

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, 2021 and 2020**

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of Appleseed Community Mental Health Center, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Appleseed Community Mental Health Center, Inc. as of June 30, 2021 and 2020, 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.

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

Other Matters

Other Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, 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 audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 30, 2022, on our consideration of Appleaseed 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 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 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 Appleaseed Community Mental Health Center, Inc.'s internal control over financial reporting and compliance.

Irwin Financial Associates

IRWIN FINANCIAL ASSOCIATES, INC.

Ashland, Ohio
March 30, 2022

APPLESEED COMMUNITY MENTAL HEALTH CENTER, INC.

STATEMENTS OF FINANCIAL POSITION

June 30, 2021 and 2020

	2021	2020
Assets		
Current assets		
Cash and cash equivalents	\$ 812,414	\$1,122,391
Accounts receivable	384,570	344,897
Pledge receivable	47,000	46,000
Prepaid expenses	56,719	44,632
Grants receivable	138,239	75,304
Total current assets	<u>1,438,942</u>	<u>1,633,224</u>
Property and equipment		
Land	425,080	425,080
Land improvements	21,051	21,051
Buildings	2,495,362	2,331,592
Furniture and equipment	284,564	226,595
Leasehold improvements	51,882	51,882
	<u>3,277,939</u>	<u>3,056,200</u>
Accumulated depreciation	<u>(898,150)</u>	<u>(814,899)</u>
Total property and equipment	<u>2,379,789</u>	<u>2,241,301</u>
Other assets		
Intangibles (net of accumulated amortization)	184,502	174,733
Beneficial interest in assets held by others	59,091	46,375
Deposits	63,486	52,071
	<u>307,079</u>	<u>273,179</u>
Total assets	<u>\$4,125,810</u>	<u>\$4,147,704</u>

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STATEMENTS OF FINANCIAL POSITION

June 30, 2021 and 2020

Liabilities and Net Assets

	2021	2020
Current liabilities		
Current portion, debt obligations	\$ 129,611	\$ 493,625
Accounts payable	46,302	129,015
Salaries, wages and related liabilities	290,083	233,927
Refundable advances	32,885	218,146
Other liabilities	59,840	44,002
Total current liabilities	558,721	1,118,715
Debt obligations, less current portion	<u>1,316,453</u>	<u>1,808,514</u>
Total liabilities	<u>1,875,174</u>	<u>2,927,229</u>
Net assets		
Without donor restrictions:		
Board designated for endowment	29,091	16,375
Undesignated	<u>1,951,109</u>	<u>934,750</u>
Total net assets without donor restrictions	<u>1,980,200</u>	<u>951,125</u>
With donor restrictions:		
Purpose restricted	240,436	239,350
Donor restricted endowment	<u>30,000</u>	<u>30,000</u>
Total net assets with donor restrictions	<u>270,436</u>	<u>269,350</u>
Total net assets	<u>2,250,636</u>	<u>1,220,475</u>
Total liabilities and net assets	<u>\$4,125,810</u>	<u>\$4,147,704</u>

See accompanying notes and auditor's report.

APPLESEED COMMUNITY MENTAL HEALTH CENTER, INC.

STATEMENTS OF ACTIVITIES

for the years ended June 30, 2021 and 2020

	2021	2020
Changes in net assets without donor restrictions		
Revenues		
Support and grants	\$2,673,802	\$1,407,456
Service fees	3,940,395	3,884,608
Other revenues	100,588	68,027
Investment income	2,464	2,261
Realized and unrealized gains	13,124	427
Gifts in kind	1,422	--
	<u>6,731,795</u>	<u>5,362,779</u>
Expenses		
Salaries and related expenses	4,404,183	4,217,177
Dues, subscriptions and licenses	19,293	15,844
Contract services	252,223	190,533
Supplies and equipment maintenance	144,021	115,135
Emergency housing assistance	254,054	306,168
Bank fees	17,777	13,925
Repairs and maintenance	39,645	33,274
Legal and professional	36,105	31,398
Office rent	6,436	11,238
Utilities and telephone	93,332	77,226
Travel	72,725	84,739
Seminars and meetings	11,157	10,943
Insurance	42,153	51,077
Depreciation and amortization	108,094	96,282
Advertising	24,618	8,660
Other expenses	25,931	19,091
Long-term assisted housing	13,974	3,005
Diversion program	1,784	15,993
Program activity and supplies	64,365	39,381
Interest expense	47,235	49,509
Taxes	22,529	1,350
	<u>5,701,634</u>	<u>5,391,948</u>
Excess of expenses	1,030,161	(29,169)
Operating transfers	(1,086)	839
Increase (Decrease) in net assets without donor restrictions	<u>1,029,075</u>	<u>(28,330)</u>

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STATEMENTS OF ACTIVITIES

for the years ended June 30, 2021 and 2020

Changes in net assets with donor restrictions		
Operating transfers:		
Net assets subject to restriction	<u>1,086</u>	<u>(839)</u>
Increase (Decrease) in net assets with donor restrictions	<u>1,086</u>	<u>(839)</u>
Increase (Decrease) in net assets	1,030,161	(29,169)
Net assets, beginning of year	<u>1,220,475</u>	<u>1,249,644</u>
Net assets, end of year	<u>\$2,250,636</u>	<u>\$1,220,475</u>

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
Total expenses	\$ 4,555,232	\$ 1,146,402	\$ 5,701,634

See accompanying notes and auditor's report.

APPLESEED COMMUNITY MENTAL HEALTH CENTER, INC.
STATEMENT OF FUNCTIONAL EXPENSES
for the year ended June 30, 2020

	2020		
	<u>MENTAL HEALTH</u>	<u>MANAGEMENT AND GENERAL</u>	<u>TOTAL</u>
Salaries and related expenses	\$ 3,329,682	\$ 887,495	\$ 4,217,177
Dues, subscriptions and licenses	11,897	3,947	15,844
Contract services	183,112	7,421	190,533
Supplies and equipment maintenance	81,539	33,596	115,135
Emergency housing assistance	306,168	-	306,168
Bank fees	188	13,737	13,925
Repairs and maintenance	29,110	4,164	33,274
Legal and professional	50	31,348	31,398
Office rent	10,188	1,050	11,238
Utilities and telephone	68,474	8,752	77,226
Travel	81,723	3,016	84,739
Seminars and meetings	9,731	1,212	10,943
Insurance	43,986	7,091	51,077
Depreciation and amortization	87,077	9,205	96,282
Advertising	1,580	7,080	8,660
Other expenses	6,529	12,562	19,091
Long-term assisted housing	3,005	-	3,005
Diversion program	15,993	-	15,993
Program activity and supplies	39,381	-	39,381
Interest expense	36,563	12,946	49,509
Taxes	42	1,308	1,350
Total expenses	<u>\$ 4,346,018</u>	<u>\$ 1,045,930</u>	<u>\$ 5,391,948</u>

See accompanying notes and auditor's report.

APPLESEED COMMUNITY MENTAL HEALTH CENTER, INC.

STATEMENTS OF CASH FLOWS

for the years ended June 30, 2021 and 2020

	2021	2020
Cash flows from operating activities		
Increase (Decrease) in net assets	\$1,030,161	\$ (29,169)
Adjustments to reconcile change in net assets to net cash provided by operations:		
Depreciation and amortization	108,094	96,282
Forgiveness of debt	(748,721)	(27,379)
Unrealized gain on investments	9,768	314
(Increase) Decrease in operating assets:		
Accounts receivable, net	(39,673)	11,738
Pledge receivable	(1,000)	(970)
Prepaid expenses	(12,087)	(11,172)
Grants receivable	(62,935)	127,461
Other assets	(33,900)	(40,867)
Increase (Decrease) in operating liabilities:		
Accounts payable	(82,713)	91,971
Accrued salaries and related liabilities	56,156	66,571
Refundable advances	(185,261)	(147,157)
Other liabilities	<u>15,838</u>	<u>14,832</u>
Net cash provided by operating activities	<u>53,727</u>	<u>152,455</u>
Cash flows from investing activities		
Property and equipment acquisitions	<u>(256,350)</u>	<u>(99,373)</u>
Net cash used in investing activities	<u>(256,350)</u>	<u>(99,373)</u>

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STATEMENTS OF CASH FLOWS

for the years ended June 30, 2021 and 2020

	2021	2020
Cash flows from financing activities		
Proceeds of debt obligations	--	724,900
Payments on debt obligations	<u>(107,354)</u>	<u>(138,603)</u>
Net cash (used in) provided by financing activities	<u>(107,354)</u>	<u>586,297</u>
Net (decrease) increase in cash	(309,977)	639,379
Cash and cash equivalents, beginning of year	<u>1,122,391</u>	<u>483,012</u>
Cash and cash equivalents, end of year	<u>\$ 812,414</u>	<u>\$1,122,391</u>
Supplemental disclosures of cash flow information		
Cash paid during the period for:		
Interest	<u>\$ 47,235</u>	<u>\$ 49,509</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 \$1,895,931 and \$1,856,532 during 2021 and 2020, 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 \$273,404 and \$238,792 and the accumulated amortization was \$88,902 and \$64,059 for the years ended June 30, 2021 and 2020, 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 2018 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 \$24,618 and \$8,660 for the years ended June 30, 2021 and 2020.

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, 2021 through March 30, 2022, 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:

	2021	2020
Housing Program Funds	<u>\$43,771</u>	<u>\$47,006</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, 2021 and 2020 consisted of the following:

	2021	2020
Client Insurance Coverage	\$ 13,681	\$ 12,274
Medicare	8,078	8,269
Medicaid	182,936	162,458
Mental Health Board	123,116	104,796
Grants and other	<u>56,759</u>	<u>57,100</u>
	<u>\$ 384,570</u>	<u>\$ 344,897</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, 2021 and 2020.

	2021	2020
Level 3		
Ashland County Community Foundation	<u>\$ 59,091</u>	<u>\$ 46,375</u>
Total Investments	59,091	46,375
Beneficial Interest in Assets Held by Others	<u>(59,091)</u>	<u>(46,375)</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, 2021 and 2020.

	2021	2020
Balances as of July 1	\$ 46,375	\$ 46,488
Contributions	--	--
Distributions	(2,034)	(1,976)
Net Realized and Unrealized		
Gains on Investments	13,150	427
Investment Income and Expenses	<u>1,600</u>	<u>1,436</u>
Balances as of June 30	<u>\$ 59,091</u>	<u>\$ 46,375</u>

Note 6. Changes in Endowment Net Assets for the Year Ended June 30, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 16,375	\$ 30,000	\$ 46,375
Contributions	--	--	--
Investment return:			
Investment income	--	1,600	1,600
Net change in value (realized and unrealized)	<u>14,750</u>	<u>(1,600)</u>	<u>13,150</u>
Total	31,125	30,000	61,125
Distributions	<u>(2,034)</u>	<u>--</u>	<u>(2,034)</u>
Endowment net assets, end of year	<u>\$ 29,091</u>	<u>\$ 30,000</u>	<u>\$ 59,091</u>

Note 7. Endowment Net Asset Composition by Type of Fund as of June 30, 2021

	<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>29,091</u>	<u>--</u>	<u>29,091</u>
Total funds	<u>\$ 29,091</u>	<u>\$ 30,000</u>	<u>\$ 59,091</u>

Note 8. Debt Obligations

Debt obligations at June 30, 2021 and 2020 consist of the following:

	2021	2020
Installment Note		
Installment note allows Appleseed 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%.	\$ --	\$ --
Lease Payable		
Long term capital lease payable to TAMCO Leasing, collateralized by specific equipment. Payable in monthly installments of \$852 including interest of 8.42%. Lease ends February 7, 2021.	--	6,781
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 Appleseed's continued use of the properties to house persons with severe mental disabilities. Use restrictions will expire in April, 2034.	47,484	51,185
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 Appleseed CMHC shall have the option to purchase the premises for \$1, providing all conditions are met.	842,006	939,020

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.

29,355

31,367

Term Debt

On April 6, 2020, Appleseed was granted a loan from Sutton Bank in the amount of \$724,900, pursuant to the Paycheck Protection Program (PPP) under Division A, Title I of the CARES Act, which was enacted March 27, 2020. The note dated April 6, 2020 matures on April 6, 2022 and bears interest at a rate of 1.00% per annum. The Note may be prepaid by Appleseed at any time prior to maturity with no prepayment penalties. Funds from the loan may be used for payroll costs, costs used to continue group health care benefits, mortgage payments, rent, and utilities incurred before November 3, 2020. Appleseed utilizes the entire loan amount for qualifying expenses. Under the terms of the PPP, certain amounts of the loan may be forgiven if they are used for qualifying expenses as described in the CARES Act. When Appleseed obtains PPP loan forgiveness, Appleseed will record contribution revenue in connection with the forgiven PPP loan. The loan program's expenditures and results are subject to review and acceptance by the SBA and, as a result of such review, future adjustments could be required. If the SBA does not forgive any portion of the PPP loan, the remaining balance would have a two-year repayment period and the interest rate on the loan

Note 8. Debt Obligations (Continued)

would be 1%. The PPP loan was forgiven on November 2, 2020. -- 724,900

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. 445,756 463,864

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. 81,463 85,022

1,446,064 2,302,139

Current portion (129,611) (493,625)

\$1,316,453 \$1,808,514

Note 8. Debt Obligations (Continued)

Principal payments for debt obligations as of June 30, 2021 are as follows:

Year ending June 30:

2022	\$ 129,611
2023	135,109
2024	140,903
2025	147,008
2026	153,442
Thereafter	<u>739,991</u>
	<u>\$1,446,064</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, 2021 are as follows:

Period ended June 30:

2022	\$ 14,191
2023	8,196
2024	4,096
Thereafter	<u>--</u>
	<u>\$ 26,483</u>

Rental expense relative to this lease arrangement totaled \$17,117 and \$19,684 for the years ended June 30, 2021 and 2020.

Note 10. Net Assets

Net assets are available for the following purposes as of June 30, 2021:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total Net Assets</u>
Board designated for endowment Undesignated	\$ 29,091 1,951,109	\$ -- --	\$ 29,091 1,951,109
Pledge receivable for future period	--	47,000	47,000
Residential group home facilities, net of accumulated depreciation and mortgages	--	193,436	193,436
Donor restricted endowment funds	<u>--</u>	<u>30,000</u>	<u>30,000</u>
Total	<u>\$1,980,200</u>	<u>\$270,436</u>	<u>\$2,250,636</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 \$43,412 and \$44,078 for the years ended June 30, 2021 and 2020.

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	\$ 812,414
Accounts receivable	384,570
Pledge receivable	47,000
Grants receivable	138,239
Beneficial interest in assets held by others	59,091
	<u>1,441,314</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	59,091
Refundable advances	32,885
	<u>182,747</u>

Financial assets available to meet
cash needs for general expenditure
within one year \$1,258,567

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, 2021

**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, 2021 and 2020, 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 30, 2022.

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.

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 determination of financial statement amounts. 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 30, 2022

**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
Appleaseed Community Mental Health Center, Inc.**

Report on Compliance for Each Major Federal Program

We have audited Appleaseed Community Mental Health Center, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Appleaseed Community Mental Health Center, Inc.'s major federal programs for the years ended June 30, 2021 and 2020. Appleaseed 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.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Appleaseed Community Mental Health Center, Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Appleaseed Community Mental Health Center, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Appleaseed Community Mental Health Center, Inc.'s compliance.

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

Opinion on Each Major Federal Program

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 years ended June 30, 2021 and 2020.

Report on Internal Control Over Compliance

Management of Appleseed Community Mental Health Center, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Appleseed Community Mental Health Center, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Appleseed Community Mental Health Center Inc.'s 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance 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.

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 30, 2022

**SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF
FEDERAL AWARDS**

APPLESEED COMMUNITY MENTAL HEALTH CENTER, INC.
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2021

<i>Federal Grantor/Program or Cluster Title</i>	<i>Federal CFDA Number</i>	<i>Pass-through Grantor and Number</i>	<i>Federal Expenditures(\$)</i>
Other Programs			
United States Department of Justice			
Crime Victim Assistance			
Crime Victim Assistance	16.575	Ohio Attorney General Crime Victim's Assistance Office,2021-VOCA-133898859/2020-VOCA-132921038	262,406
Crime Victim Assistance	16.575	Ohio Attorney General Crime Victim's Assistance Office,2021-SVAA-133898863/2020-SVAA-132921044	2,160
Total Crime Victim Assistance			<u>264,566</u>
Violence Against Women Formula Grants			
Violence Against Women Formula Grants	16.588	Ohio Department of Public Safety, Office of Criminal Justice Services,2019-WF-VA5-8567/2020-WF-VA5-8567	36,342
Total Violence Against Women Formula Grants			<u>36,342</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	OneEighty Inc,2016-WH-AX-0075	27,422
Total Transitional Housing Assistance for Victims of Domestic Violence, Dating Violence, Stalking, or Sexual Assault			<u>27,422</u>
Total United States Department of Justice			
			328,330
Department of Health and Human Services			
Provider Relief Fund			
Provider Relief Fund	93.498	Direct Ohio Grants	70,626
Provider Relief Fund	93.498	Partnership,AC30425182	27,406
Total Provider Relief Fund			<u>98,032</u>
Title XX Social Services Block Grant			
Title XX Social Services Block Grant	93.667	Mental Health & Recovery Board of Ashland County	27,435
Total Title XX Social Services Block Grant			<u>27,435</u>
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,220-CA-001-409	9,875
Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services	93.671	Ohio Department of Public Safety, Office of Criminal Justice Services,2020-VP-001-4151	61,316
Total Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services			<u>71,191</u>

Opioid STR			
Opioid STR	93.788	Mental Health & Recovery Board of Ashland County	112,385
Total Opioid STR			<u>112,385</u>
Block Grants for Community Mental Health Services			
Block Grants for Community Mental Health Services	93.958	Mental Health & Recovery Board of Ashland County	32,973
Total Block Grants for Community Mental Health Services			<u>32,973</u>
Block Grants for Prevention and Treatment of Substance Abuse			
Block Grants for Prevention and Treatment of Substance Abuse	93.959	Mental Health & Recovery Board of Ashland County	39,660
Total Block Grants for Prevention and Treatment of Substance Abuse			<u>39,660</u>
<i>Total Department of Health and Human Services</i>			<u>381,676</u>
Department of Housing and Urban Development			
Emergency Solutions Grant Program			
Emergency Solutions Grant Program	14.231	OneEighty Inc,S-L-20-7LT-2	96,040
Total Emergency Solutions Grant Program			<u>96,040</u>
Continuum of Care Program			
Continuum of Care Program	14.267	Direct OneEighty Inc,OH0469L5E72004/OH0469 L5E071903	157,012
Continuum of Care Program	14.267	Mental Health & Recovery Board of Ashland County,OH0451L5E71902/OH0 451L5E072003	38,274
Continuum of Care Program	14.267		51,073
Total Continuum of Care Program			<u>246,359</u>
<i>Total Department of Housing and Urban Development</i>			<u>342,399</u>
Department of the Treasury			
Coronavirus Relief Fund			
Coronavirus Relief Fund	21.019	Ohio Department of Mental Health Addiction Services,336513	25,000
Coronavirus Relief Fund	21.019	Ohio Attorney General Crime Victim Assistance,2020-CARES- 98	100,000
Coronavirus Relief Fund	21.019	Ohio Attorney General Crime Victim Assistance,2020-CARES- 20	100,000
Total Coronavirus Relief Fund			<u>225,000</u>
<i>Total Department of the Treasury</i>			<u>225,000</u>
Total Other Programs			<u>1,277,405</u>
Total Expenditures of Federal Awards			<u><u>\$ 1,277,405</u></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, 2021 and 2020

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, 2021 and 2020. 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 are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, 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 not to use the 10 percent de minimis indirect cost rate 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, 2021 and 2020.

APPLESEED COMMUNITY MENTAL HEALTH CENTER, INC.
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 Year Ended June 30, 2021

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 no

Significant deficiency(ies) indentified? yes none reported

Noncompliance material to financial statements noted? yes no

Federal Awards

Internal control over major federal programs:

Material weakness(es) identified? yes no

Significant deficiency(ies) identified? yes 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 no

Identification of major federal programs:

CFDA Numbers

Name of Federal Program or Cluster

93.958

Block Grants for Community Mental Health Services

21.019

Coronavirus Relief Fund

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

\$ 750,000

Auditee qualified as a low risk auditee?

yes no

Section II - Financial Statement Findings

No matters are reported.

Section III - Federal Award Findings and Questioned Costs

No matters are reported.

See accompanying notes and auditor's report.

APPLESEED COMMUNITY MENTAL HEALTH CENTER, INC.

**Summary Schedule of Prior Audit Findings
June 30, 2020**

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, 2020.