270.82	17,520	0	17,520	\$4,697,257	\$4,744,766	\$0
Adult Mental Health	Forensic Room & Board w/ Supervision Level II	\$143.00	770	0	770	\$110,112	\$110,112	\$0
Adult Mental Health	Room & Board w/Supervision Level I	\$272.92	5,840	0	5,840	\$1,593,853	\$1,593,853	\$0
Adult Mental Health	Room & Board w/Supervision Level I	\$270.82	5,840	0	5,840	\$1,581,600	\$1,581,600	\$0
Adult Mental Health	Short-Term Residential Treatment Facility	\$350.00	2,190	0	2,190	\$766,605	\$766,605	\$0
Children's Mental Health	Crisis Stabilization Unit	\$335.00	1,460	342	1,118	\$363,143	\$374,530	\$0
Adult Substance Abuse	Substance Abuse Detox	\$341.76	5,110	1,438	3,672	\$945,413	\$1,254,943	\$0
Total Amount Owed to Department								<u>\$0</u>

See independent auditor's report.

APALACHEE CENTER, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2021

	CFDA/CSFA Number	Contract Number	Expended or Fee for Service Agreement
<u>FEDERAL:</u>			
<u>U.S. Department of Health and Human Services</u>			
Direct Programs			
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	5H79SM062228-02	\$ 87,132
COVID-19 Provider Relief Fund	93.498	N/A	111,863
Pass-through from State of Florida Department of Children & Families			
Pass-through from Northwest Florida Health Network			
Projects for Assistance in Transition from Homelessness (PATH)	93.150	B0070	139,405
Block Grants for Community Mental Health Services	93.958	B0060	826,979
Block Grants for Community Mental Health Services	93.958	B0130	2,943
Block Grants for Prevention and Treatment of Substance Abuse	93.959	B0060	454,307
Mental Health Disaster Assistance and Emergency Mental Health	93.982	HM003	10,000
Florida Assertive Community Treatment Program			
Block Grants for Community Mental Health Services	93.958	B0050	137,651
<u>U.S. Department of Agriculture</u>			
Pass-through from State of Florida Department of Elder Affairs			
Child and Adult Care Food Program	10.558	Y6029	38,664
<u>U.S. Department of the Treasury</u>			
Pass-through from State of Florida Department of Children & Families			
Pass-through from Northwest Florida Health Network			
Coronavirus Relief Fund	21.019	B0060	160,702
<u>United States Department of Housing and Urban Development</u>			
Pass-through from City of Tallahassee			
Community Development Block Grants/Entitlement Grants	14.218	5016	<u>960</u>
TOTAL FEDERAL AWARDS			<u>\$ 1,970,606</u>
<u>STATE:</u>			
<u>State of Florida Department of Children & Families</u>			
Direct Program			
Criminal Justice, Mental Health, and Substance Abuse Reinvestment Grant Program	60.115	LHZ87	\$ 363,090
Pass-through from Gadsden County Sheriff's Office			
Criminal Justice, Mental Health, and Substance Abuse			
Reinvestment Grant Program	60.115	LHZ96	105,000
Pass-through from Northwest Florida Health Network			
Forensic Services and Competency Restoration Training	60.114	B0060	1,401,600
Centralized Receiving Systems	60.163	B0130	<u>1,481,406</u>
TOTAL STATE FINANCIAL ASSISTANCE			<u>\$ 3,351,096</u>

NOTES:

- (1) The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance (the Schedule) presents the activity of all federal programs and state projects of the Corporation for the year ended June 30, 2021. All expenditures related to federal awards and state projects received directly from federal and state agencies, as well as federal awards and state projects passed through other governmental agencies, are included in the accompanying Schedule. 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).
- (2) The Schedule was prepared on the accrual basis of accounting.
- (3) There were no transfers to subrecipients during the fiscal year.
- (4) There were no federal awards expended in non-cash assistance.
- (5) The Corporation elected not to use the 10% de minimis indirect cost rate.
- (6) Expenditures in the amount of \$111,863 shown for the COVID-19 Provider Relief Funds, CFDA #93.498, were incurred during the year ended June 30, 2020 and are based upon the November 30, 2021 PRF report.

See independent auditor's report.



Law, Redd, Crona & Munroe, P.A.
Certified Public Accountants

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER
MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Board of Directors
Apalachee Center, Inc.
Tallahassee, 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 Apalachee Center, Inc., which comprise the statement of financial position as of June 30, 2021, and the related statements of operations and change 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 December 28, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Apalachee Center, Inc.'s internal control over financial reporting (internal control) as a basis for designing 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 Apalachee Center, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Apalachee Center, 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 financial statements. 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.



LAW, REDD, CRONA & MUNROE, P.A.
Tallahassee, Florida
December 28, 2021



Law, Redd, Crona & Munroe, P.A.
Certified Public Accountants

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
FOR EACH MAJOR FEDERAL PROGRAM AND STATE PROJECT AND
ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE
AND *FLORIDA SINGLE AUDIT ACT***

Board of Directors
Apalachee Center, Inc.
Tallahassee, Florida

Report on Compliance for Each Major Federal Program and State Project

We have audited Apalachee Center, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *State of Florida, Executive Office of the Governor Compliance Supplement* that could have a direct and material effect on each of Apalachee Center, Inc.'s major federal programs and state projects for the year ended June 30, 2021. Apalachee Center, Inc.'s major federal programs and state projects are identified in the summary of auditor's results section of the accompanying Schedules of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with federal and state statutes, regulations, and the terms and conditions of its federal and state awards applicable to its federal programs and state projects.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Apalachee Center, Inc.'s major federal programs and state projects based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the *Florida Single Audit Act*. Those standards, the Uniform Guidance, and the *Florida Single Audit Act* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program or state project occurred. An audit includes examining, on a test basis, evidence about Apalachee Center, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program and state project. However, our audit does not provide a legal determination of Apalachee Center, Inc.'s compliance.

Opinion on Each Major Federal Program and State Project

In our opinion, Apalachee Center, Inc. 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, 2021.

Report on Internal Control Over Compliance

Management of Apalachee Center, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Apalachee Center, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program and state project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and state project and to test and report on internal control over compliance in accordance with the Uniform Guidance and the *Florida Single Audit Act*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Apalachee Center, Inc.'s internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Board of Directors
Apalachee Center, Inc.
Page Three

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 the *Florida Single Audit Act*. Accordingly, this report is not suitable for any other purpose.

Law Redd Crona + Munroe P.A.

LAW, REDD, CRONA & MUNROE, P.A.
Tallahassee, Florida
December 28, 2021

APALACHEE CENTER, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

Section I -- Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified not considered to be material weaknesses?	None
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified not considered to be material weaknesses?	None
Type of auditor's report issued on compliance for major programs?	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No

Identification of major programs:	<u>CFDA Number</u>	<u>Name of Federal Program</u>
		U.S. Department of Health and Human Services Pass-through from Northwest Florida Health Network
	93.959	Block Grants for Prevention and Treatment of Substance Abuse

Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
Auditee qualified as low-risk auditee?	Yes

Section II -- Financial Statement Findings

We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Section III -- Federal Award Findings and Questioned Costs

We noted no matters involving noncompliance that are required to be reported in accordance with 2 CFR 200.516(a).

See independent auditor's report.

**APALACHEE CENTER, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
STATE FINANCIAL ASSISTANCE PROJECTS
FOR THE YEAR ENDED JUNE 30, 2021**

Section I -- Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified not considered to be material weaknesses?	None
Noncompliance material to financial statements noted?	No

State Financial Assistance Awards

Internal control over major projects:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified not considered to be material weaknesses?	None
Type of auditor's report issued on compliance for major projects?	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Rules of the Auditor General, Chapter 10.654(1)(h)4?	No

Management Letter: There were no items related to state financial assistance that are required to be reported.

Identification of major projects:	<u>CSFA Number</u>	<u>Name of State Project</u>
		State of Florida Department of Children & Families Pass-through from Northwest Florida Health Network
	60.163	Centralized Receiving Systems
		Pass-through from Gadsden County Sheriff's Office
	60.115	Criminal Justice, Mental Health, and Substance Abuse Reinvestment Grant Program
		Direct Program
	60.115	Criminal Justice, Mental Health, and Substance Abuse Reinvestment Grant Program

Dollar threshold used to distinguish between Type A and Type B projects:	\$750,000
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Section II -- Financial Statement Findings

We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Section III -- State Financial Assistance Findings and Questioned Costs

We noted no matters involving noncompliance that are required to be reported in accordance with *Rules of the Auditor General, Chapter 10.654(1)(h)4*.

See independent auditor's report.

**APALACHEE CENTER, INC.
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2021**

Federal Programs – None

State Financial Assistance Projects - None