

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

**FINANCIAL STATEMENTS**

**JUNE 30, 2023 AND 2022**

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## 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 statements of financial position as of June 30, 2023 and 2022, 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.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Apalachee Center, Inc. as of June 30, 2023 and 2022, 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 and state financial assistance, 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 25 through 29 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 20, 2023, 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 20, 2023

**APALACHEE CENTER, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2023 AND 2022**

**ASSETS**

	<b>2023</b>	<b>2022</b>
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 4,567,146	\$ 3,443,815
Accounts Receivable, Net of Allowance for Doubtful Accounts	5,210,565	4,521,137
Investments	4,822,379	4,631,142
Inventories	71,845	64,687
Prepaid Expenses	905,152	612,977
<b>Total Current Assets</b>	<b>15,577,087</b>	<b>13,273,758</b>
<b>PROPERTY AND EQUIPMENT, NET</b>	<b>14,537,525</b>	<b>13,562,703</b>
<b>OTHER ASSETS</b>	<b>18,844</b>	<b>20,975</b>
<b>OPERATING LEASE RIGHT-OF-USE ASSETS</b>	<b>267,252</b>	<b>-</b>
<b>TOTAL ASSETS</b>	<b>\$ 30,400,708</b>	<b>\$ 26,857,436</b>

**LIABILITIES AND NET ASSETS**

<b>CURRENT LIABILITIES</b>		
Accounts Payable and Accrued Expenses	\$ 2,108,473	\$ 1,991,583
Current Operating Lease Liabilities	66,553	-
Current Portion of Post-Retirement Health Obligations	6,112	16,255
Current Portion of Long-Term Debt	180,925	174,043
Current Portion of Accrued Leave	770,697	563,217
Other Current Liabilities	414,567	199,941
<b>Total Current Liabilities</b>	<b>3,547,327</b>	<b>2,945,039</b>
<b>LONG-TERM LIABILITIES</b>		
Long-Term Portion of Operating Lease Liabilities	201,771	-
Long-Term Portion of Post-Retirement Health Obligations	530,693	589,667
Long-Term Portion of Accrued Leave	527,846	354,849
Long-Term Debt, Less Current Portion	4,949,534	5,131,259
<b>Total Long-Term Liabilities</b>	<b>6,209,844</b>	<b>6,075,775</b>
<b>Total Liabilities</b>	<b>9,757,171</b>	<b>9,020,814</b>
<b>NET ASSETS WITHOUT DONOR RESTRICTIONS</b>	<b>20,643,537</b>	<b>17,836,622</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 30,400,708</b>	<b>\$ 26,857,436</b>

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, 2023 AND 2022**

	<b>Without Donor Restrictions</b>	
	<b>2023</b>	<b>2022</b>
<b>REVENUES:</b>		
Net Patient Service Revenue	\$ 8,931,548	\$ 8,108,184
Premium Revenue	2,363,620	2,040,489
Federal Contract	1,142,074	905,473
State and Managing Entity Contracts	27,443,315	23,868,810
County and Other Local Funds	1,554,318	1,349,466
Investment Income (Loss)	297,442	(359,140)
Other Income	2,324,637	1,361,645
<b>Total Revenues</b>	44,056,954	37,274,927
<b>EXPENSES:</b>		
Program Services:		
Outpatient	8,572,826	7,784,906
Inpatient	11,553,116	10,893,946
Crisis Services	4,966,768	3,979,615
Residential	8,939,403	7,855,235
Other	1,799,672	1,488,623
<b>Total Program Services</b>	35,831,785	32,002,325
Support Services:		
Administrative	6,994,921	5,992,043
<b>Total Expenses</b>	42,826,706	37,994,368
<b>Total Operating Income (Loss)</b>	1,230,248	(719,441)
<b>NON-OPERATING REVENUES</b>		
Capital Grant	1,576,667	-
<b>Change in Net Assets</b>	2,806,915	(719,441)
<b>NET ASSETS - Beginning of Year</b>	17,836,622	18,556,063
<b>NET ASSETS - End of Year</b>	\$ 20,643,537	\$ 17,836,622

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

**APALACHEE CENTER, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2023**

	<b>PROGRAM SERVICES</b>					<b>Total</b>	<b>Administrative</b>	<b>Total Expenses</b>
	<b>Outpatient</b>	<b>Inpatient</b>	<b>Crisis Services</b>	<b>Residential</b>	<b>Other</b>			
<b>PERSONNEL SERVICES</b>								
Salaries	\$ 5,152,043	\$ 6,222,899	\$ 3,786,197	\$ 4,915,187	\$ 1,228,328	\$ 21,304,654	\$ 3,290,591	\$ 24,595,245
Fringe Benefits	940,847	976,875	593,368	889,021	274,027	3,674,138	812,464	4,486,602
<b>Total Personnel Services</b>	<b>6,092,890</b>	<b>7,199,774</b>	<b>4,379,565</b>	<b>5,804,208</b>	<b>1,502,355</b>	<b>24,978,792</b>	<b>4,103,055</b>	<b>29,081,847</b>
<b>EXPENSES</b>								
Contracted Medical Services	214,515	1,449,986	259,170	654,313	85,904	2,663,888	6,799	2,670,687
Telecommunications	173,096	71,585	24,909	62,721	8,212	340,523	102,767	443,290
Repairs and Maintenance	615,120	485,854	37,528	495,229	18,997	1,652,728	62,225	1,714,953
Utilities and Fuel	154,775	139,349	12,316	165,349	20,713	492,502	66,949	559,451
Information Technology	954	632	23,776	544	28,137	54,043	807,774	861,817
Professional Services	129,557	22,378	4,308	23,317	13,808	193,368	619,942	813,310
Medical and Pharmacy	30,666	338,359	-	115,727	29,901	514,653	66,744	581,397
Food Expenses	136,154	547,254	-	988,066	7,682	1,679,156	18,172	1,697,328
Supplies	62,415	296,934	44,070	221,417	15,267	640,103	158,526	798,629
Insurance	44,730	41,633	9,228	28,857	2,206	126,654	660,081	786,735
Client Expenditures	284,198	109	-	904	-	285,211	-	285,211
Travel	79,013	4,229	3,313	14,339	-	100,894	6,957	107,851
Staff Recruitment and Training	82,673	89,439	59,468	73,958	10,210	315,748	67,719	383,467
Other Operating	135,526	15,843	2,559	97,448	12,573	263,949	141,531	405,480
Interest Expense	-	199,891	20,850	-	-	220,741	-	220,741
Bad Debt Expense	152,000	252,454	-	-	-	404,454	-	404,454
Depreciation and Amortization	184,544	397,413	85,708	193,006	43,707	904,378	105,680	1,010,058
<b>Total Operating Expenses</b>	<b>2,479,936</b>	<b>4,353,342</b>	<b>587,203</b>	<b>3,135,195</b>	<b>297,317</b>	<b>10,852,993</b>	<b>2,891,866</b>	<b>13,744,859</b>
<b>TOTAL EXPENSES</b>	<b>\$ 8,572,826</b>	<b>\$ 11,553,116</b>	<b>\$ 4,966,768</b>	<b>\$ 8,939,403</b>	<b>\$ 1,799,672</b>	<b>\$ 35,831,785</b>	<b>\$ 6,994,921</b>	<b>\$ 42,826,706</b>

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**

	<b>PROGRAM SERVICES</b>					<b>Total</b>	<b>Administrative</b>	<b>Total Expenses</b>
	<b>Outpatient</b>	<b>Inpatient</b>	<b>Crisis Services</b>	<b>Residential</b>	<b>Other</b>			
<b>PERSONNEL SERVICES</b>								
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
<b>Total Personnel Services</b>	<b>5,653,555</b>	<b>5,934,748</b>	<b>3,103,718</b>	<b>4,584,950</b>	<b>1,183,492</b>	<b>20,460,463</b>	<b>3,355,394</b>	<b>23,815,857</b>
<b>EXPENSES</b>								
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
<b>Total Operating Expenses</b>	<b>2,131,351</b>	<b>4,959,198</b>	<b>875,897</b>	<b>3,270,285</b>	<b>305,131</b>	<b>11,541,862</b>	<b>2,636,649</b>	<b>14,178,511</b>
<b>TOTAL EXPENSES</b>	<b>\$ 7,784,906</b>	<b>\$ 10,893,946</b>	<b>\$ 3,979,615</b>	<b>\$ 7,855,235</b>	<b>\$ 1,488,623</b>	<b>\$ 32,002,325</b>	<b>\$ 5,992,043</b>	<b>\$ 37,994,368</b>

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

**APALACHEE CENTER, INC.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED JUNE 30, 2023 AND 2022**

	<b>2023</b>	<b>2022</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 2,806,915	\$ (719,441)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	1,010,058	1,067,351
Provision for Bad Debt	404,454	187,767
Gain on Sale of Assets	(15,850)	-
Net Realized and Unrealized (Gain) Loss on Investments	(181,545)	472,378
Grant Revenue Provided for Capital Assets	(1,576,667)	-
Amortization of Right-of-Use Assets	47,717	-
(Increase) Decrease in Assets:		
Accounts Receivable	(1,093,882)	(1,066,574)
Inventories	(7,158)	5,300
Prepaid Expenses	(292,175)	9,515
Other Assets	631	(7,354)
Increase (Decrease) in Liabilities:		
Accounts Payable and Accrued Expenses	116,890	360,830
Operating Lease Liability	(46,645)	-
Accrued Leave	380,477	92,484
Other Current Liabilities	214,626	(59,296)
Post-Retirement Health Obligations	(69,117)	(93,452)
<b>Net Cash Provided by Operating Activities</b>	<b>1,698,729</b>	<b>249,508</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from Sale of Investments	1,649,218	1,394,625
Purchase of Investments	(1,658,910)	(1,429,830)
Purchase of Property and Equipment	(1,967,530)	(421,200)
<b>Net Cash Used in Investing Activities</b>	<b>(1,977,222)</b>	<b>(456,405)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from Line of Credit	250,000	-
Principal Payments on Line of Credit	(250,000)	-
Proceeds from Long Term Debt	-	5,319,123
Principal Payments on Long-Term Debt	(174,843)	(4,945,559)
Proceeds from Capital Grant	1,576,667	-
<b>Net Cash Provided by Financing Activities</b>	<b>1,401,824</b>	<b>373,564</b>
Net Increase in Cash and Cash Equivalents	1,123,331	166,667
<b>CASH AND CASH EQUIVALENTS - Beginning of Year</b>	<b>3,443,815</b>	<b>3,277,148</b>
<b>CASH AND CASH EQUIVALENTS - End of Year</b>	<b>\$ 4,567,146</b>	<b>\$ 3,443,815</b>
<b>Supplemental Disclosure:</b>		
Interest Paid - Note 8	\$ 220,741	\$ 223,827

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

**APALACHEE CENTER, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023 AND 2022**

**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:** 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, 2023 AND 2022**

**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, 2023 and 2022 was \$518,576 and \$503,827, 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.

**Reclassifications:** Certain 2022 amounts have been reclassified to conform with the 2023 presentation.

**APALACHEE CENTER, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023 AND 2022**

**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 Florida Commerce. 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.**  
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**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 \$404,454 for the year ended June 30, 2023.

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, 2023.
- *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**  
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**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, 2023, the Corporation received Medicare cost settlements totaling \$25,523 which is reported in net patient services revenue on the Statements of Operations and Changes in Net Assets.

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, 2023 AND 2022**

**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, 2023 and 2022 follows:

	<b>2023</b>	<b>2022</b>
<b>Total Cash Held at Banks</b>	\$ 4,559,453	\$ 3,390,397
Less: Portion Secured by FDIC	(512,693)	(547,100)
<b>Uninsured Cash Balances</b>	\$ 4,046,760	\$ 2,843,297

**NOTE 4 – ACCOUNTS RECEIVABLE**

At June 30, 2023 and 2022, accounts receivable consisted of the following:

	<b>2023</b>	<b>2022</b>
Patient Fees - First Party	\$ 141,748	\$ 128,774
Patient Fees - Third Party	1,801,954	1,418,306
State and Managing Entity Contracts	2,721,965	2,681,247
County and Other Local Funds	516,512	635,959
Other Receivables	698,386	174,851
<b>Total Accounts Receivable</b>	5,880,565	5,039,137
Allowance for Doubtful Accounts	(670,000)	(518,000)
<b>Net Accounts Receivable</b>	\$ 5,210,565	\$ 4,521,137

Medicaid reimbursements constituted approximately 61% and 55% of Patient Fees - Third Party accounts receivable at June 30, 2023 and 2022, respectively.

**APALACHEE CENTER, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
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**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.

The Corporation utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs.

The following table presents the balance of assets measured on a recurring basis.

At June 30, 2023 and 2022, investments were as follows:

<b><u>2023</u></b>	<b><u>Cost</u></b>	<b><u>Unrealized Gain (Loss)</u></b>	<b><u>Fair Value</u></b>
<b>Level 1</b>			
Equity Securities	\$ 1,269,327	\$ 616,061	\$ 1,885,388
U.S. Government Agency Bonds	160,306	(10,911)	149,395
U.S. Government Notes	1,288,037	(82,051)	1,205,986
Municipal Bonds	513,153	(28,737)	484,416
Corporate Bonds	1,051,767	(92,528)	959,239
Foreign Bonds	98,174	(12,597)	85,577
Total Level 1	<u>4,380,764</u>	<u>389,237</u>	<u>4,770,001</u>
<b>Level 3</b>			
PSN Shares	10,000	-	10,000
BHP Shares	50,000	(7,622)	42,378
Total Level 3	<u>60,000</u>	<u>(7,622)</u>	<u>52,378</u>
Total Investments	<u>\$ 4,440,764</u>	<u>\$ 381,615</u>	<u>\$ 4,822,379</u>

**APALACHEE CENTER, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 5 – FAIR VALUE MEASUREMENTS (continued)**

<u>2022</u>	<u>Cost</u>	<u>Unrealized Gain (Loss)</u>	<u>Fair Value</u>
<b>Level 1</b>			
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>
<b>Level 3</b>			
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>

Investment return is summarized as follows:

	<u>2023</u>	<u>2022</u>
Interest and Dividends	\$ 115,897	\$ 113,238
Net Unrealized Gain (Loss)	203,699	(510,804)
Net Realized (Loss) Gain	(22,154)	38,426
<b>Total Investment Income (Loss)</b>	<u>\$ 297,442</u>	<u>\$ (359,140)</u>

**NOTE 6 – PROPERTY AND EQUIPMENT**

At June 30, 2023 and 2022, property and equipment were as follows:

	<u>Lives</u>	<u>2023</u>	<u>2022</u>
Land	N/A	\$ 1,009,963	\$ 1,009,963
Buildings and Improvements	20-40	27,164,155	27,070,835
Furniture, Equipment, and Vehicles	5-10	5,504,907	5,503,153
<b>Total Cost</b>		<u>33,679,025</u>	<u>33,583,951</u>
Less: Accumulated Depreciation		<u>(20,968,376)</u>	<u>(20,112,023)</u>
		12,710,649	13,471,928
Construction-in-Progress		1,826,876	90,775
<b>Total</b>		<u>\$ 14,537,525</u>	<u>\$ 13,562,703</u>

Depreciation expense for the years ended June 30, 2023 and 2022 was \$1,008,558 and \$1,059,501, respectively.

**APALACHEE CENTER, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023 AND 2022**

**NOTE 7 – OTHER ASSETS**

At June 30, 2023 and 2022, other assets, reported net of accumulated amortization, were comprised of:

	<u>2023</u>	<u>2022</u>
Hospital Organization Costs	\$ 3,000	\$ 4,500
Deposits	15,844	16,475
<b>Total</b>	<u>\$ 18,844</u>	<u>\$ 20,975</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 each of the years ended June 30, 2023 and 2022 was \$1,500.

**NOTE 8 – LONG-TERM DEBT**

	<u>2023</u>	<u>2022</u>
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.	\$ 5,130,459	\$ 5,305,302
Less: Current Portion	(180,925)	(174,043)
<b>Net Total Long-Term Debt</b>	<u>\$ 4,949,534</u>	<u>\$ 5,131,259</u>

Long-term debt outstanding at June 30, 2023 matures as follows:

2024	\$ 180,925
2025	189,270
2026	197,389
2027	205,857
2028	214,196
Thereafter	<u>4,142,822</u>
<b>TOTAL</b>	<u>\$ 5,130,459</u>

**APALACHEE CENTER, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 8 – LONG-TERM DEBT (continued)**

Interest expense for the years ended June 30, 2023 and 2022 was \$220,741 and \$223,827, respectively.

The Corporation had a line of credit with Truist Bank up to \$500,000. The line of credit matured in March 2023 and was renewed with an increased credit limit of \$1,000,000 and a new maturity date of March 2025. All principal and interest are due at maturity. The interest rate is variable and is the Prime Rate. The Prime Rate was 8.25% at June 30, 2023. The note is collateralized by all contract rights and health care insurance receivables. The line of credit had a zero balance at June 30, 2023.

**NOTE 9 – NET PATIENT SERVICE REVENUE**

The Corporation recognized net patient service revenue for the years ended June 30, 2023 and 2022 as follows:

	<u>2023</u>	<u>2022</u>
Patient Fees – Gross Charges	\$ 29,750,073	\$ 24,461,752
Less:		
Contractual Allowances	(19,652,885)	(15,448,948)
Charity Care	(1,165,640)	(904,620)
<b>Net Patient Service Revenue</b>	<u>\$ 8,931,548</u>	<u>\$ 8,108,184</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, 2023 and 2022, 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, 2023 and 2022, 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, 2023 and 2022 was \$922,464 and \$769,084, 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.

**APALACHEE CENTER, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023 AND 2022**

**NOTE 10 – EMPLOYEE BENEFITS (continued)**

The Plan is not currently funded. The actuarially determined net periodic post-retirement benefit cost for each of the years ended June 30, 2023 and 2022 was \$68,544 and \$74,651, including service costs totaling \$34,984 and \$38,992, respectively. Premiums paid for the years ended June 30, 2023 and 2022 were \$19,305 and \$31,933, respectively. The post-retirement health obligation for the years ended June 30, 2023 and 2022 was \$536,805 and \$605,922, respectively.

The following assumptions were made to estimate the benefit obligation as of June 30, 2023:

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 2023 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**  
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**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% - 100%

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

2024	\$	6,112
2025		4,928
2026		13,332
2027		23,489
2028		37,206
2029 – 2032		148,822

Contributions expected to be paid to the plan during the next fiscal year are \$6,112.

**NOTE 11 – SELF INSURANCE**

The Corporation has elected to self-insure for unemployment compensation claims. Claims paid for the years ended June 30, 2023 and 2022 were \$26,642 and \$27,305, 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 \$27.2 million and \$23.1 million for the years ended June 30, 2023 and 2022, respectively, representing approximately 59% and 62%, respectively, of total revenues for each of the years then ended. Amounts due from NWFHN under the assigned contracts totaled \$2,539,965 and \$2,499,247 for the years ended June 30, 2023 and 2022, respectively.

**APALACHEE CENTER, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023 AND 2022**

**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 2018 remain subject to examination by the applicable taxing authorities.

**NOTE 15 – LIQUIDITY AND AVAILABILITY OF RESOURCES**

As of June 30, 2023, the Corporation had approximately \$14,600,000 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 \$4,600,000, investments totaling approximately \$4,800,000 and accounts receivable, net of allowance for doubtful accounts, totaling approximately \$5,200,000. 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 \$1,000,000, 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 \$477,954 and \$258,892 for the years ended June 30, 2023 and 2022, respectively. Amounts due from Live Oak totaled \$6,029 and \$258,892 for the years ended June 30, 2023 and 2022, respectively.

**APALACHEE CENTER, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 17 – DIRECT PAYMENT PROGRAM**

The Corporation received Direct Payment Program (DPP) funding for the difference between the cost of care for inpatient Medicaid eligible patients and the amount of Medicaid reimbursement funding the Corporation has received for providing that care. Total amount received for the year ended June 30, 2023 was \$1,592,390. The total amount received is reported in Other Income net of a donation to Florida Essential Healthcare Partnerships Foundation of \$544,000 which was paid as part of the Local Provider Participation Fund requirements.

**NOTE 18 – CAPITAL GRANT**

The Corporation received a fixed capital outlay grant totaling \$1,576,667 from the State of Florida, Department of Children and Families (DCF) for the construction of 16 bed residential facility located in Gadsden County Florida. Under Florida Statute 402.73(3), any State funds provided for the improvement to real property are contingent upon the Corporation granting to the State a security interest in the property at least to the amount of the state funds provided for at least 5 years from the date of purchase or the completion of the improvements. Total costs incurred on the construction of the facility were \$1,797,508 and are included in construction in progress at June 30, 2023. The Corporation opened the residential facility in October 2023.

**NOTE 19 – LEASES**

For the year ended June 30, 2023, the Corporation adopted the provisions of Financial Accounting Standards Board (FASB), Accounting Standards Update (ASU) No. 2016-02, Leases (Topic 842). ASC 842 supersedes all previous guidance on accounting for leases by lessees and lessors. ASC 842 establishes a single model for lease accounting based on the foundational principle that leases are a right to use an underlying asset. Under this standard, a lessee is required to recognize a lease liability and an intangible right-of-use lease asset (ROU). The Corporation adopted the requirements of the new guidance as of July 1, 2022. No adjustment to net assets at July 1, 2022 was needed as a result of adopting the new guidance.

Operating lease right-of-use assets represent the Corporation's right to use the underlying assets for the lease term and operating lease liabilities represent the Corporation's obligation to make lease payments arising from the lease. Operating lease liabilities and operating lease right-of-use assets are recognized at the lease commencement date based on the estimated present value of the lease payments over the lease term. Lease amortization expense is recognized on a straight-line basis over the expected lease term. As a result of adopting ASC 842 on July 1, the Corporation recognized operating lease liabilities and operating lease right-of-use assets on its Statements of Financial Position.

**APALACHEE CENTER, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 19 – LEASES (continued)**

As permitted under the transition guidance upon adoption of ASC 842, the Corporation elected the following practical expedients:

- The simplified approach to not recast comparative periods and to apply the new lease standard on a prospective basis beginning in the year of initial adoption;
- The package of practical expedients to not reassess the lease determination, lease classification or initial direct costs for leases commenced prior to adoption;
- The component election to not separate lease and non-lease components in all arrangements that contain a lease;
- The short-term lease recognition exemption whereby lease-related assets and liabilities are not recognized for arrangements with initial lease terms of one year or less; and
- The accounting policy election to use the risk-free rate as the discount rate for all lease classes.

The Corporation entered into a lease agreement for office space on December 1, 2021. The lease has an initial term of 24 months with monthly lease payments of \$2,929, increasing by 3% annually. The Corporation has the right to renew this lease for five additional two-year terms but is not expected to exercise the option(s).

The Corporation also leases copiers, postage machines, and various office equipment. The lease terms range from 36 to 60 months and have monthly rental payments ranging from \$355 to \$4,600. Termination dates range from August 2025 through May 2028.

The following table summarizes the Corporation’s operating leases, weighted average remaining lease term and weighted average discount rate:

	<b>June 30, 2023</b>
<b>Assets:</b>	
Operating Lease Right-of-Use Assets	
Office Space	\$ 14,723
Copiers and Other Office Equipment	252,529
<b>Total Lease Assets</b>	<b>\$ 267,252</b>
<b>Liabilities:</b>	
Current Operating Lease Liabilities	\$ 66,553
Noncurrent Operating Lease Liabilities	201,771
<b>Total Lease Liabilities</b>	<b>\$ 268,324</b>
Weighted average remaining lease term in years:	4.50
Weighted average discount rate:	3.41%

**APALACHEE CENTER, INC.**  
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**NOTE 19 – LEASES (continued)**

Operating lease cost for the year ended June 30, 2023 was \$47,717 and short-term and variable lease expenses were \$141,743. Rent expense was \$157,558 for the year ended June 30, 2022, prior to the adoption of ASC 842.

Noncash right-of-use assets recorded for lease liabilities for the year ended June 30, 2023 are as follows:

- For July 1 adoption of ASC 842 was \$62,263
- In exchange for lease liabilities during the year was \$252,706

The following table reconciles the future minimum lease payments on an undiscounted cash flow basis to the lease liability reported in the balance sheet as of June 30, 2023:

<u>Year ending June 30,</u>	
2024	\$ 74,545
2025	59,372
2026	55,112
2027	55,112
2028	45,926
<b>Total</b>	<u>290,067</u>
<b>Less: Interest</b>	<u>(21,743)</u>
<b>Total Lease Liabilities</b>	<u><u>\$ 268,324</u></u>

**NOTE 20 – EVALUATION OF SUBSEQUENT EVENTS**

The Corporation has evaluated subsequent events through December 20, 2023, 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, 2023**

Total Expenses	\$ 42,826,706
Less Other State and Federal Funds:	
Child & Adult Care Food	(63,210)
IDP Drug Program - Line of Credit	(65,455)
Leon County Health Department	(23,475)
Certified Community Behavioral Health Clinic	(1,142,074)
Centralized Receiving Facility	(2,599,097)
Community Action Treatment Special Proviso Project	(2,250,000)
Mobile Response Team	(1,711,665)
Net Medicaid Earnings	(7,935,395)
Less Non-Match SAMH Funds	(7,360,387)
Less Unallowable Costs	(573,031)
Total Allowable Expenses	<u>\$ 19,102,917</u>
Maximum Available Earnings (75% of Allowable)	<u>\$ 14,327,188</u>
Amount of State Funds Requiring Match	<u>\$ 2,453,462</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, 2023

			STATE-DESIGNATED SAMH COVERED SERVICES									
			STATE SAMH-FUNDED COVERED SERVICES									
			ADULT SUBSTANCE ABUSE					ADULT AND CHILDREN'S MENTAL HEALTH				
FUNDING SOURCES & REVENUES			Detox	Medical Services	Program Total	Case Management	Crisis Stabilization	Drop-In Self-Help	Medical Services	Outpatient Individual	Outpatient Group	Outreach
<b>STATE SAMH FUNDING</b>												
Expenditure												
Report OCA#	Provider Subcontractor #	Funding Source										
MH001	ME Contract #B0060	Federal/State	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
MH009	ME Contract #B0060	Federal/State	0	0	0	525,987	0	115,925	354,845	239,003	177,688	0
MH018	ME Contract #B0060	Federal/State	0	0	0	0	3,417,364	0	0	0	0	0
MH072	ME Contract #B0060	State	0	0	0	182,374	0	0	37,642	41,141	206,469	0
MH0FT	ME Contract #B0050	Federal/State	0	0	0	0	0	0	0	0	0	0
MH076	ME Contract #B0060	State	0	0	0	0	0	0	0	0	0	0
MH0PG	ME Contract #B0070	Federal	0	0	0	106,663	0	0	32,016	10,274	0	6,975
MHARP	ME Contract #B0060	State	0	0	0	0	0	0	0	0	0	0
MHCJ2	ME Contract #B0060	State	0	0	0	0	0	0	0	0	0	0
MH0CN	ME Contract #B0060	Federal/State	0	0	0	11,013	0	0	0	0	0	0
MHFMH	ME Contract #B0060	State	0	0	0	0	0	0	0	0	0	0
MHTRV	ME Contract #B0060	State	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
MSARP	ME Contract #B0060	Federal/State	240,000	0	240,000	0	0	0	0	0	0	0
MS021	ME Contract #B0060	Federal	778,260	0	778,260	0	0	0	0	0	0	0
MSCOM	ME Contract #B0060	State	0	491,308	491,308	0	0	0	0	0	0	0
MH018	ME Contract #B0130	Federal/State	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
MHCAT	ME Contract #B0150	State	0	0	0	0	0	0	0	0	0	0
MHMCT	ME Contract #B0160	State	0	0	0	0	0	0	0	0	0	0
MH0BN	ME Contract #B0180	Federal/State	0	0	0	0	0	0	0	0	0	0
MH0CN	ME Contract #B0804	Federal/State	0	0	0	0	0	0	0	0	0	0
MH009	ME Contract #B0804	Federal/State	0	0	0	0	0	0	0	0	0	0
MH009	ME Contract #B0806	Federal/State	0	0	0	0	0	0	0	30,525	0	0
MHHMD	ME Contract #HM003	State	0	0	0	0	0	0	0	0	0	0
MH262	ME Contract #B0021	State	0	0	0	0	0	0	0	0	0	0
MH26S	ME Contract #B0021	State	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
<b>TOTAL STATE SAMH FUNDING</b>			<b>1,018,260</b>	<b>491,308</b>	<b>1,509,568</b>	<b>826,037</b>	<b>3,417,364</b>	<b>115,925</b>	<b>424,503</b>	<b>320,943</b>	<b>384,157</b>	<b>6,975</b>
<b>OTHER GOVERNMENT FUNDING</b>												
Other State Agency Funding			0	0	0	0	0	0	0	0	0	0
Medicaid			177,804	0	177,804	340,917	57,260	0	367,261	236,363	733,488	0
Local Government			288,600	0	288,600	0	412,930	0	0	6,000	0	0
Federal Grants and Contracts			0	0	0	0	0	0	0	0	57,037	0
<b>TOTAL OTHER GOVERNMENT FUNDING</b>			<b>466,404</b>	<b>0</b>	<b>466,404</b>	<b>340,917</b>	<b>470,190</b>	<b>0</b>	<b>367,261</b>	<b>242,363</b>	<b>790,525</b>	<b>0</b>
<b>OTHER REVENUES</b>												
First & Second Party Payments			35,037	1,077	35,037	0	13,452	0	0	0	0	0
Third Party Payments (Other Than Medicare)			144,317	0	144,317	0	172,231	0	94,427	141,640	0	0
Medicare			77,710	0	77,710	0	56,063	0	175,963	46,775	0	0
Contributions and Donations			0	0	0	0	0	0	0	0	0	0
Other			0	0	0	0	0	0	12,034	0	0	0
<b>TOTAL OTHER REVENUES</b>			<b>257,064</b>	<b>1,077</b>	<b>257,064</b>	<b>0</b>	<b>241,746</b>	<b>0</b>	<b>282,424</b>	<b>188,415</b>	<b>0</b>	<b>0</b>
<b>TOTAL FUNDING</b>			<b>\$ 1,741,728</b>	<b>\$ 492,385</b>	<b>\$ 2,233,036</b>	<b>\$ 1,166,954</b>	<b>\$ 4,129,300</b>	<b>\$ 115,925</b>	<b>\$ 1,074,188</b>	<b>\$ 751,721</b>	<b>\$ 1,174,682</b>	<b>\$ 6,975</b>

STATE-DESIGNATED SAMH COVERED SERVICES

STATE SAMH-FUNDED COVERED SERVICES

ADULT AND CHILDREN'S MENTAL HEALTH

FUNDING SOURCES & REVENUES			Incidentals	Short-Term	Residential	Room & Board	Room & Board	Crisis			Family	Federal
			Transitional	Residential	Level 4	w/Supervision	w/Supervision	FACT	Support/	Navigate	Care	Project
			Network Eval	Treatment	Level 4	Level 1	Level 2	FACT	CRF/MRT	Navigate	Crisis	Grant
<b>STATE SAMH FUNDING</b>												
Expenditure												
Report OCA#	Provider Subcontractor #	Funding Source										
MH001	ME Contract #B0060	Federal/State	\$ 0	\$ 0	\$ 295,000	\$ 455,616	\$ 872,217	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
MH009	ME Contract #B0060	Federal/State	0	0	0	0	0	0	0	0	0	0
MH018	ME Contract #B0060	Federal/State	0	571,000	0	0	0	0	0	0	0	0
MH072	ME Contract #B0060	State	0	0	0	4,744,971	102,374	0	0	0	0	0
MH0FT	ME Contract #B0050	Federal/State	154,833	0	0	0	0	551,077	0	0	0	0
MH076	ME Contract #B0060	State	27,879	0	0	0	0	0	0	0	0	0
MH0PG	ME Contract #B0070	Federal	5,591	0	0	0	0	0	0	0	0	0
MHARP	ME Contract #B0060	State	0	511,000	0	0	0	0	0	0	0	0
MHCJ2	ME Contract #B0060	State	0	0	0	698,960	332,299	0	0	0	0	0
MH0CN	ME Contract #B0060	Federal/State	0	0	0	0	0	0	0	0	0	0
MHFMH	ME Contract #B0060	State	0	0	0	1,401,600	0	0	0	0	0	0
MHTRV	ME Contract #B0060	State	63,107	0	0	0	0	0	0	0	0	0
MHTMH	ME Contract #B0060	State	0	0	0	1,593,853	0	0	0	0	0	0
MSARP	ME Contract #B0060	Federal/State	0	0	0	0	0	0	0	0	0	0
MS021	ME Contract #B0060	Federal	0	0	0	0	0	0	0	0	0	0
MSCOM	ME Contract #B0060	State	0	0	0	0	0	0	0	0	0	0
MH018	ME Contract #B0130	Federal/State	0	0	0	0	0	0	329,153	0	0	0
MHSCR	ME Contract #B0130	State	0	0	0	0	0	0	2,269,943	0	0	0
MHCAT	ME Contract #B0150	State	0	0	0	0	0	0	0	0	0	0
MHMCT	ME Contract #B0160	State	0	0	0	0	0	0	1,711,665	0	0	0
MH0BN	ME Contract #B0180	Federal/State	0	0	0	0	0	0	0	0	0	0
MH0CN	ME Contract #B0804	Federal/State	0	0	0	0	0	0	0	0	107,250	0
MH009	ME Contract #B0804	Federal/State	0	0	0	0	0	0	0	0	9,750	0
MH009	ME Contract #B0806	Federal/State	0	0	0	0	0	0	0	0	0	0
MHHMD	ME Contract #HM003	State	0	0	0	0	0	0	0	0	0	10,000
MH262	ME Contract #B0021	State	0	0	0	0	0	0	0	311,684	0	0
MH26S	ME Contract #B0021	State	0	0	0	0	0	0	0	36,568	0	0
PSMSM	DCF Contract #LHZ87	State	0	0	0	0	0	0	0	0	0	0
<b>TOTAL STATE SAMH FUNDING</b>			<b>251,410</b>	<b>1,082,000</b>	<b>295,000</b>	<b>8,895,000</b>	<b>1,306,890</b>	<b>551,077</b>	<b>4,310,761</b>	<b>348,252</b>	<b>117,000</b>	<b>10,000</b>
<b>OTHER GOVERNMENT FUNDING</b>												
Other State Agency Funding			0	0	0	0	0	0	0	0	0	0
Medicaid			0	0	54,916	288,621	117,670	520,336	4,888	0	0	0
Local Government			0	0	0	0	0	0	517,976	0	0	0
Federal Grants and Contracts			0	0	0	0	0	0	0	0	0	0
<b>TOTAL OTHER GOVERNMENT FUNDING</b>			<b>0</b>	<b>0</b>	<b>54,916</b>	<b>288,621</b>	<b>117,670</b>	<b>520,336</b>	<b>522,864</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>OTHER REVENUES</b>												
First & Second Party Payments			0	0	0	0	26,346	0	0	0	0	0
Third Party Payments (Other Than Medicare)			0	0	32,857	0	45,143	0	6,856	0	0	0
Medicare			0	0	6,195	17,496	16,805	0	0	0	0	0
Contributions and Donations			0	0	0	0	0	0	0	0	0	0
Other			0	0	0	0	190	0	600,000	0	0	0
<b>TOTAL OTHER REVENUES</b>			<b>0</b>	<b>0</b>	<b>39,052</b>	<b>17,496</b>	<b>88,484</b>	<b>0</b>	<b>606,856</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>TOTAL FUNDING</b>			<b>\$ 251,410</b>	<b>\$ 1,082,000</b>	<b>\$ 388,968</b>	<b>\$ 9,201,117</b>	<b>\$ 1,513,044</b>	<b>\$ 1,071,413</b>	<b>\$ 5,440,481</b>	<b>\$ 348,252</b>	<b>\$ 117,000</b>	<b>\$ 10,000</b>

**STATE-DESIGNATED SAMH COVERED SERVICES**

**STATE SAMH-FUNDED COVERED SERVICES**

**ADULT AND CHILDREN'S MENTAL HEALTH**

FUNDING SOURCES & REVENUES			Community		FIRST	Program	Total	Non-State-Funded SAMH		Non-SAMH	Total
			Action	BNET				Covered	Services		
Report OCA#	Provider Subcontractor #	Funding Source	Team	Team	Team	Total	Total	Total	Total	Covered	Total
<b>STATE SAMH FUNDING</b>											
Expenditure											
MH001	ME Contract #B0060	Federal/State	\$ 0	\$ 0	\$ 0	\$ 1,622,833	\$ 1,622,833	\$ 0	\$ 1,622,833	\$ 0	\$ 1,622,833
MH009	ME Contract #B0060	Federal/State	0	0	0	1,413,448	1,413,448	0	1,413,448	0	1,413,448
MH018	ME Contract #B0060	Federal/State	0	0	0	3,988,364	3,988,364	0	3,988,364	0	3,988,364
MH072	ME Contract #B0060	State	0	0	0	5,314,971	5,314,971	0	5,314,971	0	5,314,971
MH0FT	ME Contract #B0050	Federal/State	0	0	0	705,910	705,910	0	705,910	0	705,910
MH076	ME Contract #B0060	State	0	0	0	27,879	27,879	0	27,879	0	27,879
MH0PG	ME Contract #B0070	Federal	0	0	0	161,519	161,519	0	161,519	0	161,519
MHARP	ME Contract #B0060	State	0	0	0	511,000	511,000	0	511,000	0	511,000
MHCJ2	ME Contract #B0060	State	0	0	0	1,031,259	1,031,259	0	1,031,259	0	1,031,259
MHOCN	ME Contract #B0060	Federal/State	0	0	0	11,013	11,013	0	11,013	0	11,013
MHFMH	ME Contract #B0060	State	0	0	0	1,401,600	1,401,600	0	1,401,600	0	1,401,600
MHTRV	ME Contract #B0060	State	0	0	0	63,107	63,107	0	63,107	0	63,107
MHTMH	ME Contract #B0060	State	0	0	0	1,593,853	1,593,853	0	1,593,853	0	1,593,853
MSARP	ME Contract #B0060	Federal/State	0	0	0	0	240,000	0	240,000	0	240,000
MS021	ME Contract #B0060	Federal	0	0	0	0	778,260	0	778,260	0	778,260
MSCOM	ME Contract #B0060	State	0	0	0	0	491,308	0	491,308	0	491,308
MH018	ME Contract #B0130	Federal/State	0	0	0	329,153	329,153	0	329,153	0	329,153
MHSCR	ME Contract #B0130	State	0	0	0	2,269,943	2,269,943	0	2,269,943	0	2,269,943
MHCAT	ME Contract #B0150	State	2,250,000	0	0	2,250,000	2,250,000	0	2,250,000	0	2,250,000
MHMCT	ME Contract #B0160	State	0	0	0	1,711,665	1,711,665	0	1,711,665	0	1,711,665
MHOBN	ME Contract #B0180	Federal/State	0	294,433	0	294,433	294,433	0	294,433	0	294,433
MHOCN	ME Contract #B0804	Federal/State	0	0	0	107,250	107,250	0	107,250	0	107,250
MH009	ME Contract #B0804	Federal/State	0	0	0	9,750	9,750	0	9,750	0	9,750
MH009	ME Contract #B0806	Federal/State	0	0	0	30,525	30,525	0	30,525	0	30,525
MHHMD	ME Contract #HM003	State	0	0	0	10,000	10,000	0	10,000	0	10,000
MH262	ME Contract #B0021	State	0	0	0	311,684	311,684	0	311,684	0	311,684
MH26S	ME Contract #B0021	State	0	0	0	36,568	36,568	0	36,568	0	36,568
PSMSM	DCF Contract #LHZ87	State	0	0	364,000	364,000	364,000	0	364,000	0	364,000
<b>TOTAL STATE SAMH FUNDING</b>			<b>2,250,000</b>	<b>294,433</b>	<b>364,000</b>	<b>25,571,727</b>	<b>27,081,295</b>	<b>0</b>	<b>27,081,295</b>	<b>0</b>	<b>27,081,295</b>
<b>OTHER GOVERNMENT FUNDING</b>											
Other State Agency Funding			0	0	0	0	0	245,700	245,700	1,639,678	1,885,378
Medicaid			0	0	65,668	2,787,388	2,965,192	4,763,098	7,728,290	207,105	7,935,395
Local Government			0	0	0	936,906	1,225,506	413,839	1,639,345	23,475	1,662,820
Federal Grants and Contracts			0	0	6,173	63,210	63,210	518,576	581,786	1,142,074	1,723,860
<b>TOTAL OTHER GOVERNMENT FUNDING</b>			<b>0</b>	<b>0</b>	<b>71,841</b>	<b>3,787,504</b>	<b>4,253,908</b>	<b>5,941,213</b>	<b>10,195,121</b>	<b>3,012,332</b>	<b>13,207,453</b>
<b>OTHER REVENUES</b>											
First & Second Party Payments			0	0	41	39,839	74,876	63,210	138,086	43,056	181,142
Third Party Payments (Other Than Medicare)			0	1,500	5,961	500,615	644,932	480,671	1,125,603	121,112	1,246,715
Medicare			0	0	11,028	330,325	408,035	934,950	1,342,985	11,699	1,354,684
Contributions and Donations			0	0	0	0	0	0	0	41,325	41,325
Other			0	0	0	612,224	612,224	1,048,390	1,660,614	860,393	2,521,007
<b>TOTAL OTHER REVENUES</b>			<b>0</b>	<b>1,500</b>	<b>17,030</b>	<b>1,483,003</b>	<b>1,740,067</b>	<b>2,527,221</b>	<b>4,267,288</b>	<b>1,077,585</b>	<b>5,344,873</b>
<b>TOTAL FUNDING</b>			<b>\$ 2,250,000</b>	<b>\$ 295,933</b>	<b>\$ 452,871</b>	<b>\$ 30,842,234</b>	<b>\$ 33,075,270</b>	<b>\$ 8,468,434</b>	<b>\$ 41,543,704</b>	<b>\$ 4,089,917</b>	<b>\$ 45,633,621</b>

See independent auditor's report.





STATE-DESIGNATED SAMH COVERED SERVICES											
STATE SAMH-FUNDED COVERED SERVICES											
ADULT AND CHILDREN'S MENTAL HEALTH											
EXPENSE CATEGORIES	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
<b>PERSONNEL EXPENSES</b>											
Salaries	\$ 1,365,354	\$ 63,837	\$ 344,954	\$ 15,997,096	\$ 17,156,244	\$ 3,516,130	\$ 20,672,374	\$ 1,228,990	\$ 147,530	\$ 3,143,061	\$ 25,191,955
Fringe Benefits	245,965	9,476	57,899	2,209,435	2,381,758	527,162	2,908,920	274,495	31,061	781,402	3,995,878
<b>TOTAL PERSONNEL EXPENSES</b>	<u>1,611,319</u>	<u>73,313</u>	<u>402,853</u>	<u>18,206,531</u>	<u>19,538,002</u>	<u>4,043,292</u>	<u>23,581,294</u>	<u>1,503,485</u>	<u>178,591</u>	<u>3,924,463</u>	<u>29,187,833</u>
<b>OTHER EXPENSES</b>											
Building Occupancy	120,171	0	9,468	1,998,381	2,189,582	359,425	2,549,007	73,666	3,553	160,402	2,786,628
Professional Services	3,784	101,784	69	164,606	168,080	11,227	179,307	13,812	2,831	600,690	796,640
Travel	43,992	364	6,575	145,871	151,372	5,916	157,288	0	0	16,221	173,509
Equipment	21,689	352	2,925	361,711	385,298	60,448	445,746	19,617	1,400	187,350	654,113
Food Services	8,463	0	875	1,412,428	1,478,818	236,684	1,715,502	8,757	8,579	9,594	1,742,432
Medical and Pharmacy	4,506	8,642	386	537,729	623,716	396,623	1,020,339	266,904	5	60,394	1,347,642
Subcontracted Services	530	8	58	1,480,380	1,536,123	483,130	2,019,253	28,151	1,097	875,123	2,923,624
Insurance	5,214	0	2,152	93,466	103,897	16,141	120,038	2,206	3,359	657,115	782,718
Interest Paid	0	0	0	120,357	150,174	76,101	226,275	0	0	0	226,275
Operating Supplies & Expenses	30,438	612	4,404	623,175	677,128	133,234	810,362	16,075	5,232	158,251	989,920
Other	33,856	2,067	6,010	693,526	729,684	502,966	1,232,650	16,990	9,219	147,561	1,406,420
<b>TOTAL OTHER EXPENSES</b>	<u>272,643</u>	<u>113,829</u>	<u>32,922</u>	<u>7,631,630</u>	<u>8,193,872</u>	<u>2,281,895</u>	<u>10,475,767</u>	<u>446,178</u>	<u>35,275</u>	<u>2,872,701</u>	<u>13,829,921</u>
<b>TOTAL PERSONNEL &amp; OTHER EXPENSES</b>	<u>1,883,962</u>	<u>187,142</u>	<u>435,775</u>	<u>25,838,161</u>	<u>27,731,874</u>	<u>6,325,187</u>	<u>34,057,061</u>	<u>1,949,663</u>	<u>213,866</u>	<u>6,797,164</u>	<u>43,017,754</u>
<b>DISTRIBUTED INDIRECT ADMINISTRATIVE COSTS</b>	<u>380,198</u>	<u>33,373</u>	<u>77,712</u>	<u>4,519,599</u>	<u>4,856,974</u>	<u>1,068,995</u>	<u>5,925,969</u>	<u>363,108</u>	<u>0</u>	<u>(6,289,077)</u>	<u>0</u>
<b>TOTAL ACTUAL OPERATING EXPENSES</b>	<u>2,264,160</u>	<u>220,515</u>	<u>513,487</u>	<u>30,357,760</u>	<u>32,588,848</u>	<u>7,394,182</u>	<u>39,983,030</u>	<u>2,312,771</u>	<u>213,866</u>	<u>508,087</u>	<u>43,017,754</u>
<b>LESS UNALLOWABLE COSTS</b>	<u>16,948</u>	<u>1,651</u>	<u>3,844</u>	<u>227,241</u>	<u>243,941</u>	<u>311,777</u>	<u>555,718</u>	<u>17,313</u>	<u>0</u>	<u>0</u>	<u>573,031</u>
<b>TOTAL ALLOWABLE OPERATING EXPENSES</b>	<u>\$ 2,247,212</u>	<u>\$ 218,864</u>	<u>\$ 509,643</u>	<u>\$ 30,130,519</u>	<u>\$ 32,344,907</u>	<u>\$ 7,082,405</u>	<u>\$ 39,427,312</u>	<u>\$ 2,295,458</u>	<u>\$ 213,866</u>	<u>\$ 508,087</u>	<u>\$ 42,444,723</u>
<b>CAPITAL EXPENDITURES</b>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,576,667</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

See independent auditor's report.

**APALACHEE CENTER, INC.**  
**SCHEDULE OF BED-DAY AVAILABILITY PAYMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

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	\$415.85	8,760	1,700	7,060	\$2,929,169	\$2,935,901	\$0
Adult Mental Health	Forensic Room & Board w/ Supervision Level I	\$312.01	17,520	0	17,520	\$5,417,079	\$5,466,415	\$0
Adult Mental Health	Forensic Room & Board w/ Supervision Level II	\$181.57	730	0	730	\$102,374	\$132,546	\$0
Adult Mental Health	Room & Board w/Supervision Level I	\$312.01	5,840	0	5,840	\$1,593,853	\$1,822,138	\$0
Adult Mental Health	Room & Board w/Supervision Level I	\$312.01	5,840	0	5,840	\$1,401,600	\$1,822,138	\$0
Adult Mental Health	Short-Term Residential Treatment Facility	\$370.65	2,920	0	2,920	\$1,082,000	\$1,082,298	\$0
Children's Mental Health	Crisis Stabilization Unit	\$415.85	1,460	283	1,177	\$488,195	\$489,455	\$0
Adult Substance Abuse	Substance Abuse Detox	\$452.19	5,110	1,600	3,510	\$1,018,260	\$1,587,187	\$0
Total Excess Funding								<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, 2023**

	<u>Assistance Listing/CSFA Number</u>	<u>Contract Number</u>	<u>Expended or Fee for Service Agreement</u>
<b><u>FEDERAL:</u></b>			
<u>U.S. Department of Health and Human Services</u>			
Direct Programs			
Demonstration Programs to Improve Community Mental Health Services	93.829	6H79SM085191-01M001	\$ 1,142,074
COVID-19 Provider Relief Fund	93.498	N/A	361,462
Pass-through from State of Florida Department of Children & Families			
Pass-through from Northwest Florida Heath Network			
Projects for Assistance in Transition from Homelessness (PATH)	93.150	B0070	161,519
Block Grants for Community Mental Health Services	93.958	B0804	34,452
Block Grants for Community Mental Health Services	93.958	B0021	348,252
Block Grants for Community Mental Health Services	93.958	B0060	2,727,317
Block Grants for Community Mental Health Services	93.958	B0130	54,034
Block Grants for Community Mental Health Services	93.958	B0806	5,011
Block Grants for Community Mental Health Services	93.958	B0150	110,362
Block Grants for Community Mental Health Services	93.958	B0160	204,451
Block Grants for Prevention and Treatment of Substance Abuse	93.959	B0060	1,110,315
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	93,616
<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	63,210
<b>TOTAL FEDERAL AWARDS</b>			<b>\$ 6,426,075</b>
<b><u>STATE:</u></b>			
<u>State of Florida Department of Children &amp; 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	108,504
Pass-through from Northwest Florida Heath Network			
Forensic Services and Competency Restoration Training	60.114	B0060	1,401,600
Centralized Receiving Systems	60.163	B0130	2,269,943
<b>TOTAL STATE FINANCIAL ASSISTANCE</b>			<b>\$ 4,144,047</b>

**NOTES:**

- (1) The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance (the Schedule) presents the activity of all federal program and state projects of the Corporation for the year ended June 30, 2023. 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, 2023.
- (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 \$361,462 shown for the COVID-19 Provider Relief Funds, CFDA #93.498, were incurred during the year ended June 30, 2022 and are based upon the February 17, 2023 PRF report.

See independent auditor's report.

**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, 2023, 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 20, 2023.

**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 20, 2023

**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, 2023. 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, 2023.

***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 20, 2023

**APALACHEE CENTER, INC.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS - FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

**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>Assistance Listing</u> <u>Number</u>	<u>Name of Federal Program</u>
	93.958	U.S. Department of Health and Human Services Pass-through from Northwest Florida Health Network Block Grants for 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.  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2023**

Federal Programs – None

State Financial Assistance Projects - None

See independent auditor's report.