

APPLESEED COMMUNITY MENTAL HEALTH CENTER, INC.

FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

APPLESEED COMMUNITY MENTAL HEALTH CENTER, INC.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Appleseed Community Mental Health Center, Inc.
Ashland, Ohio

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, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Appleseed Community Mental Health Center, Inc. as of June 30, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis of 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

**INDEPENDENT AUDITOR'S REPORT
(Continued)**

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 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.

Other Matter

The financial statements for the year ended June 30, 2023, were audited by other auditors. Their opinion was dated March 29, 2024, and was unmodified.

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.

**INDEPENDENT AUDITOR'S REPORT
(Continued)**

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 27, 2025, 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.

Wells, CPA

Columbus, Ohio

March 27, 2025

APPLESEED COMMUNITY MENTAL HEALTH CENTER, INC.
STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30, 2024 AND 2023

	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
ASSETS						
Current Assets						
Cash and Cash Equivalents	\$ 208,939	\$ 218,188	\$ 427,127	\$ 430,867	\$ 190,808	\$ 621,675
Accounts Receivable	659,689	-	659,689	542,671	-	542,671
Pledge Receivable	-	47,000	47,000	-	47,000	47,000
Grants Receivable	146,050	-	146,050	159,845	-	159,845
Prepaid Expense	110,193	-	110,193	71,984	-	71,984
Total Current Assets	<u>1,124,871</u>	<u>265,188</u>	<u>1,390,059</u>	<u>1,205,367</u>	<u>237,808</u>	<u>1,443,175</u>
Non-Current Assets						
Land	454,317	-	454,317	454,317	-	454,317
Land Improvements	21,051	-	21,051	21,051	-	21,051
Buildings	2,614,172	-	2,614,172	2,607,637	-	2,607,637
Furniture and Equipment	364,124	-	364,124	356,942	-	356,942
Leasehold Improvements	190,644	-	190,644	99,928	-	99,928
	<u>3,644,308</u>	<u>-</u>	<u>3,644,308</u>	<u>3,539,875</u>	<u>-</u>	<u>3,539,875</u>
Accumulated Depreciation	(1,201,504)	-	(1,201,504)	(1,099,266)	-	(1,099,266)
Total Property and Equipment	<u>2,442,804</u>	<u>-</u>	<u>2,442,804</u>	<u>2,440,609</u>	<u>-</u>	<u>2,440,609</u>
Other Assets						
Intangibles (Net of Accumulated Amortization)	426,523	-	426,523	408,267	-	408,267
Beneficial Interest in Assets Held by Others	18,524	35,146	53,670	20,825	30,000	50,825
Deposits	69,262	-	69,262	65,292	-	65,292
Total Other Assets	<u>514,309</u>	<u>35,146</u>	<u>549,455</u>	<u>494,384</u>	<u>30,000</u>	<u>524,384</u>
Total Non-Current Assets	<u>2,957,113</u>	<u>35,146</u>	<u>2,992,259</u>	<u>2,934,993</u>	<u>30,000</u>	<u>2,964,993</u>
TOTAL ASSETS	<u>\$ 4,081,984</u>	<u>\$ 300,334</u>	<u>\$ 4,382,318</u>	<u>\$ 4,140,360</u>	<u>\$ 267,808</u>	<u>\$ 4,408,168</u>
LIABILITIES AND NET ASSETS						
Current Liabilities						
Accounts Payable	\$ 99,419	\$ -	\$ 99,419	\$ 142,338	\$ -	\$ 142,338
Accrued Salaries and Related Liabilities	328,970	-	328,970	348,317	-	348,317
Refundable Advances	4,874	-	4,874	11,461	-	11,461
Debt Obligations - Current	256,375	-	256,375	140,903	-	140,903
Other Liabilities	50,602	-	50,602	104,054	-	104,054
Total Current Liabilities	<u>740,240</u>	<u>-</u>	<u>740,240</u>	<u>747,073</u>	<u>-</u>	<u>747,073</u>
Non-Current Liabilities						
Debt Obligations - Non-Current	911,586	-	911,586	1,040,402	-	1,040,402
Total Non-Current Liabilities	<u>911,586</u>	<u>-</u>	<u>911,586</u>	<u>1,040,402</u>	<u>-</u>	<u>1,040,402</u>
TOTAL LIABILITIES	<u>1,651,826</u>	<u>-</u>	<u>1,651,826</u>	<u>1,787,475</u>	<u>-</u>	<u>1,787,475</u>
NET ASSETS						
Board-Designated for Endowment	18,524	-	18,524	20,825	-	20,825
Net Assets	2,411,634	300,334	2,711,968	2,332,060	267,808	2,599,868
Total Net Assets	<u>2,430,158</u>	<u>300,334</u>	<u>2,730,492</u>	<u>2,352,885</u>	<u>267,808</u>	<u>2,620,693</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 4,081,984</u>	<u>\$ 300,334</u>	<u>\$ 4,382,318</u>	<u>\$ 4,140,360</u>	<u>\$ 267,808</u>	<u>\$ 4,408,168</u>

See Accompanying Notes to the Financial Statements

APPLESEED COMMUNITY MENTAL HEALTH CENTER, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND PROGRAM REVENUE						
Support Revenue						
Support and Grants	\$ 1,973,378	\$ 32,526	\$ 2,005,904	\$ 1,632,306	\$ 267,808	\$ 1,900,114
Other Revenues	108,061	-	108,061	80,210	-	80,210
Investment Income	2,206	-	2,206	3,917	-	3,917
Unrealized Gains	3,639	-	3,639	3,248	-	3,248
Gifts In-Kind	-	-	-	140,000	-	140,000
Total Support Revenue	<u>2,087,284</u>	<u>32,526</u>	<u>2,119,810</u>	<u>1,859,681</u>	<u>267,808</u>	<u>2,127,489</u>
Program Revenue						
Fees For Service	<u>4,986,382</u>	<u>-</u>	<u>4,986,382</u>	<u>4,794,885</u>	<u>-</u>	<u>4,794,885</u>
Total Program Revenue	<u>4,986,382</u>	<u>-</u>	<u>4,986,382</u>	<u>4,794,885</u>	<u>-</u>	<u>4,794,885</u>
TOTAL SUPPORT AND PROGRAM REVENUE	<u>7,073,666</u>	<u>32,526</u>	<u>7,106,192</u>	<u>6,654,566</u>	<u>267,808</u>	<u>6,922,374</u>
 EXPENSES						
Program Expenses	6,365,054	-	6,365,054	5,778,209	-	5,778,209
Administration Expenses	<u>631,339</u>	<u>-</u>	<u>631,339</u>	<u>1,136,445</u>	<u>-</u>	<u>1,136,445</u>
TOTAL EXPENSES	<u>6,996,393</u>	<u>-</u>	<u>6,996,393</u>	<u>6,914,654</u>	<u>-</u>	<u>6,914,654</u>
 Change in Net Assets	77,273	32,526	109,799	(260,088)	267,808	7,720
 Net Assets at Beginning of Year	<u>2,352,885</u>	<u>267,808</u>	<u>2,620,693</u>	<u>2,612,973</u>	<u>-</u>	<u>2,612,973</u>
 Total Net Assets at End of Year	<u>\$ 2,430,158</u>	<u>\$ 300,334</u>	<u>\$ 2,730,492</u>	<u>\$ 2,352,885</u>	<u>\$ 267,808</u>	<u>\$ 2,620,693</u>

See Accompanying Notes to the Financial Statements

APPLESEED COMMUNITY MENTAL HEALTH CENTER, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

	2024			2023		
	Program	Administrative	Total Expenses	Program	Administrative	Total Expenses
Salaries and Related Expenses	\$ 4,982,153	\$ 482,805	\$ 5,464,958	\$ 4,350,084	\$ 900,469	\$ 5,250,553
Dues, Subscriptions, and Licenses	64,680	10,226	74,906	57,448	21,794	79,242
Contract Services	395,459	13,544	409,003	358,632	49,053	407,685
Supplies and Equipment Maintenance	211,433	14,463	225,896	168,874	34,916	203,790
Emergency Housing Assistance	120,045	-	120,045	296,810	-	296,810
Fundraising Expenses	10,707	-	10,707	8,199	-	8,199
Bank Fees	227	4,819	5,046	4,532	14,296	18,828
Repairs and Maintenance	22,125	545	22,670	18,587	2,856	21,443
Legal and Professional	7,342	51,572	58,914	13,619	36,433	50,052
Office Rent	26,660	-	26,660	13,617	-	13,617
Utilities and Telephone	98,522	4,384	102,906	84,512	10,876	95,388
Travel	105,300	2,555	107,855	94,431	10,614	105,045
Seminars and Meetings	11,036	370	11,406	12,828	1,031	13,859
Insurance	55,662	3,735	59,397	47,031	8,827	55,858
Depreciation and Amortization	128,762	5,122	133,884	118,564	15,391	133,955
Advertising	30,344	1,876	32,220	16,385	3,392	19,777
Other Expenses	8,870	17,251	26,121	15,277	221	15,498
Long-Term Assisted Housing	20,443	-	20,443	16,933	-	16,933
Program Activity and Supplies	36,538	-	36,538	55,737	-	55,737
Interest Expense	28,732	2,361	31,093	25,414	10,856	36,270
Taxes	14	15,711	15,725	695	15,420	16,115
TOTAL EXPENSES	\$ 6,365,054	\$ 631,339	\$ 6,996,393	\$ 5,778,209	\$ 1,136,445	\$ 6,914,654

See Accompanying Notes to the Financial Statements

APPLESEED COMMUNITY MENTAL HEALTH CENTER, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
Cash Flows from Operating Activities		
Change in Net Assets	\$ 109,799	\$ 7,720
Adjustments to Reconcile Change in Net Assets to		
Net Cash from Operating Activities:		
Depreciation and Amortization	133,884	133,955
Forgiveness of Debt	(27,384)	(27,379)
Unrealized Gain on Investments	(3,639)	(3,246)
Gift In-Kind - Real Estate	-	(140,000)
(Increase) Decrease in Operating Assets:		
Accounts Receivable	(117,018)	(233,607)
Pledge Receivable	-	-
Grants Receivable	13,795	22,855
Prepaid Expenses	(38,209)	7,048
Deposits	(3,970)	24,808
Increase (Decrease) in Operating Liabilities:		
Accounts Payable	(42,919)	43,474
Accrued Salaries and Related Liabilities	(19,347)	42,634
Refundable Advances	(6,587)	(114,576)
Other Liabilities	(53,452)	48,851
Net Cash Used in Operating Activities	<u>(55,047)</u>	<u>(187,463)</u>
Cash Flows from Investing Activities		
Proceeds from Beneficial Interest in Assets Held by Others	794	-
Property and Equipment Acquisitions	(154,335)	(288,915)
Net Cash Used in Investing Activities	<u>(153,541)</u>	<u>(288,915)</u>
Cash Flows from Financing Activities		
Payments on Debt Obligations	(155,960)	(135,148)
Proceeds from New Debt	170,000	
Net Cash Provided by (Used in) Financing Activities	<u>14,040</u>	<u>(135,148)</u>
Net Change in Cash	(194,548)	(611,526)
Cash and Cash Equivalents with and Without Donor Restrictions at Beginning of Year	<u>621,675</u>	<u>1,233,201</u>
Cash and Cash Equivalents with and Without Donor Restrictions at End of Year	<u><u>\$ 427,127</u></u>	<u><u>\$ 621,675</u></u>
<u>Supplemental Cash Flow Disclosures</u>		
Interest Paid	<u><u>\$ 31,093</u></u>	<u><u>\$ 36,270</u></u>

See Accompanying Notes to the Financial Statements

APPLESEED COMMUNITY MENTAL HEALTH CENTER, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

NOTE 1 – ORGANIZATION

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.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Basis of Accounting

The accompanying financial statements of Appleseed have been prepared utilizing the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Basis of Presentation

The accompanying financial statements have been presented in accordance with accounting principles generally accepted in the United States of America. Under these principles, net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of Appleseed and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions: Net assets without donor restrictions are not restricted by donors and are available for use in Appleseed's ongoing operations.

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.

Quasi-Endowment Investment and Spending Policies

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

Appleseed has adopted investment and spending policies for quasi-endowment assets that seek to provide a predictable stream of funding to programs supported by its quasi-endowment while maintaining the purchasing power of the quasi-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

APPLESEED COMMUNITY MENTAL HEALTH CENTER, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)
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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 quasi-endowment assets. The current spending policy is to distribute an amount equal to 4.0% of a twelve-quarter trailing average fund balance.

Contributions

Appleseed 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

Appleseed 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.

Receivables

Receivables are shown at their net realizable value and reported at the amount management expects to collect on balances outstanding at year-end. Appleseed provides for losses on accounts receivables using the allowance method. The allowance is based on experienced, third-party contracts, and other circumstances which may affect the payors' ability to meet their obligations. Uncollectible accounts are charged to bad debt expense during the period in which they are determined to be uncollectible. Appleseed considers credit losses to be fully collectible; accordingly, no allowance for bad debt is required.

Support and Grants

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

Refundable Advances

Appleseed records grant revenue as a refundable advance until it is expended for the purpose of the grant, 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 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

APPLESEED COMMUNITY MENTAL HEALTH CENTER, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)
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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 \$608,054 and \$558,154 and the accumulated amortization was \$181,531 and \$149,887 for the years ended June 30, 2024 and 2023, respectively.

Income Taxes

Appleseed is tax-exempt under Section 501(c)(3) of the Internal Revenue Code. Consequently, no provisions for income taxes have been made in the accompanying financial statements. Additionally, the Internal Revenue Service has not classified Appleseed as a private foundation because it is an organization of the type described in Sections 509(a)(1) and 170 (b)(A)(vi) of the Code.

Appleseed follows Financial Accounting Standards Board (“FASB”) guidance on accounting for uncertainty in income taxes, which addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under this guidance, Appleseed may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. Examples of tax positions include the tax-exempt status of Appleseed, and various positions related to the potential sources of unrelated business taxable income (UBIT). The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50 percent likelihood of being realized upon ultimate settlement. The guidance on accounting for uncertainty in income taxes also addresses de-recognition, classification, interest and penalties on income taxes, and accounting in interim periods. On June 30, 2024, there were no material unrecognized tax benefits identified or recorded as liabilities.

Appleseed files Form 990 in the U.S. federal jurisdiction. Appleseed’s federal exempt organization tax returns are subject to examination by the Internal Revenue Service, generally for three years after they are filed. All tax returns for years ending after June 30, 2021 are open for examination.

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

APPLESEED COMMUNITY MENTAL HEALTH CENTER, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)
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reporting period. Actual results could differ from those estimates.

Advertising

Appleseed expenses advertising costs as they are incurred. Advertising expenses were \$32,220 and \$19,777 for the years ended June 30, 2024 and 2023, respectively.

Fair Value Measurements

Appleseed 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.

Appleseed accounts for its investments at fair value. In accordance with ASC No. 820, Appleseed 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.

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 fund, and real estate.

In accordance with ASC No. 820, Appleseed 's carrying amounts of cash and cash equivalents, accounts receivable, pledges receivable, prepaid expenses, accounts payable, payroll related

APPLESEED COMMUNITY MENTAL HEALTH CENTER, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)
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liabilities, refundable advances, and other liabilities approximate fair value under Level 1.

Reclassification

Certain amounts from the year ended June 30, 2023 have been reclassified to conform with the financial statement presentation for the year ended June 30, 2024 and current presentation standards.

Subsequent Events

Generally accepted accounting principles define subsequent events as events or transactions that occur after the Statement of Financial Position date, but before the financial statements are issued or are available to be issued. Management has evaluated subsequent events through March 27, 2025, the date on which the financial statements were available to be issued.

NOTE 3 – CONCENTRATION OF CREDIT RISKS

Financial instruments that potentially subject Appleseed 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. Appleseed periodically has on deposit with banks more than the Federal Deposit Insurance Corporation limit.

Appleseed maintains its cash at two financial institutions. This institution provides insurance coverage up to \$250,000 through the Federal Deposit Insurance Corporation (FDIC). Based upon the FDIC insurance coverage as of June 30, 2024, and 2023, there were \$316,006 and \$240,588, respectively, of uninsured cash deposit balances.

As of June 30, 2024, approximately 42% of Appleseed's total receivables were from the federal government, as passed down through the state of Ohio, in the form of Medicaid managed care revenue. This concentration arises due to a significant portion of Appleseed's total receivables being derived from reimbursements under the Medicaid program for services provided to eligible individuals.

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 \$1,802,430 and \$2,538,545 during the years ended June 30, 2024 and 2023, respectively.

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.

APPLESEED COMMUNITY MENTAL HEALTH CENTER, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

NOTE 4 – ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2024 and 2023 consisted of the following:

	2024	2023
Client Insurance Coverage	\$ 82,435	\$ 14,570
Medicare	29,644	11,766
Medicaid	356,275	364,988
Mental Health Board	155,401	62,977
Grants and Other	35,934	88,370
	<u>\$ 659,689</u>	<u>\$ 542,671</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, respectively, 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 transfer instrument stipulate that earned investment income, net of 0.5% 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 ACCF Board of Trustees.

Investments are carried at market or appraised value, and realized and unrealized gains and losses are reflected in the Statements of Activities.

Assets measured at fair value on a recurring basis were as follows for the year ending June 30, 2024:

Description	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Beneficial Interest in Assets Held by Others	\$ 53,670	\$ -	\$ -	\$ 53,670
Total Recurring Fair Value Measurements	<u>\$ 53,670</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 53,670</u>

APPLESEED COMMUNITY MENTAL HEALTH CENTER, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

NOTE 5 – BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS (Continued)

Assets measured at fair value on a recurring basis were as follows for the year ending June 30, 2023:

Description	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Beneficial Interest in Assets Held by Others	\$ 50,825	\$ -	\$ -	\$ 50,825
Total Recurring Fair Value Measurements	<u>\$ 50,825</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 50,825</u>

NOTE 6 – FAIR VALUE MEASUREMENTS

The fair values of assets measured as of June 30 were as follows:

Recurring Fair Value Measurements

	2024	2023
Balance as of July 1	\$ 50,825	\$ 47,935
Distributions	(2,664)	(2,305)
Net Realized and Unrealized Gains on Investments	3,639	3,282
Investment Income and Expenses	<u>1,870</u>	<u>1,913</u>
Balance as of June 30	<u>\$ 53,670</u>	<u>\$ 50,825</u>

**NOTE 7 – BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS COMPOSITION
BY TYPE OF FUND**

The composition of the beneficial interest in assets held by others net assets by type as of June 30, 2024, were as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-Restricted Fund	\$ -	\$ 35,146	\$ 35,146
Board-Designated Fund	18,524	-	18,524
Total Funds	<u>\$ 18,524</u>	<u>\$ 35,146</u>	<u>\$ 53,670</u>

APPLESEED COMMUNITY MENTAL HEALTH CENTER, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

NOTE 7 – BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS COMPOSITION BY TYPE OF FUND (Continued)

The composition of the beneficial interest in assets held by others net assets by type as of June 30, 2023, were as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-Restricted Fund	\$ -	\$ 30,000	\$ 30,000
Board-Designated Fund	20,825	-	20,825
Total Funds	<u>\$ 20,825</u>	<u>\$ 30,000</u>	<u>\$ 50,825</u>

NOTE 8 – CONTRIBUTED NON-FINANCIAL ASSETS

A substantial number of volunteers have donated their time to Appleseed. The majority of this time is through volunteer support at Appleseed events. These donated services are not reflected in the financial statements since these services do not meet the criteria for recognition as contributed services.

The contributed residential real estate received in 2023, will be used for program activities to provide housing for qualifying applicants. In valuing the contributed real estate, which is located in Ashland, Ohio, Appleseed obtained a realtor's estimated fair value on the basis of recent comparable sales prices in Ashland, Ohio's real estate market. There were no donor-imposed restrictions associated with the gift of real estate. The gift is reflected as Gifts In-Kind on the Statements of Activities for the year ended June 30, 2023.

NOTE 9 – DEBT OBLIGATIONS

Debt obligations as of June 30, 2024 and 2023 consist of the following:

	<u>2024</u>	<u>2023</u>
Mortgage Payable		
Non-interest-bearing mortgage notes 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 Appleseed's continued use of the properties to house persons with severe mental disabilities. Use restrictions will expire in April 2034.	36,389	40,085

APPLESEED COMMUNITY MENTAL HEALTH CENTER, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

NOTE 9 – DEBT OBLIGATIONS (Continued)

	<u>2024</u>	<u>2023</u>
Mortgage Payable		
Mortgage lease payable to Simonson Holdings Ltd. Payable in monthly installments of \$12,000 including interest of 5.25%. The mortgage is collateralized with real estate.	518,522	632,006
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.	23,313	25,329
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.	391,498	409,540
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.	70,738	74,345

APPLESEED COMMUNITY MENTAL HEALTH CENTER, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

NOTE 9 – DEBT OBLIGATIONS (Continued)

	<u>2024</u>	<u>2023</u>
Note Payable		
Non-interest bearing note to the Mental Health and Recovery Board of Ashland County. Monthly principal payments of \$7,080 are payable to Recovery Board over a period of 24 months ending January 1, 2026.	127,501	-
	1,167,961	1,181,305
Current Portion	(256,375)	(140,903)
Non-Current Portion	<u>\$ 911,586</u>	<u>\$1,040,402</u>

Principal payments for debt obligations as of June 30, 2024 are as follows:

Year Ending June 30	
2025	\$ 256,375
2026	192,371
2027	160,218
2028	166,562
2029	27,375
Thereafter	360,060
	<u>\$ 1,167,961</u>

NOTE 10 – RESTRICTED NET ASSETS

Net assets are available for the following purposes as of June 30, 2024:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total Net Assets</u>
Board-designated for Endowment	\$ 18,524	\$ -	\$ 18,524
Undesignated	2,411,635	-	2,411,635
United Way Funded Programs	-	47,000	47,000
Residential Group Home Facilities, Net of Accumulated Depreciation and Mortgages	-	218,188	218,188
Donor-Restricted Funds	-	35,146	35,146
Total	<u>\$ 2,430,159</u>	<u>\$ 300,334</u>	<u>\$ 2,730,493</u>

APPLESEED COMMUNITY MENTAL HEALTH CENTER, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

NOTE 10 – RESTRICTED NET ASSETS (Continued)

Net assets are available for the following purposes as of June 30, 2023:

	Without Donor Restrictions	With Donor Restrictions	Total Net Assets
Board-designated for Endowment	\$ 20,825	\$ -	\$ 20,825
Undesignated	2,332,060	-	2,332,060
United Way Funded Programs	-	47,000	47,000
Residential Group Home Facilities, Net of Accumulated Depreciation and Mortgages	-	190,808	190,808
Donor-Restricted Funds	-	30,000	30,000
Total	<u>\$ 2,352,885</u>	<u>\$ 267,808</u>	<u>\$ 2,620,693</u>

NOTE 11 – 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 \$52,184 and \$43,735 for the years ended June 30, 2024 and 2023, respectively.

NOTE 12 – 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 Activities and the Statements of Functional Expenses. Expenses which are easily and directly associated with a particular program or supporting service are charged directly to that functional area. Salaries and Related Expenses, Dues, Subscriptions, and Licenses, Contract Services, Supplies and Equipment Maintenance, Bank Fees, Repairs and Maintenance, Legal and Professional, Utilities and Telephone, Travel, Insurance, Depreciation and Amortization, Interest Expense, and Taxes are allocated on the basis of tracked employee time.

NOTE 13 – 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.

APPLESEED COMMUNITY MENTAL HEALTH CENTER, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

NOTE 13 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS (Continued)

	<u>2024</u>	<u>2023</u>
Financial Assets, at Year End:		
Cash and Cash Equivalents	\$ 427,127	\$ 621,675
Accounts Receivable	659,689	542,671
Pledge Receivables	47,000	47,000
Grants Receivables	146,050	159,845
Beneficial Interest in Assets Held by Others	53,670	50,825
	<u>1,333,536</u>	<u>1,422,016</u>
Less:		
Pledges Received for Future Period	47,000	47,000
Beneficial Interest in Assets Held by Others	53,670	50,000
Refundable Advance	4,874	11,461
Cash and Cash Equivalents - Restricted	218,188	190,808
	<u>323,732</u>	<u>299,269</u>
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	<u>\$1,009,804</u>	<u>\$1,122,747</u>

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 14 – 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 for any related liabilities.

Appleseed'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.

NOTE 15 – CHANGES IN ACCOUNTING PRINCIPLES

In June 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2016-13, Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments ("ASU 2016-13" or "ASC 326"). ASU 2016-13 revises the accounting requirements related to the measurement of credit losses and requires Appleseed to measure all expected credit losses for financial assets based on historical experience, current conditions, and reasonable and supportable forecasts about collectability. Assets must be presented in the financial statements at the net amount expected to be collected. The FASB has subsequently issued additional ASUs amending certain aspects of ASU 2016-13.

On July 1, 2023, Appleseed adopted the new accounting standard and all of the related amendments using the modified retrospective method. Results for the reporting periods beginning after July 1, 2023, are presented under ASC 326. The comparative information has been

APPLESEED COMMUNITY MENTAL HEALTH CENTER, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

NOTE 15 – CHANGES IN ACCOUNTING PRINCIPLES (Continued)

reclassified and is reported under the new accounting standard. The reclassification did not change total assets, total liabilities, or total net assets.

NOTE 16 – LEASES – LESSOR ACTIVITIES

Appleseed owns multiple apartment buildings, that they lease individual apartments to individuals. Appleseed's apartment leases are operating lease agreements with terms of 12 months or less. These apartments have variable rental ranges from \$500 to \$655 per month. These apartment leases do not transfer ownership of the leased assets and do not provide an option for the lessees to purchase the assets. These agreements are cancelable with 30-day notice.

NOTE 17 – FEES FOR SERVICE REVENUE

On June 30, Appleseed received income for the year from service fees as follows:

	2024	2023
Medicaid-Related Services	\$ 2,541,658	\$ 2,736,800
Medicare & Private Insurance	615,821	260,694
Self-Pay and Other Client Payments	138,225	138,782
Grants and Special Programs	230,842	311,428
Contract and Service Provision	1,459,836	1,347,181
	<u>\$ 4,986,382</u>	<u>\$ 4,794,885</u>

Revenue is recognized as a point in time when services are performed.

SUPPLEMENTARY INFORMATION

APPLESEED COMMUNITY MENTAL HEALTH CENTER, INC.
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2024

Federal Department Name/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Pass-Through to Subrecipients	Total Federal Expenditures
<u>FEDERAL EXPENDITURES</u>				
UNITED STATES DEPARTMENT OF JUSTICE				
Passed Through from Ohio Attorney General Crime Victim's Assistance Office				
Crime Victim Assistance	16.575	Safe Haven --2023-SVAA-135104144	\$ -	\$ 293
Crime Victim Assistance	16.575	Safe Haven--2023-VOCA-135104140	-	16,593
Crime Victim Assistance	16.575	Safe Haven --2024-SVAA-135499106	-	1,469
Crime Victim Assistance	16.575	Safe Haven--2024-VOCA-135499101	-	120,190
Total Passed Through from Ohio Attorney General Crime Victim's Assistance Office			-	138,545
Passed Through from Ohio Department of Public Safety, Office of Criminal Justice Services				
Violence Against Women Formula Grants	16.588	Safe Haven--2023-WF-VA5-8567	-	16,907
Violence Against Women Formula Grants	16.588	Safe Haven-- 2022-WF-VA5-8567	-	12,129
Total Passed Through from Ohio Department of Public Safety, Office of Criminal Justice Services			-	29,036
Passed Through from OneEighty, Inc.				
Transitional Housing Assistance for Victims of Domestic Violence, Dating Violence, Stalking, or Sexual Assault	16.736	Transitional Housing - OVW--15JOVW-23-GG-02942-TRAN	-	4,027
Total Passed Through from OneEighty, Inc.			-	4,027
TOTAL UNITED STATES DEPARTMENT OF JUSTICE			\$ -	\$ 171,608
DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Passed Through from Ohio Department of Public Safety, Office of Criminal Justice Services				
Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services	93.671	Safe Haven--2021-CM-001-490CM	\$ -	\$ 42,626
Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services	93.671	Safe Haven--2023-VP-001-4151	-	69,340
Total Passed Through from Ohio Department of Public Safety, Office of Criminal Justice Services			-	111,966
Passed Through from Mental Health & Recovery Board of Ashland County				
Opioid STRState Opioid Response - Integrated Behavioral Health Care	93.788	Federal Mental Health Blck Grant--2300689	-	52,232
SOR 3.0-SOS	93.788	Federal Mental Health Blck Grant--2400586	-	189,332
State Opioid Response - Integrated Behavioral Health Care	93.788	Federal Mental Health Blck Grant--2401007	-	8,615
SOR 3.0-SOS	93.788	Federal Mental Health Blck Grant--2300641	-	103,504
Total Passed Through from Mental Health & Recovery Board of Ashland County			-	353,683
Passed Through from Ohio Mental Health & Addiction Services				
Opioid STR	93.788	3HBI-2024 SOR 3.2-SOS--2401050	-	4,767
Total Passed Through from Ohio Mental Health & Addiction Services			-	4,767
Passed Through from Ohio Mental Health & Addiction Services				
Block Grants for Community Mental Health Services	93.958	2023 Mental Health Block Grant--2300834	-	34,317
Total Passed Through from Ohio Mental Health & Addiction Services			-	34,317
TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES			\$ -	\$ 504,733

APPLESEED COMMUNITY MENTAL HEALTH CENTER, INC.
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2024

Federal Department Name/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Pass-Through to Subrecipients	Total Federal Expenditures
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Direct Award				
Continuum of Care Program	14.267	ARRH--OH0491L5E072107	-	17,321
Continuum of Care Program	14.267	ARRH--OH0491L5E072208	-	72,831
Total Direct Award			-	90,152
Passed Through from OneEighty, Inc.				
Homeless Crisis Response Program	14.231	Homeless Crisis Response Program--N-L-22-7LT-2	\$ -	\$ 53,302
Total Passed Through from OneEighty, Inc.			-	53,302
Passed Through from Ohio Department of Development				
Supportive Housing Program	14.235	Supportive Housing Program--S-Y-22-7GL-2	-	14,624
Total Passed Through from Ohio Department of Development			-	14,624
Passed Through from Mental Health & Recovery Board of Ashland County				
Continuum of Care Program	14.267	Beginning Anew--OH0451L5E072306	-	2,420
Continuum of Care Program	14.267	Beginning Anew--OH0451L5E072205	-	34,174
Total Passed Through from Mental Health & Recovery Board of Ashland County			-	36,594
Passed Through from OneEighty, Inc.				
Continuum of Care Program	14.267	PSH Plus Care Supportive Housing--OH0469L5E072307	-	182
Continuum of Care Program	14.267	PSH Plus Care Supportive Housing--OH1469L5E072206	-	9,390
Total Passed Through from OneEighty, Inc.			-	9,572
TOTAL DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			\$ -	\$ 204,244
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ -	\$ 880,585

APPLESEED COMMUNITY MENTAL HEALTH CENTER, INC.
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

NOTE 1 – BASIS OF PRESENTATION

The Schedule of Expenditures of Federal Awards include the federal grant activities of Appleseed Community Mental Health Center, Inc. and is presented on the accrual basis of accounting. The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal grant activity of Appleseed Community Mental Health Center, Inc. under programs of the federal government for the year ended June 30, 2024. The information on this Schedule is prepared 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, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Appleseed.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule 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* (Uniform Guidance), wherein certain types of expenditures may or may not be allowable or are limited as to reimbursement.

Pass-through entity identifying numbers are presented where available.

NOTE 3 – MATCHING REQUIREMENT

Appleseed received federal funding with the following matching requirements for the fiscal year ended June 30, 2024:

Federal Assistance Listing Number	Grant Program	Matching Requirement
93.674	Family Violence Prevention and Services Act (FVPSA)	\$13,868
16.575	Victims of Crime Act (VOCA)	34,196
14.267	Access to Recovery and Recovery Housing (ARRH)	30,051
14.267	Beginning Anew	12,198
14.267	Permanent Supportive Housing (PSH)	3,191
14.235	Supportive Housing Program (SHP)	14,624

The matching requirements were achieved through cash contributions and noncash in-kind match. Cash contributions include local and state funds. Noncash in-kind match includes volunteer time of community members.

**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 Directors
Appleseed Community Mental Health Center, Inc.
Ashland, Ohio

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, 2024, and the related statements of activities, 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 March 27, 2025.

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) as a basis for designing 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 Community Mental Health Center, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Appleseed Community Mental Health Center, Inc.'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 or significant deficiencies may exist that were not identified.

Report 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,

**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*
(Continued)**

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 entity's internal control or on compliance. This report is an integral part of the audit performed in accordance with *Government Auditing Standards* in considering Appleseed Community Mental Health Center, Inc.'s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Wells, CPA

Columbus, Ohio
March 27, 2025

**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 Directors
Appleseed Community Mental Health Center, Inc.
Ashland, Ohio

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Appleseed Community Mental Health Center, Inc.'s (a nonprofit corporation) compliance with the types of compliance requirements described 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, 2024. 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, 2024.

Basis for Modified and Unmodified Opinions

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, Costs 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.

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

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE
(Continued)**

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.

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, 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

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE
(Continued)**

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.

Wells, CPA

Columbus, Ohio
March 27, 2025

APPLESEED COMMUNITY MENTAL HEALTH CENTER, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2024

Financial Statements

Type of auditor's report issued:

Unmodified

Internal control over financial reporting:

- | | | |
|---|-------------------|-----------------------------------|
| • Material weakness(es) identified? | <u> </u> yes | <u> x </u> no |
| • Significant deficiency(ies) identified? | <u> </u> yes | <u> x </u> none reported |

Noncompliance material to financial statements noted.

 yes **x** no

Federal Awards

Internal control over major programs:

- | | | |
|---|-------------------|-----------------------------------|
| • Material weakness(es) identified? | <u> </u> yes | <u> x </u> no |
| • Significant deficiency(ies) identified? | <u> </u> yes | <u> x </u> none reported |

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)?

 yes **x** no

Identification of major programs:

<u>Federal Assistance Listing Number(s)</u>	<u>Name of Federal Program or Cluster</u>
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93.788

Opioid STR

Dollar threshold used to distinguish between type A and type B programs:

\$ 750,000

Auditee qualified as low-risk auditee?

 x yes no

APPLESEED COMMUNITY MENTAL HEALTH CENTER, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2024

Section II — Financial Statement Findings
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None noted

Section III — Federal Award Findings and Questioned Costs
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None noted

**APPLESEED COMMUNITY MENTAL HEALTH CENTER, INC.
SCHEDULE OF STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2024**

Section II — Financial Statement Findings
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None noted

Section III — Federal Award Findings and Questioned Costs
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None noted