

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

FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

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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, 2024 and 2023, 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, 2024 and 2023, 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, 2024, 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, 2024

APALACHEE CENTER, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2024 AND 2023

ASSETS

	2024	2023
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 2,673,881	\$ 4,567,146
Accounts Receivable, Net of Allowance for Credit Losses	9,509,291	5,210,565
Investments	5,319,190	4,822,379
Inventories	71,872	71,845
Prepaid Expenses	851,370	905,152
Total Current Assets	18,425,604	15,577,087
PROPERTY AND EQUIPMENT, NET	15,929,376	14,537,525
OTHER ASSETS	40,856	18,844
OPERATING LEASE RIGHT-OF-USE ASSETS	3,285,237	267,252
TOTAL ASSETS	\$ 37,681,073	\$ 30,400,708

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 2,515,596	\$ 2,108,473
Current Operating Lease Liabilities	299,737	66,553
Current Portion of Post-Retirement Health Obligations	4,928	6,112
Current Portion of Long-Term Debt	189,270	180,925
Current Portion of Accrued Leave	658,666	770,697
Other Current Liabilities	1,636,311	414,567
Total Current Liabilities	5,304,508	3,547,327
LONG-TERM LIABILITIES		
Long-Term Portion of Operating Lease Liabilities	3,018,354	201,771
Long-Term Portion of Post-Retirement Health Obligations	469,985	530,693
Long-Term Portion of Accrued Leave	563,781	527,846
Long-Term Debt, Less Current Portion	6,561,064	4,949,534
Total Long-Term Liabilities	10,613,184	6,209,844
Total Liabilities	15,917,692	9,757,171
NET ASSETS WITHOUT DONOR RESTRICTIONS	21,763,381	20,643,537
TOTAL LIABILITIES AND NET ASSETS	\$ 37,681,073	\$ 30,400,708

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, 2024 AND 2023

	Without Donor Restrictions	
	2024	2023
REVENUES:		
Net Patient Service Revenue	\$ 11,375,207	\$ 8,931,548
Premium Revenue	1,696,685	2,363,620
Federal Contract	656,386	1,142,074
State and Managing Entity Contracts	29,746,732	27,443,315
County and Other Local Funds	1,585,245	1,554,318
Investment Income	594,088	297,442
Other Income	3,453,834	2,324,637
Total Revenues	49,108,177	44,056,954
EXPENSES:		
Program Services:		
Outpatient	10,953,472	8,572,826
Inpatient	12,510,431	11,553,116
Crisis Services	5,313,788	4,966,768
Residential	11,834,465	8,939,403
Other	2,130,123	1,799,672
Total Program Services	42,742,279	35,831,785
Support Services:		
Administrative	5,726,991	6,994,921
Total Expenses	48,469,270	42,826,706
Total Operating Income	638,907	1,230,248
NON-OPERATING REVENUES		
Capital Grants	480,937	1,576,667
Change in Net Assets	1,119,844	2,806,915
NET ASSETS - Beginning of Year	20,643,537	17,836,622
NET ASSETS - End of Year	\$ 21,763,381	\$ 20,643,537

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

APALACHEE CENTER, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2024

	PROGRAM SERVICES					Total	Administrative	Total Expenses
	Outpatient	Inpatient	Crisis Services	Residential	Other			
PERSONNEL SERVICES								
Salaries	\$ 6,369,322	\$ 7,297,825	\$ 3,933,909	\$ 6,214,183	\$ 1,295,683	\$ 25,110,922	\$ 2,992,055	\$ 28,102,977
Fringe Benefits	1,194,399	1,160,908	589,071	1,114,293	300,160	4,358,831	835,952	5,194,783
Total Personnel Services	7,563,721	8,458,733	4,522,980	7,328,476	1,595,843	29,469,753	3,828,007	33,297,760
EXPENSES								
Contracted Medical Services	763,565	955,913	356,248	1,081,095	133,219	3,290,040	230	3,290,270
Telecommunications	218,529	80,710	24,598	70,417	10,010	404,264	62,076	466,340
Repairs and Maintenance	667,778	480,120	28,556	610,053	31,890	1,818,397	75,388	1,893,785
Utilities and Fuel	164,339	158,068	16,704	193,813	29,325	562,249	90,264	652,513
Information Technology	161,499	226,081	101,091	275,478	25,220	789,369	174,969	964,338
Professional Services	138,056	15,255	1,590	24,330	10,151	189,382	698,702	888,084
Medical and Pharmacy	25,800	280,755	187	97,096	125,980	529,818	1,680	531,498
Food Expenses	130,283	565,964	1,504	1,157,571	717	1,856,039	4,518	1,860,557
Supplies	95,552	319,118	44,191	275,195	21,043	755,099	174,485	929,584
Insurance	231,655	228,240	81,327	250,564	19,601	811,387	47,777	859,164
Client Expenditures	273,507	133	-	2,153	-	275,793	-	275,793
Travel	102,686	4,393	3,791	9,915	1,206	121,991	6,783	128,774
Staff Recruitment and Training	80,660	94,341	39,104	128,470	10,871	353,446	237,508	590,954
Other Operating	163,132	12,167	1,546	89,980	73,929	340,754	210,905	551,659
Interest Expense	-	188,865	23,557	-	-	212,422	-	212,422
Credit Loss Expense	-	40,032	-	-	-	40,032	-	40,032
Depreciation and Amortization	172,710	401,543	66,814	239,859	41,118	922,044	113,699	1,035,743
Total Operating Expenses	3,389,751	4,051,698	790,808	4,505,989	534,280	13,272,526	1,898,984	15,171,510
TOTAL EXPENSES	\$ 10,953,472	\$ 12,510,431	\$ 5,313,788	\$ 11,834,465	\$ 2,130,123	\$ 42,742,279	\$ 5,726,991	\$ 48,469,270

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

	PROGRAM SERVICES					Total	Administrative	Total Expenses
	Outpatient	Inpatient	Crisis Services	Residential	Other			
PERSONNEL SERVICES								
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
Total Personnel Services	6,092,890	7,199,774	4,379,565	5,804,208	1,502,355	24,978,792	4,103,055	29,081,847
EXPENSES								
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
Credit Loss 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
Total Operating Expenses	2,479,936	4,353,342	587,203	3,135,195	297,317	10,852,993	2,891,866	13,744,859
TOTAL EXPENSES	\$ 8,572,826	\$ 11,553,116	\$ 4,966,768	\$ 8,939,403	\$ 1,799,672	\$ 35,831,785	\$ 6,994,921	\$ 42,826,706

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

APALACHEE CENTER, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 1,119,844	\$ 2,806,915
Adjustments to Reconcile Change in Net Assets to Net Cash (Used in) Provided by Operating Activities:		
Depreciation and Amortization	1,035,743	1,010,058
Provision for Credit Losses	40,032	404,454
Gain on Sale of Assets	(163,780)	(15,850)
Net Realized and Unrealized Gain on Investments	(468,333)	(181,545)
Grant Revenue Provided for Capital Assets	(480,937)	(1,576,667)
Operating Lease Right-of-Use Assets	207,066	47,717
(Increase) Decrease in Assets:		
Accounts Receivable	(4,338,758)	(1,093,882)
Inventories	(27)	(7,158)
Prepaid Expenses	53,782	(292,175)
Other Assets	(23,512)	631
Increase (Decrease) in Liabilities:		
Accounts Payable and Accrued Expenses	407,123	116,890
Operating Lease Liability	(175,284)	(46,645)
Accrued Leave	(76,096)	380,477
Other Current Liabilities	1,221,744	214,626
Post-Retirement Health Obligations	(61,892)	(69,117)
Net Cash (Used in) Provided by Operating Activities	(1,703,285)	1,698,729
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Sale of Investments	2,737,995	1,649,218
Purchase of Investments	(2,766,473)	(1,658,910)
Proceeds from Sale of Land	250,000	-
Purchase of Property and Equipment	(2,512,314)	(1,967,530)
Net Cash Used in Investing Activities	(2,290,792)	(1,977,222)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Line of Credit	500,000	250,000
Principal Payments on Line of Credit	(500,000)	(250,000)
Proceeds from Long-Term Debt	1,800,000	-
Principal Payments on Long-Term Debt	(180,125)	(174,843)
Proceeds from Capital Grants	480,937	1,576,667
Net Cash Provided by Financing Activities	2,100,812	1,401,824
Net Change in Cash and Cash Equivalents	(1,893,265)	1,123,331
CASH AND CASH EQUIVALENTS - Beginning of Year	4,567,146	3,443,815
CASH AND CASH EQUIVALENTS - End of Year	\$ 2,673,881	\$ 4,567,146
Supplemental Disclosure:		
Interest Paid - Note 8	\$ 212,422	\$ 220,741

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

APALACHEE CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

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 instruments 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.

APALACHEE CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

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, 2024 and 2023 was \$419,121 and \$518,576, 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, 2024 AND 2023

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 credit losses, 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, 2024 AND 2023

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 credit loss expense, which is included as a component of other operating program expenses. Credit loss expense was \$40,032 for the year ended June 30, 2024.

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
JUNE 30, 2024 AND 2023

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, 2024, the Corporation received Medicare cost settlements totaling \$43,148 which is reported in net patient service 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 credit loss expense.

APALACHEE CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

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, 2024 and 2023 follows:

	2024	2023
Total Cash Held at Banks	\$ 2,862,825	\$ 4,559,453
Less: Portion Secured by FDIC	(519,038)	(512,693)
Uninsured Cash Balances	\$ 2,343,787	\$ 4,046,760

NOTE 4 – ACCOUNTS RECEIVABLE

At June 30, 2024 and 2023, accounts receivable consisted of the following:

	2024	2023
Patient Fees - First Party	\$ 316,414	\$ 141,748
Patient Fees - Third Party	1,804,009	1,801,954
State and Managing Entity Contracts	5,276,453	2,721,965
County and Other Local Funds	1,272,687	516,512
Other Receivables	1,509,728	698,386
Total Accounts Receivable	10,179,291	5,880,565
Allowance for Credit Losses	(670,000)	(670,000)
Net Accounts Receivable	\$ 9,509,291	\$ 5,210,565

Medicaid reimbursements constituted approximately 43% and 45% of Patient Fees - Third Party accounts receivable at June 30, 2024 and 2023, respectively.

APALACHEE CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

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 tables present the balance of assets measured on a recurring basis.

At June 30, 2024 and 2023, investments were as follows:

2024	Cost	Unrealized Gain (Loss)	Fair Value
Level 1			
Equity Securities	\$ 1,299,175	\$ 1,045,980	\$ 2,345,155
U.S. Government Agency Bonds	159,052	(6,782)	152,270
U.S. Government Notes	1,231,951	(69,077)	1,162,874
Municipal Bonds	456,123	(15,837)	440,286
Corporate Bonds	1,128,400	(52,812)	1,075,588
Foreign Bonds	102,165	(11,526)	90,639
Total Level 1	<u>4,376,866</u>	<u>889,946</u>	<u>5,266,812</u>
Level 3			
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>\$ 4,436,866</u>	<u>\$ 882,324</u>	<u>\$ 5,319,190</u>

APALACHEE CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 5 – FAIR VALUE MEASUREMENTS (continued)

<u>2023</u>	<u>Cost</u>	<u>Unrealized Gain (Loss)</u>	<u>Fair Value</u>
Level 1			
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>
Level 3			
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>

Investment return is summarized as follows:

	<u>2024</u>	<u>2023</u>
Interest and Dividends	\$ 125,755	\$ 115,897
Net Unrealized Gain	500,709	203,699
Net Realized Loss	(32,376)	(22,154)
Total Investment Income	<u>\$ 594,088</u>	<u>\$ 297,442</u>

NOTE 6 – PROPERTY AND EQUIPMENT

At June 30, 2024 and 2023, property and equipment were as follows:

	<u>Lives</u>	<u>2024</u>	<u>2023</u>
Land	N/A	\$ 1,711,106	\$ 1,009,963
Buildings and Improvements	20-40	29,944,708	27,164,155
Furniture, Equipment, and Vehicles	5-10	5,771,629	5,504,907
Total Cost		<u>37,427,443</u>	<u>33,679,025</u>
Less: Accumulated Depreciation		<u>(21,876,978)</u>	<u>(20,968,376)</u>
		15,550,465	12,710,649
Construction-in-Progress		378,911	1,826,876
Total		<u>\$ 15,929,376</u>	<u>\$ 14,537,525</u>

Depreciation expense for the years ended June 30, 2024 and 2023 was \$1,034,243 and \$1,008,558, respectively.

APALACHEE CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 7 – OTHER ASSETS

At June 30, 2024 and 2023, other assets, reported net of accumulated amortization, were comprised of:

	<u>2024</u>	<u>2023</u>
Hospital Organization Costs	\$ 1,500	\$ 3,000
Deposits	39,356	15,844
Total	<u>\$ 40,856</u>	<u>\$ 18,844</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, 2024 and 2023 was \$1,500.

NOTE 8 – LONG-TERM DEBT

	<u>2024</u>	<u>2023</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.	\$ 4,950,334	\$ 5,130,459
Note payable to Truist Bank with regular monthly payments of interest only beginning July 2024 for 36 months with final payment of all principal and interest due June 2027. Prepayment of principal can be made early without penalty. Interest for the loan is variable and was 7.33% at June 30, 2024. The loan is collateralized by accounts receivable.	1,800,000	-
Total Long-Term Debt	<u>6,750,334</u>	<u>5,130,459</u>
Less: Current Portion	(189,270)	(180,925)
Long-Term Debt, Less Current Portion	<u>\$ 6,561,064</u>	<u>\$ 4,949,534</u>

APALACHEE CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 8 – LONG-TERM DEBT (continued)

Long-term debt outstanding at June 30, 2024 matures as follows:

2025	\$ 189,270
2026	197,389
2027	2,005,857
2028	214,196
2029	223,876
Thereafter	3,919,746
TOTAL	<u>\$ 6,750,334</u>

Interest expense for the years ended June 30, 2024 and 2023 was \$212,422 and \$220,741, 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 8.50% at June 30, 2024. The note is collateralized by all contract rights and health care insurance receivables. The line of credit had a zero balance at June 30, 2024 and 2023.

NOTE 9 – NET PATIENT SERVICE REVENUE

The Corporation recognized net patient service revenue for the years ended June 30, 2024 and 2023 as follows:

	<u>2024</u>	<u>2023</u>
Patient Fees – Gross Charges	\$ 34,778,126	\$ 29,750,073
Less:		
Contractual Allowances	(22,303,305)	(19,652,885)
Charity Care	(1,099,614)	(1,165,640)
Net Patient Service Revenue	<u>\$ 11,375,207</u>	<u>\$ 8,931,548</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, 2024 and 2023, 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, 2024 and 2023, the Corporation elected

APALACHEE CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 10 – EMPLOYEE BENEFITS (continued)

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, 2024 and 2023 was \$997,113 and \$922,464, 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, 2024 and 2023 was \$68,544, including service costs totaling \$34,984 for each of the years then ended. Claims paid for the years ended June 30, 2024 and 2023 were \$8,845 and \$19,305, respectively. The post-retirement health obligation for the years ended June 30, 2024 and 2023 was \$474,913 and \$536,805, respectively.

The following assumptions were made to estimate the benefit obligation as of June 30, 2024:

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%

APALACHEE CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 10 – EMPLOYEE BENEFITS (continued)

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

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 eight years are as follows:

2025	\$ 4,928
2026	13,332
2027	23,489
2028	37,206
2029	37,206
2030 – 2032	111,616

Contributions expected to be paid to the plan during the next fiscal year are \$4,928.

NOTE 11 – SELF INSURANCE

The Corporation has elected to self-insure for unemployment compensation claims. Claims paid for the years ended June 30, 2024 and 2023 were \$29,264 and \$26,642, respectively.

APALACHEE CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

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 \$29.3 million and \$27.2 million for the years ended June 30, 2024 and 2023, respectively, representing approximately 59% of total revenues for each of the years then ended. Amounts due from NWFHN under the assigned contracts totaled \$5,276,453 and \$2,539,965 for the years ended June 30, 2024 and 2023, respectively.

NOTE 13 – CONTINGENCIES

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

NOTE 14 – INCOME TAXES

An entity must recognize the impact of uncertain tax positions in the financial statements if it is more likely than not that a tax position taken for tax return purposes will not be sustained upon examination by taxing authorities. The Corporation has concluded that it has no material uncertain tax positions and, accordingly, it has not recognized any liability for unrecognized tax benefits. The Corporation has filed all required tax returns in all jurisdictions in which it operates. Tax years after 2019 remain subject to examination by the applicable taxing authorities.

NOTE 15 – LIQUIDITY AND AVAILABILITY OF RESOURCES

As of June 30, 2024, the Corporation had approximately \$17,500,000 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 \$2,700,000, investments totaling approximately \$5,300,000 and accounts receivable, net of allowance for credit losses, totaling approximately \$9,500,000. 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 \$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.

APALACHEE CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 16 - JOINT VENTURE

In December of 2021, the Corporation along with Tallahassee Memorial Healthcare, Inc. (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 \$552,651 and \$477,954 for the years ended June 30, 2024 and 2023, respectively. Amounts due from Live Oak totaled \$48,588 and \$6,029 for the years ended June 30, 2024 and 2023, respectively.

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. The gross amount received for the years ended June 30, 2024 and 2023 was \$2,488,387 and \$1,592,390, respectively, and are reported in Other Income net of a donation to Florida Essential Healthcare Partnerships Foundation of \$935,000 and \$544,000, respectively, as part of the Local Provider Participation Fund specifications. Total amount of DPP funding receivable at June 30, 2024 and 2023 was \$374,077 and \$0, respectively.

NOTE 18 – CAPITAL GRANT

The Corporation received two fixed capital outlay grants from the State of Florida, Department of Children and Families (DCF) for the construction of two 16 bed residential facilities 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. The Corporation opened one of the residential facilities in October 2023. Total costs incurred on the construction of the second facility were \$365,194 and are included in construction in progress at June 30, 2024.

NOTE 19 – LEASES

The Corporation determines if an arrangement is, or contains, a lease at inception. If material, leases are included in right-of-use (ROU) assets and lease liabilities in the statement of financial position. ROU assets and lease liabilities reflect the present value of the future minimum lease payments over the lease term. Operating lease expense is recognized on a straight-line basis over the lease term. For

APALACHEE CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 19 – LEASES (continued)

finance leases, amortization expense is recognized on a straight-line basis over the lease term. The Corporation does not report ROU assets and lease liabilities for its short-term leases (leases with a term of 12 months or less) and immaterial leases. Instead, the lease payments of these leases are reported as lease expense on a straight-line basis over the lease term. The Corporation has elected to use the risk-free rate as the discount rate for all lease classes.

The Corporation entered into a two-year lease agreement for office space in December 2021. The lease ended in December 2023. Effective January 1, 2024, the Corporation entered into a new five-year lease that includes additional office space. Lease payments are \$6,000 per month, increasing by 3% annually. The Corporation has the option to renew this lease for one additional five-year term with proper written notice. The Corporation is currently not expected to exercise the option.

The Corporation entered into a ten-year lease agreement for office space in February 2024. Lease payments are \$24,138 per month, increasing by 5% annually. The Corporation has the option to renew this lease for two additional five years terms, with proper written notice. The Corporation is currently not expected to exercise the option(s). The Corporation subleases a portion of this office space to Tallahassee Memorial Healthcare, Inc. The sublease term is ten-years and lease payments are \$13,705 per month, increasing by 5% annually.

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:

	June 30, 2024
Assets:	
Operating Lease Right-of-Use Assets	
Office Space	\$ 3,083,364
Copiers and Other Office Equipment	201,873
Total Lease Assets	\$ 3,285,237
Liabilities:	
Current Operating Lease Liabilities	\$ 299,737
Noncurrent Operating Lease Liabilities	3,018,354
Total Lease Liabilities	\$ 3,318,091
Weighted average remaining lease term in years:	8.75
Weighted average discount rate:	3.85%

**APALACHEE CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

NOTE 19 – LEASES (continued)

Operating lease expense for the years ended June 30, 2024 and 2023 was \$258,400 and \$47,717, respectively. Short-term and variable lease expenses for the years ended June 30, 2024 and 2023 were \$197,798 and \$141,743, respectively.

Noncash right-of-use assets recorded in exchange for lease liabilities for the year ended June 30, 2024 totaled \$3,225,051.

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, 2024:

<u>Year ending June 30,</u>		
2025	\$	422,443
2026		441,913
2027		459,853
2028		468,854
2029		395,664
Thereafter		<u>1,765,155</u>
Total		3,953,882
Less: Interest		<u>(635,791)</u>
Total Lease Liabilities	\$	<u>3,318,091</u>

NOTE 20 – EVALUATION OF SUBSEQUENT EVENTS

The Corporation has evaluated subsequent events through December 20, 2024, 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, 2024**

Total Expenses	\$ 48,469,270
Less Other State and Federal Funds:	
Child & Adult Care Food	(52,541)
IDP Drug Program - Line of Credit	(98,180)
Leon County Health Department	(24,275)
Certified Community Behavioral Health Clinic	(656,386)
Centralized Receiving Facility	(2,870,410)
Community Action Team	(2,250,000)
Mobile Response Team	(1,711,665)
Net Medicaid Earnings	(7,358,654)
Less Non-Match SAMH Funds	(9,328,563)
Less Unallowable Costs	(272,571)
	(10,601,700)
Total Allowable Expenses	\$ 23,846,025
Maximum Available Earnings (75% of Allowable)	\$ 17,884,519
Amount of State Funds Requiring Match	\$ 3,109,521
Amount Due to Department of Children & Families	\$ 0

See independent auditor's report.

APALACHEE CENTER, INC.
SCHEDULE OF ACTUAL REVENUES
SUBSTANCE ABUSE & MENTAL HEALTH (SAMH) SERVICES
FOR THE YEAR ENDED JUNE 30, 2024

			STATE-DESIGNATED SAMH COVERED SERVICES								
			STATE SAMH-FUNDED COVERED SERVICES								
			ADULT SUBSTANCE ABUSE			ADULT AND CHILDREN'S MENTAL HEALTH					
FUNDING SOURCES & REVENUES			Detox	Incidental Expenses	Program Total	Case Management	Crisis Stabilization	Drop-In Self-Help	Medical Services	Outpatient Individual	Outpatient Group
STATE SAMH FUNDING											
Expenditure Report											
OCA#	Provider Subcontractor #	Funding Source									
MH001	ME Contract #B0060	Federal/State	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
MH009	ME Contract #B0060	Federal/State	0	0	0	576,036	0	70,000	912,004	258,269	167,219
MH018	ME Contract #B0060	Federal/State	0	0	0	0	3,359,415	0	0	0	0
MH072	ME Contract #B0060	State	0	0	0	229,976	0	0	54,224	37,558	145,868
MHOFT	ME Contract #B0050	Federal/State	0	0	0	0	0	0	0	0	0
MH076	ME Contract #B0060	State	0	0	0	0	0	0	0	0	0
MHOPG	ME Contract #B0070	Federal	0	0	0	74,093	0	0	35,142	37,094	0
MHARP	ME Contract #B0060	State	0	0	0	0	0	0	0	0	0
MH100	ME Contract #B0060	State	0	0	0	0	0	0	0	0	0
MHOCN	ME Contract #B0060	State	0	0	0	76,370	0	0	0	0	0
MHFMH	ME Contract #B0060	State	0	0	0	0	0	0	0	0	0
MHTRV	ME Contract #B0060	State	0	0	0	0	0	0	0	0	0
MHTMH	ME Contract #B0060	State	0	0	0	0	0	0	0	0	0
MSARP	ME Contract #B0060	Federal	211,295	0	211,295	0	0	0	0	0	0
MS021	ME Contract #B0060	Federal/State	685,184	0	685,184	0	0	0	0	0	0
MSOTR	ME Contract #B0060	State	121,781	0	121,781	0	0	0	0	0	0
MSTV2	ME Contract #B0021	Federal	0	20,893	20,893	0	0	0	0	0	0
MHSCR	ME Contract #B0130	State	0	0	0	0	0	0	0	0	0
MHCAT	ME Contract #B0150	State	0	0	0	0	0	0	0	0	0
MHMCT	ME Contract #B0160	Federal/State	0	0	0	0	0	0	0	0	0
MHOBN	ME Contract #B0180	Federal/State	0	0	0	0	0	0	0	0	0
MHOCN	ME Contract #B0804	Federal/State	0	0	0	0	0	0	0	0	0
MH009	ME Contract #B0806	Federal/State	0	0	0	0	0	0	0	414,975	0
MH262	ME Contract #B0021	State	0	0	0	0	0	0	0	0	0
TOTAL STATE SAMH FUNDING			1,018,260	20,893	1,039,153	956,475	3,359,415	70,000	1,001,370	747,896	313,087
OTHER GOVERNMENT FUNDING											
Other State Agency Funding			0	0	0	0	0	0	0	0	0
Medicaid			84,265	0	84,265	822,873	408,422	0	389,793	349,636	1,071,560
Local Government			528,491	0	528,491	0	324,186	0	0	10,300	0
Federal Grants and Contracts			0	0	0	0	0	0	0	0	52,541
TOTAL OTHER GOVERNMENT FUNDING			612,756	0	612,756	822,873	732,608	0	389,793	359,936	1,124,101
OTHER REVENUES											
First & Second Party Payments			5,876	0	5,876	0	135,959	0	0	5,546	660
Third Party Payments (Other Than Medicare)			118,010	0	118,010	0	292,470	0	482,212	360,675	0
Medicare			15,153	0	15,153	0	136,223	0	242,483	79,196	0
Contributions and Donations			0	0	0	0	0	0	0	0	0
Other			0	0	0	0	0	0	0	7,835	0
TOTAL OTHER REVENUES			139,039	0	139,039	0	564,652	0	724,695	453,252	660
TOTAL FUNDING			\$ 1,770,055	\$ 20,893	\$ 1,790,948	\$ 1,779,348	\$ 4,656,675	\$ 70,000	\$ 2,115,858	\$ 1,561,084	\$ 1,437,848

STATE-DESIGNATED SAMH COVERED SERVICES

STATE SAMH-FUNDED COVERED SERVICES

ADULT AND CHILDREN'S MENTAL HEALTH

FUNDING SOURCES & REVENUES			Outreach	Incidentals Transitional Vouchers Network Eval	Short-Term Residential Treatment	Residential Level 4	Room & Board w/Supervision Level 1	Room & Board w/Supervision Level 2	FACT	Crisis Support/ CRF/MRT	FIRST Team
STATE SAMH FUNDING											
Expenditure Report											
OCA#	Provider Subcontractor #	Funding Source									
MH001	ME Contract #B0060	Federal/State	\$ 0	\$ 0	\$ 0	\$ 344,651	\$ 897,653	\$ 1,368,130	\$ 0	\$ 0	\$ 0
MH009	ME Contract #B0060	Federal/State	0	0	0	0	0	0	0	0	0
MH018	ME Contract #B0060	Federal/State	0	0	571,000	0	0	0	0	0	0
MH072	ME Contract #B0060	State	0	0	0	0	4,744,971	102,374	0	0	0
MH0FT	ME Contract #B0050	Federal/State	0	207,728	0	0	0	0	559,849	0	0
MH076	ME Contract #B0060	State	0	26,310	0	0	0	0	0	0	0
MH0PG	ME Contract #B0070	Federal	6,805	8,385	0	0	0	0	0	0	0
MHARP	ME Contract #B0060	State	0	0	511,000	0	0	0	0	0	0
MH100	ME Contract #B0060	State	0	0	0	0	1,839,600	0	0	0	0
MH0CN	ME Contract #B0060	State	0	34,217	0	0	0	0	0	0	0
MHFMH	ME Contract #B0060	State	0	0	0	0	1,401,600	0	0	0	0
MHTRV	ME Contract #B0060	State	0	29,095	0	0	0	0	0	0	0
MHTMH	ME Contract #B0060	State	0	0	0	0	1,593,853	0	0	0	0
MSARP	ME Contract #B0060	Federal	0	0	0	0	0	0	0	0	0
MS021	ME Contract #B0060	Federal/State	0	0	0	0	0	0	0	0	0
MSOTR	ME Contract #B0060	State	0	0	0	0	0	0	0	0	0
MSTV2	ME Contract #B0021	Federal	0	0	0	0	0	0	0	0	0
MHSCR	ME Contract #B0130	State	0	0	0	0	0	0	0	2,870,410	0
MHCAT	ME Contract #B0150	State	0	0	0	0	0	0	0	0	0
MHMCT	ME Contract #B0160	Federal/State	0	0	0	0	0	0	0	1,711,665	0
MH0BN	ME Contract #B0180	Federal/State	0	0	0	0	0	0	0	0	0
MH0CN	ME Contract #B0804	Federal/State	0	0	0	0	0	0	0	0	0
MH009	ME Contract #B0806	Federal/State	0	0	0	0	0	0	0	0	0
MH262	ME Contract #B0021	State	0	0	0	0	0	0	0	0	426,511
TOTAL STATE SAMH FUNDING			6,805	305,735	1,082,000	344,651	10,477,677	1,470,504	559,849	4,582,075	426,511
OTHER GOVERNMENT FUNDING											
Other State Agency Funding			0	0	0	0	0	0	0	0	0
Medicaid			0	0	0	46,315	377,773	165,808	521,118	10,912	0
Local Government			0	0	0	0	0	0	0	450,000	0
Federal Grants and Contracts			0	0	0	0	0	0	0	0	0
TOTAL OTHER GOVERNMENT FUNDING			0	0	0	46,315	377,773	165,808	521,118	460,912	0
OTHER REVENUES											
First & Second Party Payments			0	0	0	62,956	0	98,133	0	0	0
Third Party Payments (Other Than Medicare)			0	0	0	280	15,975	470	0	1,402	0
Medicare			0	0	0	8,266	56,207	9,700	0	122	0
Contributions and Donations			0	0	0	0	0	0	0	0	0
Other			0	0	0	0	0	0	0	600,000	0
TOTAL OTHER REVENUES			0	0	0	71,502	72,182	108,303	0	601,524	0
TOTAL FUNDING			\$ 6,805	\$ 305,735	\$ 1,082,000	\$ 462,468	\$ 10,927,632	\$ 1,744,615	\$ 1,080,967	\$ 5,644,511	\$ 426,511

STATE-DESIGNATED SAMH COVERED SERVICES

STATE SAMH-FUNDED COVERED SERVICES

ADULT AND CHILDREN'S MENTAL HEALTH

FUNDING SOURCES & REVENUES			Care	Community	BNET	Program	Total	Non-State-	Total	Non-SAMH	Total	
			Coordination	Action Team		Total		Funded SAMH Covered Services		Covered Services		
STATE SAMH FUNDING												
Expenditure Report												
OCA#	Provider Subcontractor #	Funding Source										
MH001	ME Contract #B0060	Federal/State	\$ 0	\$ 0	\$ 0	\$ 2,610,434	\$ 2,610,434	\$ 0	\$ 2,610,434	\$ 0	\$ 2,610,434	\$ 2,610,434
MH009	ME Contract #B0060	Federal/State	0	0	0	1,983,528	1,983,528	0	1,983,528	0	1,983,528	1,983,528
MH018	ME Contract #B0060	Federal/State	0	0	0	3,930,415	3,930,415	0	3,930,415	0	3,930,415	3,930,415
MH072	ME Contract #B0060	State	0	0	0	5,314,971	5,314,971	0	5,314,971	0	5,314,971	5,314,971
MHOFT	ME Contract #B0050	Federal/State	0	0	0	767,577	767,577	0	767,577	0	767,577	767,577
MH076	ME Contract #B0060	State	0	0	0	26,310	26,310	0	26,310	0	26,310	26,310
MHOPG	ME Contract #B0070	Federal	0	0	0	161,519	161,519	0	161,519	0	161,519	161,519
MHARP	ME Contract #B0060	State	0	0	0	511,000	511,000	0	511,000	0	511,000	511,000
MH100	ME Contract #B0060	State	0	0	0	1,839,600	1,839,600	0	1,839,600	0	1,839,600	1,839,600
MHOCN	ME Contract #B0060	State	0	0	0	110,587	110,587	0	110,587	0	110,587	110,587
MHFMH	ME Contract #B0060	State	0	0	0	1,401,600	1,401,600	0	1,401,600	0	1,401,600	1,401,600
MHTRV	ME Contract #B0060	State	0	0	0	29,095	29,095	0	29,095	0	29,095	29,095
MHTMH	ME Contract #B0060	State	0	0	0	1,593,853	1,593,853	0	1,593,853	0	1,593,853	1,593,853
MSARP	ME Contract #B0060	Federal	0	0	0	0	211,295	0	211,295	0	211,295	211,295
MS021	ME Contract #B0060	Federal/State	0	0	0	0	685,184	0	685,184	0	685,184	685,184
MSOTR	ME Contract #B0060	State	0	0	0	0	121,781	0	121,781	0	121,781	121,781
MSTV2	ME Contract #B0021	Federal	0	0	0	0	20,893	0	20,893	0	20,893	20,893
MHSCR	ME Contract #B0130	State	0	0	0	2,870,410	2,870,410	0	2,870,410	0	2,870,410	2,870,410
MHCAT	ME Contract #B0150	State	0	2,250,000	0	2,250,000	2,250,000	0	2,250,000	0	2,250,000	2,250,000
MHMCT	ME Contract #B0160	Federal/State	0	0	0	1,711,665	1,711,665	0	1,711,665	0	1,711,665	1,711,665
MHOBN	ME Contract #B0180	Federal/State	0	0	251,864	251,864	251,864	0	251,864	0	251,864	251,864
MHOCN	ME Contract #B0804	Federal/State	117,000	0	0	117,000	117,000	0	117,000	0	117,000	117,000
MH009	ME Contract #B0806	Federal/State	0	0	0	414,975	414,975	0	414,975	0	414,975	414,975
MH262	ME Contract #B0021	State	0	0	0	426,511	426,511	0	426,511	0	426,511	426,511
TOTAL STATE SAMH FUNDING			117,000	2,250,000	251,864	28,322,914	29,362,067	0	29,362,067	0	29,362,067	29,362,067
OTHER GOVERNMENT FUNDING												
Other State Agency Funding			0	0	0	0	0	332,124	332,124	480,937	813,061	
Medicaid			0	0	0	4,164,210	4,248,475	2,914,359	7,162,834	195,820	7,358,654	
Local Government			0	0	0	784,486	1,312,977	247,994	1,560,971	24,370	1,585,341	
Federal Grants and Contracts			0	0	0	52,541	52,541	419,121	471,662	656,386	1,128,048	
TOTAL OTHER GOVERNMENT FUNDING			0	0	0	5,001,237	5,613,993	3,913,598	9,527,591	1,357,513	10,885,104	
OTHER REVENUES												
First & Second Party Payments			0	0	0	303,254	309,130	0	309,130	59,712	368,842	
Third Party Payments (Other Than Medicare)			0	0	0	1,153,484	1,271,494	1,158,937	2,430,431	201,226	2,631,657	
Medicare			0	0	0	532,197	547,350	1,722,452	2,269,802	25,218	2,295,020	
Contributions and Donations			0	0	0	0	0	0	0	21,000	21,000	
Other			0	0	0	607,835	607,835	19,939	627,774	3,397,650	4,025,424	
TOTAL OTHER REVENUES			0	0	0	2,596,770	2,735,809	2,901,328	5,637,137	3,704,806	9,341,943	
TOTAL FUNDING			\$ 117,000	\$ 2,250,000	\$ 251,864	\$ 35,920,921	\$ 37,711,869	\$ 6,814,926	\$ 44,526,795	\$ 5,062,319	\$ 49,589,114	

See independent auditor's report.

STATE-DESIGNATED SAMH COVERED SERVICES											
STATE SAMH-FUNDED COVERED SERVICES											
ADULT AND CHILDREN'S MENTAL HEALTH											
EXPENSE CATEGORIES	Care	Community		Program		Non-State-		Non-SAMH	Other		Total
	Coordination	Action Team	BNET	Total	Total	Funded SAMH Covered Services	Total	Covered Services	Support Costs Non-allocated	Administration	Expenses
PERSONNEL EXPENSES											
Salaries	\$ 81,367	\$ 1,443,372	\$ 70,823	\$ 19,832,290	\$ 20,824,914	\$ 3,693,592	\$ 24,518,506	\$ 1,294,078	\$ 222,904	\$ 2,769,151	\$ 28,804,639
Fringe Benefits	14,511	262,563	11,571	2,791,597	2,942,503	546,555	3,489,058	300,440	38,348	797,604	4,625,450
TOTAL PERSONNEL EXPENSES	95,878	1,705,935	82,394	22,623,887	23,767,417	4,240,147	28,007,564	1,594,518	261,252	3,566,755	33,430,089
OTHER EXPENSES											
Building Occupancy	0	100,981	0	2,321,406	2,456,762	380,853	2,837,615	152,978	4,351	194,772	3,189,716
Professional Services	564	2,974	106,063	171,822	172,497	6,736	179,233	10,151	2,787	682,115	874,286
Travel	2,385	32,739	2,175	184,802	186,259	5,418	191,677	2,439	701	14,554	209,371
Equipment	211	16,490	338	416,857	429,795	47,531	477,326	17,727	1,022	154,183	650,258
Food Services	0	450	0	1,588,023	1,637,229	259,321	1,896,550	717	250	4,268	1,901,785
Medical and Pharmacy	0	714	15,427	1,106,411	1,201,848	380,810	1,582,658	297,710	5	9,967	1,890,340
Subcontracted Services	3,327	24,798	1,630	2,229,540	2,283,232	493,943	2,777,175	25,696	12,538	356,948	3,172,357
Insurance	1,708	29,183	1,491	627,285	654,845	124,125	778,970	19,601	1,708	46,069	846,348
Interest Paid	0	0	0	103,069	129,264	72,608	201,872	0	0	0	201,872
Operating Supplies & Expenses	0	25,688	6,401	780,299	816,540	138,087	954,627	14,590	14,123	156,991	1,140,331
Other	1,361	14,098	1,419	521,484	554,453	120,163	674,616	22,898	40,094	224,909	962,517
TOTAL OTHER EXPENSES	9,556	248,115	134,944	10,050,998	10,522,724	2,029,595	12,552,319	564,507	77,579	1,844,776	15,039,181
TOTAL PERSONNEL & OTHER EXPENSES	105,434	1,954,050	217,338	32,674,885	34,290,141	6,269,742	40,559,883	2,159,025	338,831	5,411,531	48,469,270
DISTRIBUTED INDIRECT ADMINISTRATIVE COSTS	15,031	352,045	37,083	3,991,751	4,198,547	853,552	5,052,099	359,432	0	(5,411,531)	0
TOTAL ACTUAL OPERATING EXPENSES	120,465	2,306,095	254,421	36,666,636	38,488,688	7,123,294	45,611,982	2,518,457	338,831	0	48,469,270
LESS UNALLOWABLE COSTS	678	12,976	1,432	204,599	214,734	41,802	256,536	16,035	0	0	272,571
TOTAL ALLOWABLE OPERATING EXPENSES	\$ 119,787	\$ 2,293,119	\$ 252,989	\$ 36,462,037	\$ 38,273,954	\$ 7,081,492	\$ 45,355,446	\$ 2,502,422	\$ 338,831	\$ 0	\$ 48,196,699
CAPITAL EXPENDITURES	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 480,937	\$ 0	\$ 0	\$ 0

See independent auditor's report.

APALACHEE CENTER, INC.
SCHEDULE OF BED-DAY AVAILABILITY PAYMENTS
FOR THE YEAR ENDED JUNE 30, 2024

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	10,220	2,336	7,884	\$3,215,145	\$3,278,561	\$0
Adult Mental Health	Forensic Room & Board w/ Supervision Level I	\$312.01	35,040	0	35,040	\$9,580,024	\$10,932,830	\$0
Adult Mental Health	Forensic Room & Board w/ Supervision Level II	\$181.57	564	0	564	\$102,374	\$102,405	\$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	347	0	347	\$144,270	\$144,300	\$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								\$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, 2024

	<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	\$ 656,389
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	19,448
Block Grants for Community Mental Health Services	93.958	B0021	426,511
Block Grants for Community Mental Health Services	93.958	B0060	1,970,570
Block Grants for Community Mental Health Services	93.958	B0806	68,974
Block Grants for Community Mental Health Services	93.958	B0150	115,569
Block Grants for Community Mental Health Services	93.958	B0160	204,451
Block Grants for Prevention and Treatment of Substance Abuse	93.959	B0060	565,888
Florida Assertive Community Treatment Program			
Block Grants for Community Mental Health Services	93.958	B0050	101,794
<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	52,541
TOTAL FEDERAL AWARDS			\$ 4,343,654
<u>STATE:</u>			
<u>State of Florida Department of Children & Families</u>			
Pass-through from Gadsden County Sheriff's Office			
Criminal Justice, Mental Health, and Substance Abuse			
Reinvestment Grant Program	60.115	LHZ96	\$ 27,126
Pass-through from Northwest Florida Heath Network			
Forensic Services and Competency Restoration Training	60.114	B0060	1,401,600
Substance Abuse and Mental Health Community Services	60.153	B0060	1,839,600
Centralized Receiving Systems	60.163	B0130	2,870,410
TOTAL STATE FINANCIAL ASSISTANCE			\$ 6,138,736

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, 2024. 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, 2024.
- (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.

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, 2024, 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, 2024.

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.

Law Redd Crona + Munroe P.A.

LAW, REDD, CRONA & MUNROE, P.A.
Tallahassee, Florida
December 20, 2024

**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, 2024. 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, 2024.

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.

LAW, REDD, CRONA & MUNROE, P.A.
Tallahassee, Florida
December 20, 2024

**APALACHEE CENTER, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2024**

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>
	93.959	U.S. Department of Health and Human Services Pass-through from Northwest Florida Health Network Block Grants for Prevention and Treatment of Substance Abuse
	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.
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2024**

Federal Programs – None

State Financial Assistance Projects - None

See independent auditor's report.