

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

FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

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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, 2025 and 2024, 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, 2025 and 2024, 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 23, 2025, 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 23, 2025

APALACHEE CENTER, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2025 AND 2024

ASSETS

	2025	2024
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 1,687,149	\$ 2,673,881
Accounts Receivable, Net of Allowance for Credit Losses	8,060,892	9,509,291
Investments	5,688,536	5,319,190
Inventories	145,185	71,872
Prepaid Expenses	1,204,327	851,370
Total Current Assets	16,786,089	18,425,604
PROPERTY AND EQUIPMENT, NET	17,721,432	15,929,376
OTHER ASSETS	39,356	40,856
OPERATING LEASE RIGHT-OF-USE ASSETS	2,922,862	3,285,237
TOTAL ASSETS	\$ 37,469,739	\$ 37,681,073

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 3,535,482	\$ 2,515,596
Current Operating Lease Liabilities	331,236	299,737
Current Portion of Post-Retirement Health Obligations	12,687	4,928
Current Portion of Long-Term Debt	197,389	189,270
Current Portion of Accrued Leave	817,803	658,666
Other Current Liabilities	1,328,355	1,636,311
Total Current Liabilities	6,222,952	5,304,508
LONG-TERM LIABILITIES		
Long-Term Portion of Operating Lease Liabilities	2,687,044	3,018,354
Long-Term Portion of Post-Retirement Health Obligations	1,034,406	469,985
Long-Term Portion of Accrued Leave	512,617	563,781
Long-Term Debt, Less Current Portion	5,138,675	6,561,064
Total Long-Term Liabilities	9,372,742	10,613,184
Total Liabilities	15,595,694	15,917,692
NET ASSETS WITHOUT DONOR RESTRICTIONS	21,874,045	21,763,381
TOTAL LIABILITIES AND NET ASSETS	\$ 37,469,739	\$ 37,681,073

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, 2025 AND 2024

	Without Donor Restrictions	
	2025	2024
REVENUES:		
Net Patient Service Revenue	\$ 11,687,782	\$ 11,375,207
Premium Revenue	1,553,678	1,696,685
Federal Contract	-	656,386
State and Managing Entity Contracts	31,967,758	29,746,732
County and Other Local Funds	1,538,416	1,585,245
Investment Income	523,491	594,088
Other Income	3,284,698	3,453,834
Total Revenues	50,555,823	49,108,177
EXPENSES:		
Program Services:		
Outpatient	11,332,478	10,953,472
Inpatient	13,423,577	12,510,431
Crisis Services	5,717,566	5,313,788
Residential	12,575,589	11,834,465
Other	2,431,240	2,130,123
Total Program Services	45,480,450	42,742,279
Support Services:		
Administrative	6,768,035	5,726,991
Total Expenses	52,248,485	48,469,270
Total Operating (Loss) Income	(1,692,662)	638,907
NON-OPERATING REVENUES		
Capital Grants	1,803,326	480,937
Change in Net Assets	110,664	1,119,844
NET ASSETS - Beginning of Year	21,763,381	20,643,537
NET ASSETS - End of Year	\$ 21,874,045	\$ 21,763,381

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

APALACHEE CENTER, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2025

	PROGRAM SERVICES					Total	Administrative	Total Expenses
	Outpatient	Inpatient	Crisis Services	Residential	Other			
PERSONNEL SERVICES								
Salaries	\$ 6,802,740	\$ 7,652,875	\$ 4,354,940	\$ 6,764,829	\$ 1,360,287	\$ 26,935,671	\$ 3,482,945	\$ 30,418,616
Fringe Benefits	1,437,780	1,359,607	711,630	1,384,940	349,280	5,243,237	1,522,892	6,766,129
Total Personnel Services	8,240,520	9,012,482	5,066,570	8,149,769	1,709,567	32,178,908	5,005,837	37,184,745
EXPENSES								
Contracted Medical Services	552,618	970,124	224,433	548,511	15,983	2,311,669	60	2,311,729
Telecommunications	200,529	88,401	34,008	79,718	12,539	415,195	102,950	518,145
Repairs and Maintenance	706,860	558,526	26,780	664,980	30,836	1,987,982	50,247	2,038,229
Utilities and Fuel	169,578	163,339	17,107	230,111	49,382	629,517	85,582	715,099
Information Technology	231,009	314,167	131,282	384,734	33,315	1,094,507	-	1,094,507
Professional Services	115,560	21,410	721	24,385	9,506	171,582	661,086	832,668
Medical and Pharmacy	6,572	338,634	-	166,863	125,713	637,782	632	638,414
Food Expenses	138,153	637,707	-	1,299,918	2,530	2,078,308	15,244	2,093,552
Supplies	87,004	272,183	38,319	264,741	31,277	693,524	204,110	897,634
Insurance	244,011	251,003	69,874	312,889	19,637	897,414	74,700	972,114
Client Expenditures	180,648	121	-	4,989	-	185,758	-	185,758
Travel	101,608	6,043	3,513	7,667	1,345	120,176	5,444	125,620
Staff Recruitment and Training	57,488	71,099	20,889	90,765	6,621	246,862	139,472	386,334
Other Operating	145,397	93,600	1,775	106,832	345,045	692,649	240,865	933,514
Interest Expense	-	178,999	21,408	-	-	200,407	89,648	290,055
Credit Loss Expense	-	42,608	-	-	-	42,608	-	42,608
Depreciation and Amortization	154,923	403,131	60,887	238,717	37,944	895,602	92,158	987,760
Total Operating Expenses	3,091,958	4,411,095	650,996	4,425,820	721,673	13,301,542	1,762,198	15,063,740
TOTAL EXPENSES	\$ 11,332,478	\$ 13,423,577	\$ 5,717,566	\$ 12,575,589	\$ 2,431,240	\$ 45,480,450	\$ 6,768,035	\$ 52,248,485

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.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 110,664	\$ 1,119,844
Adjustments to Reconcile Change in Net Assets to Net Cash		
(Used in) Provided by Operating Activities:		
Depreciation and Amortization	987,760	1,035,743
Provision for Credit Losses	42,608	40,032
Gain on Sale of Assets	(5,055)	(163,780)
Net Realized and Unrealized Gain on Investments	(351,599)	(468,333)
Grant Revenue Provided for Capital Assets	(1,803,326)	(480,937)
Operating Lease Right-of-Use Assets	362,375	207,066
(Increase) Decrease in Assets:		
Accounts Receivable	1,405,791	(4,338,758)
Inventories	(73,313)	(27)
Prepaid Expenses	(352,957)	53,782
Other Assets	-	(23,512)
Increase (Decrease) in Liabilities:		
Accounts Payable and Accrued Expenses	1,019,886	407,123
Operating Lease Liability	(299,811)	(175,284)
Accrued Leave	107,973	(76,096)
Other Current Liabilities	(307,956)	1,221,744
Post-Retirement Health Obligations	572,180	(61,892)
Net Cash Provided by (Used in) Operating Activities	1,415,220	(1,703,285)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Sale of Investments	2,751,711	2,737,995
Purchase of Investments	(2,769,458)	(2,766,473)
Proceeds from Sale of Property and Equipment	5,055	250,000
Purchase of Property and Equipment	(2,778,316)	(2,512,314)
Net Cash Used in Investing Activities	(2,791,008)	(2,290,792)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Line of Credit	1,450,000	500,000
Principal Payments on Line of Credit	(1,450,000)	(500,000)
Proceeds from Long-Term Debt	-	1,800,000
Principal Payments on Long-Term Debt	(1,414,270)	(180,125)
Proceeds from Capital Grants	1,803,326	480,937
Net Cash Provided by Financing Activities	389,056	2,100,812
Net Change in Cash and Cash Equivalents	(986,732)	(1,893,265)
CASH AND CASH EQUIVALENTS - Beginning of Year	2,673,881	4,567,146
CASH AND CASH EQUIVALENTS - End of Year	\$ 1,687,149	\$ 2,673,881
Supplemental Disclosure:		
Interest Paid - Note 8	\$ 290,055	\$ 212,422

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

APALACHEE CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

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, 2025 AND 2024**

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 Payout at Resignation</u>	<u>Hired on or before 12/31/17 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, 2025 and 2024 was \$487,689 and \$419,121, 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, 2025 AND 2024

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, 2025 AND 2024

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 \$42,608 and \$40,032 for the years ended June 30, 2025 and 2024, respectively.

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, 2025.
- *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, 2025 AND 2024

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, 2025 and 2024, the Corporation received Medicare cost settlements resulting in a net payable of \$6,020 and a net settlement receivable of \$43,148, respectively. These amounts are included 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, 2025 AND 2024

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, 2025 and 2024 follows:

	2025	2024
Total Cash Held at Banks	\$ 1,757,230	\$ 2,862,825
Less: Portion Secured by FDIC	(525,195)	(519,038)
Uninsured Cash Balances	\$ 1,232,035	\$ 2,343,787

NOTE 4 – ACCOUNTS RECEIVABLE

At June 30, 2025 and 2024, accounts receivable consisted of the following:

	2025	2024
Patient Fees - First Party	\$ 334,257	\$ 316,414
Patient Fees - Third Party	1,779,428	1,804,009
State and Managing Entity Contracts	5,284,937	5,276,453
County and Other Local Funds	874,104	1,272,687
Other Receivables	458,166	1,509,728
Total Accounts Receivable	8,730,892	10,179,291
Allowance for Credit Losses	(670,000)	(670,000)
Net Accounts Receivable	\$ 8,060,892	\$ 9,509,291

Medicaid reimbursements constituted approximately 41% and 43% of Patient Fees - Third Party accounts receivable at June 30, 2025 and 2024, respectively.

APALACHEE CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

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, 2025 and 2024, investments were as follows:

<u>2025</u>	<u>Cost</u>	<u>Unrealized Gain (Loss)</u>	<u>Fair Value</u>
Level 1			
Equity Securities	\$ 1,522,399	\$ 1,053,305	\$ 2,575,704
U.S. Government Agency Bonds	45,730	(1,434)	44,296
U.S. Government Notes	1,447,048	(30,644)	1,416,404
Municipal Bonds	390,270	(5,062)	385,208
Corporate Bonds	1,088,058	(2,117)	1,085,941
Foreign Bonds	97,492	(4,642)	92,850
Total Level 1	<u>4,590,997</u>	<u>1,009,406</u>	<u>5,600,403</u>
Level 3			
PSN Shares	10,000	-	10,000
BHP Shares	85,908	(7,775)	78,133
Total Level 3	<u>95,908</u>	<u>(7,775)</u>	<u>88,133</u>
Total Investments	<u>\$ 4,686,905</u>	<u>\$ 1,001,631</u>	<u>\$ 5,688,536</u>

APALACHEE CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 5 – FAIR VALUE MEASUREMENTS (continued)

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>

Investment return is summarized as follows:

	2025	2024
Interest and Dividends	\$ 171,892	\$ 125,755
Net Unrealized Gain	119,307	500,709
Net Realized Gain (Loss)	232,292	(32,376)
Total Investment Income	<u>\$ 523,491</u>	<u>\$ 594,088</u>

NOTE 6 – PROPERTY AND EQUIPMENT

At June 30, 2025 and 2024, property and equipment were as follows:

	Lives	2025	2024
Land	N/A	\$ 1,711,106	\$ 1,711,106
Buildings and Improvements	20-40	30,053,321	29,944,708
Furniture, Equipment, and Vehicles	5-10	5,637,787	5,771,629
Total Cost		<u>37,402,214</u>	<u>37,427,443</u>
Less: Accumulated Depreciation		<u>(22,636,307)</u>	<u>(21,876,978)</u>
		14,765,907	15,550,465
Construction-in-Progress		2,955,525	378,911
Total		<u>\$ 17,721,432</u>	<u>\$ 15,929,376</u>

Depreciation expense for the years ended June 30, 2025 and 2024 was \$986,260 and \$1,034,243, respectively.

APALACHEE CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 7 – OTHER ASSETS

At June 30, 2025 and 2024, other assets, reported net of accumulated amortization, were comprised of:

	<u>2025</u>	<u>2024</u>
Hospital Organization Costs	\$ -	\$ 1,500
Deposits	39,356	39,356
Total	<u>\$ 39,356</u>	<u>\$ 40,856</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, 2025 and 2024 was \$1,500.

NOTE 8 – LONG-TERM DEBT

	<u>2025</u>	<u>2024</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.	\$ 4,761,064	\$ 4,950,334
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 6.31% and 7.33% at June 30, 2025 and 2024, respectively. The loan is collateralized by accounts receivable.	<u>575,000</u>	<u>1,800,000</u>
Total Long-Term Debt	5,336,064	6,750,334
Less: Current Portion	(197,389)	(189,270)
Long-Term Debt, Less Current Portion	<u>\$ 5,138,675</u>	<u>\$ 6,561,064</u>

APALACHEE CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 8 – LONG-TERM DEBT (continued)

Long-term debt outstanding at June 30, 2025 matures as follows:

2026	\$	197,389
2027		780,857
2028		214,196
2029		223,876
2030		233,479
Thereafter		3,686,267
TOTAL	\$	<u>5,336,064</u>

Interest expense for the years ended June 30, 2025 and 2024 was \$290,055 and \$212,422, respectively.

The Corporation had a line of credit with Truist Bank up to \$1,000,000. The line of credit matured March 2025. A new line of credit was obtained with a credit limit up to \$1,500,000 and the maturity date is March 2027. All principal and interest are due at maturity. The interest rate is variable and is the Prime Rate. The Prime Rate was 7.50% at June 30, 2025. The note is collateralized by all assets of the Corporation. The line of credit had a zero balance at June 30, 2025.

NOTE 9 – NET PATIENT SERVICE REVENUE

The Corporation recognized net patient service revenue for the years ended June 30, 2025 and 2024 as follows:

	<u>2025</u>	<u>2024</u>
Patient Fees – Gross Charges	\$ 36,893,333	\$ 32,067,111
Less:		
Contractual Allowances	(23,635,069)	(19,592,290)
Charity Care	(1,570,482)	(1,099,614)
Net Patient Service Revenue	<u>\$ 11,687,782</u>	<u>\$ 11,375,207</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, 2025 and 2024, 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, 2025 and 2024, the Corporation elected

APALACHEE CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

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, 2025 and 2024 was \$1,210,446 and \$997,113, respectively.

Post-Retirement Health Plan

The Corporation has a post-retirement health care plan (the 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, 2025 and 2024 was \$135,218 and \$68,544, including service costs totaling \$51,824 and \$34,984, respectively. Claims paid for the years ended June 30, 2025 and 2024 were \$0 and \$8,845, respectively. The post-retirement health obligation for the years ended June 30, 2025 and 2024 was \$1,047,093 and \$474,913, respectively. The actuary determined a one percentage point increase in the assumed healthcare trend rate could increase the post-retirement health obligation by \$112,090 or a one percentage point decrease in the assumed healthcare trend rate could decrease the post-retirement health obligation by \$99,901.

During the year ended June 30, 2025, there was a significant increase in the post-retirement health obligation. The increase was caused by lower than expected turnover and a larger than expected increase in medical and dental premiums. The medical and dental premiums were assumed to increase approximately 13.9%, but the actual increase was approximately 23.7%, resulting in a higher assumption used to estimate the post-retirement benefit obligation.

The following assumptions were made to estimate the benefit obligation as of June 30, 2025:

1. The valuation date was June 30, 2024.
2. The assumed discount rate utilized was 5.45%. The assumed healthcare cost trend rate was 3.00% with an ultimate rate of 4.14% in 2043.
3. The assumed termination rates for employees were as follows:

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

**APALACHEE CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

NOTE 10 – EMPLOYEE BENEFITS (continued)

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. 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.

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

2026	\$	12,687
2027		25,308
2028		27,990
2029		29,373
2030		82,380
2030 – 2034		329,518

Contributions expected to be paid during the next fiscal year are \$12,687.

NOTE 11 – SELF INSURANCE

The Corporation has elected to self-insure for unemployment compensation claims. Claims paid for the years ended June 30, 2025 and 2024 were \$18,477 and \$29,264, respectively.

APALACHEE CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

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 \$31.0 million and \$29.3 million for the years ended June 30, 2025 and 2024, respectively, representing approximately 59% of total revenues for each of the years then ended. Amounts due from NWFHN under the assigned contracts totaled \$5,284,937 and \$5,276,453 for the years ended June 30, 2025 and 2024, 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 2020 remain subject to examination by the applicable taxing authorities.

NOTE 15 – LIQUIDITY AND AVAILABILITY OF RESOURCES

As of June 30, 2025, the Corporation had approximately \$15,500,000 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 \$1,700,000, investments totaling approximately \$5,700,000 and accounts receivable, net of allowance for credit losses, totaling approximately \$8,100,000. 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 \$1,500,000, which it could draw upon in the event of an unanticipated liquidity need. The Corporation is subject to certain covenants with respect to its long-term debt. Those covenants include a requirement to maintain total liquid assets of not less than \$2,000,000 at all times. Except for this requirement, the Corporation's remaining financial assets are not subject to donor or other contractual restrictions that would make them unavailable for general expenditures within one year of the statement of financial position date.

APALACHEE CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

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 \$546,520 and \$552,651 for the years ended June 30, 2025 and 2024, respectively. Amounts due from Live Oak totaled \$107,850 and \$48,588 for the years ended June 30, 2025 and 2024, 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, 2025 and 2024 was \$2,058,552 and \$2,488,387, respectively, and are reported in Other Income net of a donation to Florida Essential Healthcare Partnerships Foundation of \$814,000 and \$935,000, respectively, and net of a payment to Leon County of \$86,224 and \$0, respectively, paid by the Corporation as part of the Local Provider Participation Fund specifications. Total amount of DPP funding receivable at June 30, 2025 and 2024 was \$116,522 and \$374,077, 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 and the second facility has not been opened.

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, 2025 AND 2024

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 five-year lease effective January 1, 2024 for 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, 2025
Assets:	
Operating Lease Right-of-Use Assets	
Office Space	\$ 2,773,996
Copiers and Other Office Equipment	148,866
Total Lease Assets	\$ 2,922,862
Liabilities:	
Current Operating Lease Liabilities	\$ 331,236
Noncurrent Operating Lease Liabilities	2,687,044
Total Lease Liabilities	\$ 3,018,280
Weighted average remaining lease term in years:	7.87
Weighted average discount rate:	3.86%

APALACHEE CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 19 – LEASES (continued)

Operating lease expense for the years ended June 30, 2025 and 2024 was \$485,311 and \$258,400, respectively. Short-term and variable lease expenses for the years ended June 30, 2025 and 2024 were \$165,151 and \$197,798, respectively.

Noncash right-of-use assets recorded in exchange for lease liabilities for the year ended June 30, 2025 and 2024 totaled \$0 and \$3,225,051, respectively.

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, 2025:

<u>Year ending June 30,</u>	
2026	\$ 441,913
2027	459,853
2028	468,853
2029	395,664
2030	365,194
Thereafter	<u>1,399,962</u>
Total	3,531,439
Less: Interest	<u>(513,159)</u>
Total Lease Liabilities	<u><u>\$ 3,018,280</u></u>

NOTE 20 – EVALUATION OF SUBSEQUENT EVENTS

The Corporation has evaluated subsequent events through December 23, 2025, the date which the financial statements were available to be issued.

In September 2025, the Corporation obtained a new loan for \$1,800,000. The interest rate is variable and is secured by all assets of the Corporation. The loan matures September 2028.

SUPPLEMENTAL INFORMATION

**APALACHEE CENTER, INC.
SCHEDULE OF STATE EARNINGS
FOR THE YEAR ENDED JUNE 30, 2025**

Total Expenses	\$ 52,248,485
Less Other State and Federal Funds:	
Child & Adult Care Food	(57,294)
IDP Drug Program - Line of Credit	(98,182)
Leon County Health Department	(44,315)
Centralized Receiving Facility	(2,789,586)
Community Action Team	(2,208,923)
Mobile Response Team	(2,411,665)
Net Medicaid Earnings	(6,702,234)
Less Non-Match SAMH Funds	(10,429,739)
Less Unallowable Costs	(309,885)
	(10,739,624)
Total Allowable Expenses	\$ 27,196,662
Maximum Available Earnings (75% of Allowable)	\$ 20,397,497
Amount of State Funds Requiring Match	\$ 3,476,580
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, 2025

			STATE-DESIGNATED SAMH COVERED SERVICES								
			STATE SAMH-FUNDED COVERED SERVICES								
			ADULT SUBSTANCE ABUSE			ADULT AND CHILDREN'S MENTAL HEALTH					
FUNDING SOURCES & REVENUES			Detox	Involuntary Services	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	927,526	253,014	172,474
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	54,230	37,558	145,868
MH0FT	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
MH0PG	ME Contract #B0070	Federal	0	0	0	51,134	0	0	31,463	11,915	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
MH0CN	ME Contract #B0060	State	0	0	0	21,851	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
MS021	ME Contract #B0060	Federal/State	815,049	0	815,049	0	0	0	0	0	0
MSOTR	ME Contract #B0060	State	169,153	0	169,153	0	0	0	0	0	0
MSOCB	ME Contract #B0060	State	0	32,630	32,630	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
MHOCB	ME Contract #B0060	State	0	0	0	0	0	0	0	0	0
MHOCB	ME Contract #B0130	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
MH1BH	ME Contract #V0165	State	0	0	0	0	0	0	0	0	0
MH0CN	ME Contract #B0804	State	0	0	0	0	0	0	0	0	0
MH009	ME Contract #B0070	Federal/State	0	0	0	29,149	0	0	0	29,149	0
MH009	ME Contract #B0806	Federal/State	0	0	0	0	0	0	0	323,400	0
MH026	ME Contract #B0021	Federal	0	0	0	0	0	0	0	0	0
TOTAL STATE SAMH FUNDING			984,202	32,630	1,016,832	908,146	3,359,415	70,000	1,013,219	655,036	318,342
OTHER GOVERNMENT FUNDING											
Other State Agency Funding			0	0	0	0	0	0	0	0	0
Medicaid			121,813	0	121,813	733,177	241,008	0	366,249	302,169	789,186
Local Government			287,576	0	287,576	0	881,053	0	0	6,000	0
Federal Grants and Contracts			0	0	0	0	0	0	0	0	57,294
TOTAL OTHER GOVERNMENT FUNDING			409,389	0	409,389	733,177	1,122,061	0	366,249	308,169	846,480
OTHER REVENUES											
First & Second Party Payments			11,478	0	11,478	172	0	0	16,682	30,040	0
Third Party Payments (Other Than Medicare)			342,258	0	342,258	0	139,305	0	369,655	132,587	0
Medicare			99,728	0	99,728	0	217,777	0	215,342	31,498	0
Contributions and Donations			0	0	0	0	0	0	0	0	0
Other			0	0	0	0	20	0	8,875	0	0
TOTAL OTHER REVENUES			453,464	0	453,464	172	357,102	0	610,554	194,125	0
TOTAL FUNDING			\$ 1,847,055	\$ 32,630	\$ 1,879,685	\$ 1,641,495	\$ 4,838,578	\$ 70,000	\$ 1,990,022	\$ 1,157,330	\$ 1,164,822

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	FACT	Crisis	FIRST	Care	
			Transitional	Residential	Level 4	w/Supervision	w/Supervision		Support/	Team	Coordination	
Report OCA#	Provider Subcontractor #	Funding Source	Outreach	Network Eval	Treatment	Level 4	Level 1	Level 2	CRF/MRT	Team	Coordination	
STATE SAMH FUNDING												
Expenditure												
MH001	ME Contract #B0060	Federal/State	\$ 0	\$ 0	\$ 0	\$ 367,210	\$ 510,978	\$ 1,061,644	\$ 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	6,605,010	102,374	0	0	0	
MH0FT	ME Contract #B0050	Federal/State	0	109,104	0	0	0	0	679,902	0	0	
MH076	ME Contract #B0060	State	0	21,090	0	0	0	0	0	0	0	
MH0PG	ME Contract #B0070	Federal	4,598	4,111	0	0	0	0	0	0	0	
MHARP	ME Contract #B0060	State	0	0	159,973	0	0	0	0	0	0	
MH100	ME Contract #B0060	State	0	0	0	0	1,250,000	0	0	0	0	
MHOCN	ME Contract #B0060	State	0	17,814	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	30,147	0	0	0	0	0	0	0	
MHTMH	ME Contract #B0060	State	0	0	0	0	1,593,852	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	
MSOCB	ME Contract #B0060	State	0	0	0	0	0	0	0	0	0	
MHSCR	ME Contract #B0130	State	0	0	0	0	0	0	2,739,126	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	2,411,665	0	0	
MHOCB	ME Contract #B0060	State	0	0	454,375	0	0	0	0	0	0	
MHOCB	ME Contract #B0130	State	0	0	0	0	0	0	50,460	0	0	
MHOBN	ME Contract #B0180	Federal/State	0	0	0	0	0	0	0	0	0	
MH1BH	ME Contract #V0165	State	0	0	0	0	0	0	0	0	0	
MHOCN	ME Contract #B0804	State	0	0	0	0	0	0	0	0	117,000	
MH009	ME Contract #B0070	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	
MH026	ME Contract #B0021	Federal	0	0	0	0	0	0	0	458,182	0	
TOTAL STATE SAMH FUNDING			4,598	182,266	1,185,348	367,210	11,361,440	1,164,018	679,902	5,201,251	458,182	117,000
OTHER GOVERNMENT FUNDING												
Other State Agency Funding			0	0	0	0	0	0	0	0	0	0
Medicaid			0	0	0	41,997	405,434	165,567	441,849	20,823	0	0
Local Government			0	0	0	0	0	0	0	197,861	0	0
Federal Grants and Contracts			0	0	0	0	0	0	0	0	0	0
TOTAL OTHER GOVERNMENT FUNDING			0	0	0	41,997	405,434	165,567	441,849	218,684	0	0
OTHER REVENUES												
First & Second Party Payments			0	0	0	64,163	0	122,994	0	1,265	0	0
Third Party Payments (Other Than Medicare)			0	0	0	306	8,450	513	0	8,359	0	0
Medicare			0	0	0	2,324	86,723	731	0	1,576	0	0
Contributions and Donations			0	0	0	0	0	0	0	0	0	0
Other			0	0	0	864	0	0	0	600,000	0	0
TOTAL OTHER REVENUES			0	0	0	67,657	95,173	124,238	0	611,200	0	0
TOTAL FUNDING			\$ 4,598	\$ 182,266	\$ 1,185,348	\$ 476,864	\$ 11,862,047	\$ 1,453,823	\$ 1,121,751	\$ 6,031,135	\$ 458,182	\$ 117,000

STATE-DESIGNATED SAMH COVERED SERVICES											
STATE SAMH-FUNDED COVERED SERVICES											
ADULT AND CHILDREN'S MENTAL HEALTH											
FUNDING SOURCES & REVENUES											
STATE SAMH FUNDING											
Report OCA#	Provider Subcontractor #	Funding Source	Community Action Team	BNET	Network Evaluation & Development	Program Total	Total	Non-State-Funded SAMH Covered Services	Total	Non-SAMH Covered Services	Total Funding
MH001	ME Contract #B0060	Federal/State	\$ 0	\$ 0	\$ 0	\$ 1,939,832	\$ 1,939,832	\$ 0	\$ 1,939,832	\$ 0	\$ 1,939,832
MH009	ME Contract #B0060	Federal/State	0	0	0	1,999,050	1,999,050	0	1,999,050	0	1,999,050
MH018	ME Contract #B0060	Federal/State	0	0	0	3,930,415	3,930,415	0	3,930,415	0	3,930,415
MH072	ME Contract #B0060	State	0	0	0	7,175,016	7,175,016	0	7,175,016	0	7,175,016
MH0FT	ME Contract #B0050	Federal/State	0	0	0	789,006	789,006	0	789,006	0	789,006
MH076	ME Contract #B0060	State	0	0	0	21,090	21,090	0	21,090	0	21,090
MHOPG	ME Contract #B0070	Federal	0	0	0	103,221	103,221	0	103,221	0	103,221
MHARP	ME Contract #B0060	State	0	0	0	159,973	159,973	0	159,973	0	159,973
MH100	ME Contract #B0060	State	0	0	0	1,250,000	1,250,000	0	1,250,000	0	1,250,000
MHOCN	ME Contract #B0060	State	0	0	0	39,665	39,665	0	39,665	0	39,665
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	30,147	30,147	0	30,147	0	30,147
MHTMH	ME Contract #B0060	State	0	0	0	1,593,852	1,593,852	0	1,593,852	0	1,593,852
MS021	ME Contract #B0060	Federal/State	0	0	0	0	815,049	0	815,049	0	815,049
MSOTR	ME Contract #B0060	State	0	0	0	0	169,153	0	169,153	0	169,153
MSOCB	ME Contract #B0060	State	0	0	0	0	32,630	0	32,630	0	32,630
MHSCR	ME Contract #B0130	State	0	0	0	2,739,126	2,739,126	0	2,739,126	0	2,739,126
MHCAT	ME Contract #B0150	State	2,208,923	0	0	2,208,923	2,208,923	0	2,208,923	0	2,208,923
MHMCT	ME Contract #B0160	Federal/State	0	0	0	2,411,665	2,411,665	0	2,411,665	0	2,411,665
MHOCB	ME Contract #B0060	State	0	0	0	454,375	454,375	0	454,375	0	454,375
MHOCB	ME Contract #B0130	State	0	0	0	50,460	50,460	0	50,460	0	50,460
MHOBN	ME Contract #B0180	Federal/State	0	244,153	0	244,153	244,153	0	244,153	0	244,153
MH1BH	ME Contract #V0165	State	0	0	500,000	500,000	500,000	0	500,000	0	500,000
MHOCN	ME Contract #B0804	State	0	0	0	117,000	117,000	0	117,000	0	117,000
MH009	ME Contract #B0070	Federal/State	0	0	0	58,298	58,298	0	58,298	0	58,298
MH009	ME Contract #B0806	Federal/State	0	0	0	323,400	323,400	0	323,400	0	323,400
MH026	ME Contract #B0021	Federal	0	0	0	458,182	458,182	0	458,182	0	458,182
TOTAL STATE SAMH FUNDING			2,208,923	244,153	500,000	29,998,449	31,015,281	0	31,015,281	0	31,015,281
OTHER GOVERNMENT FUNDING											
Other State Agency Funding			0	0	0	0	0	797,002	797,002	2,282,781	3,079,783
Medicaid			0	0	0	3,507,459	3,629,272	2,926,463	6,555,735	146,499	6,702,234
Local Government			0	0	0	1,084,914	1,372,490	121,610	1,494,100	44,315	1,538,415
Federal Grants and Contracts			0	0	0	57,294	57,294	487,689	544,983	0	544,983
TOTAL OTHER GOVERNMENT FUNDING			0	0	0	4,649,667	5,059,056	4,332,764	9,391,820	2,473,595	11,865,415
OTHER REVENUES											
First & Second Party Payments			0	0	0	235,316	246,794	9,209	256,003	0	256,003
Third Party Payments (Other Than Medicare)			2,512	0	0	661,687	1,003,945	2,143,713	3,147,658	0	3,147,658
Medicare			0	0	0	555,971	655,699	2,003,761	2,659,460	0	2,659,460
Contributions and Donations			0	0	0	0	0	0	0	41,550	41,550
Other			0	150	0	609,909	609,909	20	609,929	2,763,853	3,373,782
TOTAL OTHER REVENUES			2,512	150	0	2,062,883	2,516,347	4,156,703	6,673,050	2,805,403	9,478,453
TOTAL FUNDING			\$ 2,211,435	\$ 244,303	\$ 500,000	\$ 36,710,999	\$ 38,590,684	\$ 8,489,467	\$ 47,080,151	\$ 5,278,998	\$ 52,359,149

See independent auditor's report.

STATE-DESIGNATED SAMH COVERED SERVICES											
STATE SAMH-FUNDED COVERED SERVICES											
ADULT AND CHILDREN'S MENTAL HEALTH											
EXPENSE CATEGORIES	Community		Network	Program		Non-State-		Non-SAMH	Other		Total
	Action Team	BNET	Evaluation & Development	Total	Total	Funded SAMH Covered Services	Total	Covered Services	Support Costs Non-allocated	Administration	Expenses
PERSONNEL EXPENSES											
Salaries	\$ 1,477,713	\$ 80,397	\$ 418,568	\$ 21,448,392	\$ 22,443,269	\$ 4,435,269	\$ 26,878,538	\$ 952,569	\$ 312,857	\$ 3,170,091	\$ 31,314,055
Fringe Benefits	313,569	26,362	104,642	3,440,935	3,589,667	657,271	4,246,938	244,638	61,193	1,461,699	6,014,468
TOTAL PERSONNEL EXPENSES	<u>1,791,282</u>	<u>106,759</u>	<u>523,210</u>	<u>24,889,327</u>	<u>26,032,936</u>	<u>5,092,540</u>	<u>31,125,476</u>	<u>1,197,207</u>	<u>374,050</u>	<u>4,631,790</u>	<u>37,328,523</u>
OTHER EXPENSES											
Building Occupancy	142,314	0	0	2,414,643	2,557,050	438,749	2,995,799	432,075	3,139	155,553	3,586,566
Professional Services	1,426	79,568	0	143,564	144,872	17,410	162,282	9,506	7,190	754,172	933,150
Travel	43,219	1,189	0	180,541	182,245	12,798	195,043	3,208	375	12,448	211,074
Equipment	28,898	1,260	0	791,327	831,124	151,359	982,483	38,817	3,051	0	1,024,351
Food Services	1,397	0	0	1,763,664	1,832,393	259,945	2,092,338	3,343	8,500	6,745	2,110,926
Medical and Pharmacy	3,144	3,269	0	1,044,754	1,126,003	181,412	1,307,415	130,959	0	13,289	1,451,663
Subcontracted Services	17,849	1,156	0	1,542,138	1,632,017	511,477	2,143,494	17,633	26,807	133,422	2,321,356
Insurance	27,669	1,403	0	679,207	707,398	149,339	856,737	19,637	2,805	71,895	951,074
Interest Paid	0	0	0	101,714	126,912	65,920	192,832	0	0	85,859	278,691
Operating Supplies & Expenses	27,894	18,354	0	764,840	800,326	154,539	954,865	22,501	21,738	187,637	1,186,741
Other	8,773	1,144	0	386,238	394,052	179,023	573,075	16,151	12,286	262,858	864,370
TOTAL OTHER EXPENSES	<u>302,583</u>	<u>107,343</u>	<u>0</u>	<u>9,812,630</u>	<u>10,334,392</u>	<u>2,121,971</u>	<u>12,456,363</u>	<u>693,830</u>	<u>85,891</u>	<u>1,683,878</u>	<u>14,919,962</u>
TOTAL PERSONNEL & OTHER EXPENSES	<u>2,093,865</u>	<u>214,102</u>	<u>523,210</u>	<u>34,701,957</u>	<u>36,367,328</u>	<u>7,214,511</u>	<u>43,581,839</u>	<u>1,891,037</u>	<u>459,941</u>	<u>6,315,668</u>	<u>52,248,485</u>
DISTRIBUTED INDIRECT ADMINISTRATIVE COSTS	<u>325,165</u>	<u>33,390</u>	<u>0</u>	<u>4,780,409</u>	<u>5,014,722</u>	<u>915,450</u>	<u>5,930,172</u>	<u>385,496</u>	<u>0</u>	<u>(6,315,668)</u>	<u>0</u>
TOTAL ACTUAL OPERATING EXPENSES	<u>2,419,030</u>	<u>247,492</u>	<u>523,210</u>	<u>39,482,366</u>	<u>41,382,050</u>	<u>8,129,961</u>	<u>49,512,011</u>	<u>2,276,533</u>	<u>459,941</u>	<u>0</u>	<u>52,248,485</u>
LESS UNALLOWABLE COSTS	<u>14,443</u>	<u>1,478</u>	<u>3,153</u>	<u>235,948</u>	<u>247,400</u>	<u>48,617</u>	<u>296,017</u>	<u>13,868</u>	<u>0</u>	<u>0</u>	<u>309,885</u>
TOTAL ALLOWABLE OPERATING EXPENSES	<u>\$ 2,404,587</u>	<u>\$ 246,014</u>	<u>\$ 520,057</u>	<u>\$ 39,246,418</u>	<u>\$ 41,134,650</u>	<u>\$ 8,081,344</u>	<u>\$ 49,215,994</u>	<u>\$ 2,262,665</u>	<u>\$ 459,941</u>	<u>\$ 0</u>	<u>\$ 51,938,600</u>
CAPITAL EXPENDITURES	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 480,937</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, 2025

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	2,127	8,093	\$3,215,145	\$3,365,474	\$0
Adult Mental Health	Forensic Room & Board w/ Supervision Level I	\$327.76	29,496	0	29,496	\$9,600,462	\$9,667,609	\$0
Adult Mental Health	Forensic Room & Board w/ Supervision Level II	\$193.66	730	0	730	\$102,374	\$141,372	\$0
Adult Mental Health	Short-Term Residential Treatment Facility	\$370.65	2,920	0	2,920	\$1,185,348	\$1,082,298	\$103,050
Children's Mental Health	Crisis Stabilization Unit	\$415.85	365	0	365	\$144,270	\$151,785	\$0
Adult Substance Abuse	Substance Abuse Detox	\$452.19	5,110	1,622	3,488	\$984,202	\$1,577,239	\$0
Total Excess Funding								<u>\$103,050</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, 2025

	<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>			
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	103,221
Block Grants for Community Mental Health Services	93.958	B0021	357,370
Block Grants for Community Mental Health Services	93.958	B0060	2,111,636
Block Grants for Community Mental Health Services	93.958	B0806	45,504
Block Grants for Community Mental Health Services	93.958	B0150	113,459
Block Grants for Community Mental Health Services	93.958	B0160	289,403
Block Grants for Community Mental Health Services	93.958	B0070	8,203
Block Grants for Prevention and Treatment of Substance Abuse	93.959	B0060	396,972
Florida Assertive Community Treatment Program			
Block Grants for Community Mental Health Services	93.958	B0050	107,810
<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	57,294
TOTAL FEDERAL AWARDS			<u>\$ 3,590,872</u>
<u>STATE:</u>			
<u>State of Florida Department of Children & Families</u>			
Direct Programs			
Criminal Justice, Mental Health, and Substance Abuse			
Reinvestment Grant Program	60.115	LH883	\$ 249,375
Criminal Justice, Mental Health, and Substance Abuse			
Reinvestment Grant Program	60.115	LH884	187,000
Pass-through from Northwest Florida Heath Network			
Substance Abuse and Mental Health - Crisis Prevention and			
Stabilization Services	60.155	B0060	487,005
Substance Abuse and Mental Health - Crisis Prevention and			
Stabilization Services	60.155	B0130	50,460
Forensic Services and Competency Restoration Training	60.114	B0060	2,651,600
State Opioid Settlement Trust Fund Services	60.355	B0060	169,153
Centralized Receiving Systems	60.163	B0130	2,739,126
TOTAL STATE FINANCIAL ASSISTANCE			<u>\$ 6,533,719</u>

NOTES:

- (1) The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance (the Schedule) presents the activity of all federal programs and state projects of the Corporation for the year ended June 30, 2025. 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, 2025.
- (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, 2025, 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 23, 2025.

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 23, 2025

**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, 2025. 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, 2025.

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 23, 2025

APALACHEE CENTER, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2025

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>Name of Federal Program</u>
	<u>Number</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, 2025

Federal Programs – None

State Financial Assistance Projects - None

See independent auditor's report.