

•  
• **Consolidated Financial Statements**  
• with Supplemental Information in Accordance with  
• Governmental Auditing Standards, OMB Circular A133  
• and Other Matters

•  
• **Southeast, Inc.**  
• **and Affiliates**

• June 30, 2013 and 2012  
•



# CONTENTS

	Page
<b>Independent Auditor's Report</b>	<b>3</b>
<b>Consolidated Financial Statements:</b>	
<b>Statements of Financial Position</b>	<b>5</b>
<b>Statements of Activities and Changes in Net Assets</b>	<b>6</b>
<b>Statements of Functional Expenses</b>	<b>8</b>
<b>Statements of Cash Flows</b>	<b>12</b>
<b>Notes to Consolidated Financial Statements</b>	<b>13</b>
<b>Supplementary Information:</b>	
<b>Consolidating Statement of Financial Position</b>	<b>34</b>
<b>Consolidating Statement of Activities and Changes in Net Assets</b>	<b>35</b>
<b>Schedule of Expenditures of Federal Awards</b>	<b>37</b>
<b>Agency Revenue Report (FIS-052)</b>	<b>39</b>
<b>Agency Expense Report (FIS-047)</b>	<b>42</b>
<b>ADAMH Key Performance Indicators</b>	<b>44</b>
<b>Schedule of Ohio Development Services Agency</b>	<b>45</b>
<b>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 <i>Government Auditing Standards</i></b>	<b>46</b>
<b>Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133</b>	<b>48</b>
<b>Schedule of Findings and Questioned Costs</b>	<b>50</b>



To the Board of Directors  
Southeast, Inc. and Affiliates  
Columbus, Ohio

## **Independent Auditor's Report**

### ***Report on the Consolidated Financial Statements***

We have audited the accompanying consolidated financial statements of Southeast, Inc. and Affiliates, which comprise the consolidated statements of financial position as of June 30, 2013 and 2012, and the related consolidated statements of activities and changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

### ***Management's Responsibility for the Consolidated Financial Statements***

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Southeast, Inc. and Affiliates as of June 30, 2013 and 2012, 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.

***Other Information***

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the basic consolidated financial statements of Southeast, Inc. and Affiliates. The supplementary information includes consolidating statements of financial position and activities and changes in net assets as of and for the year ended June 30, 2013. A portion of the supplementary information also includes the accompanying schedule of expenditures of federal awards and is presented for purposes of additional analysis as required by *Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*. Additionally, there is certain supplementary information required by the Franklin County Board of Alcohol, Drug Addiction and Mental Health Services, as well as for the Ohio Development Services Agency, that is not a required part of the basic consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated financial statements as a whole.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2013, on our consideration of Southeast, Inc. and Affiliates' 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 Southeast, Inc. and Affiliates' internal control over financial reporting and compliance.

*GBQ Partners LLC*

# SOUTHEAST, INC. AND AFFILIATES

## Consolidated Statements of Financial Position

### June 30, 2013 and 2012

	2013	2012
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 6,533,953	\$ 6,136,998
Investments	8,909,927	8,133,858
Accounts receivable	3,309,755	3,605,067
Inventory	239,947	233,116
Other current assets	62,633	83,912
Total current assets	19,056,215	18,192,951
<b>Property and Equipment, net</b>	3,858,184	4,396,253
<b>Artwork</b>	75,847	75,847
<b>TOTAL ASSETS</b>	\$ 22,990,246	\$ 22,665,051
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities</b>		
Notes payable, current portion	\$ 132,278	\$ 130,771
Capital lease obligations, current portion	30,191	27,361
Accounts payable	196,377	272,478
Amounts held in trust	405,611	480,349
Accrued payroll and related liabilities	1,599,574	1,548,656
Total current liabilities	2,364,031	2,459,615
<b>Long-Term Notes Payable, net of current portion</b>	1,289,793	1,359,057
<b>Long-Term Capital Lease Obligations, net of current portion</b>	43,117	73,308
Total liabilities	3,696,941	3,891,980
<b>Net Assets</b>		
Unrestricted:		
Undesignated	17,353,054	16,879,029
Board designated	1,805,071	1,780,161
Total unrestricted net assets	19,158,125	18,659,190
Temporarily restricted	135,180	113,881
Total net assets	19,293,305	18,773,071
<b>TOTAL LIABILITIES AND NET ASSETS</b>	\$ 22,990,246	\$ 22,665,051

*The accompanying notes are an integral part of the consolidated financial statements.*

# SOUTHEAST, INC. AND AFFILIATES

## Consolidated Statements of Activities and Changes in Net Assets

### For the Years Ended June 30, 2013 and 2012

	2013	2012
<b>Changes in Unrestricted Net Assets</b>		
Operating revenues and support:		
ADAMH purchase-of-service	\$ 4,706,947	\$ 4,084,544
ADAMH cost reimbursement	2,927,534	2,863,193
Medicaid - Franklin County	4,915,138	4,963,842
Medicaid match - Franklin County	2,809,818	2,763,102
Apothecare pharmacy	6,854,235	7,174,836
First and third party fees	251,349	227,769
Contracts	4,119,572	5,353,138
Medicaid - out of county	566,846	474,260
Medicaid match - out of county	324,701	265,039
Other operating income	658,738	428,738
In-kind donations	443,069	514,834
Forgiveness of advances from ODMH	50,631	50,631
Release of restrictions	43,716	42,255
	<b>28,672,294</b>	<b>29,206,181</b>
Operating expenses:		
Clinical services	15,451,568	16,040,450
Housing	2,094,385	2,060,513
Vocational	559,916	565,808
Apothecare pharmacy	5,977,572	6,791,755
Prevention education	470,946	448,545
Homeless shelter programs	1,868,804	2,123,696
General and administrative	2,363,669	2,075,485
	<b>28,786,860</b>	<b>30,106,252</b>
Decrease in unrestricted net assets from operations	<b>( 114,566)</b>	<b>( 900,071)</b>
Other income (expense):		
Interest and dividend income	276,318	263,702
Unrealized and realized gains (losses) on investments	475,011	( 100,538)
Contributions	48,668	51,715
Rental income	76,316	64,362
Rental expenses	<b>( 262,812)</b>	<b>( 268,653)</b>
	<b>613,501</b>	<b>10,588</b>
<b>Increase (Decrease) in Unrestricted Net Assets</b>	<b>498,935</b>	<b>( 889,483)</b>
<b>Changes in Temporarily Restricted Net Assets:</b>		
Special events, net	32,265	53,795
Contributions	32,750	-
Release of restrictions	<b>( 43,716)</b>	<b>( 42,255)</b>
<b>Increase in Temporarily Restricted Net Assets</b>	<b>21,299</b>	<b>11,540</b>
<b>Increase (Decrease) in Net Assets</b>	<b>520,234</b>	<b>( 877,943)</b>
<b>Net Assets, Beginning of Year</b>	<b>18,773,071</b>	<b>19,651,014</b>
<b>Net Assets, End of Year</b>	<b>\$ 19,293,305</b>	<b>\$ 18,773,071</b>

*The accompanying notes are an integral part of the consolidated financial statements.*

**[This page left intentionally blank]**

# SOUTHEAST, INC. AND AFFILIATES

## Consolidated Statements of Functional Expenses

### For the Year Ended June 30, 2013

	Clinical Services	Housing	Vocational	Apothecare Pharmacy	Prevention Education	Homeless Shelter Programs
Salaries and benefits	\$ 11,072,000	\$ 1,181,405	\$ 362,650	\$ 490,831	\$ 315,318	\$ 1,067,177
Contract services	358,491	539,105	26,212	5,797	85,754	7,135
Computer expenses	122,281	19,519	5,992	8,109	5,210	17,632
Operating supplies and expenses	1,077,680	81,732	75,278	60,991	22,757	110,865
Office expenses	683,513	55,786	23,139	31,318	8,119	68,092
Cost of goods sold - pharmacy	-	-	-	5,279,798	-	-
Mileage / transportation	417,383	44,535	13,671	18,503	11,887	24,368
Building and grounds	955,961	102,003	31,311	42,378	7,225	112,140
Interest	35,116	2,207	760	1,557	501	3,385
Insurance expense	154,393	22,359	6,864	9,289	1,968	20,197
In-kind expenses	106,568	-	-	-	-	336,501
	<u>14,983,386</u>	<u>2,048,651</u>	<u>545,877</u>	<u>5,948,571</u>	<u>458,739</u>	<u>1,767,492</u>
Depreciation and amortization	468,182	45,734	14,039	29,001	12,207	101,312
<b>Total</b>	<u><u>\$ 15,451,568</u></u>	<u><u>\$ 2,094,385</u></u>	<u><u>\$ 559,916</u></u>	<u><u>\$ 5,977,572</u></u>	<u><u>\$ 470,946</u></u>	<u><u>\$ 1,868,804</u></u>

*The accompanying notes are an integral part of the consolidated financial statements.*

**SOUTHEAST, INC. AND AFFILIATES**  
**Consolidated Statements of Functional Expenses** (continued)  
**For the Year Ended June 30, 2013**

	Total Program	General and Administrative	Total Operating Expenses	Rental Operations	Total Expenses
Salaries and benefits	\$ 14,489,381	\$ 1,703,536	\$ 16,192,917	\$ -	\$ 16,192,917
Contract services	1,022,494	176,905	1,199,399	-	1,199,399
Computer expenses	178,743	15,375	194,118	-	194,118
Operating supplies and expenses	1,429,303	108,644	1,537,947	-	1,537,947
Office expenses	869,967	62,000	931,967	-	931,967
Cost of goods sold - pharmacy	5,279,798	-	5,279,798	-	5,279,798
Mileage / transportation	530,347	25,724	556,071	-	556,071
Building and grounds	1,251,018	78,743	1,329,761	193,546	1,523,307
Interest	43,526	2,952	46,478	-	46,478
Insurance expense	215,070	188,281	403,351	21,753	425,104
In-kind expenses	443,069	-	443,069	-	443,069
	25,752,716	2,362,160	28,114,876	215,299	28,330,175
Depreciation and amortization	670,475	1,509	671,984	47,513	719,497
<b>Total</b>	<b>\$ 26,423,191</b>	<b>\$ 2,363,669</b>	<b>\$ 28,786,860</b>	<b>\$ 262,812</b>	<b>\$ 29,049,672</b>

*The accompanying notes are an integral part of the consolidated financial statements.*

# SOUTHEAST, INC. AND AFFILIATES

## Consolidated Statements of Functional Expenses

### For the Year Ended June 30, 2012

	Clinical Services	Housing	Vocational	Apothecare Pharmacy	Prevention Education	Homeless Shelter Programs
Salaries and benefits	\$ 11,541,480	\$ 1,168,807	\$ 355,937	\$ 578,835	\$ 315,642	\$ 1,226,511
Contract services	368,521	480,165	24,545	39,915	21,766	84,578
Computer expenses	181,925	18,424	5,611	9,124	4,975	19,333
Operating supplies and expenses	1,076,484	115,844	95,278	57,370	31,284	121,563
Office expenses	702,576	71,150	21,667	35,236	19,214	74,663
Cost of goods sold - pharmacy	-	-	-	5,969,196	-	-
Mileage / transportation	415,089	42,036	12,801	20,818	11,352	44,111
Building and grounds	950,705	96,278	29,320	47,680	26,000	101,031
Interest	34,923	3,537	1,077	1,751	955	3,712
Insurance expense	208,397	21,104	6,427	10,452	5,699	22,147
In-kind expenses	134,086	-	-	-	-	380,748
	<u>15,614,186</u>	<u>2,017,345</u>	<u>552,663</u>	<u>6,770,377</u>	<u>436,887</u>	<u>2,078,397</u>
Depreciation and amortization	426,264	43,168	13,145	21,378	11,658	45,299
<b>Total</b>	<u><u>\$ 16,040,450</u></u>	<u><u>\$ 2,060,513</u></u>	<u><u>\$ 565,808</u></u>	<u><u>\$ 6,791,755</u></u>	<u><u>\$ 448,545</u></u>	<u><u>\$ 2,123,696</u></u>

*The accompanying notes are an integral part of the consolidated financial statements.*

**SOUTHEAST, INC. AND AFFILIATES**  
**Consolidated Statements of Functional Expenses** (continued)  
**For the Year Ended June 30, 2012**

	Total Program	General and Administrative	Total Operating Expenses	Rental Operations	Total Expenses
Salaries and benefits	\$ 15,187,212	\$ 1,594,002	\$ 16,781,214	\$ -	\$ 16,781,214
Contract services	1,019,490	15,382	1,034,872	-	1,034,872
Computer expenses	239,392	15,375	254,767	-	254,767
Operating supplies and expenses	1,497,823	108,644	1,606,467	-	1,606,467
Office expenses	924,506	67,261	991,767	-	991,767
Cost of goods sold - pharmacy	5,969,196	-	5,969,196	-	5,969,196
Mileage / transportation	546,207	1,669	547,876	-	547,876
Building and grounds	1,251,014	92,783	1,343,797	193,546	1,537,343
Interest	45,955	2,952	48,907	-	48,907
Insurance expense	274,226	144,762	418,988	27,594	446,582
In-kind expenses	514,834	-	514,834	-	514,834
	<u>27,469,855</u>	<u>2,042,830</u>	<u>29,512,685</u>	<u>221,140</u>	<u>29,733,825</u>
Depreciation and amortization	560,912	32,655	593,567	47,513	641,080
<b>Total</b>	<u><u>\$ 28,030,767</u></u>	<u><u>\$ 2,075,485</u></u>	<u><u>\$ 30,106,252</u></u>	<u><u>\$ 268,653</u></u>	<u><u>\$ 30,374,905</u></u>

*The accompanying notes are an integral part of the consolidated financial statements.*

# SOUTHEAST, INC. AND AFFILIATES

## Consolidated Statements of Cash Flows

### For the Years Ended June 30, 2013 and 2012

	2013	2012
<b>Cash Flows from Operating Activities:</b>		
Increase (decrease) in net assets	\$ 520,234	\$( 877,943)
Adjustments to reconcile increase (decrease) in net assets to net cash and cash equivalents provided by operating activities:		
Depreciation and amortization	719,497	641,080
Unrealized and realized (gains) losses on investments	( 475,011)	100,538
Gain on disposal of property and equipment	( 2,000)	( 4,344)
Forgiveness of advances from ODMH	( 50,631)	( 50,631)
Decrease (increase) in operating assets:		
Accounts receivable	295,312	92,825
Inventory	( 6,831)	4,166
Other current assets	21,279	236,425
(Decrease) increase in operating liabilities:		
Accounts payable	( 76,101)	53,230
Amounts held in trust	( 74,738)	155,253
Accrued payroll and related liabilities	50,918	( 143,521)
Total adjustments	401,694	1,085,021
Net cash and cash equivalents provided by operating activities	921,928	207,078
<b>Cash Flows from Investing Activities:</b>		
Proceeds from sale of investments	-	34,348
Proceeds from sale of property and equipment	2,000	-
Purchases of investments	( 301,058)	( 338,606)
Purchases of property and equipment	( 181,428)	( 910,127)
Net cash and cash equivalents used in investing activities	( 480,486)	( 1,214,385)
<b>Cash Flows from Financing Activities:</b>		
Principal payments on notes payable	( 17,126)	( 15,690)
Principal payments on capital leases obligations	( 27,361)	( 26,097)
Net cash and cash equivalents used in financing activities	( 44,487)	( 41,787)
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>396,955</b>	<b>( 1,049,094)</b>
<b>Cash and Cash Equivalents - Beginning of Year</b>	<b>6,136,998</b>	<b>7,186,092</b>
<b>Cash and Cash Equivalents - End of Year</b>	<b>\$ 6,533,953</b>	<b>\$ 6,136,998</b>
<b>Supplemental Disclosure of Cash Flow Information:</b>		
Cash paid during the year for interest	\$ 46,478	\$ 48,907
<b>Supplemental Disclosures of Non-Cash Investing and Financing Activities:</b>		
Capital lease of office equipment	\$ -	\$ 72,494
Disposal of office equipment subject to lease through trade in	-	23,759

*The accompanying notes are an integral part of the consolidated financial statements.*

# SOUTHEAST, INC. AND AFFILIATES

## Notes to Consolidated Financial Statements

### June 30, 2013 and 2012

#### Nature and Scope of Activities

Southeast, Inc. and Affiliates (the Organization) are non-profit Ohio corporations organized to develop and administer a comprehensive mental health and behavioral healthcare recovery service system, to provide services to homeless persons throughout Ohio and to provide housing to lower-income, mentally disabled individuals. Services and programming are provided primarily in Central and Eastern Ohio locations. Affiliates include Alternative Lifestyles, Inc. (ALS), which owns two facilities and provides housing for the low-income community, and Friends of the Homeless, Inc. (FOH), which operates emergency shelter and other residential facilities.

In April 2011, Southeast, Inc. (Southeast) received their third accreditation from the Joint Commission. The Joint Commission accreditation is one way Southeast shows its commitment to the quality improvement of its services to the community.

Southeast also operates a pharmacy (Apothecare) located in the Southeast-owned building in Columbus, Ohio. Southeast operates Apothecare as a specialty pharmacy to serve people with cognitive and/or other mental dysfunctions.

#### Summary of Significant Accounting Policies

##### Principles of Consolidation

The consolidated statements include the financial positions and results of operations of Southeast, FOH and ALS corporations. Intercompany transactions and balances were eliminated upon consolidation.

##### Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities, disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of support and revenue and expenses during the reporting periods. Accordingly, actual results could differ from those estimates.

##### Consolidated Financial Statement Presentation

The Organization reports information regarding its consolidated financial position and activities according to three classes of net assets:

- Unrestricted Net Assets – Unrestricted net assets are neither permanently nor temporarily restricted by donor-imposed restrictions and are available for use in the Organization's ongoing operations.

# SOUTHEAST, INC. AND AFFILIATES

## Notes to Consolidated Financial Statements

### June 30, 2013 and 2012

#### Summary of Significant Accounting Policies (continued)

##### Consolidated Financial Statement Presentation (continued)

- Temporarily Restricted Net Assets – Temporarily restricted net assets are limited as to use by donor-imposed restrictions that either expire by passage of time, the receipt of funds or can be fulfilled and removed by action of the Organization pursuant to those restrictions.
- Permanently Restricted Net Assets – Permanently restricted net assets are limited as to use by donor-imposed restrictions that generally allow only the use of investment earnings for unrestricted or restricted purposes. The principal is generally not available for use. As of June 30, 2013 and 2012, there were no permanently restricted net assets.

##### Cash and Cash Equivalents

For purposes of reporting cash flows, cash and cash equivalents include all cash on hand, demand deposits and highly liquid investments with original maturities of three months or less. Cash and cash equivalents also include amounts held in trust, which are described herein. Cash and cash equivalents exclude money market funds held in an investment portfolio that are reported as investments.

##### Investments

Investments consist of marketable securities that are recorded at fair value as further described herein. Realized and unrealized gains and losses are included in the change in net assets in the accompanying consolidated statements of activities and changes in net assets.

Investments are exposed to various risks such as interest rate, market and credit risks. Accordingly, it is at least reasonably possible that changes in the values of investments may occur in the near term, which could be material.

##### Accounts Receivable and Revenues

###### *Exchange Transactions*

The Organization's revenue is generally derived from federal, state, county and local sources. Generally, accounts receivable and revenue are recorded in the month the related services are provided at estimated realizable values. The Organization provides services to certain consumers covered by various third-party payor arrangements that provide payments at amounts different than established billing rates. Accordingly, in most cases, accounts receivable and revenue are adjusted for contractual allowances based on third-party established rates. In certain cases, accounts receivable and revenue are recorded on the basis of preliminary estimates of the amounts to be received from third-party payors. Final adjustments are made in the period such amounts are finally determined.

# SOUTHEAST, INC. AND AFFILIATES

## Notes to Consolidated Financial Statements

### June 30, 2013 and 2012

#### Summary of Significant Accounting Policies (continued)

##### Accounts Receivable and Revenues (continued)

###### Exchange Transactions (continued)

The Organization is in contracts with the Franklin County and the Belmont, Harrison, and Monroe Counties (BHM) Alcohol, Drug Addiction and Mental Health Services Boards (ADAMH), whereby it receives funds based on billable units of mental health, alcohol and substance abuse counseling and other related services and programs provided. The Organization also receives various block grants that are passed through these Boards. The Organization receives Medicaid funds from the Ohio Department of Job and Family Services (ODJFS) and the Ohio Department of Mental Health (ODMH). The Organization also receives grant funding from the Ohio Development Services Agency (ODSA) used in providing services to homeless persons. Billing or requests for reimbursement are submitted generally on a monthly-basis subsequent to the month in which service was provided. Delayed collection of accounts receivable from such agencies are considered past due; however, no interest can be charged to the agencies.

###### Contributions

Certain other grants and donations are classified as contributions, instead of exchange transactions. Unconditional contributions are appropriately recognized as revenue upon notification of approval of the grant or contribution. Conditional contributions are recognized as revenue when the contingent condition is substantially eliminated.

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support and thus increase those net asset classes. When a donor restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statement of activities as net assets released from restrictions. However, if a restriction is fulfilled in the same time period in which the contribution is received, the Organization reports the support as unrestricted.

###### Allowance for Doubtful Accounts

Management determines an allowance for doubtful accounts based on historical activity with funding sources, consumers and donors, as well as current economic conditions. On a continuing basis, management analyzes delinquent receivables and once these receivables are determined to not be collectible, they are written-off.

# SOUTHEAST, INC. AND AFFILIATES

## Notes to Consolidated Financial Statements

### June 30, 2013 and 2012

#### Summary of Significant Accounting Policies (continued)

##### Accounts Receivable and Revenues (continued)

###### Allowance for Doubtful Accounts

GAAP requires healthcare entities that recognize significant amounts of patient service revenue at the time services are rendered, even though they do not assess the patient's ability to pay, to present the provision for bad debts related to those revenues as a deduction from patient service revenue (net of contractual allowances and discounts), as opposed to an operating expense.

##### Charity Care

Management does not provide charity care from the standpoint of not expecting any payment for services provided.

##### Inventory

Inventory consists of pharmaceutical medications and is recorded at the lower of cost or market using the first-in, first-out inventory accounting method.

##### Property and Equipment

Property and equipment are recorded at purchased cost less accumulated depreciation and amortization. Donated property and equipment are recorded at fair value at the date of donation. Depreciation and amortization are calculated using the straight-line method over the estimated useful lives of the assets with a pro-rata partial year of depreciation being recorded in the year of acquisition. The Organization does not assign time restrictions on the use of donated property and equipment unless a donor stipulates how long a contributed asset must be used for a specific purpose.

The cost of maintenance and repairs is charged to operations as incurred; significant renewals and betterments are capitalized. Upon disposal of assets, the cost and related accumulated depreciation or amortization is removed from the accounts and any gain or loss is included in income.

Depreciation and amortization are provided over the estimated useful lives of the assets as follows:

Buildings and improvements	15 – 39 years
Equipment	3 – 7 years
Furniture	5 – 20 years
Software	3 years
Vehicles	5 years
Leased office equipment	3 – 5 years
Leasehold improvements	3 years

# SOUTHEAST, INC. AND AFFILIATES

## Notes to Consolidated Financial Statements

### June 30, 2013 and 2012

#### Summary of Significant Accounting Policies (continued)

##### Artwork

The Organization capitalizes collectible artwork in conformity with GAAP. If purchased, artwork is recorded at its purchase price. If donated, artwork is capitalized at its fair value at the time of donation. Gains or losses on the disposal of artwork items are classified on the consolidated statement of activities as unrestricted or temporarily restricted support depending on donor restrictions, if any, placed on the item at time of donation.

##### Impairment of Assets

The carrying value of long-lived assets is reviewed for impairment whenever events or changes in circumstances indicate the amount of the assets may not be recoverable. When an indication of impairment is present and the undiscounted cash flows estimated to be generated by the related assets are less than the assets' carrying amount, an impairment loss will be recorded based on the difference between the carrying amount of the assets and their estimated fair value. Management determined that no impairment existed at June 30, 2013 or 2012.

##### Amounts Held in Trust

The Organization maintains three custodial bank accounts held on behalf of clients who are unable to manage their own funds. The corresponding liabilities are included in amounts held in trust and funds held are included in cash and cash equivalents on the consolidated statements of financial position.

##### Donated Services

Donated services are recognized as contributions only if the services create or enhance non-financial assets or require specialized skills, are performed by people with those skills and would otherwise be purchased. For the years ended June 30, 2013 and 2012, there were no donated services identified that met this criteria. The Organization generally pays for services requiring specific expertise. Many individuals volunteer their time and perform a variety of tasks that assist with the homeless shelter program fundraising events and other initiatives.

##### Donated Materials

The Organization receives donated food, paper goods and other supplies for use by individuals receiving services in the homeless shelter programs. The value of donated materials is estimated based on a historical cost estimate (\$6 per individual per day) multiplied by the number of individuals served during the year. The value of the donated materials is recorded as in-kind revenue and in-kind expense.

# SOUTHEAST, INC. AND AFFILIATES

## Notes to Consolidated Financial Statements

### June 30, 2013 and 2012

#### Summary of Significant Accounting Policies (continued)

##### Functional Expenses Allocation

Indirect expenses are generally allocated to the various program services based on full-time equivalents assigned to the programs.

##### Income Taxes

Each of the corporations is a separate tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. Management represents that the Organization had no unrelated business income during the years ended June 30, 2013 and 2012. Accordingly, no provisions for federal, state or local taxes are included in the consolidated financial statements.

The Organization performs an annual assessment for any uncertainty in income tax positions, which includes an analysis of whether there are any tax positions the Organization takes with regard to unrelated business income, related deductions applied, or other activities that may jeopardize their tax exempt status and thus would meet the definition of an uncertain tax position. As of June 30, 2013, tax filing periods for the years ended 2009 and prior are closed. No tax liability accrual was recorded relating to material uncertain positions taken as management believes there are none.

##### Fair Value Measurements

GAAP establishes a framework for measuring fair value of assets and liabilities. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The three levels of the fair value hierarchy are described as follows:

- |         |   |
|---------|---|
| Level 1 | Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access. Level 1 is the highest and most reliable level in the fair value hierarchy.   |
| Level 2 | Inputs to the valuation methodology include: <ul style="list-style-type: none"><li>• Quoted prices for similar assets or liabilities in active markets.</li><li>• Quoted prices for identical or similar assets or liabilities in inactive markets.</li><li>• Inputs other than quoted prices that are observable for the asset or liability.</li><li>• Inputs that are derived principally from or corroborated by observable market data by correlation or other means.</li></ul> |

# SOUTHEAST, INC. AND AFFILIATES

## Notes to Consolidated Financial Statements

### June 30, 2013 and 2012

#### Summary of Significant Accounting Policies (continued)

##### Fair Value Measurements (continued)

###### Level 2 (continued)

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

###### Level 3

Inputs to the valuation methodology are unobservable and significant to the fair value measurement. Level 3 is the lowest level of reliability.

The fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

##### New Accounting Pronouncement

A new pronouncement was released specifically for not for profit entities and prescribes that not for profit entities classify cash receipts from the sale of donated financial assets consistently with cash donations received in the statement of cash flows. Accordingly, the cash receipts from the sale of financial assets should be classified as cash inflows from operating activities, unless the donor restricted the use of the contributed resources to long-term purposes, in which case those cash receipts should be classified as cash flows from financing activities. Otherwise, cash receipts from the sale of donated financial assets should be classified as cash flows from investing activities by the entity. The standard is applicable for all fiscal reporting years beginning after June 15, 2013, with early application permitted. Management is in process of assessing the implementation of this standard.

#### Cash and Cash Equivalents

Cash and cash equivalents are held in 20 accounts with 3 different financial institutions. Balances in these accounts may periodically exceed federally insured limits. Amounts on deposit exceeded federally insured limits by approximately \$6,210,000 as of June 30, 2013.

# SOUTHEAST, INC. AND AFFILIATES

## Notes to Consolidated Financial Statements

### June 30, 2013 and 2012

#### Investments

Following is a description of the valuation methodologies used for investments measured at fair value.

<i>Money Market Funds:</i>	Valued at the net asset value of shares held by the Organization at year-end.
<i>Mutual Funds:</i>	Valued at the net asset value of shares held by the Organization at year-end.
<i>Fixed Income Funds:</i>	Includes asset backed securities and corporate bonds valued on the basis of evaluated prices provided by independent pricing services when such prices are believed to reflect the fair market value of such securities. Such prices may be determined by taking into account benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers and reference data.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date. There have been no changes in the methodologies used at June 30, 2013 and 2012.

# SOUTHEAST, INC. AND AFFILIATES

## Notes to Consolidated Financial Statements

June 30, 2013 and 2012

### Investments (continued)

The following table sets forth by level, within the fair value hierarchy, the Organization's investments at fair value as of June 30, 2013:

	Level 1	Level 2	Level 3	Total
<b>Money market funds</b>	\$ 597,206	\$ -	\$ -	\$ 597,206
<b>Mutual funds:</b>				
Growth funds	808,520	-	-	808,520
Blend funds	616,353	-	-	616,353
Value funds	608,001	-	-	608,001
Bond funds	1,743,232	-	-	1,743,232
Allocation funds	1,984,650	-	-	1,984,650
Stock funds	307,835	-	-	307,835
Emerging markets funds	27,412	-	-	27,412
<b>Fixed income funds:</b>				
Asset backed securities	-	2,022,270	-	2,022,270
Corporate bond	-	101,988	-	101,988
<b>Total assets at fair value</b>	<u>\$ 6,693,209</u>	<u>\$ 2,124,258</u>	<u>\$ -</u>	<u>\$ 8,817,467</u>

The following table sets forth by level, within the fair value hierarchy, the Organization's investments at fair value as of June 30, 2012:

	Level 1	Level 2	Level 3	Total
<b>Money market funds</b>	\$ 402,636	\$ -	\$ -	\$ 402,636
<b>Mutual funds:</b>				
Growth funds	660,225	-	-	660,225
Blend funds	508,807	-	-	508,807
Value funds	504,585	-	-	504,585
Bond funds	1,692,000	-	-	1,692,000
Allocation funds	1,763,688	-	-	1,763,688
Stock funds	257,992	-	-	257,992
Emerging markets funds	24,681	-	-	24,681
<b>Fixed income funds:</b>				
Asset backed securities	-	2,128,550	-	2,128,550
Corporate bond	-	98,244	-	98,244
<b>Total assets at fair value</b>	<u>\$ 5,814,614</u>	<u>\$ 2,226,794</u>	<u>\$ -</u>	<u>\$ 8,041,408</u>

# SOUTHEAST, INC. AND AFFILIATES

## Notes to Consolidated Financial Statements

### June 30, 2013 and 2012

#### Investments (continued)

Accumulated unrealized gains on investments were approximately \$563,000 and \$77,000 as of June 30, 2013 and 2012, respectively.

Money market funds are not federally-insured. Certificates of deposit are federally-insured up to \$250,000 per certificate of deposit. Amounts in certificates of deposits did not exceed federally insured limits as of June 30, 2013.

#### Accounts Receivable

Accounts receivable consisted of the following at June 30:

	2013	2012
Franklin County ADAMH Board	\$ 1,208,643	\$ 1,785,300
BHM Counties ADAMH Board	179,857	211,916
Pharmacy – multiple sources	367,183	458,954
Other grants and contracts	245,079	378,718
ODMH out of county	915,196	516,661
ODSA	194,058	147,041
U.S. Department of Housing and Urban Development	66,291	44,060
Employees	18,130	26,218
Other	<u>115,318</u>	<u>36,199</u>
	<b><u>\$ 3,309,755</u></b>	<b><u>\$ 3,605,067</u></b>

Management estimates that accounts receivable are fully collectible, thus there is no allowance for doubtful accounts recorded as of June 30, 2013 or 2012.

# SOUTHEAST, INC. AND AFFILIATES

## Notes to Consolidated Financial Statements

### June 30, 2013 and 2012

#### Property and Equipment

Property and equipment consists of the following at June 30:

	2013	2012
Land	\$ 192,178	\$ 192,178
Buildings and improvements	7,741,350	7,660,271
Equipment	1,098,160	1,078,137
Furniture	176,167	176,167
Software	976,680	974,055
Vehicles	453,459	466,009
Leased office equipment	323,190	323,190
Leasehold improvements	<u>174,753</u>	<u>97,051</u>
	<b>11,135,937</b>	10,967,058
Less: accumulated depreciation and amortization	<u>( 7,277,753)</u>	<u>( 6,570,805)</u>
	<b><u>\$ 3,858,184</u></b>	<b><u>\$ 4,396,253</u></b>

#### Notes Payable – Line of Credit

In 2012, the Organization entered into a revolving line of credit agreement with a bank that provides for borrowings of up to \$2,000,000. Interest is charged on any outstanding balance at the one-month LIBOR (0.19% and 0.24% as of June 30, 2013 and 2012, respectively) plus 2.25%. The line of credit is secured by all assets of the Organization. The line of credit agreement matures on April 8, 2014. There was no amount outstanding as of June 30, 2013 and 2012.

#### Notes Payable

Notes payable consisted of the following as of June 30:

	2013	2012
Mortgage note payable to the City of Columbus in 360 monthly installments of \$54 through March 2015. The note is interest free and is secured by real estate owned by FOH.	\$ 1,191	\$ 1,841
Mortgage note payable to a commercial bank in 360 monthly installments of \$175 through April 2024. The note bears interest at 7.75% and is secured by real estate owned by FOH.	15,342	16,214

# SOUTHEAST, INC. AND AFFILIATES

## Notes to Consolidated Financial Statements

June 30, 2013 and 2012

### Notes Payable (continued)

	2013	2012
Mortgage note to the City of Columbus payable when underlying real estate is sold or transferred or when FOH stops operating as a homeless facility. The note is interest free and is secured by real estate owned by FOH.	<b>10,000</b>	10,000
Mortgage note to the City of Columbus payable when underlying real estate is sold or transferred or when FOH stops operating as a homeless facility. The note is interest free and is secured by real estate owned by FOH.	<b>15,000</b>	15,000
Mortgage note to the City of Columbus payable when underlying real estate is sold or transferred or when FOH stops operating as a homeless facility. The note is interest free and is secured by real estate owned by FOH.	<b>10,000</b>	10,000
Mortgage note to the City of Columbus payable when underlying real estate is sold or transferred or when FOH stops operating as a homeless facility. The note is interest free and is secured by real estate owned by FOH with a net book value of approximately \$376,000 at June 30, 2013.	<b>136,000</b>	136,000
Mortgage note payable to the ODMH to be forgiven in 480 equal monthly amounts through May 2026, as long as the facilities are used to provide mental health care services, pursuant to the contract. The note is interest free and is secured by real estate owned by Southeast with a net book value of approximately \$133,000 at June 30, 2013.	<b>81,210</b>	87,498

# SOUTHEAST, INC. AND AFFILIATES

## Notes to Consolidated Financial Statements

June 30, 2013 and 2012

### Notes Payable (continued)

	2013	2012
Mortgage note payable to the ODMH to be forgiven in 480 equal monthly amounts through April 2020, as long as the facilities are used to provide mental health care services, pursuant to the contract. The note is interest free and is secured by real estate owned by Southeast with a net book value of approximately \$148,000 at June 30, 2013.	<b>43,701</b>	50,060
Mortgage note payable to the ODMH to be forgiven in 329 equal monthly amounts through September 2032, as long as the facilities are used to provide mental health care services, pursuant to the contract. The note is interest free and is secured by real estate owned by Southeast with a net book value of approximately \$193,000 at June 30, 2013.	<b>129,085</b>	135,820
Mortgage note payable to the ODMH to be forgiven in 480 equal monthly amounts through August 2030, as long as the facilities are used to provide mental health care services, pursuant to the contract. The note is interest free and is secured by real estate owned by Southeast with a net book value of approximately \$617,000 at June 30, 2013.	<b>534,009</b>	565,258
Mortgage note payable to the ODMH to be forgiven in 480 equal monthly amounts through July 2018, as long as the facilities are used to provide mental health care services, pursuant to the contract. During 2010, Southeast sold the land secured by the note, but has not yet repaid the remaining amount not forgiven as of the date of the sale. The note was interest free and was secured by real estate owned by Southeast.	<b>63,244</b>	63,244

# SOUTHEAST, INC. AND AFFILIATES

## Notes to Consolidated Financial Statements

June 30, 2013 and 2012

### Notes Payable (continued)

	2013	2012
Mortgage note payable to the United States Department of Housing and Urban Development in 480 monthly installments of \$2,579 through March 2028. The note bears interest at 9.25% and is secured by real estate owned by ALS with a net book value of approximately \$156,000 at June 30, 2013.	248,647	256,212
Mortgage note payable to the United States Department of Housing and Urban Development in 480 monthly installments of \$1,742 through April 2023. The note bears interest at 9.25% and is secured by real estate owned by ALS with a net book value of approximately \$133,000 at June 30, 2013.	<u>134,642</u>	<u>142,681</u>
Total	1,422,071	1,489,828
Less: current portion	<u>( 132,278)</u>	<u>( 130,771)</u>
<b>Long-term portion</b>	<b><u>\$ 1,289,793</u></b>	<b><u>\$ 1,359,057</u></b>

The aggregate maturities of long-term debt through maturity as of June 30, 2013, were as follows:

2014	\$ 132,278
2015	70,566
2016	71,845
2017	73,833
2018	76,010
Thereafter	<u>997,539</u>
<b>Total notes payable future payments</b>	<b><u>\$ 1,422,071</u></b>

# SOUTHEAST, INC. AND AFFILIATES

## Notes to Consolidated Financial Statements

### June 30, 2013 and 2012

#### Capital Lease Obligations

The Organization leases office equipment under capital leases expiring at various times through 2017. The assets and liabilities under these capital leases are recorded at the lower of the present value of the minimum lease payments or the fair value of the asset. The assets are amortized over their estimated useful lives. Amortization of assets held under capital leases is included in depreciation and amortization expense.

Following is a summary of office equipment held under the capital leases at June 30:

	2013	2012
Office equipment	\$ 323,190	\$ 323,190
Less: accumulated amortization	<u>( 255,823)</u>	<u>( 227,035)</u>
	<u>\$ 67,367</u>	<u>\$ 96,155</u>

Future minimum lease payments required under the lease agreements at June 30, 2013, were as follows:

2014	\$ 30,191
2015	22,749
2016	17,300
2017	<u>3,068</u>
Total minimum lease payments	73,308
Less: current portion of obligations under capital lease	<u>( 30,191)</u>
Long-term capital lease obligations	<u>\$ 43,117</u>

#### Operating Lease Obligations

The Organization leases office space under operating leases expiring through 2013. Office lease expense was approximately \$99,000 and \$85,000 for the years ended June 30, 2013 and 2012, respectively.

In addition, the Organization leases four parcels of land at its 131 North High Street location. These leases have ninety-nine year lease terms and are renewable indefinitely. Land lease expense associated with these leases was approximately \$58,000 and \$49,000 for the years ended June 30, 2013 and 2012, respectively.

The Organization leases office equipment, including phone and video equipment as well as copiers, under operating leases expiring at various times through 2017. Office equipment lease expense was approximately \$141,000 and \$138,000 for the years ended June 30, 2013 and 2012, respectively.

# SOUTHEAST, INC. AND AFFILIATES

## Notes to Consolidated Financial Statements

### June 30, 2013 and 2012

#### Operating Lease Obligations (continued)

Approximate minimum future lease obligations under non-cancelable operating leases for office space, land and equipment with terms in excess of one year as of June 30, 2013, were as follows:

2014	\$ 99,000
2015	71,000
2016	68,000
2017	53,000
2018	50,000
Thereafter	<u>189,000</u>
	<u>\$ 530,000</u>

#### Rental Income

One of the buildings that the Organization owns is a 66,000 square foot building located at 131 North High Street in Columbus. Southeast occupies approximately 70% of this building and the remainder is leased to unrelated parties or is available for lease.

Approximate minimum future rentals to be received on non-cancelable operating leases are as follows:

2014	\$ 79,000
2015	46,000
2016	<u>8,000</u>
	<u>\$ 133,000</u>

# SOUTHEAST, INC. AND AFFILIATES

## Notes to Consolidated Financial Statements

### June 30, 2013 and 2012

#### Net Assets

##### Board Designated Net Assets

The Board of Directors designated certain net assets to be used for employee scholarships, risk management and a capital campaign fund. The Scholarship Fund represents resources that are to be used for scholarships to employees taking accredited courses directly applicable to their professional employment or development plans at Southeast, Inc. and Affiliates. The Risk Management Fund represents resources that are reserved to manage the risk associated with providing services funded by multiple revenue streams, which may prove to be inadequate to cover the cost associated with uncompensated care. In addition, funds are set aside to allow for successful transitions to newly mandated funding mechanisms. The Capital Campaign Fund represented resources that were to be used for the building of a new homeless shelter for women, to be named Rebecca's House. During 2012, the Board determined that this project was not going to occur and these funds were transferred back to undesignated unrestricted net assets. Board designated net assets are held primarily in investments and cash and cash equivalents.

Activity in board designated net assets is summarized as follows:

	Scholarship Fund	Risk Management Fund	Capital Campaign Fund	Total Designated Net Assets
<b>Balances - June 30, 2011</b>	<b>\$ 231,246</b>	<b>\$ 1,533,173</b>	<b>\$ 122,244</b>	<b>\$ 1,886,663</b>
Transfer to unrestricted net assets	-	-	( 122,244)	( 122,244)
Scholarship expenditures	( 34,348)	-	-	( 34,348)
Board designation	50,000	-	-	50,000
Investment income	90	-	-	90
<b>Balances - June 30, 2012</b>	<b>246,988</b>	<b>1,533,173</b>	<b>-</b>	<b>1,780,161</b>
Scholarship expenditures	( 25,185)	-	-	( 25,185)
Board designation	50,000	-	-	50,000
Investment income	95	-	-	95
<b>Balances - June 30, 2013</b>	<b>\$ 271,898</b>	<b>\$ 1,533,173</b>	<b>\$ -</b>	<b>\$ 1,805,071</b>

##### Temporarily Restricted Net Assets

Temporarily restricted net assets are held primarily in cash and cash equivalents to be used to support the Fresh A.I.R. Gallery.

# SOUTHEAST, INC. AND AFFILIATES

## Notes to Consolidated Financial Statements

### June 30, 2013 and 2012

#### Retirement Plan

The Organization has a 401(k) defined contribution retirement plan for substantially all employees. The Organization contributes a safe harbor matching contribution equal to 100% up to the first 3%, and 50% of the next 2%, of compensation contributed by the employee. The Organization may also make additional discretionary contributions. Retirement plan expenses included in the consolidated statements of activities were approximately \$203,000 and \$231,000 for the years ended June 30, 2013 and 2012, respectively.

Southeast has a 457(b) top hat plan to provide deferred compensation payments for a select group of management. Southeast did not make any contributions to this Plan for the years ended June 30, 2013 and 2012.

FOH maintained a 401(k) defined contribution retirement plan which allowed full-time employees that had one year of service and who were at least 21 years old to participate. Due to the acquisition of FOH by Southeast, Inc., all FOH employees became Southeast, Inc. employees, effectively freezing the Plan. Management is assessing the possibility of terminating the Plan.

#### Governmental Funding

##### Medicaid Reimbursement

The Organization is required to file an annual cost report with ADAMH that documents actual costs of services rendered on a per-unit cost basis.

Management estimates that there are no material amounts due for any other open cost report periods. The actual amount of the liability may change upon finalization of the cost reports.

The Organization is also subject to annual Medicaid compliance audits by ODJFS and ODMH. These audits consist of reviewing claim files for documentation sufficiency. Any findings may result in amounts due to the program. Compliance audits were finalized through April 2011. As of June 30, 2013 and 2012, management estimated that no amounts were due to the Medicaid program relating to any open compliance audit periods.

##### Laws and Regulations

Laws and regulations governing the Medicaid, Medicare and other governmental funding programs are complex and subject to interpretation. The Organization believes that it is in compliance with all applicable laws and regulations and is not aware of any pending or threatened investigations involving allegations of potential wrongdoing. While no such regulatory inquiries have been made, compliance with such laws and regulations can be subject to future government review and interpretation as well as significant regulatory action including fines, penalties and exclusion from the programs. No accrual was recorded in the consolidated financial statements for any potential liability.

# SOUTHEAST, INC. AND AFFILIATES

## Notes to Consolidated Financial Statements

### June 30, 2013 and 2012

#### **Governmental Funding** (continued)

##### Concentration Risk

The Organization has contracts with the various county ADAMH boards referred to above through which it receives direct support based on units of mental health as well as other services and programs provided. The Organization also receives Medicaid funding through the ODMH for services and programs provided. Revenues funded through Franklin County ADAMH represent approximately 22% and 38% of the Organization's total operating revenues and support for 2013 and 2012, respectively. Revenues funded by the ODMH represent approximately 25% of the Organization's total operating revenues and support for 2013; revenues funded by the ODMH did not represent a significant concentration in 2012. A significant reduction in the level of this support, if this were to occur, would have a significant effect on the Organization's programs and activities.

The operations of the Organization are subject to the administrative directives, rules and regulations of federal and state regulatory agencies, including, but not limited to, the U.S. Department of Health and Human Services, ADAMH, ODMH and ODJFS. Such administrative directives, rules, regulations and budgetary funding levels are subject to change by an act of Congress, the passage of laws by the Ohio General Assembly or an administrative change mandated by one of the executive branch agencies. Such changes may occur with little notice or inadequate funding to pay for the related costs, including the additional administrative burden, to comply with a change.

#### **Health Services Professional Insurance**

The Organization provides healthcare delivery services that are subject to potential professional liability claims. The Organization has insurance coverage applicable to such claims, should they arise. Insurance covers up to \$5,000,000 per incident with a maximum aggregate coverage of \$5,000,000 within both the premium contract years for 2013 and 2012.

#### **Subsequent Events – Date of Management Evaluation**

Management has evaluated subsequent events through the date of the Independent Auditor's Report, which is the date the consolidated financial statements were available to be issued.

**[This page left intentionally blank]**

**SUPPLEMENTARY INFORMATION**

# SOUTHEAST, INC. AND AFFILIATES

## Consolidating Statement of Financial Position

### June 30, 2013

	Southeast, Inc.	Friends of the Homeless, Inc.	Alternative Lifestyles, Inc.	Consolidating/ Eliminating	Consolidated Total
<b>ASSETS</b>					
<b>Current Assets</b>					
Cash and cash equivalents	\$ 6,426,903	\$ 525	\$ 106,525	\$ -	\$ 6,533,953
Investments	8,909,927	-	-	-	8,909,927
Accounts receivable	3,309,755	-	-	-	3,309,755
Related party receivables	-	251,018	-	( 251,018)	-
Inventory	239,947	-	-	-	239,947
Other current assets	62,633	-	-	-	62,633
Total current assets	18,949,165	251,543	106,525	( 251,018)	19,056,215
<b>Property and Equipment, net</b>	3,312,896	154,810	390,478	-	3,858,184
<b>Artwork</b>	75,847	-	-	-	75,847
<b>TOTAL ASSETS</b>	<b>\$ 22,337,908</b>	<b>\$ 406,353</b>	<b>\$ 497,003</b>	<b>\$( 251,018)</b>	<b>\$ 22,990,246</b>
<b>LIABILITIES AND NET ASSETS</b>					
<b>Current Liabilities</b>					
Notes payable, current portion	\$ 113,875	\$ 1,292	\$ 17,111	\$ -	\$ 132,278
Capital lease obligations, current portion	30,191	-	-	-	30,191
Accounts payable	196,151	-	226	-	196,377
Related party payables	43,004	-	208,014	( 251,018)	-
Amounts held in trust	403,042	-	2,569	-	405,611
Accrued payroll and related liabilities	1,599,574	-	-	-	1,599,574
Total current liabilities	2,385,837	1,292	227,920	( 251,018)	2,364,031
<b>Long-Term Notes Payable, net of current portion</b>	735,852	187,763	366,178	-	1,289,793
<b>Long-Term Capital Lease Obligations, net of current portion</b>	43,117	-	-	-	43,117
Total liabilities	3,164,806	189,055	594,098	( 251,018)	3,696,941
<b>Net Assets</b>					
Unrestricted:					
Undesignated	17,232,851	217,298	( 97,095)	-	17,353,054
Board designated	1,805,071	-	-	-	1,805,071
Total unrestricted net assets	19,037,922	217,298	( 97,095)	-	19,158,125
Temporarily restricted	135,180	-	-	-	135,180
Total net assets	19,173,102	217,298	( 97,095)	-	19,293,305
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 22,337,908</b>	<b>\$ 406,353</b>	<b>\$ 497,003</b>	<b>\$( 251,018)</b>	<b>\$ 22,990,246</b>

*See Independent Auditor's Report.*

# SOUTHEAST, INC. AND AFFILIATES

## Consolidating Statement of Activities and Changes in Net Assets

### For the Year Ended June 30, 2013

	Southeast, Inc.	Friends of the Homeless, Inc.	Alternative Lifestyles, Inc.	Consolidating/ Eliminating	Consolidated Total
<b>Changes in Unrestricted Net Assets</b>					
Operating revenues and support:					
ADAMH purchase-of-service	\$ 4,706,947	\$ -	\$ -	\$ -	\$ 4,706,947
ADAMH cost reimbursement	2,927,534	-	-	-	2,927,534
Medicaid - Franklin County	4,915,138	-	-	-	4,915,138
Medicaid match - Franklin County	2,809,818	-	-	-	2,809,818
Apothecare pharmacy	6,854,235	-	-	-	6,854,235
First and third party fees	251,349	-	-	-	251,349
Contracts	4,119,572	-	-	-	4,119,572
Medicaid - out of county	566,846	-	-	-	566,846
Medicaid match - out of county	324,701	-	-	-	324,701
Other operating income	511,713	-	147,025	-	658,738
In-kind donations	106,568	336,501	-	-	443,069
Forgiveness of advances from ODMH	50,631	-	-	-	50,631
Release of restrictions	43,716	-	-	-	43,716
	<u>28,188,768</u>	<u>336,501</u>	<u>147,025</u>	<u>-</u>	<u>28,672,294</u>
Operating expenses:					
Clinical services	15,451,568	-	-	-	15,451,568
Housing	1,936,388	-	157,997	-	2,094,385
Vocational	559,916	-	-	-	559,916
Apothecare pharmacy	5,977,572	-	-	-	5,977,572
Prevention education	470,946	-	-	-	470,946
Homeless shelter programs	1,483,374	385,430	-	-	1,868,804
General and administrative	2,363,669	-	-	-	2,363,669
	<u>28,243,433</u>	<u>385,430</u>	<u>157,997</u>	<u>-</u>	<u>28,786,860</u>
Decrease in unrestricted net assets from operations	( 54,665)	( 48,929)	( 10,972)	-	( 114,566)
Other income (expense):					
Interest and dividend income	276,307	-	11	-	276,318
Unrealized and realized losses on investments	475,011	-	-	-	475,011
Contributions	9,869	38,799	-	-	48,668
Rental income	76,316	-	-	-	76,316
Rental expenses	( 262,812)	-	-	-	( 262,812)
	<u>574,691</u>	<u>38,799</u>	<u>11</u>	<u>-</u>	<u>613,501</u>
<b>Increase (Decrease) in Unrestricted Net Assets</b>	<u>520,026</u>	<u>( 10,130)</u>	<u>( 10,961)</u>	<u>-</u>	<u>498,935</u>
<b>Changes in Temporarily Restricted Net Assets:</b>					
Special events, net	32,265	-	-	-	32,265
Contributions	32,750	-	-	-	32,750
Release of restrictions	( 43,716)	-	-	-	( 43,716)
<b>Increase in Temporarily Restricted Net Assets</b>	<u>21,299</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>21,299</u>
<b>Increase (Decrease) in Net Assets</b>	<u>541,325</u>	<u>( 10,130)</u>	<u>( 10,961)</u>	<u>-</u>	<u>520,234</u>
<b>Net Assets, Beginning of Year</b>	<u>18,631,777</u>	<u>227,428</u>	<u>( 86,134)</u>	<u>-</u>	<u>18,773,071</u>
<b>Net Assets, End of Year</b>	<u>\$ 19,173,102</u>	<u>\$ 217,298</u>	<u>\$ ( 97,095)</u>	<u>\$ -</u>	<u>\$ 19,293,305</u>

*See Independent Auditor's Report.*

**[This page left intentionally blank]**

**SOUTHEAST, INC. AND AFFILIATES**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2013**

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Total Expenditures
U.S. Department of Health and Human Services:		
Substance Abuse and Mental Health Services Administration (SAMHSA):		
Passed through the Ohio Department of Mental Health and the Franklin County ADAMH Board:		
Project for Assistance in Transition from Homelessness (PATH)	93.150	\$ 326,542
Homeless Veterans Outreach and Engagement	93.150	51,492
Health Resources and Services Administration (HRSA):		
Direct: Health Center Cluster	93.224	610,209
Passed through the Ohio Department of Jobs and Family Services:		
HITECH Public Health	ARRA - 93.729	255,000
Passed through the Ohio Department of Health:		
Ryan White Federal HIV Care	93.917	142,846
Substance Abuse and Mental Health Services Administration:		
Passed through the Ohio Department of Mental Health:		
Wellness Management and Recovery	93.958	296,100
Substance Abuse and Mental Health Services Administration: Direct:		
Integrated Healthcare	93.243	80,359
Alcohol and Other Drugs	93.243	453,572
Health Information Technology	93.243	18,713
Total U.S. Department of Health and Human Services		2,234,833
U.S. Department of Justice:		
Passed through the Franklin County Commissioners:		
Violence Against Women Formula Grant (Stalking Victims Grant)	16.588	36,000
Total U.S. Department of Justice		36,000

*See Independent Auditor's Report.*

**SOUTHEAST, INC. AND AFFILIATES**  
**Schedule of Expenditures of Federal Awards** (continued)  
**For the Year Ended June 30, 2013**

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Total Expenditures
U.S. Department of Housing and Urban Development: Passed through the Community Shelter Board: Home Investment Partnership Program	14.239	161,000
Direct: Supportive Housing Program	14.235	260,680
Direct: Rebuilding Lives Through Good Samaritan Housing	14.235	163,185
Passed through the Ohio Department of Development Homeless Assistance Grant Program: Emergency Shelter Grants Program	14.231	172,460
Total U.S. Department of Housing and Urban Development		757,325
<b>Total Expenditures of Federal Awards</b>		<b>\$ 3,028,158</b>

**Basis of Presentation:**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Southeast, Inc. and Affiliates and is presented on the accrual basis of accounting. The information in the Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in the Schedule may differ from amounts presented in, or used in the preparation of, the accompanying consolidated financial statements.

Southeast's controlled affiliate, Alternative Lifestyles, Inc., is subject to a separate audit performed in accordance with *Government Auditing Standards* and with the *Consolidated Audit Guide for Audits of HUD Programs*. The audited reporting package is submitted to the U.S. Department of Housing and Urban Development. Related amounts considered to be federal awards were excluded from the Schedule.

*See Independent Auditor's Report.*

**AGENCY REVENUE (All Services)**

Budget  Actual

Agency Name: SOUTHEAST, INC Executive Director: BILL LEE  
 Agency UPI #: 06723  
 Address: 16 W. LONG ST. COL, OH 43215 Agency Phone #: 614-225-0980

Reporting Period:  
 From: July 1, 2012  
 To: June 30, 2013

1. Revenue Source	H0001 AD Assessment	H0006 AD Case Mgt.	H0007 AD Crisis Intervention	H0005 AD Grp Counseling	H0004 AD Ind Counseling	H0016 AD Medical Somatic	A0620 AD Education	A0560 AD Consolitation	90863 MH Pharm. Mgt.	H0031 MH Mental Health Assessment	90792 MH Psychiatric Diag. Interview
<b>ADAMH Non-Medicaid Claims</b>	75,894	281,679	324	266,268	41,429	34,825			944,464	236,105	10,311
<b>ADAMH Block Grants (Identify by program):</b>											
(1) AD PREVENTION C&A							20,850				
(2) MH PREVENTION - ADULT											
(3) MH SMD (Briggsdale)											
(4) MH Tx SMD (Project Work)											
(5) MH RFR Crimmial Justice											
(6) Consumer Outcomes Group											
(7) Homeless Outreach											
(8) MH Treatment (IDDT)											
(9) Residential											
<b>Other ADAMH Funds (Identify):</b>											
Incentive Funds											
ADAMH/ODMH Central Pharmacy											
Other (1) Other ADAMH											
Other (2)											
<b>Total Franklin County ADAMH -- Allocation Contract Amount</b>	<b>75,894</b>	<b>281,679</b>	<b>324</b>	<b>266,268</b>	<b>41,429</b>	<b>34,825</b>	<b>20,850</b>		<b>944,464</b>	<b>236,105</b>	<b>10,311</b>
Medicaid - MH									1,683,277	358,799	38,979
Medicaid - AD	63,422	117,088	1,776	113,673	62,885	63,284					
<b>Total Medicaid</b>	<b>63,422</b>	<b>117,088</b>	<b>1,776</b>	<b>113,673</b>	<b>62,885</b>	<b>63,284</b>			<b>1,683,277</b>	<b>358,799</b>	<b>38,979</b>
<b>Other Provider Funding</b>											
General Assistance					2,000	1,000			71,069		
1st/3rd Party Fees	495	9,000		1,226	505	56			30,668	2,498	6,670
Other External Revenue (list):											
(1) FCCS Revenue											
(2) United Way Revenue											
(3) Contracts & Grants	12,800			14,250	9,500	2,500			158,400	44,500	
(4) Pharmacy Sales											
Other Provider Funding							15,000		132,540	16,850	15,000
Other Belmont MHRB									103,980	5,556	2,500
<b>Total Other Provider Funding</b>	<b>13,295</b>	<b>9,000</b>		<b>15,476</b>	<b>12,005</b>	<b>3,556</b>	<b>15,000</b>		<b>496,657</b>	<b>69,404</b>	<b>24,170</b>
<b>GRAND TOTAL REVENUES</b>	<b>152,611</b>	<b>407,767</b>	<b>2,100</b>	<b>395,417</b>	<b>116,319</b>	<b>101,665</b>	<b>35,850</b>		<b>3,124,398</b>	<b>664,308</b>	<b>73,460</b>
<b>TOTAL EXPENSES from UCR-047(s)</b>	<b>149,734</b>	<b>423,844</b>	<b>2,238</b>	<b>396,300</b>	<b>117,559</b>	<b>103,392</b>	<b>20,214</b>	<b>5,053</b>	<b>3,273,851</b>	<b>745,957</b>	<b>111,467</b>
<b>Operating Profit/Loss</b>	<b>2,877</b>	<b>-16,077</b>	<b>-138</b>	<b>-883</b>	<b>-1,240</b>	<b>-1,727</b>	<b>15,636</b>	<b>-5,053</b>	<b>-149,453</b>	<b>-81,649</b>	<b>-38,007</b>

See Independent Auditor's Report.

**AGENCY REVENUE (All Services)**

FCADAMH-FIS-052AS

Agency Name: SOUTHEAST, INC	Reporting Period:
Agency UPI#: 06723	From: July 1, 2012
Address: 16 W. LONG ST. COL, OH 43215	To: June 30, 2013

1. Revenue Source	H0004 MH BH Couns. & Therapy (Ind.)	H0004 MH BH Couns. & Therapy (Grp.)	S9484 MH Crisis Intervention	S0201 MH Partial Hospitalization	H0036 MH Comm Psych Sppt Tx (Ind)	H0036 MH Comm Psych Sppt Tx (Grp)	M4120 MH Consultation	M1620 MH Employment	M4140/41 MH Education	M2240 MH Community Residence	M2200 MH Residential Care
<b>ADAMH Non-Medicaid Claims</b>	166,688	50,990	5,634	19,507	1,379,816	91,979					
<b>ADAMH Block Grants (Identify by program):</b>											
(1) AD PREVENTION C&A											
(2) MH PREVENTION - ADULT								57,411			
(3) MH SMD (Briggsdale)											
(4) MH Tx SMD (Project Work)							386,541				
(5) MH RFR Crimmial Justice					223,136						
(6) Consumer Outcomes Group							23,500				
(7) Homeless Outreach											
(8) MH Treatment (IDDT)											
(9) Residential											843,256
<b>Other ADAMH Funds (Identify):</b>											
Incentive Funds											
ADAMH/ODMH Central Pharmacy											
Other (1) Other ADAMH											
Other (2)											
<b>Total Franklin County ADAMH -- Allocation Contract Amount</b>	<b>166,688</b>	<b>50,990</b>	<b>5,634</b>	<b>19,507</b>	<b>1,602,952</b>	<b>91,979</b>	<b>410,041</b>	<b>57,411</b>	<b>843,256</b>		
Medicaid - MH	890,782	178,301	24,576	422,619	4,386,699	167,517					
Medicaid - AD											
<b>Total Medicaid</b>	<b>890,782</b>	<b>178,301</b>	<b>24,576</b>	<b>422,619</b>	<b>4,386,699</b>	<b>167,517</b>					
<b>Other Provider Funding</b>											
General Assistance	2,805	22,027									
1st/3rd Party Fees	53,472	55,814			2,101	43					22,220
Other External Revenue (list):											
(1) FCCS Revenue											
(2) United Way Revenue											
(3) Contracts & Grants	145,500	74,500	25,750	50,000	192,500	145,000	146,193	279,000			
(4) Pharmacy Sales											
Other Provider Funding	55,000	65,000			83,638	8,425					
Other Belmont MHRB	73,238		33,711	56,302	103,642				476,383		
<b>Total Other Provider Funding</b>	<b>330,015</b>	<b>217,341</b>	<b>59,461</b>	<b>106,302</b>	<b>381,881</b>	<b>153,468</b>	<b>146,193</b>	<b>279,000</b>	<b>476,383</b>	<b>22,220</b>	
<b>GRAND TOTAL REVENUES</b>	<b>1,387,485</b>	<b>446,632</b>	<b>89,671</b>	<b>548,428</b>	<b>6,371,532</b>	<b>412,964</b>	<b>556,234</b>	<b>336,411</b>	<b>476,383</b>	<b>865,476</b>	
<b>TOTAL EXPENSES from UCR-047(s)</b>	<b>1,435,128</b>	<b>477,339</b>	<b>88,427</b>	<b>833,961</b>	<b>6,460,253</b>	<b>415,144</b>	<b>10,701</b>	<b>693,086</b>	<b>320,763</b>	<b>479,238</b>	<b>884,334</b>
<b>Operating Profit/Loss</b>	<b>-47,643</b>	<b>-30,707</b>	<b>1,244</b>	<b>-285,533</b>	<b>-88,721</b>	<b>-2,180</b>	<b>-10,701</b>	<b>-136,852</b>	<b>15,648</b>	<b>-2,855</b>	<b>-18,858</b>

See Independent Auditor's Report.

**AGENCY REVENUE (All Services)**

Agency Name: SOUTHEAST, INC  
 Agency UPI#: 06723  
 Address: 16 W. LONG ST. COL, OH 43215

From: July 1, 2012  
 To: June 30, 2013

1. Revenue Source	M2201 MH Residential Care	M2203 MH Residential Care	M3140 MH Other Serv NON HC	M3142 MH OTHER Briggsdale	M3143 MH OTHER	MH OTHER CP	M3147 MH Other Serv SHINE	PASARR	NON ODMH/ODADAS Services	3. TOTAL
<b>ADAMH Non-Medicaid Claims</b>					30,385					<b>3,636,298</b>
<b>ADAMH Block Grants (Identify by program):</b>										
(1) AD PREVENTION C&A										20,850
(2) MH PREVENTION - ADULT										57,411
(3) MH SMD (Briggsdale)										
(4) MH Tx SMD (Project Work)										386,541
(5) MH RFR Crimmial Justice										223,136
(6) Consumer Outcomes Group										23,500
(7) Homeless Outreach			514,708							514,708
(8) MH Treatment (IDDT)							133,332			133,332
(9) Residential	539,746									1,383,002
<b>Other ADAMH Funds (Identify):</b>										
Incentive Funds										
ADAMH/ODMH Central Pharmacy						111,294				111,294
Other (1) Other ADAMH										
Other (2)										
<b>Total Franklin County ADAMH -- Allocation Contract Amount</b>	<b>539,746</b>		<b>514,708</b>		<b>30,385</b>	<b>111,294</b>	<b>133,332</b>			<b>6,490,072</b>
Medicaid - MH										8,151,549
Medicaid - AD										422,128
<b>Total Medicaid</b>										<b>8,573,677</b>
<b>Other Provider Funding</b>										
General Assistance										98,901
1st/3rd Party Fees	10,505									195,273
Other External Revenue (list):										
(1) FCCS Revenue										
(2) United Way Revenue										
(3) Contracts & Grants									2,819,179	4,119,572
(4) Pharmacy Sales									6,854,235	6,854,235
Other Provider Funding		51,615							1,685,221	2,128,289
Other Belmont MHRB		215,337				73,760				1,144,409
<b>Total Other Provider Funding</b>	<b>10,505</b>	<b>266,952</b>				<b>73,760</b>			<b>11,358,635</b>	<b>14,540,679</b>
<b>GRAND TOTAL REVENUES</b>	<b>550,251</b>	<b>266,952</b>	<b>514,708</b>		<b>30,385</b>	<b>185,054</b>	<b>133,332</b>		<b>11,358,635</b>	<b>29,604,428</b>
<b>TOTAL EXPENSES from UCR-047(s)</b>	<b>810,991</b>	<b>479,818</b>	<b>499,181</b>	<b>39,096</b>	<b>74,825</b>	<b>185,054</b>	<b>113,067</b>	<b>543</b>	<b>9,433,634</b>	<b>29,084,192</b>
<b>Operating Profit/Loss</b>	<b>-260,740</b>	<b>-212,866</b>	<b>15,527</b>	<b>-39,096</b>	<b>-44,440</b>		<b>20,265</b>		<b>1,925,001</b>	<b>520,236</b>
									<b>Unallowable Expense</b>	<b>355,684</b>

See Independent Auditor's Report.

FORM A-1, UNIFORM COST REPORT (UCR)  
 AGENCY EXPENSE REPORT  
 OGDAS-FIS-047

31-0940189 Owner's Federal Tax Identification Number

MACSIS UPI: 06723 & 03040

AGENCY NAME: SOUTHEAST, INC

Budget XXX Actual

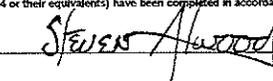
REPORTING PERIOD: JULY 1, 2012 to JUNE 30, 2013

AGENCY ADDRESS: 16 W. Long Street, Columbus, Oh 43215

AGENCY TELEPHONE NO.: 614-225-0980

1. Service Taxonomy and MACSIS Procedure Codes	2. Number of Units	3. Number of FTE Assigned		4. Personnel Costs		5. Service Non-Personnel Costs	6. Service Total Costs	7. Allocation of Administrative Overhead	8. Total Costs	9. Cost Per Unit	10. Unallowable Costs	11. Total Allowable Costs	12. Allowable Cost Per Unit
		Direct Service (a)	Support Service (b)	Direct Service (a)	Support Service (b)								
<b>TREATMENT SERVICES</b>													
Acute Hospital Detoxification - H0009													
Ambulatory Detoxification - H0014													
Assessment - H0001	1,481.3	1.05	1.08	\$54,842	\$51,522	\$27,355	\$135,719	\$14,015	\$149,734	\$102.47	\$2,457	\$147,277	\$100.78
Case Management - H0006	4,176.6	5.73	0.73	\$191,142	\$51,255	\$138,527	\$380,924	\$42,920	\$423,844	\$101.48	\$6,956	\$416,888	\$99.82
Crisis Intervention - H0007	16.2	0.002	0.00	\$190		\$2,035	\$2,225	\$13	\$2,238	\$138.15	\$37	\$2,201	\$135.86
Family Counseling - T1006													
Group Counseling - H0005	40,442	4.06	0.95	\$171,575	\$56,075	\$135,642	\$363,292	\$33,068	\$396,300	\$9.80	\$6,504	\$389,796	\$9.64
Individual Counseling - H0004	4,802	1.38	0.40	\$66,743	\$15,404	\$23,695	\$106,842	\$11,717	\$117,559	\$24.48	\$1,929	\$115,630	\$24.08
Intensive Outpatient - H0015													
Laboratory Urinalysis - H0003													
Medical Somatic - H0016	\$60.0	0.37	0.02	\$24,087	\$607	\$76,154	\$100,846	\$2,544	\$103,392	\$184.63	\$1,697	\$101,695	\$181.60
Methadone Administration - H0020													
Sub Acute Detoxification - H0012													
23 Hour Observation Bed - 99236													
Urine Dip Screen - A0780													
<b>COMMUNITY RESIDENTIAL TREATMENT Includes Room &amp; Board costs</b>													
Medical Community Residential Treatment - Hospital Setting - A1210													
Medical Community Residential Treatment - Non-Hospital Setting - A0230													
Non-Medical Community Residential Treatment - A1220													
<b>BH COMMUNITY RESIDENTIAL TREATMENT Excludes Room &amp; Board costs</b>													
BH Medical Community Residential Treatment - Hospital Setting - H0017													
BH Medical Community Residential Treatment - Non-Hospital Setting - H0018													
BH Non-Medical Community Residential Treatment - H0019													
<b>COMMUNITY SERVICES</b>													
Consultation - A0560	45.6	0.03	0.02	\$2,320	\$1,272	\$871	\$4,563	\$490	\$5,053	\$110.21	\$83	\$4,970	\$108.99
Hotline - H0030													
Intervention - H0022													
Outreach - H0023													
Referral and Information - A0510													
Training - H0021													
<b>PREVENTION SERVICES</b>													
Alternatives - A0660													
Community-Based Process - A0630													
Education - A0620	196.0	0.22	0.08	\$9,279	\$5,089	\$3,885	\$18,253	\$1,961	\$20,214	\$103.13	\$331	\$19,883	\$101.44
Environmental - A0640													
Information Dissemination - A0610													
Problem Identification and Referral - A0650													
<b>ADJUNCTIVE ALCOHOL AND DRUG SERVICES</b>													
Child Care - T1009													
Meals - T1010													
Room and Board - A0740													
Transportation - A0750													
AOD Services Not Otherwise Classified - H0047													
<b>DRIVER INTERVENTION PROGRAMS</b>													
Non-Residential DIP													
Residential DIP - 48 Hour													
Residential DIP - 72 Hour													
<b>OTHER</b>													
Administrative Overhead			20.04		\$1,609,563	\$465,106	\$2,074,669						
Mental Health Services		186.94	54.06	\$8,777,382	\$2,608,244	\$5,458,903	\$16,844,529	\$1,587,655	\$18,432,222		\$299,443	\$18,132,782	
Title IV-E Services													
Non-ADD/MH Title IV-E Services		52.09	5.64	\$2,253,353	\$200,973	\$6,559,003	\$9,053,329	\$380,305	\$9,433,634		\$36,247	\$9,397,387	
<b>TOTALS</b>													
TOTALS FOR AOD SERVICES	\$1,899.7	12.91	3.28	\$520,178	\$183,224	\$408,264	\$1,111,666	\$106,688	\$1,218,334		\$19,994	\$1,198,339	
TOTALS FOR AGENCY		251.94	83.02	\$11,590,913	\$4,602,905	\$12,891,276	\$29,084,193	\$2,074,668	\$29,084,193		\$385,684	\$28,728,508	

I certify that this UCR and all supporting documentation (including Forms A-2, A-3 and A-4 or their equivalents) have been completed in accordance with OAC 3793.2-1-09

Name/Title: Steven Atwood - CFO 

Date: December 10, 2013

See Independent Auditor's Report.

Form A-1 Uniform Cost Report (UCR)

DMH-FIS-047

MACSIS UPI: '06723

REPORTING PERIOD: From: July 1, 2012 To: June 30, 2013

Agency Name: SOUTHEAST, INC.  
 Agency Address: 16 W. LONG STREET  
COLUMBUS, OH 43215

Budget \_\_\_\_\_ Actual XXX

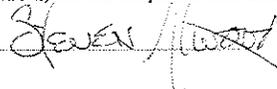
Owner Federal Tax I.D. Number: 31-0940189

Agency Telephone No: 614-225-0980

1 Type of Service	HCPCS / Procedure Code	Unit Definition	2 No. of Units	3 No. FTE Assigned		4 Personnel Costs		5 Non-Personnel Costs	6 Service Total Costs	7 % Allocation of Admin. Overhead	8 Total Costs	9 Cost/ Unit	10 Un-Allowable Costs	11 Total Allowable Cost	12 Allowable Cost/Unit
				Direct Service (A)	Support Service (B)	Direct Service (A)	Support Service (B)								
Pharmacological Mgt. (Medication/Somatic)	90862	60 Min.	13,410.0	17.69	8.50	\$1,907,726	\$574,610	\$619,007	\$3,101,343	\$172,508	\$3,273,851	\$244.14	\$53,727	\$3,220,124	\$240.13
Mental Health Assessment (non-physician) (Diag. Assess.)	H0031	60 Min.	5,153.0	7.40	1.63	\$413,784	\$86,534	\$186,009	\$686,327	\$59,636	\$745,957	\$144.76	\$12,242	\$733,715	\$142.39
Psychiatric Diagnostic Interview (Physician) (Diag. Assess.)	90801	60 Min.	328.0	0.36	0.87	\$54,025	\$34,459	\$14,886	\$103,370	\$8,097	\$111,467	\$11.829	\$109,638	\$334.26	
BH Counseling and Therapy (Ind.) (Ind. Counseling)	H0004	15 Min.	51,266.0	15.15	4.43	\$834,326	\$213,039	\$258,834	\$1,306,199	\$128,929	\$1,435,128	\$27.99	\$23,552	\$1,411,576	\$27.53
BH Counseling and Therapy (Grp.) (Grp. Counseling)	H0004	15 Min.	23,546.0	4.11	2.69	\$221,204	\$135,507	\$75,855	\$432,566	\$44,773	\$477,339	\$20.27	\$7,834	\$469,505	\$19.94
Crisis Intervention MH Services (Crisis Intervention)	S9484	60 Min.	433.0	0.54	0.43	\$46,114	\$22,697	\$13,202	\$82,013	\$6,414	\$88,427	\$204.22	\$1,451	\$86,976	\$200.87
Assertive Community Treatment (Clinical Activities)	H0040	Covered day													
Assertive Community Treatment (Non-Clinical Activities)	M1910	Covered day													
Intensive Home Based Treatment (Clinical Activities)	H2016	Covered day													
Intensive Home Based Treatment (Non-Clinical Activities)	M1810	Covered day													
Partial Hospitalization, less than 24 hr. (Partial Hospitalization)	S0201	Program Day	4,278.0	7.04	3.85	\$349,523	\$162,285	\$250,417	\$762,225	\$71,736	\$833,961	\$194.94	\$13,686	\$820,275	\$191.74
Community Psychiatric Supportive Treatment (Ind.) (Ind. CSP)	H0036	15 Min.	287,236.0	74.39	20.98	\$2,975,952	\$949,009	\$1,907,041	\$5,832,002	\$628,251	\$6,460,253	\$22.47	\$106,017	\$6,354,236	\$22.10
Community Psychiatric Supportive Treatment (Grp.) (Grp. CSP)	H0036	15 Min.	26,849.0	2.19	3.20	\$106,867	\$142,704	\$130,073	\$379,644	\$35,500	\$415,144	\$15.46	\$6,813	\$408,331	\$15.21
Behavioral Health Hotline Service (Hotline)	H0030	60 Min.													
Other MH Svc., not otherwise specified (hlthcare) (Other MH Serv.)	H0046	60 Min.													
Self-Help/Peer Svc. (Peer Support)	H0038	15 Min.													
Adjunctive Therapy (Same)	M1440	60 Min.													
Adult Education (Same)	M1540	60 Min.													
Consultation (Same)	M4120	60 Min.	251.0	0.07	0.00	\$2,685	\$0	\$7,541	\$10,226	\$475	\$10,701	\$42.63	\$176	\$10,525	\$41.93
Consumer Operated Service (Same)	M3120	60 Min.													
Employment (Employment/Vocational)	M1620	60 Min.	13,340.0	6.05	0.81	\$277,992	\$31,678	\$338,205	\$647,875	\$45,211	\$693,086	\$51.96	\$11,374	\$681,712	\$51.10
Information and Referral (Same)	M4130	60 Min.													
Mental Health Education - WMR & CCOE	M4140	60 Min.	1,088.0	1.89	0.55	\$119,731	\$47,464	\$137,492	\$304,687	\$16,076	\$320,763	\$294.82	\$5,264	\$315,499	\$289.98
Occupational Therapy Service (Same)	M1430	60 Min.													
Other MH Svc., non-healthcare services - MV Outreach	M3140	60 Min.	5,534.9	7.47	0.49	\$351,415	\$15,124	\$80,160	\$446,699	\$52,482	\$499,181	\$90.19	\$8,192	\$490,989	\$88.71
Other MH Svc., non-healthcare services - Briggsdale	M3142	60 Min.	260.0	0.50	0.06	\$21,588	\$6,501	\$7,314	\$35,403	\$3,693	\$39,096	\$150.37	\$642	\$38,454	\$147.90
Other MH Svc., non-healthcare services - Acupuncture	M3143	60 Min.	383.0	0.80	0.08	\$51,073	\$6,481	\$11,476	\$69,030	\$5,795	\$74,825	\$195.37	\$1,228	\$73,597	\$192.16
Other MH Svc., non-healthcare services - Shine	M3147	60 Min.	1,775.0	0.75	0.00	\$32,954	\$3,671	\$70,842	\$107,467	\$5,600	\$113,067	\$63.70	\$1,856	\$111,211	\$62.65
Prevention (Same)	M4110	60 Min.													
School Psychology (Same)	M1550	60 Min.													
Social & Recreational Service (Same)	M1550	60 Min.													
Community Residence (Same)	M2240	24 Hours	12,953.0	0.29	0.09	\$19,129	\$3,234	\$454,374	\$476,737	\$2,501	\$479,238	\$37.00	\$7,865	\$471,373	\$36.39
Crisis Care (Crisis Bed)	M2280	24 Hours													
Foster Care (same)	M2250	24 Hours													
Residential Care - Redmond	M2200	24 Hours	5,174.0	13.56	2.81	\$330,162	\$104,603	\$341,741	\$776,506	\$107,828	\$884,334	\$170.92	\$14,513	\$869,821	\$168.11
Residential Care - Carpenter	M2201	24 Hours	2,661.0	18.54	0.99	\$449,929	\$33,329	\$199,782	\$683,040	\$127,951	\$810,991	\$304.77	\$13,308	\$797,683	\$299.77
Residential Care - I Oaks	M2203	24 Hours	4,265.0	8.16	1.58	\$210,814	\$35,290	\$169,512	\$415,616	\$64,202	\$479,818	\$112.50	\$7,874	\$471,944	\$110.66
Respite Care (Respite Bed)	M2270	24 Hours													
Subsidized Housing (Housing)	M2260	24 Hours													
Temporary Housing (new)	M2290	24 Hours													
Forensic Evaluation (Same)	**	60 Min.													
PASARR (Same)	**	60 Min.	4.8	0.01	0.00	\$389	\$25	\$86	\$500	\$43	\$543	\$113.13		\$543	\$113.13
Inpatient Psychiatric service (Same)	**	24 Hours													
Central Pharmacy								\$185,054	\$185,054		\$185,054			\$185,054	
Total MH Services				186.94	54.06	\$8,777,382	\$2,608,244	\$5,458,903	\$16,844,529	\$1,587,695	\$18,432,225		\$299,443	\$18,132,782	
Ohio Department of Alcohol and Drug Addiction Services			460,189	12.91	3.28	\$520,178	\$183,224	\$408,264	\$1,111,666	\$106,668	\$1,218,334		\$19,994	\$1,198,339	
Title IV-E Services									\$0		\$0			\$0	
Other Non-Mental Health/AoD/IV-E Services				52.09	5.64	\$2,293,353	\$200,973	\$6,559,003	\$9,053,329	\$380,305	\$9,433,634		\$36,247	\$9,397,387	
Total Agency Service Total				251.94	62.98	\$11,590,913	\$2,992,441	\$12,426,170	\$27,009,524	\$2,074,668	\$29,084,193		\$355,684	\$28,728,508	
Administrative Overhead					20.04		\$1,609,563	\$465,106	\$2,074,668						
AGENCY TOTAL				251.94	83.02	\$11,590,913	\$4,602,005	\$12,891,276	\$29,084,193				\$355,684	\$28,728,508	

I certify that this UCR and all supporting documentation (including Forms A-2, A-3 and A-4 or their equivalents) have been completed in accordance with OAC 5122-26-19

Print Name/Title: Steven Atwood CFO

Signature: 

Date: December 10, 2013

**SOUTHEAST, INC. AND AFFILIATES**  
**ADAMH Key Performance Indicators**  
**For the Year Ended June 30, 2013**  
(With Comparative Totals for the Year Ended June 30, 2012)

			2013	2012
<b>Current Ratio:</b>				
<u>Current assets</u>	19,056,215	=	<b>8.06</b>	7.40
Current liabilities	2,364,031			
<b>Debt to Equity Ratio:</b>				
<u>Total liabilities</u>	3,696,941	=	<b>0.19</b>	0.21
Total equity	19,293,305			
<b>Administrative Costs to Expense:</b>				
<u>Total administrative costs</u>	2,363,669	=	<b>0.08</b>	0.07
Total expenses	29,049,672			
<b>Total Revenue to Total Expenses:</b>				
<u>Total revenue</u>	29,548,607	=	<b>1.02</b>	0.97
Total expenses	29,049,672			
<b>Fund Balance Reserve Ratio:</b>				
<u>Total fund balance</u>	19,293,305	=	<b>7.97</b>	7.42
Total expenses / 12	2,420,806			
<b>Percent of ADAMH Funding:</b>				
<u>Total revenue from Franklin County ADAMH*</u>	6,490,071	=	<b>0.22</b>	0.38
Total revenue	29,548,607			

\* 2012 balance includes Medicaid funding

*See Independent Auditor's Report.*

**SOUTHEAST, INC. AND AFFILIATES**  
**Schedule of Ohio Development Services Agency**  
**For the Year Ended June 30, 2013**

Division Name, Grant Name	Grant Number	Beginning Balance	2013 Cash Receipts	2013 Expenditures	Ending Receivable Balance
<b>Office of Housing and Community Partnerships</b>					
ESG Shelter (Men's & Women's) Supportive Housing Category	N-L-12-7OZ-1 S-L-12-7OZ-1	\$ 114,111 32,930	\$ 142,359 73,039	\$ 172,460 89,954	\$ 144,212 49,845
<b>GRAND TOTAL</b>		<u>\$ 147,041</u>	<u>\$ 215,398</u>	<u>\$ 262,414</u>	<u>\$ 194,057</u>

**Presentation:**

This schedule is required by the Ohio Development Services Agency to be included in the annual consolidated financial statements reporting package in accordance with grant funding contracts.

*See Independent Auditor's Report.*



To the Board of Directors  
Southeast, Inc. and Affiliates  
Columbus, Ohio

**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***

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 consolidated financial statements of Southeast, Inc. and Affiliates, which comprise the consolidated statement of financial position as of June 30, 2013, and the related consolidated statement of activities and changes in net assets, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated December 10, 2013.

The consolidated financial statements of Southeast, Inc. and Affiliates includes Alternative Lifestyles, Inc., the financial statements of which were audited by us in separately issued financial statements and thus was excluded from our auditing procedures considered within this report. We did conduct an audit in accordance with the standards applicable to financial audits contained by *Government Auditing Standards*, issued by the Comptroller General of the United States, for Alternative Lifestyles, Inc. for the year ended June 30, 2013.

***Internal Control Over Financial Reporting***

In planning and performing our audit of the consolidated financial statements, we considered Southeast, Inc. and Affiliates' 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 consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of Southeast, Inc. and Affiliates' internal control. Accordingly, we do not express an opinion on the effectiveness of Southeast, Inc. and Affiliates' internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's consolidated 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.

### ***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether Southeast Inc. and Affiliates' consolidated 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 consolidated 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 Southeast, Inc. and Affiliates' internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*GBQ Partners LLC*

Columbus, Ohio  
December 10, 2013



To the Board of Directors  
Southeast, Inc. and Affiliates  
Columbus, Ohio

**Independent Auditor's Report on Compliance for Each Major  
Program and on Internal Control Over  
Compliance in Accordance with OMB Circular A-133**

We have audited Southeast, Inc. and Affiliates' compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Southeast, Inc. and Affiliates' major federal programs for the year ended June 30, 2013. Southeast, Inc. and Affiliates' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Southeast, Inc. and Affiliates includes Alternative Lifestyles, Inc., the financial statements of which were audited by us as a separate component and thus was excluded from our auditing procedures considered for federal award compliance. Alternative Lifestyles, Inc. did not have an audit in accordance with the OMB Circular A-133 Compliance Supplement because the federal awards were less than the amount that obligates such an audit.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of Southeast, Inc. and Affiliates' 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 Southeast, Inc. and Affiliates' 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 Southeast, Inc. and Affiliates' compliance.

***Opinion on Each Major Federal Program***

In our opinion, Southeast, Inc. and Affiliates 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, 2013.

***Report on Internal Control Over Compliance***

Management of Southeast, Inc. and Affiliates 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 Southeast, Inc. and Affiliates' 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 OMB Circular A-133, 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 Southeast, Inc. and Affiliates' 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 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.

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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*GBQ Partners LLC*

# SOUTHEAST, INC. AND AFFILIATES

## Schedule of Findings and Questioned Costs For the Year Ended June 30, 2013

### Section I – Summary of Auditor’s Results

Financial Statements:

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?  Yes  No
- Significant deficiency(ies) identified that are not considered to be material weakness(es)?  Yes  None Reported

Noncompliance material to financial statements noted?  Yes  No

Federal Awards:

Internal control over major programs:

- Material weakness(es) identified?  Yes  No
- Significant deficiency(ies) identified that are not considered to be material weakness(es)?  Yes  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 Section 510(a) of Circular A-133?  Yes  No

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
14.235	U.S. Department of Housing and Urban Development; Supportive Housing Program
14.235	U.S. Department of Housing and Urban Development; Rebuilding Lives Through Good Samaritan Housing

**SOUTHEAST, INC. AND AFFILIATES**  
**Schedule of Findings and Questioned Costs (continued)**  
**For the Year Ended June 30, 2013**

**Section I – Summary of Auditor’s Results (continued)**

<u>CFDA Number</u>	<u>Name of Federal Program</u>
93.150	U.S. Department of Health and Human Services; Project for Assistance in Transition from Homelessness (PATH)
93.150	U.S. Department of Health and Human Services; Homeless Veterans Outreach & Engagement
93.224	U.S. Department of Health and Human Services; Health Resources and Service Administration (HRSA); Health Center Cluster
93.729 - ARRA	U.S. Department of Health and Human Services; HITECH Public Health
Dollar threshold used to distinguish between Type A and Type B programs	\$300,000
Auditee qualified as low-risk auditee?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

Auditee would qualify as a low-risk auditee except for technical email confirmation by auditors on an extended series of emails required from the Federal Audit Clearinghouse website for the year ended June 30, 2012. Actual data collection form had been data entered and transmitted well in advance of final due date. Otherwise, there were no findings that would require Auditee to not be considered a low-risk auditee. Technical requirement is that the auditee must have a completely confirmed e-submission either the earlier of 30 days after receipt of audit report from auditors (which was November 11, 2011) or nine months after year-end (March 31, 2012). The final e-submission confirmation occurred December 23, 2011.

**SOUTHEAST, INC. AND AFFILIATES**  
**Schedule of Findings and Questioned Costs** (continued)  
**For the Year Ended June 30, 2013**



**Section II – Financial Statements Findings**

None noted.

**Section III – Federal Award Findings and Questioned Costs**

None noted.

**Section IV – Summary of Status of Prior Year Findings**

None noted.