

APPLESEED COMMUNITY MENTAL HEALTH CENTER, INC.

**AUDITED FINANCIAL STATEMENTS AND SUPPLEMENTARY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
ORGANIZATION-WIDE AUDIT**
for the years ended June 30, 2022 and 2021

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Member
OHIO SOCIETY OF CPA'S
AMERICAN INSTITUTE OF CPA'S
INDEPENDENT AUDITOR'S REPORT

IRWIN FINANCIAL ASSOCIATES, INC.
Certified Public Accountants and Consultants
2025 Claremont Ave. • Ashland, Ohio 44805
Telephone: 419-281-2811

To the Board of Trustees of
Appleseed Community Mental Health Center, Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Appleseed Community Mental Health Center, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022 and 2021, and the related statements of activities, 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 Appleseed Community Mental Health Center, Inc. as of June 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit 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 Appleseed Community Mental Health Center, Inc. and to meet our other ethical responsibilities, in accordance with the 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 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 Appleseed Community Mental Health 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:

To the Board of Trustees of
Appleseed Community Mental Health Center, Inc.

- 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 Appleseed Community Mental Health 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 Appleseed Community Mental Health 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 audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is 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 schedule of expenditures of federal awards 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 March 31, 2023, on our consideration of Appleseed Community Mental Health 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 Appleseed Community Mental Health 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 Appleseed Community Mental Health Center, Inc.'s internal control over financial reporting and compliance.

Irwin Financial Associates
IRWIN FINANCIAL ASSOCIATES, INC.

Ashland, Ohio
March 31, 2023

APPLESEED COMMUNITY MENTAL HEALTH CENTER, INC.

STATEMENTS OF FINANCIAL POSITION

June 30, 2022 and 2021

Assets

	2022	2021
Current assets		
Cash and cash equivalents	\$1,233,201	\$ 812,414
Accounts receivable	309,064	384,570
Pledge receivable	47,000	47,000
Prepaid expenses	79,032	56,719
Grants receivable	<u>182,700</u>	<u>138,239</u>
Total current assets	<u>1,850,997</u>	<u>1,438,942</u>
Property and equipment		
Land	425,080	425,080
Land improvements	21,051	21,051
Buildings	2,496,873	2,495,362
Furniture and equipment	353,273	284,564
Leasehold improvements	<u>60,382</u>	<u>51,882</u>
	3,356,659	3,277,939
Accumulated depreciation	<u>(996,683)</u>	<u>(898,150)</u>
Total property and equipment	<u>2,359,976</u>	<u>2,379,789</u>
Other assets		
Intangibles (net of accumulated amortization)	193,940	184,502
Beneficial interest in assets held by others	47,935	59,091
Deposits	<u>62,365</u>	<u>63,486</u>
	<u>304,240</u>	<u>307,079</u>
Total assets	<u>\$4,515,213</u>	<u>\$4,125,810</u>

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STATEMENTS OF FINANCIAL POSITION

June 30, 2022 and 2021

Liabilities and Net Assets

	2022	2021
Current liabilities		
Current portion, debt obligations	\$ 135,109	\$ 129,611
Accounts payable	98,864	46,302
Salaries, wages and related liabilities	305,683	290,083
Refundable advances	126,037	32,885
Other liabilities	55,203	59,840
Total current liabilities	720,896	558,721
Debt obligations, less current portion	<u>1,181,344</u>	<u>1,316,453</u>
Total liabilities	<u>1,902,240</u>	<u>1,875,174</u>
Net assets		
Without donor restrictions:		
Board designated for endowment	17,935	29,091
Undesignated	<u>2,326,458</u>	<u>1,951,109</u>
Total net assets without donor restrictions	<u>2,344,393</u>	<u>1,980,200</u>
With donor restrictions:		
Purpose restricted	238,580	240,436
Donor restricted endowment	<u>30,000</u>	<u>30,000</u>
Total net assets with donor restrictions	<u>268,580</u>	<u>270,436</u>
Total net assets	<u>2,612,973</u>	<u>2,250,636</u>
Total liabilities and net assets	<u>\$4,515,213</u>	<u>\$4,125,810</u>

See accompanying notes and auditor's report.

APPLESEED COMMUNITY MENTAL HEALTH CENTER, INC.

STATEMENTS OF ACTIVITIES

for the years ended June 30, 2022 and 2021

	2022	2021
Changes in net assets without donor restrictions		
Revenues		
Support and grants	\$2,116,233	\$2,673,802
Service fees	4,419,184	3,940,395
Other revenues	126,549	100,588
Investment income	4,618	2,464
Realized and unrealized gains	(12,531)	13,124
Gifts in kind	3,590	1,422
	6,657,643	6,731,795
Total net assets without donor restrictions		
	6,657,643	6,731,795
Expenses		
Salaries and related expenses	4,806,011	4,404,183
Dues, subscriptions and licenses	19,077	19,293
Contract services	303,429	252,223
Supplies and equipment maintenance	137,067	144,021
Emergency housing assistance	364,197	254,054
Fundraising expenses	5,941	-
Bank fees	18,828	17,777
Repairs and maintenance	24,695	39,645
Legal and professional	42,862	36,105
Office rent	6,430	6,436
Utilities and telephone	98,073	93,332
Travel	81,099	72,725
Seminars and meetings	18,472	11,157
Insurance	51,005	42,153
Depreciation and amortization	127,994	108,094
Advertising	22,114	24,618
Other expenses	27,689	25,931
Long-term assisted housing	17,162	13,974
Diversion program	7,331	1,784
Program activity and supplies	58,164	64,365
Interest expense	41,785	47,235
Taxes	15,881	22,529
	6,295,306	5,701,634
Total expenses		
	6,295,306	5,701,634
Changes in net assets	362,337	1,030,161
Operating transfers	(1,856)	(1,086)
	360,481	1,029,075
Increase in net assets without donor restrictions		
	360,481	1,029,075

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STATEMENTS OF ACTIVITIES

for the years ended June 30, 2022 and 2021

**Changes in net assets with
donor restrictions**

Operating transfers: Net assets subject to restriction	<u>1,856</u>	<u>1,086</u>
Increase in net assets with donor restrictions	<u>1,856</u>	<u>1,086</u>
Increase in net assets	362,337	1,030,161
Net assets, beginning of year	<u>2,250,636</u>	<u>1,220,475</u>
Net assets, end of year	<u>\$2,612,973</u>	<u>\$2,250,636</u>

See accompanying notes and auditor's report.

APPLESEED COMMUNITY MENTAL HEALTH CENTER, INC.
STATEMENT OF FUNCTIONAL EXPENSES
for the year ended June 30, 2022

	2022		
	MENTAL HEALTH	MANAGEMENT AND GENERAL	TOTAL
Salaries and related expenses	\$ 3,945,523	\$ 860,488	\$ 4,806,011
Dues, subscriptions and licenses	15,156	3,921	19,077
Contract services	276,289	27,140	303,429
Supplies and equipment maintenance	114,921	22,146	137,067
Emergency housing assistance	364,197	-	364,197
Fundraising expenses	5,941	-	5,941
Bank fees	223	18,605	18,828
Repairs and maintenance	21,857	2,838	24,695
Legal and professional	3,041	39,821	42,862
Office rent	6,430	-	6,430
Utilities and telephone	88,672	9,401	98,073
Travel	78,704	2,395	81,099
Seminars and meetings	18,003	469	18,472
Insurance	44,124	6,881	51,005
Depreciation and amortization	116,026	11,968	127,994
Advertising	2,155	19,959	22,114
Other expenses	22,895	4,794	27,689
Long-term assisted housing	17,162	-	17,162
Diversion program	7,331	-	7,331
Program activity and supplies	58,164	-	58,164
Interest expense	32,777	9,008	41,785
Taxes	36	15,845	15,881
Total expenses	\$ 5,239,627	\$ 1,055,679	\$ 6,295,306

See accompanying notes and auditor's report.

APPLESEED COMMUNITY MENTAL HEALTH CENTER, INC.
STATEMENT OF FUNCTIONAL EXPENSES
for the year ended June 30, 2021

	2021		
	MENTAL HEALTH	MANAGEMENT AND GENERAL	TOTAL
Salaries and related expenses	\$ 3,491,183	\$ 913,000	\$ 4,404,183
Dues, subscriptions and licenses	12,275	7,018	19,293
Contract services	232,867	19,356	252,223
Supplies and equipment maintenance	95,740	48,281	144,021
Emergency housing assistance	254,054	-	254,054
Bank fees	177	17,600	17,777
Repairs and maintenance	34,483	5,162	39,645
Legal and professional	-	36,105	36,105
Office rent	6,173	263	6,436
Utilities and telephone	81,658	11,674	93,332
Travel	70,613	2,112	72,725
Seminars and meetings	9,604	1,553	11,157
Insurance	34,826	7,327	42,153
Depreciation and amortization	94,279	13,815	108,094
Advertising	5,852	18,766	24,618
Other expenses	14,830	11,101	25,931
Long-term assisted housing	13,974	-	13,974
Diversion program	1,784	-	1,784
Program activity and supplies	64,365	-	64,365
Interest expense	36,459	10,776	47,235
Taxes	36	22,493	22,529
	\$ 4,555,232	\$ 1,146,402	\$ 5,701,634
Total expenses	\$ 4,555,232	\$ 1,146,402	\$ 5,701,634

See accompanying notes and auditor's report.

APPLESEED COMMUNITY MENTAL HEALTH CENTER, INC.

STATEMENTS OF CASH FLOWS

for the years ended June 30, 2022 and 2021

	2022	2021
Cash flows from operating activities		
Increase in net assets	\$ 362,337	\$1,030,161
Adjustments to reconcile change in net assets to net cash provided by operations:		
Depreciation and amortization	127,994	108,094
Forgiveness of debt	(27,380)	(748,721)
Unrealized gain on investments	11,626	9,768
(Increase) Decrease in operating assets:		
Accounts receivable, net	75,506	(39,673)
Pledge receivable	-	(1,000)
Prepaid expenses	(22,313)	(12,087)
Grants receivable	(44,461)	(62,935)
Other assets	802	(33,900)
Increase (Decrease) in operating liabilities:		
Accounts payable	52,562	(82,713)
Accrued salaries and related liabilities	15,600	56,156
Refundable advances	93,152	(185,261)
Other liabilities	(4,637)	15,838
Net cash provided by operating activities	640,788	53,727
Cash flows from investing activities		
Property and equipment acquisitions	(117,770)	(256,350)
Net cash used in investing activities	(117,770)	(256,350)

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STATEMENTS OF CASH FLOWS

for the years ended June 30, 2022 and 2021

	2022	2021
Cash flows from financing activities		
Proceeds of debt obligations	--	--
Payments on debt obligations	<u>(102,231)</u>	<u>(107,354)</u>
Net cash used in financing activities	<u>(102,231)</u>	<u>(107,354)</u>
Net increase (decrease) in cash	420,787	(309,977)
Cash and cash equivalents, beginning of year	<u>812,414</u>	<u>1,122,391</u>
Cash and cash equivalents, end of year	<u>\$1,233,201</u>	<u>\$ 812,414</u>
Supplemental disclosures of cash flow information		
Cash paid during the period for:		
Interest	<u>\$ 41,785</u>	<u>\$ 47,235</u>

See accompanying notes and auditor's report.

APPLESEED COMMUNITY MENTAL HEALTH CENTER, INC.

Notes to Financial Statements

Note 1. Organization and Significant Accounting Policies

Appleseed Community Mental Health Center, Inc. (Appleseed) is a nonprofit Ohio corporation that provides mental health, alcohol and drug abuse therapy on an outpatient basis to patients who reside primarily in the local geographic region.

Appleseed provides services under a purchase of service agreement with the Ashland County Board of Alcohol, Drug Addiction and Mental Health Services (the Mental Health Board). In addition, Appleseed receives Medicaid and other monies through the Mental Health Board. Funds received from the Mental Health Board totaled \$2,327,578 and \$1,895,931 during 2022 and 2021, respectively.

The accounting policies that affect significant elements of Appleseed's financial statements are summarized below:

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting.

Net Asset Classifications

Net assets without donor restrictions: Net assets not subject to donor-imposed stipulations.

Net assets with donor restrictions: Net assets subject to donor-imposed stipulations that: a) restrict their use to a specific purpose which will be satisfied by actions of the Organization or the passage of time; or b) require that they be maintained in perpetuity by the Organization; generally, the donors of these assets permit the Organization to use all or part of the income earned, including capital appreciation, or related investments for purposes with or without donor restrictions.

Endowment Investment and Spending Policies

The Organization, by making an irrevocable gift to Ashland County Community Foundation (ACCF), has adopted the investment and spending policies of ACCF.

Note 1. Organization and Significant Accounting Policies (Continued)

Appleseed has adopted investment and spending policies for endowment assets that seek to provide a predictable stream of funding to programs supported by its endowment while maintaining the purchasing power of the endowment assets. Appleseed's spending and investment policies work together to achieve this objective. Actual returns in any given year may vary from this amount.

To achieve its investment objectives over long periods of time, Appleseed has adopted an investment strategy that invests in cash equivalents, fixed income securities, and equity securities. The majority of assets are invested in equity or equity like securities. Funds will be structured to minimize the risk of large loss. Investment advisors will identify a diversification strategy with regard to investment in any one security, company or sector.

The spending policy determines the amount of money in a given year that will be distributed from Appleseed's various endowment assets. The current spending policy is to distribute an amount equal to 4.0% of a twelve quarter trailing average fund balance.

Contributions

The Organization recognizes contributions in accordance with ASC No. 958-605, "Accounting for Contributions Received and Contributions Made." ASC No. 958-605 generally requires measuring contributions received and promises to give at their fair value and reporting them as an increase in net assets immediately, even if the donor has restricted their use and the restriction will be met in a future reporting period; that is, none are deferred. As a result, restricted support is recorded immediately as an increase in net assets with donor restrictions.

Cash and Cash Equivalents

The Organization defines cash as currency on hand and demand deposits with financial institutions. Cash equivalents are defined as short-term, highly liquid investments with remaining maturities of three months or less.

Patient Accounts Receivable and Revenue

Patient accounts receivable and revenue are recorded when services are performed.

Support and Grants

The Organization reports donor-restricted contributions whose restrictions are met in the same reporting period as unrestricted support.

Note 1. Organization and Significant Accounting Policies (Continued)

Refundable Advances

Appleseed records grant/contract revenue as a refundable advance until it is expended for the purpose of the grant/contract, at which time it is recognized as revenue. The balance in refundable advances represents amounts received under cost reimbursable contracts that will be expended in the next fiscal year in accordance with the grant/contract period.

Property and Equipment

Acquisitions of property and equipment having a unit cost of \$1,000 or more and an estimated useful life of more than one year are recorded at cost or at amounts assigned if acquired by gift. The carrying amount of assets sold, retired, or otherwise disposed of and the related accumulated depreciation is eliminated from the accounts. Any resulting gain or loss is reported as other revenue or expense.

Depreciation of property and equipment is provided over the estimated useful lives of the respective assets on a straight-line basis as follows:

Equipment and furniture	3 - 10 years
Buildings and improvements	7 - 40 years
Land improvements	10 - 20 years

Intangible Assets

Intangible assets subject to amortization include web design fees and software. Intangible assets are being amortized using the straight-line method over 3 - 10 years. The gross carrying amount was \$312,454 and \$273,404 and the accumulated amortization was \$118,514 and \$88,902 for the years ended June 30, 2022 and 2021, respectively.

Income Taxes

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. In accordance with the FASB Accounting Standards Codification 740, *Income Taxes*, the Organization evaluated its tax positions and determined that its tax positions are more-likely-than-not to be sustained on examination. Accordingly, there are no unrecognized benefits or applicable interest and penalties that should be recorded. The Organization files information returns in the U.S. federal jurisdiction. The federal information returns of the Organization for 2019 and later are subject to examination by the IRS, generally for three years after they were filed.

Note 1. Organization and Significant Accounting Policies (Continued)

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Advertising

Appleseed expenses advertising costs as they are incurred. Advertising expenses were \$22,114 and \$24,618 for the years ended June 30, 2022 and 2021.

Fair Value Measurements

The Organization has adopted ASC No. 820, *Fair Value Measurements*. ASC No. 820 defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs used to measure fair value, and requires expanded disclosures about fair value measurements.

The Organization accounts for its investments at fair value. In accordance with ASC No. 820, the Organization has categorized its investments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

Financial assets and liabilities recorded on the Statements of Financial Position are categorized based on the inputs to the valuation techniques as follows:

Level 1

Financial assets and liabilities are valued using inputs that are unadjusted quoted prices in active markets accessible at the measurement date of identical financial assets and liabilities. The inputs include those traded on an active exchange, such as the New York Stock Exchange, as well as U.S. Treasury and other U.S. government and agency mortgage-backed securities that are traded by dealers or brokers in active over-the-counter markets.

Note 1. Organization and Significant Accounting Policies (Continued)

Level 2

Financial assets and liabilities are valued using inputs quoted prices for similar assets, or inputs that are observable, either directly or indirectly for substantially the full term through corroboration with observable market data. Level 2 includes private collateralized mortgage obligations, municipal bonds, and corporate debt securities.

Level 3

Financial assets and liabilities are valued using pricing inputs which are unobservable for the asset, inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset. Level 3 includes private equity, venture capital, hedge funds and real estate.

In accordance with ASC No. 820, the Organization's carrying amounts of cash and cash equivalents, accounts receivable, pledge receivable, prepaid expenses, accounts payable, payroll related liabilities, refundable advances, and other liabilities approximate fair value under Level 1.

Subsequent Events

The Organization has adopted ASC No. 855-10, *Subsequent Events*. ASC No. 855-10 establishes general standards of accounting for and disclosure of events that occur after the balance sheet date but before financial statements are issued or are available to be issued. ASC No. 855-10 defines the period after the balance sheet date during which management shall evaluate events or transactions that may occur for potential recognition or disclosures, the circumstances under which an organization shall recognize events occurring after the balance sheet date and the disclosures that an organization shall make about those events or transactions. ASC No. 855-10 defines two types of subsequent events. The first type consists of events or transactions that provide additional evidence about conditions that existed at the date of the balance sheet, including the estimates inherent in the process of preparing financial statements (i.e., nonrecognized event). The second type consists of events that provide evidence about conditions that did not exist at the date of the balance sheet but arose after such date.

As stated in Note 8, Appleseed participated in the Paycheck Protection Program (PPP). On November 2, 2020 as authorized by Section 1106 of the CARES Act, SBA has remitted to Sutton Bank the payment of \$724,900 for forgiveness of Appleseed's Paycheck Protection Program (PPP) loan. Appleseed recognized \$724,900 during the year ended June 30, 2021.

Note 1. Organization and Significant Accounting Policies (Continued)

The global outbreak of COVID-19 continues to rapidly evolve, and the ultimate impact of the pandemic is highly uncertain. While the organization expects that the COVID-19 outbreak may adversely impact Appleseed's fiscal year 2021 results, Appleseed cannot at this time accurately predict the full extent to which the COVID-19 outbreak will affect Appleseed's finances and operations. Other adverse consequences of the COVID-19 outbreak or any other similar outbreaks in the future may include a decline in demand for services, increased operating costs, and/or a decline in revenues and contributions resulting from issues relating to social distancing mandates, as well as a decline in investment values. Appleseed continues to monitor developments and the directives of federal, state and local officials to determine what additional precautions and procedures need to be implemented by Appleseed.

Management evaluated all events and transactions that occurred after June 30, 2022 through March 31, 2023, the date on which the financial statements were approved for issuance.

Note 2. Restricted Cash

Certain amounts of cash were subject to donor-imposed restrictions for the following purposes:

	2022	2021
Housing Program Funds	<u>\$50,040</u>	<u>\$43,771</u>

Note 3. Concentrations of Credit Risk

Financial instruments that potentially subject the Organization to credit risk also include accounts receivable. Appleseed grants credit to clients, substantially all of whom reside in North Central Ohio. Credit losses, if any, have been provided for in the financial statements and have generally been within management's expectations. The Organization periodically has on deposit with banks more than the Federal Deposit Insurance Corporation limit.

Note 4. Accounts Receivable, Net

Accounts Receivable at June 30, 2022 and 2021 consisted of the following:

	2022	2021
Client Insurance Coverage	\$ 12,514	\$ 13,681
Medicare	23,461	8,078
Medicaid	182,951	182,936
Mental Health Board	54,094	123,116
Grants and other	<u>36,044</u>	<u>56,759</u>
	<u>\$ 309,064</u>	<u>\$ 384,570</u>

Note 5. Beneficial Interest in Assets Held by Others

During the years 2010 and 2007, Appleseed made irrevocable gifts of \$10,000 and \$30,000 to the Ashland County Community Foundation. Correspondingly, the Ashland County Community Foundation (ACCF) has established a fund in the name of Appleseed. The terms of the instrument of transfer stipulate that earned investment income, net of ½% administration fee, will be distributed at least semi-annually. Additionally, after the third year of the fund's establishment, requests for distributions from the fund's principal will be approved subject to a two-thirds majority vote of both the Appleseed and Ashland County Community Foundation Board of Trustees. Investments are carried at market or appraised value, and realized and unrealized gains and losses are reflected in the statement of activities.

Investment securities consisted of the following at June 30, 2022 and 2021.

	2022	2021
Level 3		
Ashland County Community Foundation	\$ 47,935	\$ 59,091
Total Investments	47,935	59,091
Beneficial Interest in Assets Held by Others	<u>(47,935)</u>	<u>(59,091)</u>
	<u>\$ --</u>	<u>\$ --</u>

Note 5. Beneficial Interest in Assets Held by Others (Continued)**Level 3 Assets**

The following table provides a summary of changes in fair value of the Organization's Level 3 financial assets for the years ended June 30, 2022 and 2021.

	2022	2021
Balances as of July 1	\$ 59,091	\$ 46,375
Contributions	--	--
Distributions	(2,166)	(2,034)
Net Realized and Unrealized		
Gains on Investments	(11,402)	13,150
Investment Income and Expenses	<u>2,412</u>	<u>1,600</u>
Balances as of June 30	<u>\$ 47,935</u>	<u>\$ 59,091</u>

Note 6. Changes in Endowment Net Assets for the Year Ended June 30, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 29,091	\$ 30,000	\$ 59,091
Contributions	--	--	--
Investment return:			
Investment income	--	2,412	2,412
Net change in value (realized and unrealized)	<u>(8,990)</u>	<u>(2,412)</u>	<u>(11,402)</u>
Total	20,101	30,000	50,101
Distributions	<u>(2,166)</u>	<u>--</u>	<u>(2,166)</u>
Endowment net assets, end of year	<u>\$ 17,935</u>	<u>\$ 30,000</u>	<u>\$ 47,935</u>

Note 7. Endowment Net Asset Composition by Type of Fund as of June 30, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Donor-restricted endowment funds	\$ --	\$ 30,000	\$ 30,000
Board-designated endowment funds	<u>17,935</u>	<u>--</u>	<u>17,935</u>
Total funds	<u>\$ 17,935</u>	<u>\$ 30,000</u>	<u>\$ 47,935</u>

Note 8. Debt Obligations

Debt obligations at June 30, 2022 and 2021 consist of the following:

	2022	2021
Installment Note		
Installment note allows Appleaseed to borrow up to \$220,000. The note is due November 14, 2021. The installment arrangement is collateralized by accounts receivable. Payable in monthly installments including interest of 5.25%.	\$ --	\$ --
Mortgage Payable		
Non-interest bearing mortgage note payable to the Ohio Department of Mental Health, collateralized by two multi-family residential properties located at 928 Oak Street and 962 State Route 511, Ashland, Ohio. Monthly principal payments of \$308 are to be forgiven by the mortgagee, contingent upon Appleaseed's continued use of the properties to house persons with severe mental disabilities. Use restrictions will expire in April, 2034.	43,784	47,484
Lease Payable		
Long term capital lease payable to Simonson Holdings, Ltd. Payable in monthly installments of \$12,000 including interest of 5.25%. Lease consists of two five-year terms which end June, 2028, at which point Appleaseed CMHC shall have the option to purchase the premises for \$1, providing all conditions are met.	739,775	842,006

Note 8. Debt Obligations (Continued)

Mortgage Payable

Non-interest bearing mortgage note payable to the Ohio Department of Mental Health, collateralized by a multi-family residential property located at 403 W. Walnut Street, Ashland, Ohio. Monthly principal payments of \$168 are to be forgiven by the mortgagee, contingent upon Appleseed's continued use of the property to house persons with severe mental disabilities. Use restrictions will expire in December, 2035.

27,342 29,355

Mortgage Payable

Non-interest bearing mortgage note payable to the Ohio Housing Finance Agency, collateralized by three multi-family properties located at 928 Oak Street, 962 State Route 511, and 403 Walnut Street, Ashland, Ohio. Annual principal payments of \$18,108 are to be forgiven by the mortgagee, contingent upon Appleseed's continued use of the property to provide permanent supportive housing for persons with severe and persistent mental illness. Use restrictions will expire in November, 2046.

427,648 445,756

Mortgage Payable

Non-interest bearing mortgage note payable to the Ohio Department of Mental Health, collateralized by three multi-family properties located at 928 Oak Street, 962 State Route 511, and 403 Walnut Street, Ashland, Ohio. Monthly principal payments of \$297 are to be forgiven by the mortgagee, contingent upon Appleseed's continued use of the property to provide permanent supportive housing for persons with severe and persistent mental illness. Use restrictions will expire in April, 2044.

77,904 81,463

1,316,453 1,446,064

Current portion (135,109) (129,611)

\$1,181,344 \$1,316,453

Note 8. Debt Obligations (Continued)

Principal payments for debt obligations as of June 30, 2022 are as follows:

Year ending June 30:

2023	\$ 135,109
2024	140,903
2025	147,008
2026	153,442
2027	160,223
Thereafter	<u>579,768</u>
	<u>\$1,316,453</u>

Note 9. Rental Expense and Commitments

Appleseed has entered into various operating leases for program facilities and equipment. In addition, the Organization has entered into other lease arrangements that are recorded as capital leases and accordingly, are reflected in debt obligations.

Accordingly, the future minimum rental payments required under operating leases that have initial or remaining non-cancelable lease terms in excess of one year as of June 30, 2022 are as follows:

Period ended June 30:

2023	\$ 8,196
2024	<u>4,096</u>
	<u>\$ 12,292</u>

Rental expense relative to this lease arrangement totaled \$18,624 and \$17,117 for the years ended June 30, 2022 and 2021.

Note 10. Net Assets

Net assets are available for the following purposes as of June 30, 2022:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total Net Assets</u>
Board designated for endowment Undesignated	\$ 17,935	\$ --	\$ 17,935
	2,326,458	--	2,326,458
Pledge receivable for future period Residential group home facilities, net of accumulated depreciation and mortgages	--	47,000	47,000
	--	191,580	191,580
Donor restricted endowment funds	<u>--</u>	<u>30,000</u>	<u>30,000</u>
Total	<u>\$2,344,393</u>	<u>\$268,580</u>	<u>\$2,612,973</u>

Note 11. Economic Dependency

Appleseed receives a substantial amount of revenue from the Ashland County Board of Alcohol, Drug Addiction and Mental Health Services. A significant reduction in the level of this revenue, if this were to occur, may have an effect on Appleseed's programs and activities.

Note 12. Pension Plan

Appleseed maintains a voluntary, contributory, defined contribution pension plan. All employees may contribute to the plan. Employees who have attained 21 years of age and have completed one year of service are eligible for employer matching contributions. Appleseed contributes an amount equal to 50% of a participant's salary reduction contribution, not to exceed 10% of annual eligible compensation. Employer contributions vest ratably over a five-year period. The amount necessary to service the plan amounted to \$40,783 and \$43,412 for the years ended June 30, 2022 and 2021.

Note 13. Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities and the statement of functional expenses. Expenses which are easily and directly associated with a particular program or supporting service are charged directly to that functional area. Certain other expenses have been allocated to the program and supporting services benefited based on time devoted by the Organization staff to the functional area.

Note 14. Liquidity and Availability of Financial Assets

The following reflects Appleseed's financial assets as of the statement of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date. Amounts available include donor restricted amounts that are available for general expenditure in the following year. Amounts not available include amounts set aside that could be drawn upon if the Board of Directors approves that action.

Financial assets, at year-end:

Cash and cash equivalents	\$1,233,201
Accounts receivable	312,465
Pledge receivable	47,000
Grants receivable	182,700
Beneficial interest in assets held by others	47,935
	<u>\$1,823,301</u>

Note 14. Liquidity and Availability of Financial Assets (Continued)

Less contractual or
donor-imposed restrictions:

Cash restricted to housing program	43,771
Pledge receivable for future period	47,000
Beneficial interest in assets held by others	47,935
Refundable advances	<u>126,037</u>
	<u>264,743</u>

Financial assets available to meet
cash needs for general expenditure
within one year \$1,558,558

As part of Appleseed's liquidity management, it has an informal policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

Note 15. Commitments and Contingencies

Appleseed periodically is involved in various claims against the Organization, arising in the normal course of business. Management believes that Appleseed's insurance coverage will be sufficient to pay any related liabilities.

In December 2019, a novel strain of coronavirus was reported in Wuhan, China. The World Health Organization has declared the outbreak to constitute a "Public Health Emergency of International Concern." The COVID-19 outbreak is disrupting supply chains and affecting operations across a range of industries. The extent of the impact of COVID-19 on Appleseed's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on patients, employees and vendors all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact Appleseed's financial condition or results of operations is uncertain.

The Company's employees are covered by a partially self-insured group insurance plan. Stop loss insurance is maintained for individual claims in excess of \$25,000 for each policy year.

APPLESEED COMMUNITY MENTAL HEALTH CENTER, INC.

**Independent Auditor's Reports 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 Government Auditing
Standards* and Related Information**

June 30, 2022

**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***

**To the Board of Trustees
Appleseed Community Mental Health Center, Inc.**

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 Appleseed Community Mental Health Center, Inc. (a nonprofit organization) which comprise the statement of financial position as of June 30, 2022 and 2021, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated March 31, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Appleseed Community Mental Health Center, Inc.'s internal control over financial reporting (internal control) to determine 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 Appleseed'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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

**To the Board of Trustees
Appleseed Community Mental Health Center, Inc.**

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Appleseed Community Mental Health 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 with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Irwin Financial Associates

IRWIN FINANCIAL ASSOCIATES, INC.

Ashland, Ohio
March 31, 2023

**Independent Auditor's Report on Compliance for Each Major
Program and on Internal Control Over Compliance Required
by the Uniform Guidance**

**To the Board of Trustees
Appleseed Community Mental Health Center, Inc.**

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Appleseed Community Mental Health Center, Inc.'s compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Appleseed Community Mental Health Center, Inc.'s major federal programs for the year ended June 30, 2022 and 2021. Appleseed Community Mental Health Center, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Appleseed Community Mental Health 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 for the year ended June 30, 2022 and 2021.

Basis for Opinion on Each Major Federal Program

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; and 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Appleseed Community Mental Health 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. Our audit does not provide a legal determination of Appleseed Community Mental Health Center, Inc.'s compliance with the compliance requirements referred to above.

**To the Board of Trustees
Appleseed Community Mental Health Center, Inc.**

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, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Appleseed Community Mental Health Center, Inc.'s federal programs.

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 Appleseed Community Mental Health 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*, and the Uniform Guidance 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 Appleseed Community Mental Health Center, Inc.'s compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, 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 Appleseed Community Mental Health 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 Appleseed Community Mental Health 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, but not for the purpose of expressing an opinion on the effectiveness of Appleseed Community Mental Health Center, Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.

**To the Board of Trustees
Appleaseed Community Mental Health Center, Inc.**

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 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 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 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. Accordingly, this report is not suitable for any other purpose.

Irwin Financial Associates

IRWIN FINANCIAL ASSOCIATES, INC.

Ashland, Ohio
March 31, 2023

**SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF
FEDERAL AWARDS**

Appleseed Community Mental Health Services, Inc.
Schedule of Expenditures of Federal Awards By Grant
For the Year Ended June 30, 2022

<i>Federal Grantor/Program or Cluster Title</i>	<i>Federal CFDA Number</i>	<i>Pass-through Grantor and Number</i>	<i>Name of Grant - Grant ID No.</i>	<i>Federal Expenditures(\$)</i>
Other Programs				
United States Department of Justice				
Crime Victim Assistance				
Crime Victim Assistance	16.575	Ohio Attorney General Crime Victims Assistance Office	Rape Crisis Domestic Violence Safe Haven--2021-VOCA-133898859	42,464
Crime Victim Assistance	16.575	Ohio Attorney General Crime Victims Assistance Office	Rape Crisis Domestic Violence Safe Haven--2021-SVAA-133898863	429
Crime Victim Assistance	16.575	Ohio Attorney General Crime Victims Assistance Office	Rape Crisis Domestic Violence Safe Haven--2022-SVAA-134713464	1,767
Crime Victim Assistance	16.575	Ohio Attorney General Crime Victims Assistance Office	Rape Crisis Domestic Violence Safe Haven--2022-VOCA-134713460	97,383
Total Crime Victim Assistance				<u>142,043</u>
Violence Against Women Formula Grants				
Violence Against Women Formula Grants	16.588	Ohio Department of Public Safety Office of Criminal Justice Services	Rape Crisis Domestic Violence Safe Haven--2021-WF-VA5-8567	1,981
Violence Against Women Formula Grants	16.588	Ohio Department of Public Safety Office of Criminal Justice Services	Rape Crisis Domestic Violence Safe Haven--2020-WF-VA5-8567	22,793
Violence Against Women Formula Grants	16.588	Ohio Department of Public Safety Office of Criminal Justice Services	Rape Crisis Domestic Violence Safe Haven--2018-WF-VA5-8567A	14,237
Total Violence Against Women Formula Grants				<u>39,011</u>
Transitional Housing Assistance for Victims of Domestic Violence, Dating Violence, Stalking, or Sexual Assault				
Transitional Housing Assistance for Victims of Domestic Violence, Dating Violence, Stalking, or Sexual Assault	16.736	OneEightyInc.	Transitional Housing - OVW--2016-WH-AX-0075	38,026
Total Transitional Housing Assistance for Victims of Domestic Violence, Dating Violence, Stalking, or Sexual Assault				<u>38,026</u>
<i>Total United States Department of Justice</i>				
				<u>219,080</u>
Department of Health and Human Services				
Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services				
Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services	93.671	Ohio Department of Public Safety Office of Criminal Justice Services	Rape Crisis Domestic Violence Safe Haven--2021-VP-001-4151	64,187
Total Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services				<u>64,187</u>
Opioid STR				
Opioid STR	93.788	Mental Health and Recovery Board of Ashland County	Federal Mental Health Block Grant	173,643
Opioid STR	93.788	Mental Health and Recovery Board of Ashland County	Federal Mental Health Block Grant	169,754
Total Opioid STR				<u>343,397</u>
Block Grants for Prevention and Treatment of Substance Abuse				
Block Grants for Prevention and Treatment of Substance Abuse	93.959	Mental Health and Recovery Board of Ashland County	SAPT Block Grant--B08TI083541	40,762
Total Block Grants for Prevention and Treatment of Substance Abuse				<u>40,762</u>
<i>Total Department of Health and Human Services</i>				
				<u>448,346</u>
Department of Housing and Urban Development				
Emergency Solutions Grant Program				

Emergency Solutions Grant Program	14.231	OneEightyInc.	Homeless Crisis Response Program CARES--S-L-20-7LT-2	106,565
Emergency Solutions Grant Program	14.231	OneEightyInc.	Homeless Crisis Response Program CARES--N-L-20-7LT-5	42,875
Total Emergency Solutions Grant Program				<u>149,440</u>
Continuum of Care Program				
Continuum of Care Program	14.267	Direct	ARRH--OH0491L5E071905	5,859
Continuum of Care Program	14.267	Direct	ARRH--OH0491L5E072006	174,296
Continuum of Care Program	14.267	Mental Health Recovery Board of Ashland County	Beginning Anew-- OH0451L5E072003	49,369
Continuum of Care Program	14.267	OneEightyInc.	PSH Plus Care Supportive Housing--OH0469L5E072004	36,510
Continuum of Care Program	14.267	Mental Health Recovery Board of Ashland County	Beginning Anew-- OH0451L5E072104	15,684
Continuum of Care Program	14.267	OneEightyInc.	PSH Plus Care Supportive Housing--OH0469L5E072105	5,930
Total Continuum of Care Program				<u>287,648</u>
Total Department of Housing and Urban Development				<u>437,088</u>
Department of the Treasury				
Total Department of the Treasury				<u>0</u>
Total Other Programs				<u>1,104,514</u>
Total Expenditures of Federal Awards				<u>\$ 1,104,514</u>

The accompanying notes are an integral part of this schedule

APPLESEED COMMUNITY MENTAL HEALTH CENTER, INC.

Notes to Schedule of Expenditures of Federal Awards Years Ended June 30, 2022 and 2021

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Appleseed Community Mental Health Center under programs of the federal government for the years ended June 30, 2022 and 2021. 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"). Because the Schedule presents only a selected portion of the operations of Appleseed Community Mental Health Center, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Appleseed Community Mental Health Center.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule of Expenditures of Federal Awards are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited in reimbursement. Pass-through entity identifying numbers are presented where available.

Note 3. Indirect Cost Rate

Appleseed Community Mental Health Center has elected to use the 10 percent, or less de minimis, indirect cost rate to recover indirect costs, as allowed under the Uniform Guidance.

Note 4. Subrecipients

Appleseed Community Mental Health Center did not make any grants of federal awards to subrecipients for the years ended June 30, 2022 and 2021.

APPLESEED COMMUNITY MENTAL HEALTH CENTER, INC.
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 Year Ended June 30, 2022

Section I - Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? _____ yes X no

Significant deficiency(ies) identified? _____ yes X none reported

Noncompliance material to financial statements noted? _____ yes X no

Federal Awards

Internal control over major federal programs:

Material weakness(es) identified? _____ yes X no

Significant deficiency(ies) identified? _____ yes X none reported

Type of auditor's report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)? _____ yes X no

Identification of major federal programs:

CFDA Numbers	Name of Federal Program or Cluster
93.788	Opioid STR Program
14.267	Continuum of Care Program
Dollar threshold used to distinguish between Type A and Type B programs:	\$ 750,000
Auditee qualified as a low risk auditee?	<u>X</u> yes _____ no

Section II - Financial Statement Findings

No matters are reported.

Section III - Federal Award Findings and Questioned Costs

No matters are reported.

APPLESEED COMMUNITY MENTAL HEALTH CENTER, INC.

**Summary Schedule of Prior Audit Findings
June 30, 2021**

There were no findings that were required to be reported in accordance with Section 501(a) of OMC Circular A-133 for the year ended June 30, 2021.