

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

FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

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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 Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Apalachee Center, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022 and 2021, and the related statements of operations and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Apalachee Center, Inc. as of June 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

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 Apalachee Center, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Apalachee Center 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 Apalachee Center Inc.'s ability to continue as a going concern for a reasonable period of time.

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

Supplementary 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, as required by Title 2 U.S. Code of Federal Regulations 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 24 through 27 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 22, 2022, 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, 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 Apalachee Center Inc.'s internal control over financial reporting and compliance.

Law Redd Crona + Munroe P.A.

LAW, REDD, CRONA & MUNROE, P.A.

Tallahassee, Florida

December 22, 2022

APALACHEE CENTER, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2022 AND 2021

ASSETS

	2022	2021
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 3,443,815	\$ 3,277,148
Accounts Receivable, Net of Allowance for Doubtful Accounts	4,521,137	3,642,330
Investments	4,631,142	5,068,315
Inventories	64,687	69,987
Prepaid Expenses	612,977	622,492
Total Current Assets	13,273,758	12,680,272
PROPERTY AND EQUIPMENT, NET	13,562,703	14,201,004
OTHER ASSETS	20,975	21,471
TOTAL ASSETS	\$ 26,857,436	\$ 26,902,747

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 1,991,583	\$ 1,630,753
Current Portion of Post-Retirement Health Obligations	16,255	27,082
Current Portion of Long-Term Debt	174,043	206,090
Current Portion of Accrued Leave	563,217	505,824
Other Current Liabilities	199,941	259,237
Total Current Liabilities	2,945,039	2,628,986
LONG-TERM LIABILITIES		
Long-Term Portion of Post-Retirement Health Obligations	589,667	672,292
Long-Term Portion of Accrued Leave	354,849	319,758
Long-Term Debt, Less Current Portion and Unamortized Loan Costs	5,131,259	4,725,648
Total Long-Term Liabilities	6,075,775	5,717,698
Total Liabilities	9,020,814	8,346,684
NET ASSETS WITHOUT DONOR RESTRICTIONS	17,836,622	18,556,063
TOTAL LIABILITIES AND NET ASSETS	\$ 26,857,436	\$ 26,902,747

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, 2022 AND 2021

	Without Donor Restrictions	
	2022	2021
REVENUES:		
Net Patient Service Revenue	\$ 8,108,184	\$ 8,128,175
Premium Revenue	2,040,489	1,619,713
Federal Contract	905,473	587,552
State and Managing Entity Contracts	23,868,810	22,170,623
County and Other Local Funds	1,349,466	1,367,207
Investment (Loss) Income	(359,140)	524,772
Other Income	1,361,645	1,076,196
Total Revenues	37,274,927	35,474,238
EXPENSES:		
Program Services:		
Outpatient	7,784,906	8,067,711
Inpatient	10,893,946	9,346,366
Crisis Services	3,979,615	3,417,334
Residential	7,855,235	7,171,852
Other	1,488,623	1,121,980
Total Program Services	32,002,325	29,125,243
Support Services:		
Administrative	5,992,043	5,962,175
Total Expenses	37,994,368	35,087,418
Change in Net Assets	(719,441)	386,820
NET ASSETS - Beginning of Year	18,556,063	18,169,243
NET ASSETS - End of Year	\$ 17,836,622	\$ 18,556,063

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

APALACHEE CENTER, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2022

	PROGRAM SERVICES					Total	Administrative	Total Expenses
	Outpatient	Inpatient	Crisis Services	Residential	Other			
PERSONNEL SERVICES								
Salaries	\$ 4,598,930	\$ 5,045,073	\$ 2,610,372	\$ 3,754,899	\$ 967,602	\$ 16,976,876	\$ 2,670,093	\$ 19,646,969
Fringe Benefits	1,054,625	889,675	493,346	830,051	215,890	3,483,587	685,301	4,168,888
Total Personnel Services	5,653,555	5,934,748	3,103,718	4,584,950	1,183,492	20,460,463	3,355,394	23,815,857
EXPENSES								
Contracted Medical Services	126,925	2,218,254	529,255	938,420	34,076	3,846,930	3,914	3,850,844
Telecommunications	197,348	94,010	40,747	87,429	9,972	429,506	121,257	550,763
Repairs and Maintenance	576,643	408,347	31,145	438,866	17,516	1,472,517	75,832	1,548,349
Utilities and Fuel	148,275	134,067	8,609	159,523	18,017	468,491	61,944	530,435
Information Technology	21,030	9,659	29,466	7,210	649	68,014	677,102	745,116
Professional Services	90,372	39,845	2,673	22,088	13,519	168,497	565,053	733,550
Medical and Pharmacy	17,917	313,001	-	74,059	128,624	533,601	164	533,765
Food Expenses	87,423	452,329	-	959,286	-	1,499,038	3,017	1,502,055
Supplies	75,885	281,524	33,035	182,557	22,876	595,877	170,882	766,759
Insurance	36,594	30,370	7,595	23,367	1,560	99,486	611,317	710,803
Client Expenditures	267,271	300	1,450	7,226	-	276,247	-	276,247
Travel	59,590	2,310	2,160	14,337	3,441	81,838	5,834	87,672
Staff Recruitment and Training	110,541	80,085	55,446	71,689	8,969	326,730	110,823	437,553
Other Operating	108,169	73,994	7,785	83,491	3,126	276,565	149,090	425,655
Interest Expense	1,166	207,476	15,185	-	-	223,827	-	223,827
Bad Debt Expense	-	187,767	-	-	-	187,767	-	187,767
Depreciation and Amortization	206,202	425,860	111,346	200,737	42,786	986,931	80,420	1,067,351
Total Operating Expenses	2,131,351	4,959,198	875,897	3,270,285	305,131	11,541,862	2,636,649	14,178,511
TOTAL EXPENSES	\$ 7,784,906	\$ 10,893,946	\$ 3,979,615	\$ 7,855,235	\$ 1,488,623	\$ 32,002,325	\$ 5,992,043	\$ 37,994,368

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.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (719,441)	\$ 386,820
Adjustments to Reconcile Change in Net Assets to Net Cash		
Provided by Operating Activities:		
Depreciation and Amortization	1,067,351	1,130,410
Provision for Bad Debt	187,767	356,532
Gain on Sale of Assets	-	(582)
Net Realized and Unrealized Gain on Investments	472,378	(447,551)
(Increase) Decrease in Assets:		
Accounts Receivable	(1,066,574)	(1,152,409)
Inventories	5,300	9,784
Prepaid Expenses	9,515	228,890
Other Assets	(7,354)	(5,930)
Increase (Decrease) in Liabilities:		
Accounts Payable and Accrued Expenses	360,830	278,631
Accrued Leave	92,484	68,853
Other Current Liabilities	(59,296)	47,874
Post-Retirement Health Obligations	(93,452)	(22,074)
Net Cash Provided by Operating Activities	249,508	879,248
CASH FLOWS FROM INVESTING ACTIVITIES		
Maturities of Short-Term Investments	-	380,831
Proceeds from Sale of Investments	1,394,625	1,433,308
Purchase of Investments	(1,429,830)	(1,878,444)
Proceeds from Sale of Land	-	12,000
Purchase of Property and Equipment	(421,200)	(244,986)
Net Cash Used in Investing Activities	(456,405)	(297,291)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Long Term Debt	5,319,123	-
Principal Payments on Long-Term Debt	(4,945,559)	(190,685)
Net Cash Provided by (Used) in Financing Activities	373,564	(190,685)
Net Increase in Cash and Cash Equivalents	166,667	391,272
CASH AND CASH EQUIVALENTS - Beginning of Year	3,277,148	2,885,876
CASH AND CASH EQUIVALENTS - End of Year	\$ 3,443,815	\$ 3,277,148
Supplemental Disclosure:		
Interest Paid - Note 8	\$ 223,827	\$ 240,228

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

APALACHEE CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

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.

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.

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 were being amortized on the straight-line method over 10 years.

APALACHEE CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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, 2022 and 2021 was \$503,827 and \$430,573, 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, 2022 AND 2021

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.

NOTE 2 – NET PATIENT SERVICE AND PREMIUM REVENUE

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

APALACHEE CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

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

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.

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 \$187,767 for the year ended June 30, 2022.

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, 2021.
- *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.

APALACHEE CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

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

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 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, 2022, the Corporation received Medicare cost settlements totaling \$28,371.

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.

APALACHEE CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

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

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.

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, 2022 and 2021 follows:

	<u>2022</u>	<u>2021</u>
Total Cash Held at Banks	\$ 3,390,397	\$ 3,287,517
Less: Portion Secured by FDIC	(547,100)	(541,756)
Uninsured Cash Balances	<u>\$ 2,843,297</u>	<u>\$ 2,745,761</u>

NOTE 4 – ACCOUNTS RECEIVABLE

At June 30, 2022 and 2021, accounts receivable consisted of the following:

	<u>2022</u>	<u>2021</u>
Patient Fees - First Party	\$ 8,774	\$ 8,173
Patient Fees - Third Party	1,075,306	996,231
State and Managing Entity Contracts	2,681,247	2,553,792
County and Other Local Funds	635,959	92,819
Other Receivables	174,851	41,315
Total Accounts Receivable	<u>4,576,137</u>	<u>3,692,330</u>
Allowance for Doubtful Accounts	(55,000)	(50,000)
Net Accounts Receivable	<u>\$ 4,521,137</u>	<u>\$ 3,642,330</u>

APALACHEE CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 4 – ACCOUNTS RECEIVABLE (continued)

Medicaid reimbursements constituted approximately 42% and 36% of Patient Fees - Third Party accounts receivable at June 30, 2022 and 2021, respectively.

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, 2022 and 2021, investments were as follows:

<u>2022</u>	<u>Cost</u>	<u>Unrealized Gain (Loss)</u>	<u>Fair Value</u>
Level 1			
Equity Securities	\$ 1,190,266	\$ 379,485	\$ 1,569,751
U.S. Government Agency Bonds	198,112	(10,348)	187,764
U.S. Government Notes	1,253,239	(56,429)	1,196,810
Municipal Bonds	462,229	(20,531)	441,698
Corporate Bonds	1,191,206	(98,440)	1,092,766
Foreign Bonds	98,174	(11,445)	86,729
Total Level 1	<u>4,393,226</u>	<u>182,292</u>	<u>4,575,518</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>\$ 4,453,226</u>	<u>\$ 177,916</u>	<u>\$ 4,631,142</u>

APALACHEE CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 5 – FAIR VALUE MEASUREMENTS (continued)

<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>

Investment return is summarized as follows:

	<u>2022</u>	<u>2021</u>
Interest and Dividends	\$ 113,238	\$ 77,221
Net Unrealized (Loss) Gain	(510,804)	431,015
Net Realized Gain	38,426	16,536
Total Investment (Loss) Income	<u>\$ (359,140)</u>	<u>\$ 524,772</u>

NOTE 6 – PROPERTY AND EQUIPMENT

At June 30, 2022 and 2021, property and equipment were as follows:

	<u>Lives</u>	<u>2022</u>	<u>2021</u>
Land	N/A	\$ 1,009,963	\$ 1,009,963
Buildings and Improvements	20-40	27,070,835	26,935,522
Furniture, Equipment, and Vehicles	5-10	5,503,153	5,353,784
Total Cost		<u>33,583,951</u>	<u>33,299,269</u>
Less: Accumulated Depreciation		<u>(20,112,023)</u>	<u>(19,105,679)</u>
		13,471,928	14,193,590
Construction-in-Progress		90,775	7,414
Total		<u>\$ 13,562,703</u>	<u>\$ 14,201,004</u>

Depreciation expense for the years ended June 30, 2022 and 2021 was \$1,059,501 and \$1,122,560, respectively.

APALACHEE CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 7 – OTHER ASSETS

At June 30, 2022 and 2021, other assets, reported net of accumulated amortization, were comprised of:

	2022	2021
Hospital Organization Costs	\$ 4,500	\$ 6,000
Deposits	16,475	15,471
Total	\$ 20,975	\$ 21,471

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 each of the years ended June 30, 2022 and 2021 was \$1,500.

NOTE 8 – LONG-TERM DEBT

	2022	2021
Note payable to Truist Bank, 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 was 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. The note was refinanced with Truist Bank in May 2022.	\$ -	\$ 4,471,961
Note payable to Truist Bank, 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 (2.08% at June 30, 2021). Collateral for the loan was 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. The note was refinanced with Truist Bank in May 2022.	-	501,584

APALACHEE CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 8 – LONG-TERM DEBT (continued)

Note payable to Truist Bank payable in 119 monthly principal and interest installments of \$32,829 beginning in June 2022 and the final payment of all principal and interest due May 2032. Interest for the loan is fixed at a rate of 4.15%. Collateral for the loan is comprised of a first priority security interest on all real estate and improvements at 2634 Capital Circle, N.E. owned by the Corporation.

	5,305,302	-
Total Long-Term Debt	5,305,302	4,973,545
Less: Current Portion	(174,043)	(206,090)
Less: Unamortized Loan Costs	-	(41,807)
Net Total Long-Term Debt	\$ 5,131,259	\$ 4,725,648

Long-term debt outstanding at June 30, 2022 matures as follows:

2023	\$ 174,043
2024	180,925
2025	189,270
2026	197,389
2027	205,857
Thereafter	4,357,818
TOTAL	\$ 5,305,302

Interest expense for the years ended June 30, 2022 and 2021 was \$223,827 and \$240,228, respectively.

The Corporation has a line of credit with Truist Bank 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, 2022.

APALACHEE CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 9 – NET PATIENT SERVICE REVENUE

The Corporation recognized net patient service revenue for the years ended June 30, 2022 and 2021 as follows:

	<u>2022</u>	<u>2021</u>
Patient Fees – Gross Charges	\$ 25,772,388	\$ 23,657,241
Less:		
Contractual Allowances	(16,759,584)	(14,653,302)
Charity Care	<u>(904,620)</u>	<u>(875,764)</u>
Net Patient Service Revenue	<u>\$ 8,108,184</u>	<u>\$ 8,128,175</u>

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, 2022 and 2021, 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, 2022 and 2021, 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, 2022 and 2021 was \$769,084 and \$741,745, 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 each of the years ended June 30, 2022 and 2021 was \$74,651, including service costs totaling \$38,992 for each of the years then ended. Premiums paid for the years ended June 30, 2022 and 2021 were \$31,933 and \$38,024, respectively. The post-retirement health obligation for the years ended June 30, 2022 and 2021 was \$605,922 and \$699,374, respectively.

APALACHEE CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 10 – EMPLOYEE BENEFITS (continued)

The following assumptions were made to estimate the benefit obligation as of June 30, 2022:

1. The valuation date was June 30, 2022.
2. The assumed discount rate utilized was 4.40% and the inflation rate was 2.50% for the year. The assumed medical inflation rate was 7.10% 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%

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

Age	Rate
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.

APALACHEE CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 10 – EMPLOYEE BENEFITS (continued)

7. All retirees were assumed to pay the same rate as the active employees, except for the classifications identified below:

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

Estimated future benefit payments expected to be paid in the next ten years are as follows:

2023	\$ 16,225
2024	6,112
2025	4,928
2026	13,332
2027	23,489
2028 – 2032	186,028

Contributions expected to be paid to the plan during the next fiscal year are \$16,225.

NOTE 11 – SELF INSURANCE

The Corporation has elected to self-insure for unemployment compensation claims. Claims paid for the years ended June 30, 2022 and 2021 were \$27,305 and \$63,533, 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 \$23.1 million and \$21.4 million for the years ended June 30, 2022 and 2021, respectively, representing approximately 62% and 60%, respectively, of total revenues for each of the years then ended. Amounts due from NWFHN under the assigned contracts totaled \$2,499,247 and \$2,462,792 for the years ended June 30, 2022 and 2021, respectively.

APALACHEE CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

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 2017 remain subject to examination by the applicable taxing authorities.

NOTE 15 – LIQUIDITY AND AVAILABILITY OF RESOURCES

As of June 30, 2022, the Corporation had approximately \$12,500,000 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 \$3,400,000, investments totaling approximately \$4,609,000 and accounts receivable, net of allowance for doubtful accounts, totaling approximately \$4,500,000. 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 - JOINT VENTURE

In December of 2021, the Corporation along with Tallahassee Memorial Hospital (TMH) formed a Florida Limited Liability Company, Live Oak Behavioral Health Management Services, LLC (Live Oak), to provide behavioral health management services within the local region. Live Oak's board is composed of three board members from each organization. The CEO of the Corporation is also the CEO of Live Oak. TMH contracts with Live Oak and Live Oak contracts with the Corporation to provide behavioral health management services to TMH. These services are considered to be at arms-length based on a cost reimbursement methodology. The Corporation recognized revenue and expenses related to these services in the amount of \$258,892 for the year ended June 30, 2022. Amounts due from Live Oak totaled \$258,892 for the year ended June 30, 2022.

APALACHEE CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 17 – EVALUATION OF SUBSEQUENT EVENTS

The Corporation has evaluated subsequent events through December 22, 2022, 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, 2022**

Total Expenses	\$ 37,994,368
Less Other State and Federal Funds:	
Child & Adult Care Food	(26,341)
IDP Drug Program - Line of Credit	(98,182)
Leon County Health Department	(36,795)
Certified Community Behavioral Health Clinic	(905,473)
Centralized Receiving Facility	(1,500,000)
Community Action Treatment Special Proviso Project	(2,250,000)
Mobile Response Team	(1,471,665)
Net Medicaid Earnings	(7,191,883)
Less Non-Match SAMH Funds	(615,625)
Less Unallowable Costs	(439,168)
Total Allowable Expenses	<u>\$ 23,459,236</u>
Maximum Available Earnings (75% of Allowable)	<u>\$ 17,594,427</u>
Amount of State Funds Requiring Match	<u>\$ 372,573</u>
Amount Due to Department of Children & Families	<u>\$ 0</u>

See independent auditor's report.

APALACHEE CENTER, INC.
SCHEDULE OF ACTUAL REVENUES
SUBSTANCE ABUSE & MENTAL HEALTH (SAMH) SERVICES
FOR THE YEAR ENDED JUNE 30, 2022

		STATE-DESIGNATED SAMH COVERED SERVICES															
		STATE SAMH-FUNDED COVERED SERVICES															
		ADULT SUBSTANCE ABUSE						ADULT AND CHILDREN'S MENTAL HEALTH									
		Detox	Medical Services	Program Total	Case Management	Crisis Stabilization	Drop-In Self-Help	Medical Services	Outpatient Individual	Outpatient Group	Incidental Expenses Transitional Vouchers	Short-Term Residential Treatment	Residential Level 4	Room & Board w/Supervision Level 1	Room & Board w/Supervision Level 2	FACT	
FUNDING SOURCES & REVENUES																	
STATE SAMH FUNDING																	
Expenditure																	
Report OCA#	Provider Subcontractor #	Funding Source															
MH001	ME Contract #B0060	Federal/State	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 18,571	\$ 0	\$ 156,312	\$ 0	\$ 595,206	\$ 0	
MH009	ME Contract #B0060	Federal/State	0	0	0	537,232	0	70,000	435,973	336,077	167,952	0	0	0	0	0	
MH018	ME Contract #B0060	State	0	0	0	0	1,622,364	0	0	0	0	611,000	0	0	0	0	
MH072	ME Contract #B0060	State	0	0	0	313,823	0	0	59,208	36,476	103,952	0	0	4,788,015	134,390	0	
MH0FT	ME Contract #B0050	Federal/State	0	0	0	0	0	0	0	0	101,436	0	0	0	0	431,057	
MH076	ME Contract #B0060	State	0	0	0	0	0	0	0	0	22,326	0	0	0	0	0	
MH0PG	ME Contract #B0070	Federal	0	0	0	132,094	0	0	13,750	10,083	0	5,592	0	0	0	0	
MHCAR	ME Contract #B0060	State	0	0	0	0	0	0	0	0	0	272,798	0	0	0	0	
MHCR2	ME Contract #B0060	State	0	0	0	0	0	0	0	0	2,100	255,500	0	0	0	0	
MHCAT	ME Contract #B0150	State	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	1,401,600	0	0	0	
MHMCT	ME Contract #B0160	State	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	
MHSCR	ME Contract #B0130	State	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	1,593,853	0	0	0	
MS21S	ME Contract #B0060	Federal/State	945,413	0	945,413	0	0	0	0	0	0	0	0	0	0	0	
MS021	ME Contract #B0060	Federal	481,082	0	481,082	0	0	0	0	0	0	0	0	0	0	0	
MS011	ME Contract #B0060	State	0	250,000	250,000	0	0	0	0	0	0	0	0	0	0	0	
MH018	ME Contract #B0130	State	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
MH0CN	ME Contract #B0060	State	0	0	0	31,666	0	0	0	0	46,601	0	0	0	0	0	
MH0CN	ME Contract #B0804	State	0	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	92,876	0	0	0	0	0	
MH0BN	ME Contract #B0180	State	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
MH18S	ME Contract #B0060	State	0	0	0	0	782,955	0	0	0	0	0	0	0	0	0	
MH26S	ME Contract #B0021	State	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	
TOTAL STATE SAMH FUNDING			1,426,495	250,000	1,676,495	1,014,815	2,405,319	70,000	508,931	382,636	271,904	289,502	1,139,298	156,312	7,783,468	729,596	431,057
OTHER GOVERNMENT FUNDING																	
Other State Agency Funding																	
			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Medicaid																	
			119,751	117,824	237,575	637,663	333,550	0	239,220	114,657	801,566	0	0	23,173	183,168	2,863	432,976
Local Government																	
			0	0	0	0	498,178	0	0	25,800	0	0	0	0	0	0	0
Federal Grants and Contracts																	
			0	0	0	0	236,531	0	0	0	26,342	0	0	0	0	0	0
TOTAL OTHER GOVERNMENT FUNDING			119,751	117,824	237,575	637,663	1,068,259	0	239,220	140,457	827,908	0	0	23,173	183,168	2,863	432,976
OTHER REVENUES																	
First & Second Party Payments																	
			0	0	0	0	69,028	0	0	0	0	0	55,926	0	109,306	0	0
Third Party Payments (Other Than Medicare)																	
			0	26,000	26,000	0	141,787	0	52,788	85,354	0	0	3,429	871	7,255	0	0
Medicare																	
			38,131	81,434	119,565	0	94,353	0	165,337	30,500	0	0	0	26,661	2,070	0	0
Contributions and Donations																	
			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other																	
			0	492	492	2,658	0	0	997	479	3,342	0	0	0	0	0	0
TOTAL OTHER REVENUES			38,131	107,926	146,057	2,658	305,168	0	219,122	116,333	3,342	0	0	59,355	27,532	118,631	0
TOTAL FUNDING			\$ 1,584,377	\$ 475,750	\$ 2,060,127	\$ 1,655,136	\$ 3,778,746	\$ 70,000	\$ 967,273	\$ 639,426	\$ 1,103,154	\$ 289,502	\$ 1,139,298	\$ 238,840	\$ 7,994,168	\$ 851,090	\$ 864,033

STATE-DESIGNATED SAMH COVERED SERVICES															
STATE SAMH-FUNDED COVERED SERVICES															
ADULT AND CHILDREN'S MENTAL HEALTH															
FUNDING SOURCES & REVENUES		Crisis Support/CRF/MRT	Navigate	Family Care Crisis	Federal Project Grant	Community Action Team	BNET	FIRST Team	Program Total	Total	Non-State-Funded SAMH Covered Services	Total	Non-SAMH 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	\$ 770,089	\$ 770,089	\$ 0	\$ 770,089	\$ 0	\$ 770,089	
MH009	ME Contract #B0060	Federal/State	0	0	0	0	0	0	1,547,234	1,547,234	0	1,547,234	0	1,547,234	
MH018	ME Contract #B0060	State	0	0	0	0	0	0	2,233,364	2,233,364	0	2,233,364	0	2,233,364	
MH072	ME Contract #B0060	State	0	0	0	0	0	0	5,435,864	5,435,864	0	5,435,864	0	5,435,864	
MH0FT	ME Contract #B0050	Federal/State	0	0	0	0	0	0	532,493	532,493	0	532,493	0	532,493	
MH076	ME Contract #B0060	State	0	0	0	0	0	0	22,326	22,326	0	22,326	0	22,326	
MH0PG	ME Contract #B0070	Federal	0	0	0	0	0	0	161,519	161,519	0	161,519	0	161,519	
MHCAR	ME Contract #B0060	State	0	0	0	0	0	0	272,798	272,798	0	272,798	0	272,798	
MHCR2	ME Contract #B0060	State	0	0	0	0	0	0	257,600	257,600	0	257,600	0	257,600	
MHCAT	ME Contract #B0150	State	0	0	0	2,250,000	0	0	2,250,000	2,250,000	0	2,250,000	0	2,250,000	
MHFMH	ME Contract #B0060	State	0	0	0	0	0	0	1,401,600	1,401,600	0	1,401,600	0	1,401,600	
MHMCT	ME Contract #B0160	State	1,471,665	0	0	0	0	0	1,471,665	1,471,665	0	1,471,665	0	1,471,665	
MHHMD	ME Contract #HM003	State	0	0	60,000	0	0	0	60,000	60,000	0	60,000	0	60,000	
MHSCR	ME Contract #B0130	State	1,481,406	0	0	0	0	0	1,481,406	1,481,406	0	1,481,406	0	1,481,406	
MHTMH	ME Contract #B0060	State	0	0	0	0	0	0	1,593,853	1,593,853	0	1,593,853	0	1,593,853	
MS21S	ME Contract #B0060	Federal/State	0	0	0	0	0	0	945,413	945,413	0	945,413	0	945,413	
MS021	ME Contract #B0060	Federal	0	0	0	0	0	0	481,082	481,082	0	481,082	0	481,082	
MS011	ME Contract #B0060	State	0	0	0	0	0	0	250,000	250,000	0	250,000	0	250,000	
MH018	ME Contract #B0130	State	18,594	0	0	0	0	0	18,594	18,594	0	18,594	0	18,594	
MH0CN	ME Contract #B0060	State	0	0	0	0	0	0	78,267	78,267	0	78,267	0	78,267	
MH0CN	ME Contract #B0804	State	0	0	4,000	0	0	0	4,000	4,000	0	4,000	0	4,000	
MHTRV	ME Contract #B0060	State	0	0	0	0	0	0	92,876	92,876	0	92,876	0	92,876	
MH0BN	ME Contract #B0180	State	0	0	0	0	252,476	0	252,476	252,476	0	252,476	0	252,476	
MH18S	ME Contract #B0060	State	180,000	0	0	0	0	0	962,955	962,955	0	962,955	0	962,955	
MH26S	ME Contract #B0021	State	0	19,534	0	0	0	0	19,534	19,534	0	19,534	0	19,534	
PSMSM	DCF Contract #LHZ87	State	0	0	0	0	0	364,000	364,000	364,000	0	364,000	0	364,000	
TOTAL STATE SAMH FUNDING			3,151,665	19,534	4,000	60,000	2,250,000	252,476	364,000	21,284,513	22,961,008	0	22,961,008	0	22,961,008
OTHER GOVERNMENT FUNDING															
Other State Agency Funding			0	0	0	0	0	0	0	0	259,703	259,703	98,182	357,885	
Medicaid			4,809	0	0	0	0	0	2,773,645	3,011,220	4,052,647	7,063,867	251,895	7,315,762	
Local Government			648,178	0	0	0	0	0	1,172,156	1,172,156	140,515	1,312,671	36,795	1,349,466	
Federal Grants and Contracts			0	0	0	0	0	0	262,873	262,873	202,425	465,298	925,307	1,390,605	
TOTAL OTHER GOVERNMENT FUNDING			652,987	0	0	0	0	0	4,208,674	4,446,249	4,655,290	9,101,539	1,312,179	10,413,718	
OTHER REVENUES															
First & Second Party Payments			0	0	0	0	0	0	234,260	234,260	103,641	337,901	0	337,901	
Third Party Payments (Other Than Medicare)			0	0	0	0	3,681	0	295,165	321,165	766,988	1,088,153	6,646	1,094,799	
Medicare			225	0	0	0	0	0	319,146	438,711	1,069,580	1,508,291	10,047	1,518,338	
Contributions and Donations			0	0	0	0	0	0	0	0	0	0	0	0	
Other			600,000	0	0	0	0	0	607,476	607,968	0	607,968	341,195	949,163	
TOTAL OTHER REVENUES			600,225	0	0	0	3,681	0	1,456,047	1,602,104	1,940,209	3,542,313	357,888	3,900,201	
TOTAL FUNDING			\$ 4,404,877	\$ 19,534	\$ 4,000	\$ 60,000	\$ 2,250,000	\$ 256,157	\$ 364,000	\$ 26,949,234	\$ 29,009,361	\$ 6,595,499	\$ 35,604,860	\$ 1,670,067	\$ 37,274,927

See independent auditor's report.

APALACHEE CENTER, INC.
SCHEDULE OF ACTUAL EXPENSES
SUBSTANCE ABUSE & MENTAL HEALTH (SAMH) SERVICES
FOR THE YEAR ENDED JUNE 30, 2022

EXPENSE CATEGORIES	STATE-DESIGNATED SAMH COVERED SERVICES														FACT
	STATE SAMH-FUNDED COVERED SERVICES							ADULT AND CHILDREN'S MENTAL HEALTH							
	ADULT SUBSTANCE ABUSE	ADULT SUBSTANCE ABUSE	ADULT SUBSTANCE ABUSE	ADULT SUBSTANCE ABUSE	ADULT SUBSTANCE ABUSE	ADULT SUBSTANCE ABUSE	ADULT SUBSTANCE ABUSE	ADULT AND CHILDREN'S MENTAL HEALTH	ADULT AND CHILDREN'S MENTAL HEALTH	ADULT AND CHILDREN'S MENTAL HEALTH	ADULT AND CHILDREN'S MENTAL HEALTH	ADULT AND CHILDREN'S MENTAL HEALTH	ADULT AND CHILDREN'S MENTAL HEALTH	ADULT AND CHILDREN'S MENTAL HEALTH	
Detox	Medical Services	Program Total	Case Management	Crisis Stabilization	Drop-In Self-Help	Medical Services	Outpatient Individual	Outpatient Group	Incidental Expenses Transitional Vouchers	Short-Term Residential Treatment	Residential Level 4	Room & Board w/Supervision Level 1	Room & Board w/Supervision Level 2		
PERSONNEL EXPENSES															
Salaries	\$ 797,907	\$ 216,726	\$ 1,014,633	\$ 923,238	\$ 1,558,799	\$ 60,683	\$ 451,197	\$ 379,198	\$ 235,697	\$ 0	\$ 348,584	\$ 142,280	\$ 3,365,436	\$ 541,584	\$ 563,810
Fringe Benefits	164,663	50,029	214,692	213,116	188,550	14,009	104,153	87,532	54,407	0	26,091	14,987	501,817	64,766	102,655
TOTAL PERSONNEL EXPENSES	962,570	266,755	1,229,325	1,136,354	1,747,349	74,692	555,350	466,730	290,104	0	374,675	157,267	3,867,253	606,350	666,465
OTHER EXPENSES															
Building Occupancy	123,954	60,743	184,697	258,762	223,808	17,008	126,460	106,280	66,060	0	70,380	91,273	524,902	59,316	49,577
Professional Services	1,615	2,037	3,652	8,676	8,721	570	4,240	3,563	2,215	0	37	5	21,959	50	2,095
Travel	714	2,830	3,544	12,057	2,333	792	5,892	4,952	3,078	0	0	135	26,810	11,137	4,649
Equipment	13,991	9,762	23,753	41,585	34,230	2,733	22,323	17,080	10,616	0	7,375	1,210	119,279	22,720	9,720
Food Services	46,508	7,760	54,268	33,058	145,093	2,173	16,156	13,578	8,440	22,326	77,159	0	804,920	158,010	620
Medical and Pharmacy	93,002	9,179	102,181	39,101	197,320	2,570	19,109	16,060	9,982	0	35,692	5	144,757	7,642	4,877
Subcontracted Services	112,293	1,600	113,893	6,815	777,620	448	3,330	2,799	1,740	0	209,807	174	882,852	19,119	1,116
Insurance	5,277	2,373	7,650	10,108	7,081	664	4,940	4,152	2,580	0	3,015	0	20,738	2,630	5,071
Interest Paid	27,570	0	27,570	0	58,470	0	0	0	0	0	30,483	0	0	0	0
Operating Supplies & Expenses	34,122	14,992	49,114	63,866	127,097	4,198	31,212	26,232	16,305	20,671	13,474	1,976	193,808	34,047	13,006
Other	25,599	6,372	31,971	27,146	195,679	1,784	13,267	11,150	6,930	246,505	14,579	3,346	60,185	11,430	23,064
TOTAL OTHER EXPENSES	484,645	117,648	602,293	501,174	1,777,452	32,940	246,929	205,846	127,946	289,502	462,001	98,124	2,800,210	326,101	113,795
TOTAL PERSONNEL & OTHER EXPENSES	1,447,215	384,403	1,831,618	1,637,528	3,524,801	107,632	802,279	672,576	418,050	289,502	836,676	255,391	6,667,463	932,451	780,260
DISTRIBUTED INDIRECT ADMINISTRATIVE COSTS	277,282	106,273	383,555	452,715	657,542	29,756	221,247	185,942	115,575	0	166,784	50,057	1,044,967	149,603	103,836
TOTAL ACTUAL OPERATING EXPENSES	1,724,497	490,676	2,215,173	2,090,243	4,182,343	137,388	1,023,526	858,518	533,625	289,502	1,003,460	305,448	7,712,430	1,082,054	884,096
LESS UNALLOWABLE COSTS	20,032	5,700	25,732	24,281	48,584	1,596	11,890	9,973	6,199	3,363	11,657	3,548	89,591	12,570	10,270
TOTAL ALLOWABLE OPERATING EXPENSES	\$ 1,704,465	\$ 484,976	\$ 2,189,441	\$ 2,065,962	\$ 4,133,759	\$ 135,792	\$ 1,011,636	\$ 848,545	\$ 527,426	\$ 286,139	\$ 991,803	\$ 301,900	\$ 7,622,839	\$ 1,069,484	\$ 873,826

STATE-DESIGNATED SAMH COVERED SERVICES															
STATE SAMH-FUNDED COVERED SERVICES															
ADULT AND CHILDREN'S MENTAL HEALTH															
EXPENSE CATEGORIES	Crisis Support/CRF	Navigate	Family Care Crisis	Federal Project Grant	Community Action Team	BNET	FIRST Team	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	\$ 2,362,690	\$ 18,606	\$ 2,498	\$ 52,014	\$ 1,263,055	\$ 120,411	\$ 272,242	\$ 12,662,022	\$ 13,676,655	\$ 2,885,679	\$ 16,562,334	\$ 972,724	\$ 140,759	\$ 2,529,333	\$ 20,205,150
Fringe Benefits	448,676	3,397	341	12,007	300,984	4,873	46,889	2,189,250	2,403,942	434,586	2,838,528	217,119	27,252	660,045	3,742,944
TOTAL PERSONNEL EXPENSES	2,811,366	22,003	2,839	64,021	1,564,039	125,284	319,131	14,851,272	16,080,597	3,320,265	19,400,862	1,189,843	168,011	3,189,378	23,948,094
OTHER EXPENSES															
Building Occupancy	99,635	5,138	0	14,578	116,777	280	7,297	1,837,531	2,022,228	374,098	2,396,326	64,685	3,546	163,445	2,628,002
Professional Services	2,665	0	0	489	1,368	65,076	27	121,756	125,408	29,432	154,840	13,523	2,382	552,221	722,966
Travel	8,353	0	0	679	42,997	38	3,500	127,402	130,946	195	131,141	3,446	0	18,991	153,578
Equipment	35,214	409	0	2,343	34,821	480	2,746	364,884	388,637	44,317	432,954	24,840	1,710	187,679	647,183
Food Services	18	100	0	1,862	6,873	268	792	1,291,446	1,345,714	192,289	1,538,003	38	504	2,513	1,541,058
Medical and Pharmacy	27,283	58	0	2,203	7,047	20,271	898	534,875	637,056	421,824	1,058,880	179,376	75	0	1,238,331
Subcontracted Services	558,352	2	181	384	2,988	83	690	2,468,500	2,582,393	740,634	3,323,027	976	600	789,041	4,113,644
Insurance	8,481	0	0	569	4,314	0	1,824	76,167	83,817	11,879	95,696	1,560	0	611,594	708,850
Interest Paid	13,394	0	0	0	1,097	0	0	103,444	131,014	76,809	207,823	0	0	1,640	209,463
Operating Supplies & Expenses	48,929	669	254	3,598	44,955	1,278	6,790	652,365	701,479	127,076	828,555	15,911	6,751	178,436	1,029,653
Other	57,221	0	0	1,529	40,129	2,065	7,761	723,770	755,741	161,558	917,299	22,721	4,969	108,557	1,053,546
TOTAL OTHER EXPENSES	859,545	6,376	435	28,234	303,366	89,839	32,325	8,302,140	8,904,433	2,180,111	11,084,544	327,076	20,537	2,614,117	14,046,274
TOTAL PERSONNEL & OTHER EXPENSES	3,670,911	28,379	3,274	92,255	1,867,405	215,123	351,456	23,153,412	24,985,030	5,500,376	30,485,406	1,516,919	188,548	5,803,495	37,994,368
DISTRIBUTED INDIRECT ADMINISTRATIVE COSTS	716,397	8,391	757	25,505	366,012	50,772	22,670	4,368,528	4,752,083	847,110	5,599,193	204,302	0	(5,803,495)	0
TOTAL ACTUAL OPERATING EXPENSES	4,387,308	36,770	4,031	117,760	2,233,417	265,895	374,126	27,521,940	29,737,113	6,347,486	36,084,599	1,721,221	188,548	0	37,994,368
LESS UNALLOWABLE COSTS	50,965	427	47	1,368	25,944	3,089	4,345	319,707	345,439	73,735	419,174	19,994	0	0	439,168
TOTAL ALLOWABLE OPERATING EXPENSES	\$ 4,336,343	\$ 36,343	\$ 3,984	\$ 116,392	\$ 2,207,473	\$ 262,806	\$ 369,781	\$ 27,202,233	\$ 29,391,674	\$ 6,273,751	\$ 35,665,425	\$ 1,701,227	\$ 188,548	\$ 0	\$ 37,555,200

See independent auditor's report.

APALACHEE CENTER, INC.
SCHEDULE OF BED-DAY AVAILABILITY PAYMENTS
FOR THE YEAR ENDED JUNE 30, 2022

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	Total Excess Funding
Adult Mental Health	Crisis Stabilization Unit	\$395.26	8,760	2,264	6,496	\$2,283,044	\$2,567,609	\$0
Adult Mental Health	Forensic Room & Board w/ Supervision Level I	\$289.02	17,520	0	17,520	\$4,788,015	\$5,063,630	\$0
Adult Mental Health	Forensic Room & Board w/ Supervision Level II	\$151.44	730	0	730	\$110,551	\$110,551	\$0
Adult Mental Health	Room & Board w/Supervision Level I	\$289.02	5,840	0	5,840	\$1,593,853	\$1,687,877	\$0
Adult Mental Health	Room & Board w/Supervision Level I	\$289.02	5,840	0	5,840	\$1,401,600	\$1,687,877	\$0
Adult Mental Health	Short-Term Residential Treatment Facility	\$370.65	2,920	0	2,920	\$1,139,298	\$1,082,298	\$57,000
Children's Mental Health	Crisis Stabilization Unit	\$395.26	1,460	400	1,060	\$122,275	\$418,976	\$0
Adult Substance Abuse	Substance Abuse Detox	\$452.19	5,110	349	4,761	\$1,426,495	\$2,152,877	\$0
Total Excess Funding								\$0

See independent auditor's report.

APALACHEE CENTER, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2022

	<u>Assistance Listing/CSFA Number</u>	<u>Contract Number</u>	<u>Expended or Fee for Service Agreement</u>
<u>FEDERAL:</u>			
<u>U.S. Department of Health and Human Services</u>			
Direct Programs			
Demonstration Programs to Improve Community Mental Health Services	93.829	6H79SM085191-01M001	\$ 905,473
COVID-19 Provider Relief Fund	93.498	N/A	500,420
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	161,519
Block Grants for Community Mental Health Services	93.958	B0060	1,969,925
Block Grants for Community Mental Health Services	93.958	B0130	2,941
Block Grants for Community Mental Health Services	93.958	B0804	1,225
Block Grants for Community Mental Health Services	93.958	B0021	19,534
Block Grants for Community Mental Health Services	93.958	B0150	224,185
Block Grants for Community Mental Health Services	93.958	B0160	175,784
Block Grants for Prevention and Treatment of Substance Abuse	93.959	B0060	1,296,695
Mental Health Disaster Assistance and Emergency Mental Health	93.982	HM003	60,000
Florida Assertive Community Treatment Program			
Block Grants for Community Mental Health Services	93.958	B0050	315,725
<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	26,341
<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	218,978
<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>27,061</u>
TOTAL FEDERAL AWARDS			<u>\$ 5,905,806</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	\$ 364,000
Pass-through from Gadsden County Sheriff's Office			
Criminal Justice, Mental Health, and Substance Abuse Reinvestment Grant Program	60.115	LHZ96	116,378
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>\$ 3,363,384</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, 2022. 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 ended June 30, 2022.
- (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 \$500,420 shown for the COVID-19 Provider Relief Funds, CFDA #93.498, were incurred during the year ended June 30, 2021 and are based upon the March 11, 2022 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., (a nonprofit organization) which comprise the statement of financial position as of June 30, 2022, 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 22, 2022.

Report on 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 or significant deficiencies may exist that were not identified.

Report on 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.

A handwritten signature in blue ink that reads "Law Redd Crone + Munroe P.A.".

LAW, REDD, CRONA & MUNROE, P.A.
Tallahassee, Florida
December 22, 2022



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

Opinion on Each Major Federal Program and State Project

We have audited Apalachee Center, Inc.'s compliance with the types of compliance requirements identified as subject to audit 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, 2022. Apalachee Center, Inc.'s major federal programs and state projects are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, 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, 2022.

Basis for Opinion on Each Major Federal Program and State Project

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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*. Our responsibilities under those standards, the Uniform Guidance, and the *Florida Single Audit Act* are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance, and the *Florida Single Audit Act*, we:

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

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

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program or state project on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and the *Florida Single Audit Act*. Accordingly, this report is not suitable for any other purpose.



LAW, REDD, CRONA & MUNROE, P.A.
Tallahassee, Florida
December 22, 2022

**APALACHEE CENTER, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022**

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>
	93.498	U.S. Department of Health and Human Services COVID-19 Provider Relief Fund
	93.829	Demonstration Programs to Improve Community Mental Health Services

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, 2022**

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
	60.114	Forensic Services and Competency Restoration Training
		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

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, 2022**

Federal Programs – None

State Financial Assistance Projects - None

See independent auditor's report.